



ricci&company llc

Certified Public Accountants

STATE OF NEW MEXICO  
BOARD OF VETERINARY  
MEDICINE

FINANCIAL STATEMENTS

JUNE 30, 2012

**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE**

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**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE**

*Official Roster*

**Board Members**

<b><u>Name</u></b>	<b><u>Title</u></b>
Rebecca J. Washburn, DVM	Chair
John C. Wenzel, DVM	Vice-Chairman
Allison B. Stout, DVM	Secretary-Treasurer
Kathleen L. Ramsay, DVM	Member
Manual A. Garcia, DVM	Member
Elisabeth Jennings	Public Member
Marybeth Brown-Pirrone	Public Member

**Staff**

Frances R. Sowers	Executive Director
Reina Meza	Administrator
Catherine Hernandez	Office Clerk



## Independent Auditor's Report

Board Members  
State of New Mexico Board of Veterinary Medicine  
and  
Mr. Hector Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, major fund, and the budgetary comparison for the general fund of the State of New Mexico Board of Veterinary Medicine (Board) as of and for the year ended June 30, 2012, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the State of New Mexico Board of Veterinary Medicine are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, the major fund and its budgetary comparison of the State of New Mexico that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2012, and the changes in its financial position for the year ended in conformity with accounting principles generally accepted in the United State of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Board as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

State of New Mexico Board of Veterinary Medicine  
and  
Mr. Hector Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2012 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 6 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.

*Ricci & Company LLC*

Albuquerque, New Mexico  
September 17, 2012

State of New Mexico  
Board of Veterinary Medicine

SUSANA MARTINEZ  
Governor

Rebecca J. Washburn, DVM  
Chair

Frances R. Sowers  
Executive Director



The Board of Veterinary Medicine is a single-purpose agency with only one fund. The accompanying government-wide financial statements differ from the fund financial statements by reporting capital assets, depreciation and long-term debt as reflected in the attachments hereto.

Basic Financial Statements – Statement of Net Assets and Statement of Activities

Basic financial statements report information about the Board of Veterinary Medicine (BVM) as a whole using accounting methods similar to those used in the private sector. The statement of net assets includes all of the government assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The basic financial reports report the BVM's net assets and how they have changed.

Fund Financial Statements – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

The fund financial statements provide more detailed information about the BVM's significant funds. The BVM operates on its own self-generated revenues (examinations, license fees, penalties, and miscellaneous services) and the budget approved by the State Legislature annually.

Analysis of Financial Position – Statement of Net Assets

	<u>FY-2012</u>	<u>FY-2011</u>	<u>Change</u>
<b>Assets</b>			
Current assets	\$ 168,474	178,319	(9,845)
Capital assets, net	-	-	-
Total assets	<u>168,474</u>	<u>178,319</u>	<u>(9,845)</u>
<b>Liabilities</b>			
Current liabilities	17,689	21,045	(3,356)
Long-term liabilities	8,724	5,133	3,591
Total liabilities	<u>26,413</u>	<u>26,178</u>	<u>235</u>
<b>Net Assets</b>			
Restricted	<u>142,061</u>	<u>152,141</u>	<u>(10,080)</u>
<b>Total liabilities and net assets</b>	<u>\$ 168,474</u>	<u>178,319</u>	<u>(9,845)</u>

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## Results of Operations – Statement of Activities

	<u>FY-2012</u>	<u>FY-2011</u>	<u>Change</u>
<b>Revenues</b>			
Licensing and fees	\$ 264,310	261,718	2,592
Current services and penalties	<u>17,114</u>	<u>17,482</u>	<u>(368)</u>
Total revenues	<u>281,424</u>	<u>279,200</u>	<u>2,224</u>
<b>Expenses</b>			
Personal services/employee benefits	145,973	139,971	6,002
Contractual services	103,002	112,191	(9,189)
Other	<u>42,529</u>	<u>55,381</u>	<u>(12,852)</u>
Total expenses	<u>291,504</u>	<u>307,543</u>	<u>(16,039)</u>
Change in net assets	<u>(10,080)</u>	<u>(28,343)</u>	<u>18,263</u>
Net assets, beginning	152,141	180,484	(28,343)
Net assets, ending	<u>\$ 142,061</u>	<u>152,141</u>	<u>(10,080)</u>

In compliance with state law, BVM adopts an annual appropriated budget and the BVM's original, final and expended budget is shown in the budgetary statement.

## Analysis of Board's Overall Financial Position and Result of Operations

The changes in BVM's Financial Position (Statement of Net Assets) and Operations (Statement of Activities) from the prior year is due to a slight increase in the number of state examinations, new licensees, new facilities, and late fees. Overall expenses have decreased due to less technical service contract expense in the current year, as the need was mostly realized in prior year in which database information was transferred to a new program, and vigilant monitoring of other expenses such as supplies and postage. These decreases in contractual services and other general and administrative costs were offset by a slight increase in personal service expense.

The BVM's capital assets consist of equipment and are fully depreciated as of June 30, 2012. There were no capital asset additions or disposals in the current fiscal year.

The BVM did not acquire any debt during the current fiscal year, as such there is no related debt liability within the accompanying financial statements as of June 30, 2012. The only long term liability is the amount of compensated absences expected to be paid after one year.

The BVM expects to maintain the revenue figure stream as more veterinary technicians continue to become licensed in New Mexico due to new veterinary technician programs offered in state. In addition, more and more doctors of veterinary medicine are opting for the higher examination fee enabling immediate licensure upon successful passing of the state examination.

The BVM is in sound financial condition with \$153,674 in its fund balance. BVM is a non-reverting agency to the State General Fund. The Board was budgeted \$325,400 for FY-12. There was one budget adjustment in the amount of \$2,700 from the original approved budget during the year; the budget adjustment was simply a transfer from contractual services to personal services and did not increase the budget overall. The budget was under-expended by \$37,647.

The only liabilities the BVM has are vouchers payable, accrued payroll and compensated absences in the amount of \$26,413.

The BVM has developed expenditure restrictions that have resulted in responsible monitoring of the budget overall evidenced by the under-expended amount of the approved budget noted above.

### **Requests for Information**

The financial report is designed to provide a general overview of the State of New Mexico Board of Veterinary Medicine's finances for all those interested in the BVM's fiscal health. Questions about this report or requests for additional information can be directed to:

Frances R. Sowers, Executive Director  
Board of Veterinary Medicine  
7301 Jefferson Street, N.E., Suite H  
Albuquerque, New Mexico 87301



STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 STATEMENT OF NET ASSETS  
 June 30, 2012

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash	\$ <u>168,474</u>
Capital Assets	
Equipment	14,211
Accumulated depreciation	<u>(14,211)</u>
<b>Total capital assets</b>	<u>-</u>
<b>Total assets</b>	<u>\$ <u>168,474</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Vouchers payable	\$ 9,069
Accrued payroll	5,731
Compensated absences, current portion	<u>2,889</u>
<b>Total current liabilities</b>	<u>17,689</u>
Long-term Liabilities	
Compensated absences payable	<u>8,724</u>
<b>Total liabilities</b>	<u>26,413</u>
<b>NET ASSETS</b>	
Restricted	<u>142,061</u>
<b>Total net assets</b>	<u>142,061</u>
<b>Total liabilities and net assets</b>	<u>\$ <u>168,474</u></u>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2012

	Governmental Activities
Expenses	
Personal service and employee benefits	\$ 145,973
Contractual services	103,002
Operating costs	<u>42,529</u>
<b>Total expenses</b>	<u>291,504</u>
Revenues	
Licensing and fees	264,310
Current services and penalties	<u>17,114</u>
<b>Total revenues</b>	<u>281,424</u>
<b>Change in net assets</b>	(10,080)
Net assets, beginning	<u>152,141</u>
<b>Net assets, ending</b>	<u><u>\$ 142,061</u></u>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS - GENERAL FUND  
 June 30, 2012

**ASSETS**

Cash	<u>\$ 168,474</u>
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**LIABILITIES AND FUND BALANCE**

Liabilities

Vouchers payable	\$ 9,069
Accrued payroll	<u>5,731</u>

<b>Total liabilities</b>	<u>14,800</u>
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Fund Balance

Restricted for Veterinary Board services and activities	<u>153,674</u>
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<b>Total fund balance</b>	<u>153,674</u>
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<b>Total liabilities and fund balance</b>	<u>\$ 168,474</u>
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*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2012

<b>Total fund balance for the governmental funds (balance sheet)</b>		<b>\$ 153,674</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. These consist of:		
Total capital assets	\$ 14,211	
Less accumulated depreciation	<u>(14,211)</u>	
Total capital assets, net of depreciation		-
Compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.		<u>(11,613)</u>
<b>Net assets of governmental activities (Statement of Net Assets)</b>		<b><u><u>\$ 142,061</u></u></b>

*The Notes to the Financial Statements are an integral part of this statement.*



STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - GENERAL FUND  
 GOVERNMENTAL FUNDS  
 Year Ended June 30, 2012

Revenues	
Licenses and fees	\$ 264,310
Other	<u>17,114</u>
<b>Total revenues</b>	<u>281,424</u>
Expenditures	
Current:	
Personal services and employee benefits	142,222
Contractual services	103,002
Other costs	<u>42,529</u>
<b>Total expenditures</b>	<u>287,753</u>
<b>Net change in fund balance</b>	(6,329)
Fund balance, beginning of year	<u>160,003</u>
<b>Fund balance, end of year</b>	<u><u>\$ 153,674</u></u>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2012

<b>Net change in fund balance - Governmental Funds</b> <b>(Statement of Revenues, Expenditures and Changes in Fund Balance)</b>	<b>\$ (6,329)</b>
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Amounts reported for governmental activities in the Statement of  
 Activities are different because:

Some items reported in the Statement of Activities do not require the  
 use of current financial resources and therefore are not reported  
 as expenditures in governmental funds. These activities consist of :

Change in compensated absences	<u>(3,751)</u>
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<b>Change in net assets of governmental activities</b>	<b><u><u>\$ (10,080)</u></u></b>
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*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
 GENERAL FUND  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Trade and professions licenses	\$ 193,300	193,300	196,329	3,029
Trade and professions permits	35,500	35,500	36,981	1,481
Registration for trades and professions	2,400	2,400	1,400	(1,000)
Trades and professional examination fees	28,900	28,900	29,600	700
Other current services	2,700	2,700	6,306	3,606
Other penalties	11,400	11,400	10,803	(597)
Miscellaneous	-	-	5	5
<b>Total revenues</b>	<b>274,200</b>	<b>274,200</b>	<b>281,424</b>	<b>7,224</b>
Expenditures				
Current:				
Personal services and employee benefits	148,400	151,100	142,222	8,878
Contractual services	126,300	123,600	103,002	20,598
Other costs	50,700	50,700	42,529	8,171
<b>Total expenditures</b>	<b>325,400</b>	<b>325,400</b>	<b>287,753</b>	<b>37,647</b>
<b>Net change in fund balance</b>	<b>\$ (51,200)</b>	<b>(51,200)</b>	<b>(6,329)</b>	<b>44,871</b>
Prior year fund balance required to balance budget	\$ 51,200	51,200		
Budgetary Revenues			281,424	
<b>GAAP revenues</b>			<b>\$ 281,424</b>	
Budgetary Expenses			287,753	
<b>GAAP expenses</b>			<b>\$ 287,753</b>	

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The State of New Mexico Board of Veterinary Medicine ("the Board") was created by the Veterinary Practice Act, New Mexico Statutes 1978 Annotated 61-14-1 through 61-14-20.

The purpose of the Board is to protect the public health, safety, and welfare through regulation of minimum standards for the practice of veterinary medicine in the State of New Mexico.

The primary function of the Board is to examine, license and regulate approximately 1,100 veterinarians, 160 registered veterinary technicians, and 80 artificial insemination and pregnancy diagnosis permits. Regulations include continuing education requirements. The Board conducts investigations and hearings to determine if violations of the Veterinary Practice Act occur, issues, renews, suspends or revokes licenses, inspects approximately 300 veterinary facilities annually for and employs personnel necessary to carry out its duties.

**A. Financial Reporting Entity**

The Board, a seven-member group consisting of an on-going entity, is the level of government which has governance responsibilities over all activities related to Doctors of Veterinary Medicine. The Board is not included in any other government "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. Even though board members are appointed by the governor, they have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Included within the reporting entity is the Board as described above. Other executive branch entities of government are excluded because they are established separately by statutes.

In evaluating how to define the Board for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria for including a potential component unit within the reporting entity. The first criterion for including potential component units within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Board and/or its licensees, or whether the activity is conducted within the geographic boundaries of the Board and is generally available to its licensees. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships regardless of whether the Board is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units.



STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements**

The basic statements include both government-wide (based on the Board as a whole) and fund financial statements. The new reporting is on either the Board as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type activities. The Board has only governmental type activities. In the government-wide statement of net assets, the governmental column reflects a full accrual economic resources basis, which incorporates long-term assets as well a long-term debt and obligations. Neither fiduciary funds nor component units that are fiduciary in nature are included.

The government-wide statement of activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenue. The statement of activities reduced gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. The Board includes only one function (general government).

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

General revenues (interest income, penalties, miscellaneous, etc.) normally cover the net cost (by function). Historically the previous model did not summarize or present net cost by function or activity.

This government-wide focus is more on the sustainability of the Board as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous accounting model.

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

STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

Basis of accounting refers to the point at which revenue or expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are presented using the economic financial resources measurement focus and the accrual basis of accounting. The governmental funds in the fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis accounting.

Accrual - All governmental funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Similar to private-sector standards of accounting and financial reporting issued prior to December 31, 1989, generally accepted accounting principles are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

Expenditures are generally recognized under the accrual basis of accounting when the related liability is incurred.

The financial transactions of the Board are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type and reported by generic classification in the accompanying financial statements.

STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

**Government Fund Types**

The focus of governmental fund measurement (in the fund financial statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Board.

General Fund (Fund #074 - Non-reverting)

The General Fund is the general operating fund of the Board and is used to account for all financial resources; there are no resources required to be accounted for in another fund. The General Fund is funded primarily through license and registration fees. It is a non-reverting fund created by Sections 61-14-1 through 61-14-20, NMSA 1978.

The Board operates under an annual license renewal policy. A veterinarian's license expires and is due for renewal each year on the last day of his/her birth month.

The New Mexico State Legislature does not make annual appropriations to the Board.

**D. Budgets and Budgetary Accounting**

Legal compliance is monitored through the establishment of a budget and a financial control system which permits a budget to actual expenditure comparison. Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, Subsection N, the budgetary basis is modified accrual. However, there is a statutory exception. 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 the statutory deadline per Section 6-10-4 NMSA 1978.

Those accounts payable that do not get paid timely must be paid out of next year's budget. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level. Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriation Act. The budget amounts shown in the financial statements are both the original appropriation and the final authorized amounts as legally revised during the year.

**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Budgets and Budgetary Accounting (Continued)**

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

1. Prior to September 1, the Board submits to the Department of Finance and Administration, State of New Mexico, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them as approved by the State Legislature.
2. Budget appropriations lapse if not encumbered at the end of the fiscal year. Unexpended funds do not revert to State General Fund.
3. Amendments to budget line items are obtained by filing a budget adjustment request with the Budget Division of the Department of Finance and Administration, State of New Mexico. Increase in the total must be approved by the State Legislature.
4. The Board's budget for the fiscal year ending June 30 was amended in a legally permissible manner by reallocating line item totals as the need arose during the fiscal year.

**E. Fiscal Agent**

The New Mexico Department of Finance and Administration acts as the fiscal agent for the Board. The fiscal agent is responsible for the processing of all cash disbursement and payroll functions. The New Mexico State Treasurer maintains the Board's cash and cash receipts.

**F. Cash and Cash Equivalents**

The Board has identified cash and cash equivalents to include cash on deposit with the State Treasurer.



STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Program Revenues**

Program revenues consist of charges for exams, fees collected for license renewals or permits and registration fees. These monies are deposited with the New Mexico State Treasurer.

**H. Inventory**

Office supply inventory items are expended when purchased. Therefore, the financial statements do not reflect inventories of office supplies on hand at year-end.

**I. Capital Assets**

Capital assets are tangible assets that are used in operations and that have initial useful lives that extend beyond a single reporting period. Capital assets are reported in the Statement of Net Assets at historical cost or estimated fair value, if donated. The agency is including qualifying software in the capital assets. Capital assets are depreciated using the straight-line method over their estimated useful lives. Items with a cost of less than \$5,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. The major classifications of capital assets and their related depreciable lives are as follows:

Equipment	3 to 10 years
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**J. Accrued Compensated Absences**

Full-time employees are entitled to accumulated annual leave at the rate based on years of service. A maximum of thirty working days of such accumulated annual leave may be carried forward into the beginning of the calendar leave year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of thirty days.

Employees are entitled to accumulated sick leave at the rate of one day for each calendar month of service. There is no limit to the amount of sick leave which an employee may accumulate. State agencies are allowed to pay fifty percent (50%) of each employee's hourly rate for accumulated sick leave over 50 hours up to 120 hours.

STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**L. Net Assets and Fund Equity**

**Government-Wide Financial Statements**

The governmental activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

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

Restricted net assets - This category reflects the portion of net assets that have constraints placed on the use of net assets from external resource providers, imposed by law through constitutional provisions or enabling legislation. The accompanying statement of net assets reports restricted net assets of \$143,193, which is restricted by enabling legislation.

Unrestricted net assets - This category reflects net assets of the Board not restricted for any project or other purposes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

**Fund Financial Statements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing fund balance definitions.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable* - includes amounts that cannot be spent because (1) they are either not in spendable form or (2) they are legally or contractually required to be maintained intact.

STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements (Continued)**

2. *Restricted* - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. *Committed* - fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government's highest level of decision-making authority removes or changes the specified use by taking the same action it employed to previously commit those amounts.
4. *Assigned* - fund balance classification intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. *Unassigned* - fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Board has reviewed each of the classifications and has determined that the fund balance is restricted for veterinary board services and activities in compliance with 61-14-4 E of the Veterinary Practice Act.

The Board would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**NOTE 2. CASH**

State law requires the Board of Veterinary Medicine cash be managed by the New Mexico State Treasurer's Office. Accordingly, the cash of the Board of Veterinary Medicine consists of cash in the General Fund Investment Pool (GFIP) or (Pool) managed by the New Mexico State Treasurer's Office.

Cash invested with New Mexico State Treasurer at June 30, 2012 is as follows:

Name of Depository	Account Name	Agency Number	Fund #	Balance per Depository	Reconciling Items		Balance per Books
					Outstanding Warrants	Other	
NM State Treasurer	Board of Veterinary Medicine	04900	074	\$ 168,474	\$ _____	\$ _____	\$ 168,474

**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 2. CASH (CONTINUED)**

Cash accounts on deposit with the New Mexico State Treasurer do not require collateral to be pledged because they are deposits with another governmental entity. The Board is not authorized to make investments of funds on deposit with the New Mexico State Treasurer.

The State Treasurer has the power to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10, I through P, NMSA 1978, as amended. The State Treasurer, with the advice and consent of the State Board of Finance, can invest money held in demand deposits and investments not immediately needed for the operation of State government in:

- (a) Securities issued by the United States (U.S.) government or by its department or agencies and direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government;
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in case of bond proceeds, not to exceed three years, of specific securities at specified prices at a price difference representing the interest income to be earned by the State. No such contract shall be invested in unless the contract is fully secured by obligations of the United States of other securities backed by the United States having a market value of at least one hundred two percent of the amount of the contract;
- (c) Contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the State, cash or equivalent collateral of at least 102% of the market value of the securities plus accrued interest temporarily exchanged. The collateral required for either of the forms of investment in sections (b) and (c) shall be delivered to the fiscal agent of New Mexico or its designee contemporaneously with the transfer of funds or delivery of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on the same-day basis. Neither of the contracts in (b) or (c) shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars;
- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the State Treasurer invests: (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.; (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or (3) an asset-backed obligation with a maturity obligation with a maturity not exceeding five years that is rated AAA or its equivalent by a nationally recognized rating service;

**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 2. CASH (CONTINUED)**

- (e) Shares of a diversified investment company registered pursuant to the Federal Investment Company Act of 1940 that invests in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment company has total assets under management of at least one billion dollars and the investments made by the State Treasurer pursuant to this paragraph are less than five percent of the assets of the investment company; or
- (f) Individual, common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b) and (d) above provided that the investment manager has assets under management of at least one billion dollars and the investments made by the State Treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

No public funds can be invested in negotiable securities, or loans to financial institutions fully secured by negotiable securities at current market value, shall be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertified securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable third party safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser.

The New Mexico Department of Finance and Administration (DFA) and Department of Information Technology (DoIT) are joint custodians for the operations and maintenance of SHARE (Statewide Human Resource, Accounting and Management Reporting System) which is utilized by the Board for financial reporting.

The State of New Mexico's (State) cash balances have not been reconciled since the inception of the Statewide Human Resource, Accounting and Management Reporting System (SHARE) in July of 2006. Under the direction of the State Controller, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) is taking aggressive action to resolve this serious problem. DFA/FCD has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and Deloitte Consulting, LLP. The purpose of the Remediation Project is to design and implement the changes necessary to produce a statewide cash reconciliation in a manner that is complete, accurate, and timely. This project will affect cash receipt and cash disbursement processes utilized by all State Agencies, including the Board. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. These changes will allow for the completion of a timely and accurate statewide cash reconciliation on a point-forward basis. The scheduled implementation date for the changes associated with the Remediation Project is February 1, 2013.

STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2012

**NOTE 2. CASH (CONTINUED)**

The Board has established procedures and internal controls to mitigate the statewide cash reconciliation issue described above by performing cash reconciliations on a monthly basis. However, during our review of cash we did identify that the procedure was not operating effectively and this has been reported as a significant deficiency finding (2012-1).

***Credit Risk and Interest Rate Risk***

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The State Treasurer General Fund Investment Pool is not rated for credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have an investment policy that limits interest rate risk.

For additional GASB 40 disclosure information regarding cash held by the State Treasurer, the reader should see the separate audit reports for the State Treasurer's Office for the fiscal year ended June 30, 2012.

**NOTE 3. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2012</u>
Equipment	\$ 14,211	-	-	14,211
Accumulated depreciation	<u>(14,211)</u>	<u>-</u>	<u>-</u>	<u>(14,211)</u>
Totals	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

No depreciation expense was charged, as capital assets were fully depreciated as of June 30, 2012.

**NOTE 4. CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities is as follows:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2012</u>	Due In <u>One Year</u>
Compensated absences payable	\$ <u>7,862</u>	<u>6,738</u>	<u>(2,987)</u>	<u>11,613</u>	<u>2,889</u>

STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2012

**NOTE 4. CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

Compensated absences of \$11,613 have been recorded in the statement of net assets. Of the \$11,613, \$2,889 is considered to be the current portion while \$8,724 is considered to be the long-term portion which is expected to be paid after one year. The compensated absences payable has been valued using the pay rates in effect at June 30, 2012 and does not include estimated payroll tax and fringe benefits. The General Fund has been used to liquidate long-term liabilities.

**NOTE 5. LONG-TERM LEASE CONTRACT**

In November 2006, the Board moved the office to a larger unit and entered into a long-term lease for the rental of office space. The lease matured in November 2011 at which time it was renewed for an additional three years through November 2014. Rent expense for the year ended June 30, 2012 was \$23,640. The following payments are due for the year ending June 30:

2013	\$ 23,640
2014	23,990
2015	<u>10,100</u>
Total	<u>\$ 57,730</u>

The lease is contingent upon the New Mexico Legislature granting sufficient authority. If this is not granted, the Board can terminate the lease by giving the lessor at least 60 days written notice.

**NOTE 6. RETIREMENT PLAN**

*Plan Description.* All of the Board'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 plan. The plan provides for retirement, 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, New Mexico 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy.* Plan members are required to contribute 10.67% of their gross salary. The Board is required to contribute 13.34% of the gross covered salary. The contribution requirements of plan members and the Board are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Board's contributions to PERA for the years ending June 30, 2012, 2011 and 2010 were \$14,518, \$15,513, and \$17,842, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 7. RETIREE HEALTH CARE ACT CONTRIBUTIONS**

*Plan Description.* The Board contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment health care 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 health care 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 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 post-employment health care plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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



**STATE OF NEW MEXICO  
 BOARD OF VETERINARY MEDICINE  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2012**

**NOTE 7. RETIREE HEALTH CARE ACT CONTRIBUTIONS (CONTINUED)**

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013, the contribution rates for employees and employers will rise as follows:

	Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
Also,	FY13	2.000%	1.000%

employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Board's contributions to the RHCA for the years ended June 30, 2012, 2011, and 2010 were \$1,986, \$1,703, and \$1,433, respectively, which equal the required contributions for each year.

**NOTE 8. RISK MANAGEMENT**

The Board 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 government carries commercial insurance. The Board maintains commercial insurance through the Risk Management Division for coverage for workers compensation, auto liability, general liability, civil rights, property and contents. Management believes that a potential loss would be adequately covered by insurance and would not result in any material adverse effect on the financial condition of the Board. During the past three years the Board has not had any significant reductions in insurance coverage or settlements exceeding insurance coverage.

# Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS  
6200 UPTOWN BLVD. NE - SUITE 400  
ALBUQUERQUE, NM 87110

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

Board Members  
State of New Mexico Board of Veterinary Medicine  
and  
Mr. Hector Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the major fund and its budgetary comparison of the State of New Mexico Board of Veterinary Medicine (Board), as of and for the year ended June 30, 2012, which collectively comprise the Board's basic financial statements and have issued our report thereon dated September 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of the Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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.

Board Members  
State of New Mexico Board of Veterinary Medicine  
and  
Mr. Hector Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency in internal control over financial reporting. See finding 2012-1. 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.

#### Compliance and Other Matters

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

The Board's response to the finding identified in our audit is described in the accompany Schedule of Findings and Responses. We did not audit the Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the Board, Office of the State Auditor, New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

*Ricci & Company LLC*

Albuquerque, New Mexico  
September 17, 2012

**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2012**

**A. FINDINGS AND RESPONSES**

**2012-1 RECONCILIATIONS – SIGNIFICANT DEFICIENCY**

**CRITERIA**

Accounting standards require that internal controls be developed and implemented to prevent or detect and correct misstatements on a timely basis.

**CONDITION**

Management's current reconciliation and review process performed each month does not include a procedure to investigate all outstanding deposits to ensure they are properly reflected on the Department of Finance and Administration's monthly report as cash and revenues. Additionally, cash reconciliations contained errors that resulted in an incorrect cash balance on the reconciliation prepared by management.

**CAUSE**

The current monthly reconciliation process is not effectively designed to reconcile deposits and revenues to internal and external reports.

**EFFECT**

An outstanding deposit was not subsequently reconciled to DFA reports which made it appear as though it had not been recorded by the cognizant agency in the appropriate period. Also, cash reconciliations contained errors that resulted in inaccurate balances.

**RECOMMENDATION**

We recommend that the Board improve their process over the preparation of reconciliations to ensure that both internal and external records tie to the trial balance. Any uncleared or outstanding items should be reviewed in the subsequent month and if any discrepancies are identified, management should immediately investigate them and have them resolved in a timely manner.

**RESPONSE**

Management has discussed better reconciliation and tracking methods with auditor using appropriate SHARE reports and best policy processes to follow. Management had instituted in the last two months of FY-12, the use of software to improve internal financial reconciliation and tracking methods. The FY-13 audit will realize the first complete year of what is expected to be more effective internal control.

**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2012**

**B. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

None

**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
EXIT CONFERENCE  
For the Year Ended June 30, 2012**

**Exit Conference**

An exit conference was held on September 14, 2012 to discuss the annual financial report. Attending were the following:

Representing the Board of Veterinary Medicine:

Rebecca J. Washburn, DVM, Chairman  
Frances R. Sowers, Executive Director

Representing the Independent Auditor:

Herman Chavez, CPA  
Michelle Martinez, CPA

Note: Management is responsible for the context of the report, even though the financial statements were prepared substantially by the independent auditor.