



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH

June 30, 2018

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STATE OF NEW MEXICO DEPARTMENT OF GAME AND FISH

OFFICIAL ROSTER (UNAUDITED)

YEAR ENDED JUNE 30, 2018

Commission

Bob Ricklefs	Cimarron, New Mexico	Commissioner
Thomas Salopek	Las Cruces, New Mexico	Commissioner
Craig Peterson	Farmington, New Mexico	Commissioner
Paul Kienzle III	Albuquerque, New Mexico	Chairman
William Montoya	Alto, New Mexico	Vice-Chairman
Ralph Ramos	Las Cruces, New Mexico	Commissioner
Chance Chase	Artesia, 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
Christopher Chadwick	Assistant Director – Administrative Support Services
Jacob Payne	General Counsel
Michael Thomas	Deputy General Counsel
Paul Varela	Chief of Administrative Services Division
Russ Verbofsky	Chief of Information Services Division
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. Wayne Johnson
New Mexico State Auditor

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 the 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, 2018, 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 an opinion 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, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Reporting Entity

As discussed in Note 1, the financial statements of the 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 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, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New Mexico Department of Game and Fish's basic financial statements. The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Schedule of Cash Accounts Including Investments, the Schedule of Joint Powers Agreements, and the 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 Awards, the Schedule of Cash Accounts including Investments, the Schedule of Joint Powers Agreements, and the Schedule of Changes in Assets and Liabilities - Agency Funds are the responsibility of management and were derived from and relate 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 Awards, the Schedule of Cash Accounts including Investments, the Schedule of Joint Powers Agreements, and the 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 26, 2018 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 Department's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
October 26, 2018

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State of New Mexico Department of Game and Fish Management's Discussion and Analysis June 30, 2018

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

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

Financial Highlights

Below is an overview of changes for the year ended June 30, 2018. The year over year changes are primarily due to the increase in capital projects and increase in federal funding.

- The Department's assets exceeded its liabilities at the close of the fiscal year by a healthy \$140,799,847 (net position).
- The Department's overall fund balance and cash balance remain positive at a healthy total of \$46,355,003 and \$48,215,982, respectively.
- The Department purchased \$12,596,047 in capital assets and received \$2,590,951 in donations during the fiscal year. \$3,225,924 of capital assets was removed during the fiscal year. The total value for all capital assets, net of depreciation, as of June 30, 2018 is \$95,591,268.
- Total expenses, including transfers, were \$47,377,627, \$7,480,553 less than the total revenue of \$54,858,180 for the fiscal year ended June 30, 2018.
- The Department sold approximately 1,023,028 licenses in the fiscal year generating \$26,957,365 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) an optional section that presents combining statements for non-major governmental funds.

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

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

State of New Mexico Department of Game and Fish Management's Discussion and Analysis June 30, 2018

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, 2018. 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 2018. 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, 2018**

Financial Analysis of the Department as a Whole

Net Position. The total Department net position for the fiscal year ended June 30, 2018 is \$140,799,847. 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 \$45,208,579 at the end of the fiscal year.

The Department's Net Position

	FY2018	FY2017	Amount Change
Assets:			
Current and other assets	\$ 53,661,995	\$ 55,661,485	\$ (1,999,490)
Capital assets	<u>95,591,268</u>	<u>84,678,872</u>	<u>10,912,396</u>
Total assets	<u>\$ 149,253,263</u>	<u>\$ 140,340,357</u>	<u>\$ 8,912,906</u>
Liabilities:			
Current liabilities	\$ 8,453,416	6,331,280	\$ 2,122,136
Total liabilities	<u>8,453,416</u>	<u>6,331,280</u>	<u>2,122,136</u>
Net position:			
Net investment in capital assets	95,591,268	84,678,872	10,912,396
Restricted	<u>45,208,579</u>	<u>49,330,205</u>	<u>(4,121,626)</u>
Total net position	<u>140,799,847</u>	<u>134,009,077</u>	<u>6,790,770</u>
Total liabilities and net position	<u>\$ 149,253,263</u>	<u>\$ 140,340,357</u>	<u>\$ 8,912,906</u>

The Department total assets are comprised of \$95,591,268 in capital assets and \$53,661,995 in current assets, for a total asset balance of \$149,253,263. The overall increase in total assets from the previous fiscal year is 6%. Liabilities are also broken out into two segments: current liabilities and noncurrent liabilities. The total amount of current liabilities is \$8,453,416, an increase of 34% from the prior year balance of \$6,331,280. This increase is attributable to an increase in accounts payable and compensated absences. 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%.

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, 2018**

Governmental Activities: The table below summarizes the Department's activities for the fiscal years ending June 30, 2018 and 2017. The change in net position was \$6,790,770 at the end of the fiscal year.

Changes in the Department's Net Position

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Amount Change</u>
Program revenues	\$ 54,376,612	\$ 50,050,661	\$ 4,325,951
General revenues	<u>3,072,519</u>	<u>463,636</u>	<u>2,608,883</u>
Total revenues	<u>57,449,131</u>	<u>50,514,297</u>	<u>6,934,834</u>
Program expenses	<u>49,476,061</u>	<u>47,869,363</u>	<u>1,606,698</u>
Total expenses	49,476,061	47,869,363	1,606,698
Transfers	<u>(1,182,300)</u>	<u>(1,482,300)</u>	<u>300,000</u>
Change in net position	6,790,770	1,162,634	5,628,136
Net position, beginning of year	<u>134,009,077</u>	<u>132,846,443</u>	<u>1,162,634</u>
Net position, end of year	<u>\$ 140,799,847</u>	<u>\$ 134,009,077</u>	<u>\$ 6,790,770</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, 2018, depreciation expense has been allocated to the program expense category of Game and Fish Resource Conservation. Interagency transfers include transfers to outside agencies, including the Energy, Minerals, and Natural Resources Department and State Engineering Department.

**State of New Mexico Department of Game and Fish
Management's Discussion and Analysis
June 30, 2018**

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 decreased in four of the six non-major funds. The Game Protection Fund experienced a decrease of 4% in the cash balance. The Big Game Enhancement Fund experienced a decrease of 11% in the cash balance. The Capital Projects Fund experienced an increase of 9% in the cash balance. In totality, the Department ended fiscal year 2018 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.

<u>Fund Name</u>	<u>Fund</u>	<u>Balance, June 30, 2018</u>	<u>Balance, June 30, 2017</u>	<u>Amount Change</u>
Game Protection Fund	19800	\$ 15,554,407	\$ 16,155,522	\$ (601,115)
Sikes Act Fund	09700	1,972,896	2,104,224	(131,328)
Share With Wildlife Fund	30700	1,044,252	151,494	892,758
Trail Safety Fund	10840	405,039	477,512	(72,473)
Bond Interest & Retirement Fund	42800	476,488	726,114	(249,626)
Big Game Depredation Damage Fund	54900	2,285,110	2,035,230	249,880
Big Game Enhancement Fund	77200	5,046,070	5,661,050	(614,980)
Habitat Management Fund	49400	1,428,121	4,192,731	(2,764,610)
Capital Projects Fund	88700	20,003,599	18,419,023	1,584,576

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

<u>Fund Name</u>	<u>SHARE Fund</u>	<u>Revenue</u>	
		<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2017</u>
Game Protection Fund	19800	\$ 38,254,952	\$ 36,532,858
Sikes Act Fund	09700	1,216,537	1,119,203
Share With Wildlife Fund	30700	244,798	291,281
Trail Safety Fund	10840	784,033	770,647
Bond Interest & Retirement Fund	42800	250,374	249,009
Big Game Depredation Damage Fund	54900	467,921	441,212
Big Game Enhancement Fund	77200	1,751,665	1,297,469
Habitat Management Fund	49400	1,096,782	1,022,565
Capital Projects Fund	88700	10,585,282	8,605,779
Total revenues		<u>\$ 54,652,344</u>	<u>\$ 50,330,023</u>

**State of New Mexico Department of Game and Fish
Management's Discussion and Analysis
June 30, 2018**

Fund Name	SHARE Fund	Expenditures	
		Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Game Protection Fund	19800	\$ 38,525,305	\$ 36,936,401
Sikes Act Fund	09700	323,950	358,593
Share With Wildlife Fund	30700	254,214	164,937
Trail Safety Fund	10840	308,410	584,968
Bond Interest & Retirement Fund	42800	-	-
Big Game Depredation Damage Fund	54900	273,884	147,329
Big Game Enhancement Fund	77200	579,522	553,485
Habitat Management Fund	49400	294,204	266,944
Capital Projects Fund	88700	<u>17,180,287</u>	<u>17,154,693</u>
Total expenditures		<u>\$ 57,739,776</u>	<u>\$ 56,167,350</u>

Budgets, Revenue and Expenditures

The Department recorded several adjustments to the original budget amounts during the fiscal year; most of the adjustments were due to additional federal grant funds made available to the Department. The variance in federal grant revenue is due to additional federal grants received throughout the fiscal year. Federal grants awarded to the Department include: restoration projects throughout the state, construction of the NW Area Office (Albuquerque), property purchase (Baca Property), planning grants for Clayton-Bush shooting range and the Roswell Area Office, 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 in 2018.

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 \$36,021,000. During the year, adjustments related to increases in federal grant funds totaled \$3,409,528, increasing the final budget to \$39,930,528. Actual revenue amounts in the Game Protection Fund were \$38,460,788. For expenditures, the Department had an original budget of \$36,806,300 in the Game Protection Fund. During the year, adjustments related to increases in personnel services and benefits, contractual services and other expenditures totaled \$4,879,528, increasing the final budget to \$41,685,828. Actual expenditures amounts in the Game Protection Fund totaled \$39,128,221.

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, 2018**

The largest single source of Department revenue comes from the sale of hunting and fishing licenses. This is shown as Charges for Service on the Statement of Activities within the financial statements. This revenue category accounts for \$27,616,132 of the Department's revenue. The expenditures include \$46,195,327 expended for Game and Fish Resources Conservation.

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

Capital Asset and Long-term Debt Activity

The following table shows the Department's capital assets:

	<u>Governmental Activities</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land	\$ 39,026,491	\$ 37,975,177
Land improvements	6,035,906	5,850,677
Infrastructures and Easements	27,787,776	25,379,952
Property, Plant and Equipment	54,208,579	45,818,291
Work in Process	<u>6,575,651</u>	<u>6,649,232</u>
	133,634,403	121,673,329
Less accumulated depreciation	<u>(38,043,135)</u>	<u>(36,994,457)</u>
Net Investment in Capital Assets	<u>\$ 95,591,268</u>	<u>\$ 84,678,872</u>

The net value of the Department's capital assets as of June 30, 2018 is \$95,591,268. This net value increased by 13% during fiscal year 2018, primarily due to necessary improvements of land, infrastructure and property, plant, and equipment. Significant capital projects placed in service in FY18 include the Santa Fe office warehouse complex and shop, Santa Rosa education center and ponds and boating access at rainbow lodge. At June 30, 2018, the Department had multiple ongoing projects, including the Albuquerque office, Roswell office and Stephen M. Bush memorial shooting range.

The Department had no long-term debt activity during fiscal year 2018. Any funds appropriated and expended from the Game and Fish Bond Interest and Retirement Fund come from existing cash balances in the fund. There are no outstanding bonds, debts or other obligations requiring repayment from this fund.

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

Anticipated Future Conditions and Changes

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

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 manager and is currently working on a plan to recruit, retain and reactivate hunters.

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.

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**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 3,530
Investment in State Treasurer General Fund Investment Pool	48,212,452
Receivables:	
Accounts receivable	123,158
Due from other state agencies	90,943
Due from federal government	<u>5,231,912</u>
Total current assets	53,661,995
Non-current assets:	
Capital assets, net	<u>95,591,268</u>
TOTAL ASSETS	<u>\$ 149,253,263</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 6,429,906
Accrued compensated absences	1,146,424
Accrued payroll	822,846
Other liabilities	51,098
Due to other state agencies	<u>3,142</u>
Total current liabilities	<u>8,453,416</u>
TOTAL LIABILITIES	<u>8,453,416</u>
NET POSITION	
Investment in capital assets	95,591,268
Restricted for:	
Wildlife and Fisheries	26,927,371
Debt service	476,488
Capital projects	<u>17,804,720</u>
Total net position	<u>140,799,847</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 149,253,263</u>

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges</u>	<u>Operating</u>	<u>Revenue</u>
		<u>for</u>	<u>Grants and</u>	<u>Governmental</u>
		<u>Services</u>	<u>Contributions</u>	<u>Activities</u>
Governmental Activities:				
Game and Fish Resource				
Conservation	\$ 49,476,061	\$ 27,640,370	\$ 26,736,242	\$ 4,900,551
Total Governmental Activities	<u>\$ 49,476,061</u>	<u>\$ 27,640,370</u>	<u>\$ 26,736,242</u>	<u>4,900,551</u>

GENERAL REVENUES AND TRANSFERS

Unrealized gain on investments	17,201
Gain on the sale of equipment	205,836
Interest earned	258,531
Transfer in of property	2,590,951
Inter-agency transfers	<u>(1,182,300)</u>

Total general revenues and transfers 1,890,219

CHANGE IN NET POSITION 6,790,770

NET POSITION, BEGINNING OF YEAR 134,009,077

NET POSITION, END OF YEAR \$ 140,799,847

**State of New Mexico Department of Game and Fish
Balance Sheet – Governmental Funds**

	Major Funds				Total Governmental Funds
	Game Protection Fund - 19800	Big Game Enhancement Fund - 77200	Capital Projects Fund - 88700	Other Governmental Funds	
ASSETS					
Cash on hand	\$ 3,530	\$ -	\$ -	\$ -	\$ 3,530
Investment in State Treasurer General Fund Investment Pool	15,550,877	5,046,070	20,003,599	7,611,906	48,212,452
Receivables:					
Accounts receivable	123,158	-	-	-	123,158
Due from other state agencies	90,943	-	-	-	90,943
Due from federal government	3,270,295	142,647	1,586,164	232,806	5,231,912
TOTAL ASSETS	\$ 19,038,803	\$ 5,188,717	\$ 21,589,763	\$ 7,844,712	\$ 53,661,995
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,178,716	\$ 101,082	\$ 3,785,043	\$ 365,065	\$ 6,429,906
Accrued payroll	810,932	2,942	-	8,972	822,846
Other liabilities	51,098	-	-	-	51,098
Due to other state agencies	3,142	-	-	-	3,142
Total liabilities	3,043,888	104,024	3,785,043	374,037	7,306,992
FUND BALANCES					
Restricted	15,994,915	5,084,693	17,804,720	7,470,675	46,355,003
Total fund balances	15,994,915	5,084,693	17,804,720	7,470,675	46,355,003
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,038,803	\$ 5,188,717	\$ 21,589,763	\$ 7,844,712	\$ 53,661,995

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

Total Fund Balance - Governmental Funds
(Governmental Fund Balance Sheet) \$ 46,355,003

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	133,634,403
Accumulated depreciation is	<u>(38,043,135)</u>

Total capital assets	<u>95,591,268</u>
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Long-term and certain other liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

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

Compensated absences payable	<u>(1,146,424)</u>
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Net position of governmental activities (Statement of Net Position)	<u><u>\$ 140,799,847</u></u>
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**State of New Mexico Department of Game and Fish
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds**

	Major Funds				Total Governmental Funds
	Game Protection Fund - 19800	Big Game Enhancement Fund - 77200	Capital Projects Fund - 88700	Other Governmental Funds	
REVENUES					
Service revenue	\$ 22,335,234	\$ 1,232,521	\$ -	\$ 3,389,610	\$ 26,957,365
Federal grants	15,174,148	470,568	10,585,282	506,244	26,736,242
Penalties	105,595	-	-	-	105,595
Interest earned	157,129	48,576	-	52,826	258,531
Realized/Unrealized gain on investments	-	-	-	17,201	17,201
Other revenue	482,846	-	-	94,564	577,410
Total revenues	38,254,952	1,751,665	10,585,282	4,060,445	54,652,344
EXPENDITURES					
Game and Fish Resource Conservation	36,181,352	579,522	7,332,860	1,049,996	45,143,730
Capital outlay	2,343,953	-	9,847,427	404,666	12,596,046
Total expenditures	38,525,305	579,522	17,180,287	1,454,662	57,739,776
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(270,353)	1,172,143	(6,595,005)	2,605,783	(3,087,432)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of equipment	205,836	-	-	-	205,836
Intra-agency transfers	79,384	(1,750,000)	6,670,616	(5,000,000)	-
Inter-agency transfers	(682,300)	-	-	(500,000)	(1,182,300)
NET OTHER FINANCING USES	(397,080)	(1,750,000)	6,670,616	(5,500,000)	(976,464)
NET CHANGE IN FUND BALANCES	(667,433)	(577,857)	75,611	(2,894,217)	(4,063,896)
FUND BALANCES, BEGINNING OF YEAR	16,662,348	5,662,550	17,729,109	10,364,892	50,418,899
FUND BALANCES, END OF YEAR	\$ 15,994,915	\$ 5,084,693	\$ 17,804,720	\$ 7,470,675	\$ 46,355,003

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

GAME PROTECTION FUND - 19800				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Service revenue	\$ 22,590,100	\$ 23,090,100	\$ 22,335,234	\$ 754,866
Federal grants	13,430,900	16,840,428	15,174,148	1,666,280
Interest earned	-	-	157,129	(157,129)
Other revenue	-	-	482,846	(482,846)
Other penalties	-	-	105,595	(105,595)
Other financing sources	-	-	205,836	(205,836)
TOTAL REVENUES	36,021,000	39,930,528	38,460,788	1,469,740
Budgeted fund balance	785,300	1,755,300		
TOTAL REVENUES AND BUDGETED FUND BALANCE	\$ 36,806,300	\$ 41,685,828		
EXPENDITURES:				
Personnel services and benefits	21,150,300	21,550,300	20,796,200	754,100
Contractual services	3,510,200	4,755,037	3,989,315	765,722
Other costs	11,463,500	14,698,191	13,739,790	958,401
Other financing uses	682,300	682,300	602,916	79,384
TOTAL EXPENDITURES	\$ 36,806,300	\$ 41,685,828	\$ 39,128,221	\$ 2,557,607
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			\$ (667,433)	

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

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

BIG GAME ENHANCEMENT FUND - 77200				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Service revenue	\$ 299,900	\$ 799,900	\$ 1,232,521	\$ (432,621)
Federal grants	355,200	355,200	470,568	(115,368)
Interest earned	-	-	48,576	(48,576)
Other financing sources	-	1,750,000	-	1,750,000
TOTAL REVENUES	<u>655,100</u>	<u>2,905,100</u>	<u>1,751,665</u>	<u>1,153,435</u>
Budgeted fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES AND BUDGETED FUND BALANCE	<u>\$ 655,100</u>	<u>\$ 2,905,100</u>		
EXPENDITURES:				
Personnel services and benefits	95,100	95,100	79,856	15,244
Contractual services	330,000	330,000	271,199	58,801
Other costs	230,000	730,000	228,467	501,533
Other financing uses	-	1,750,000	1,750,000	-
TOTAL EXPENDITURES	<u>\$ 655,100</u>	<u>\$ 2,905,100</u>	<u>\$ 2,329,522</u>	<u>\$ 575,578</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES			<u>\$ (577,857)</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
Year Ended June 30, 2018**

	Agency Funds
ASSETS	
Cash	\$ 158,376
TOTAL ASSETS	<u>\$ 158,376</u>
LIABILITIES	
Deposits held in custody for others	\$ 158,376
TOTAL LIABILITIES	<u>\$ 158,376</u>

State of New Mexico Department of Game and Fish

Notes to Financial Statements

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

Note 1 – Definition of Reporting Entity (continued)

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

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

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

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

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

Endangered Species Division

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

State of New Mexico Department of Game and Fish

Notes to Financial Statements

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

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.

State of New Mexico Department of Game and Fish

Notes to Financial Statements

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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.

State of New Mexico Department of Game and Fish

Notes to Financial Statements

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 16 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. In the fiscal year 2006, the capitalization policy changed from \$1,000 to \$5,000 for capitalizing capital assets. During the year ended June 30, 2018, based on the directive of the New Mexico State Auditor, the Department removed assets that cost less than \$5,000 but equal to or more than \$1,000, and were purchased prior to July 1, 2005, from their capital asset inventory and financial statements. The net book value expensed related to these assets was \$112,775.

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

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, 2018.

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, 2018.

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, 2018.

State of New Mexico Department of Game and Fish

Notes to Financial Statements

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, 2018.

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

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 887, 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, 2018.

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

State of New Mexico Department of Game and Fish

Notes to Financial Statements

Note 3 – Cash

Cash in banks consists of cash on deposit with area banks amounting to \$158,376, 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

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, 2018:

Investment	Maturities	Fair Value
New Mexico State Treasurer's Office:		
General Fund Investment Pool	1 day to 3 years	\$ 48,212,452

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, 2018.

Note 6 – Due From and Due to Other Funds

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

Due From Other State Agencies	Fund No.	Amount	Due From Agency/Fund	Fund No.	Amount
Office of the State Engineer	21400	\$ 90,943	Game Protection Fund	19800	\$ 90,943
Total		<u>\$ 90,943</u>	Total		<u>\$ 90,943</u>

Due to Other State Agencies	Fund No.	Amount	Due to Agency/Fund	Fund No.	Amount
Game Protection Fund	19800	\$ 3,142	Department of Health	6104	\$ 3,142
Total		<u>\$ 3,142</u>	Total		<u>\$ 3,142</u>

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

Note 7 – Capital Assets

A summary of changes in capital assets follows:

Governmental-type Activities	Balance, June 30, 2017	Additions	Deletions	Transfers	Transfers in of Property	Balance, June 30, 2018
Assets being depreciated:						
Infrastructure	\$ 24,515,893	\$ 237,747	\$ (652,065)	\$2,746,238	\$ 87,374	\$ 26,935,187
Fencing	5,850,677	394,113	(243,787)	34,903	-	6,035,906
Furniture and fixtures	841,081	-	(32,561)	-	-	808,520
Data processing equipment	923,651	121,520	(52,253)	48,750	-	1,041,668
Equipment	7,407,465	345,322	(1,004,048)	(24,757)	-	6,723,982
Automobiles	8,827,142	876,706	(554,598)	-	-	9,149,250
Buildings and structures	27,818,952	2,496,366	(523,641)	4,603,439	2,090,043	36,485,159
Total assets being depreciated	76,184,861	4,471,774	(3,062,953)	7,408,573	2,177,417	87,179,672
Less accumulated depreciation:						
Infrastructure	(8,500,441)	(1,067,170)	409,116	323,375	-	(8,835,120)
Fencing	(4,430,277)	(294,978)	232,084	(11,847)	-	(4,505,018)
Furniture and fixtures	(470,630)	(32,361)	32,561	-	-	(470,430)
Data processing equipment	(653,337)	(107,240)	51,067	-	-	(709,510)
Equipment	(5,172,309)	(323,031)	980,367	11,847	-	(4,503,126)
Automobiles	(4,778,092)	(916,109)	527,490	-	-	(5,166,711)
Buildings and structures	(12,989,371)	(981,524)	441,050	(323,375)	-	(13,853,220)
Total accumulated depreciation	(36,994,457)	(3,722,413)	2,673,735	-	-	(38,043,135)
Assets not being depreciated:						
Land	37,975,177	715,860	(52,483)	(25,597)	413,534	39,026,491
Rights and easements	863,059	-	(10,470)	-	-	852,589
Library and museum	1,000	-	(1,000)	-	-	-
Work in progress	6,649,232	7,408,413	(99,018)	(7,382,976)	-	6,575,651
Total assets not being depreciated	45,488,468	8,124,273	(162,971)	(7,408,573)	413,534	46,454,731
Net total capital assets	\$ 84,678,872	\$8,873,634	\$ (552,189)	\$ -	\$2,590,951	\$ 95,591,268

Depreciation of \$3,722,413 was charged to the Game and Fish Resource Conservation Program.

On June 18, 2018, the New Mexico Energy, Minerals and Natural Resources Department, State Parks Division transferred property consisting of land, infrastructure, and buildings in the amount of \$2,520,951 to the New Mexico Department of Game and Fish. Land with a value of \$70,000 was transferred in from a private party.

State of New Mexico Department of Game and Fish

Notes to Financial Statements

Note 8 – Compensated Absences Payable

The following is a summary of changes in compensated absences payable for the year ended June 30, 2018:

Governmental-type Activities	Balance, June 30, 2017	Increase	Decrease	Balance, June 30, 2018	Due Within One Year
Compensated absences payable	\$ 1,088,694	\$ 1,146,941	\$ 1,089,211	\$ 1,146,424	\$ 1,146,424

The Game Protection Fund is used to liquidate compensated absences.

Note 9 – Operating Transfers

Operating transfers consist of the following for the year ending June 30, 2018:

		Intra-agency Transfers		
Agency/Fund		Transfers In	Transfers Out	Total
516-19800	Game Protection Fund - Major Fund	\$ 79,384	\$ -	\$ 79,384
516-42800	Bond Interest Fund	-	(500,000)	(500,000)
516-09700	Sikes Act Fund	-	(1,000,000)	(1,000,000)
516-49400	Habitat Management Fund	-	(3,500,000)	(3,500,000)
516-77200	Big Game Enhancement Fund	-	(1,750,000)	(1,750,000)
516-88700	Capital Improvement Fund	6,750,000	(79,384)	6,670,616
		<u>\$ 6,829,384</u>	<u>\$ (6,829,384)</u>	<u>\$ -</u>

		Inter-agency Transfers		
Agency/Fund		Transfers In	Transfers Out	Total
550-21400	Office of the State Engineer	\$ -	\$ (182,300)	\$ (182,300)
521-20010	Energy and Minerals	-	(1,000,000)	(1,000,000)
		<u>\$ -</u>	<u>\$ (1,182,300)</u>	<u>\$ (1,182,300)</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 to the State Parks Division of the Energy and Minerals Department was to support hunting, fishing, trapping, wildlife conservation and OHV activities on state park properties.

Note 10 – Pension Plan – Public Employees Retirement Association

Plan Description

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

Funding Policy

Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the fiscal years ending June 30, 2018, 2017 and 2016 were \$2,428,293, \$2,440,840 and \$2,335,419, respectively, which equal the amount of the required contributions for each fiscal year.

Note 11 – Post-Employment Benefits – State Retiree Health Care Plan

Plan Description

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

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

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

State of New Mexico Department of Game and Fish

Notes to Financial Statements

Note 11 – Post-Employment Benefits – State Retiree Health Care Plan (continued)

Funding Policy

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

The 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, 2018, 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, 2018, 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, 2018, 2017 and 2016 were \$284,271, \$287,331 and \$277,724, respectively, which equal the required contributions for each year.

Note 12 – 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, 2018.

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, 2018.

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

Note 12 – Operating Lease Obligations (continued)

Years ending June 30,

2019	\$	1,787,957
2020		1,630,861
2021		1,633,811
2022		1,640,815
2023		<u>1,649,019</u>
Total	\$	<u>8,342,463</u>

Total lease expense for the year ended June 30, 2018 was \$1,821,864.

Note 13 – Construction Commitments

As of June 30, 2018, the Department has entered into construction contracts totaling \$7,336,976, of which \$1,475,464 is still outstanding and will be financed through existing resources.

Note 14 – Risk Management

The Department is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the agency carries insurance (Workers' Compensation, Unemployment Compensation, Employee Liability and Transportation Property) with the State of New Mexico Risk Management Division (RMD) of the General Services Department. There are no 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 15 – 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 \$465,000, and one Joint Power Agreement with the New Mexico Department of Finance and Administration with a committed amount of \$109,200. As of June 30, 2018, \$333,776 has been paid related to the Joint Powers Agreement with the New Mexico Energy, Minerals, and Natural Resources Department.

Note 16 – 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

State of New Mexico Department of Game and Fish

Notes to Financial Statements

Note 16 – Governmental Fund Balances (continued)

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, 2018, 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.

(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

State of New Mexico Department of Game and Fish

Notes to Financial Statements

Note 16 – Governmental Fund Balances (continued)

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

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

	General Fund	Major Special Revenue	Major Capital Projects	Nonmajor Special Revenue Funds				Debt Service	
	Game Protection Fund 19800	Big Game Enhancement 77200	Capital Projects 88700	Habitat Management 49400	Big Game Depredation 54900	Trail Safety Fund 10840	Sikes Act 9700	Share with Wildlife 30700	Bond Interest & Retirement Fund 42800
Fund Balances:									
Restricted for:									
50 CFR 80.3 and 80.4									
Wildlife and Fisheries	\$ 15,994,915	\$ 5,084,693	\$ 17,804,720	\$ 1,450,920	\$ 2,204,216	\$ 370,308	\$ 1,997,251	\$ 971,492	\$ 476,488
Total	\$ 15,994,915	\$ 5,084,693	\$ 17,804,720	\$ 1,450,920	\$ 2,204,216	\$ 370,308	\$ 1,997,251	\$ 971,492	\$ 476,488

Note 17 – Subsequent Events

Management has evaluated subsequent events through October 26, 2018 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended June 30, 2018. 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 18 – Subsequent Accounting Standard Pronouncements

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

GASB Statement No. 81 ***Irrevocable Split-Interest Agreements***

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

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

GASB Statement No. 83 ***Certain Asset Retirement Obligations***

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

State of New Mexico Department of Game and Fish

Notes to Financial Statements

Note 18 – Subsequent Accounting Standard Pronouncements (continued)

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

GASB Statement No. 84

Fiduciary Activities

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

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

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

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

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

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

GASB Statement No. 85

Omnibus 2017

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

This Statement addresses the following topics:

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

State of New Mexico Department of Game and Fish

Notes to Financial Statements

Note 18 – Subsequent Accounting Standard Pronouncements (continued)

- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

GASB Statement No. 86

Certain Debt Extinguishment Issues

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

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

GASB Statement No. 87

Leases

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

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

GASB Statement No. 88

Certain Disclosures Related to debt, including Direct Borrowings and Direct Placements

Effective Date: The provisions in Statement 87 are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Additional essential information related to debt for required disclosures include unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance related consequences, and significant subjective acceleration clauses.

State of New Mexico Department of Game and Fish

Notes to Financial Statements

Note 18 – Subsequent Accounting Standard Pronouncements (continued)

GASB Statement No. 89

Accounting for Interest Cost Incurred before the End of a Construction Period

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

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of capital asset reported in a business-type activity or enterprise fund.

Supplementary Information

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

	Special Revenue Funds					Debt Service Fund	Total
	Habitat Management Fund - 49400	Big Game Depredation Fund - 54900	Trail Safety Fund - 10840	Sikes Act Fund - 09700	Share with Wildlife Fund - 30700	Bond Interest Retirement Fund - 42800	
ASSETS							
Investment in State Treasurer General Fund Investment Pool	\$ 1,428,121	\$ 2,285,110	\$ 405,039	\$ 1,972,896	\$ 1,044,252	\$ 476,488	\$ 7,611,906
Receivables: Due from federal government	113,359	-	6,920	67,644	44,883	-	232,806
TOTAL ASSETS	\$ 1,541,480	\$ 2,285,110	\$ 411,959	\$ 2,040,540	\$ 1,089,135	\$ 476,488	\$ 7,844,712
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 90,560	\$ 80,894	\$ 32,679	\$ 43,289	\$ 117,643	\$ -	\$ 365,065
Accrued payroll	-	-	8,972	-	-	-	8,972
Total liabilities	90,560	80,894	41,651	43,289	117,643	-	374,037
FUND BALANCES							
Restricted	1,450,920	2,204,216	370,308	1,997,251	971,492	476,488	7,470,675
Total fund balances	1,450,920	2,204,216	370,308	1,997,251	971,492	476,488	7,470,675
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,541,480	\$ 2,285,110	\$ 411,959	\$ 2,040,540	\$ 1,089,135	\$ 476,488	\$ 7,844,712

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

	Special Revenue Funds					Debt Service Fund	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	
REVENUES							
Service revenue	\$ 882,300	\$ 419,304	\$ 772,877	\$ 1,056,652	\$ 13,919	\$ 244,558	\$ 3,389,610
Federal grants	214,482	29,820	8,704	141,145	112,093	-	506,244
Interest earned	-	18,797	2,452	18,509	7,252	5,816	52,826
Realized/unrealized gain on investments	-	-	-	-	17,201	-	17,201
Other revenue	-	-	-	231	94,333	-	94,564
Total revenues	1,096,782	467,921	784,033	1,216,537	244,798	250,374	4,060,445
EXPENDITURES							
Game and Fish Resource Conservation	133,451	70,003	268,378	323,950	254,214	-	1,049,996
Capital Outlay	160,753	203,881	40,032	-	-	-	404,666
Total expenditures	294,204	273,884	308,410	323,950	254,214	-	1,454,662
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	802,578	194,037	475,623	892,587	(9,416)	250,374	2,605,783
OTHER FINANCING SOURCES (USES)							
Intra-agency transfers	(3,500,000)	-	-	(1,000,000)	-	(500,000)	(5,000,000)
Inter-agency transfers	-	-	(500,000)	-	-	-	(500,000)
Total other financing uses	(3,500,000)	-	(500,000)	(1,000,000)	-	(500,000)	(5,500,000)
NET CHANGE IN FUND BALANCES	(2,697,422)	194,037	(24,377)	(107,413)	(9,416)	(249,626)	(2,894,217)
FUND BALANCES, BEGINNING OF YEAR	4,148,342	2,010,179	394,685	2,104,664	980,908	726,114	10,364,892
FUND BALANCES, END OF YEAR	\$ 1,450,920	\$ 2,204,216	\$ 370,308	\$ 1,997,251	\$ 971,492	\$ 476,488	\$ 7,470,675

Supplementary Schedules

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

Name of Depository	Account Name	Fund Type	SHARE System Fund No.	Type of Account	Bank Balance	Reconciling items	Book Amount
New Mexico State Treasurer	Game Protection Fund	General	19800	State Treasury	\$ 15,550,877	\$ -	\$ 15,550,877
New Mexico State Treasurer	Capital Projects Fund	Capital	88700	State Treasury	20,003,599	-	20,003,599
New Mexico State Treasurer	Big Game Enhancement Fund	Special Revenue	77200	State Treasury	5,046,070	-	5,046,070
New Mexico State Treasurer	Habitat Management Fund	Special Revenue	49400	State Treasury	1,428,121	-	1,428,121
New Mexico State Treasurer	Big Game Depredation Fund	Special Revenue	54900	State Treasury	2,285,110	-	2,285,110
New Mexico State Treasurer	Trail Safety Fund	Special Revenue	10840	State Treasury	405,039	-	405,039
New Mexico State Treasurer	Sikes Act Fund	Special Revenue	09700	State Treasury	1,972,896	-	1,972,896
New Mexico State Treasurer	Share with Wildlife Fund	Special Revenue	30700	State Treasury	1,044,252	-	1,044,252
New Mexico State Treasurer	Bond Interest & Retirement Fund	Debt Service	42800	State Treasury	<u>476,488</u>	-	<u>476,488</u>
Total investments - State Treasurer's Office Investment Pool					\$ 48,212,452	-	\$ 48,212,452
Cash held in banks:							
Wells Fargo Bank	Agency Funds Cash: Law Enforcement Account			Checking			\$ 71,668
Wells Fargo Bank	Agency Funds Cash: Game Thief Account			Checking			86,708
Dept. of Game and Fish	Petty Cash - Cashier - Santa Fe			Petty Cash			<u>3,530</u>
Total cash - Department of Game and Fish							\$ 161,906

State of New Mexico Department of Game and Fish

Schedule 2 – Supplementary Schedule of Joint Powers Agreements

Description	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
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
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
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
NMDGF to develop and recovery plan for all species listed as threatened or endangered. ISC develop programs to protect water and stream systems within the state, research and study relating to biological and environmental needs of listed species	New Mexico Interstate Stream Commission (ISC)	4/1/2002	Ongoing	\$ -	\$ -	NM Game and Fish
Section 17-1-14 and 17-14-1, Amendment 1 - To acquire develop, improve and manage lands for game refuges and for all purposes incidental to the propagation, preservation, protection and management of the game, birds, fish and wildlife of the State of New Mexico.	New Mexico Energy, Minerals and Natural Resources Department	2/7/1997	Ongoing	\$ -	\$ -	NM Game and Fish
Solid Waste Collection and Transfer	City of Raton, NM	7/3/2012	7/3/2022	\$ -	\$ -	NM Game and Fish
To acquire develop, improve and manage lands for game refuges and for all purposes incidental to the propagation, preservation, protection and management of the game, birds, fish and wildlife of the State of New Mexico.	City of Hobbs	11/3/2008	Ongoing	\$ -	\$ -	NM Game and Fish
Mine Waste at Upper Pecos Site, monitoring at the State Recreation Use Area Operational Unit, disburse funds to the state recreation use areas.	New Mexico Department of Finance and Administration	7/17/1998	Ongoing	\$ 109,200	\$ -	NM Game and Fish
Wildlife habitation protection, enhancement and restoration of lands, promulgate forest habitat - Using Los Lunas Inmate Work Camps to reduce threat to life and property from forest fires.	New Mexico Energy and Minerals, Natural Resources Department - Forestry Division, New Mexico Corrections Department	4/17/1998	Ongoing	\$ -	\$ -	NM Game and Fish
Under the Wallop-Breaux Amendment - construction and maintenance of boat use facilities on public-use waters in the state of New Mexico	New Mexico Energy and Minerals, Natural Resources Department	6/14/2016	Ongoing	\$ 465,000	\$ 333,776	NM Game and Fish

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

	Operation Game Thief			
	Balance, June 30, 2017	Additions	Deletions	Balance, June 30, 2018
ASSETS				
Cash on deposit	\$ 82,574	\$ 21,319	\$ 17,185	\$ 86,708
TOTAL ASSETS	<u>\$ 82,574</u>	<u>\$ 21,319</u>	<u>\$ 17,185</u>	<u>\$ 86,708</u>
LIABILITIES				
Deposits held in custody for others	\$ 82,574	\$ 21,319	\$ 17,185	\$ 86,708
TOTAL LIABILITIES	<u>\$ 82,574</u>	<u>\$ 21,319</u>	<u>\$ 17,185</u>	<u>\$ 86,708</u>

	Law Enforcement			
	Balance, June 30, 2017	Additions	Deletions	Balance, June 30, 2018
ASSETS				
Cash on deposit	\$ 61,108	\$ 17,756	\$ 7,196	\$ 71,668
TOTAL ASSETS	<u>\$ 61,108</u>	<u>\$ 17,756</u>	<u>\$ 7,196</u>	<u>\$ 71,668</u>
LIABILITIES				
Deposits held in custody for others	\$ 61,108	\$ 17,756	\$ 7,196	\$ 71,668
TOTAL LIABILITIES	<u>\$ 61,108</u>	<u>\$ 17,756</u>	<u>\$ 7,196</u>	<u>\$ 71,668</u>

	Operation Game Thief - Law Enforcement Total			
	Balance, June 30, 2017	Additions	Deletions	Balance, June 30, 2018
ASSETS				
Cash on deposit	\$ 143,682	\$ 39,075	\$ 24,381	\$ 158,376
TOTAL ASSETS	<u>\$ 143,682</u>	<u>\$ 39,075</u>	<u>\$ 24,381</u>	<u>\$ 158,376</u>
LIABILITIES				
Deposits held in custody for others	\$ 143,682	\$ 39,075	\$ 24,381	\$ 158,376
TOTAL LIABILITIES	<u>\$ 143,682</u>	<u>\$ 39,075</u>	<u>\$ 24,381</u>	<u>\$ 158,376</u>

Single Audit

State of New Mexico Department of Game and Fish

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through entity Identifying Number	Total Federal Expenditures
United States Department of Interior:			
Fish and Wildlife Service			
Federal Direct:			
Fish and Wildlife Cluster:			
Sport Fish Restoration Program	15.605		\$ 6,566,997
Wildlife Restoration and Basic Hunter Education	15.611		17,861,859
Total Fish and Wildlife Cluster			<u>24,428,856</u>
Fish and Wildlife Management Assistance	15.608		44,009
Cooperative Endangered Species Conservation Fund	15.615		157,668
Enhanced Hunter Education and Safety	15.626		82,826
State Wildlife Grants	15.634		1,494,829
Total direct Fish and Wildlife Service			<u>26,208,188</u>
Bureau of Land Management			
Federal Direct:			
Fish, Wildlife and Plant Conservation Resource Management	15.231		72,976
Total direct Bureau of Land Management			<u>72,976</u>
Bureau of Reclamation			
Federal Direct:			
Endangered Fishery Recovery	15.529		205,127
Total direct Bureau of Reclamation			<u>205,127</u>
Total United States Department of Interior			26,486,291
United States Department of Agriculture			
Animal and Plant Health Inspection Service			
Passthrough from National Wildlife Research Center Wildlife Services	10.028	16-7740-1198-CA HPA1CCC	9,685
Animal Plant Health Inspection Service Passthrough and total United States Department of Agriculture			<u>9,685</u>
Total Expenditures of Federal Awards			<u><u>\$ 26,495,976</u></u>

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

Note 1 – General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Department of Game and Fish under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position or changes in net position of the Department.

Note 2 – Basis of Accounting

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

Note 3 – Non-Cash Assistance

The Department did not receive any federal non-cash assistance during the year ended June 30, 2018.

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. Wayne Johnson
New Mexico State Auditor

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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico Department of Game and Fish (the "Department") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the State of New Mexico Department of Game and Fish's basic financial statements, and have issued our report thereon dated October 26, 2018.

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 opinion 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 note one 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 Findings Schedule as item 2018-002.

The Department's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 26, 2018

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. Wayne Johnson
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the State of New Mexico Department of Game and Fish's (the Department's), a department of the State of New Mexico, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2018. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the 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 each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

The Department's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Mess Adams LLP

Albuquerque, New Mexico
October 26, 2018

State of New Mexico Department of Game and Fish

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results

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: \$ 794,879

Auditee qualified as low-risk auditee? Yes No

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

Section II – Financial Statement Findings

No matters were reported.

State of New Mexico Department of Game and Fish

Schedule of Findings and Questioned Costs

Section III – Federal Award Findings and Questioned Costs

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

<i>CFDA Number(s)</i>	<i>Program Name/Title</i>	<i>Federal Agency/ Pass-through Entity</i>	<i>Award Year</i>
15.605/15.611	Fish and Wildlife Cluster	U.S. Department of Interior	2018

Condition: The Department utilizes the New Mexico State General Services Department (GSD) to execute non-professional service contracts on their behalf. GSD does not perform a suspension and debarment search as a part of this service and there is also no check being performed by the Department’s procurement team prior to goods and services being purchased.

Criteria: Requirements for non-procurement suspension and debarment are contained in the OMB guidance in 2 CFR § 180.300. Non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria.

Effect: The Department had entered into \$7,089,846 of covered transactions with vendors during fiscal year 2018 where no verification of suspension or debarment. Potential questioned costs could result from disbursing Federal funds to an excluded party. Upon review of SAM.gov, none of these vendors had an active exclusion.

Cause: The Department had relied on GSD to perform the suspension and debarment check as a part of their procurement process. However, GSD is not aware if procurements relate to covered transactions for federal grants.

Recommendation: We recommend a suspension and debarment check be performed and documented on all procurements executed by GSD prior to goods and services being purchased.

Current Status/Plan of Action: Although the reasonable possibility is remote, in the opinion of the Department, the Department recognizes its responsibility to prevent the possibility of disbursing federal funds to a party that is debarred or suspended. All covered transactions that are expected to equal or exceed \$25,000 will be checked for debarment or suspension prior to the procurement. The Department will implement in FY19 new procedures to ensure controls are in place to identify potential vendors that are debarred or suspended. Controls will include documenting that a check has been performed prior to creating the purchase order and reviewing at the Chief Procurement Officer (CPO) level and post-audit level that a check was done. Additionally, the Department will add debarment language into internal contracts, including construction contracts and ITBs. The implementation of these new procedures for the financial specialists, CPO, and post audit to follow will establish the necessary controls to correct the shortcomings identified in this finding. These efforts will ensure the Department does not enter into covered transactions with vendors that are debarred or suspended.

Responsible Person: Chief Financial Officer

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

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

2018-002 Improper equipment usage rates (Other Non-Compliance)

Condition: The Department is allowed to charge program grants for the use of equipment and vehicles that the Department owns. In performing our testwork, we determined there was no support for the equipment usage rate used for fiscal year 2018.

Criteria: According to 2 CFR § 200.403, for costs to be considered allowable, they must not only be prudent, but also in line with policies set within the Federal award. Informal guidance related to equipment costs charged to the Wildlife and Sport Fish Restoration grants was issued in 2014 by the United States Department of the Interior Fish and Wildlife Service to State Fish and Wildlife Agencies. Within this guidance they note that charging use of equipment to a grant is allowable, but this must be calculated using a methodology based on actual costs to own and operate the equipment; or if a rate has not been established, an agency may elect to use a rate for similar equipment established by the State or other State agency.

Effect: The Fish and Wildlife cluster was over charged \$14,336. This amount was calculated using the difference between the charged rate of .45 cents per mile in fiscal year 2018 and the 2018 New Mexico Mileage Rate of .43 cents published for use by state agencies under NMAC 2.42.2.

Cause: The .45 cent rate in use for fiscal year 2018 was a historical rate that had not been reevaluated for appropriateness based on a review of prior year actual costs or a review of the current rate established by the state under NMAC 2.42.2.

Recommendation: We recommend the Department review its indirect costs and either use the state's approved mileage rate or perform a review of actual costs incurred related to equipment used for grant activities to ensure the indirect cost per mile charged to grants is in line with issued guidance.

Current Status/Plan of Action: Starting in fiscal year 2019, the Department has elected to use the rate established by the State under NMAC 2.42.2 for the calculation of indirect costs to be charged to the Program related to use of Department equipment. The Department will continue to use this rate until which time management establishes an annual rate in accordance with guidance issued by the United States Department of the Interior Fish and Wildlife Service to State Fish and Wildlife Agencies.

Responsible Person: Federal Aid Coordinator

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

GOVERNOR
Susana Martinez



DIRECTOR AND SECRETARY
TO THE COMMISSION
Michael B. Sloane

DEPUTY DIRECTOR
Vacant

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Albuquerque

BILL MONTOYA
Vice-Chairman
Alto

CRAIG PETERSON
Farmington

RALPH RAMOS
Las Cruces

BOB RICKLEFS
Cimarron

THOMAS "DICK" SALOPEK
Las Cruces

VACANT

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

State of New Mexico Department of Game and Fish Exit Conference

An exit conference was held with the Department on October 15, 2018 starting at 11:00 a.m. The conference was held at the Department's offices in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

STATE OF NEW MEXICO DEPARTMENT OF GAME AND FISH

Michael Sloane, Director
Christopher Chadwick, Assistant Director
Jim Comins III, Assistant Director
Paul Kienzle III, Chairman, State Game Commission
Paul Varela, Admin Services Division Chief/CFO
Joseph Miano, Accountant/Auditor

MOSS ADAMS LLP

Sheila Herrera, Senior Manager
Lauren Kistin, Manager

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.