

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

FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

Official Roster

Board Members

<u>Name</u>	<u>Title</u>
Rebecca J. Washburn, DVM	Chair
John C. Wenzel, DVM	Vice-Chairman
Allison B. Stout, DVM	Secretary-Treasurer
Manual A. Garcia, DVM	Member
Edward J. Fallen, DVM	Member
Marybeth Brown-Pirrone	Public Member
Denai Forrest	Public Member

Staff

Frances R. Sowers	Executive Director
Reina Meza	Administrative Assistant
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

Report on Financial Statements

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, 2014, and the related notes to the financial statements which collectively comprise the Board'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 the financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 and the major fund of the Board as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 7 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

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, 2014, and the changes in its financial position for the year 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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2014 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* in considering the Board's internal control over financial reporting and compliance.

Ricci & Company, LLC

Albuquerque, New Mexico
October 8, 2014

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 Position 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 position 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 position 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 Position

	<u>FY-2014</u>	<u>FY-2013</u>	<u>Change</u>
Assets			
Current assets	\$ 137,335	143,379	(6,044)
Capital assets, net	-	-	-
Total assets	<u>137,335</u>	<u>143,379</u>	<u>(6,044)</u>
Liabilities			
Current liabilities	9,231	16,087	(6,856)
Long-term liabilities	<u>9,758</u>	<u>9,845</u>	<u>(87)</u>
Total liabilities	<u>18,989</u>	<u>25,932</u>	<u>(6,943)</u>
Net Position			
Restricted	<u>118,346</u>	<u>117,447</u>	<u>899</u>
Total liabilities and net position	<u>\$ 137,335</u>	<u>143,379</u>	<u>(6,044)</u>

7301 Jefferson Street, N.E., Suite H
 Albuquerque, NM 87109-4363

Telephone 505.553.7021
 Facsimile 505.553.7024



www.NMBVM.org

Results of Operations – Statement of Activities

	<u>FY-2014</u>	<u>FY-2013</u>	<u>Change</u>
Revenues			
Licensing and fees	\$ 283,766	261,834	21,932
Current services and penalties	<u>19,682</u>	<u>18,270</u>	<u>1,412</u>
Total revenues	<u>303,448</u>	<u>280,104</u>	<u>23,344</u>
Expenses			
Personal services/employee benefits	145,521	148,143	(2,622)
Contractual services	106,911	102,174	4,737
Other	<u>48,819</u>	<u>54,401</u>	<u>(5,582)</u>
Total expenses	<u>301,251</u>	<u>304,718</u>	<u>(3,467)</u>
Change in net position	<u>2,197</u>	<u>(24,614)</u>	<u>26,811</u>
Net position, beginning	117,447	142,061	(24,614)
Restatement	<u>(1,298)</u>	<u>-</u>	<u>(1,298)</u>
Net position, ending	<u>\$ 118,346</u>	<u>117,447</u>	<u>899</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 Position) and Operations (Statement of Activities) from the prior year is due to a slight increase in fees for state examinations, licenses, facilities, and late fees. Overall expenses have decreased due to less other general and administrative costs in the current year, as the need for more supplies and postage were less than in the prior year. The decreases in personal service expense other general and administrative costs were offset by a slight increase in contractual services.

The BVM's capital assets consist of equipment and are fully depreciated as of June 30, 2014. 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, 2014. 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 \$129,848 in its fund balance. BVM is a non-reverting agency to the State General Fund. The Board was budgeted \$329,600 for FY-14. There were no budget adjustment from the original approved budget during the year. The budget was under-expended by \$21,405.

The only liabilities the BVM has are vouchers payable, accrued payroll and compensated absences in the amount of \$18,989.

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 POSITION
 June 30, 2014

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 137,335
Capital Assets	
Equipment	14,211
Accumulated depreciation	<u>(14,211)</u>
Total capital assets	<u>-</u>
Total assets	<u><u>\$ 137,335</u></u>
LIABILITIES	
Current Liabilities	
Vouchers payable	\$ 4,443
Accrued payroll	2,972
Other	72
Compensated absences, current portion	<u>1,744</u>
Total current liabilities	<u>9,231</u>
Long-term Liabilities	
Compensated absences payable	<u>9,758</u>
Total liabilities	<u>18,989</u>
NET POSITION	
Restricted	<u>118,346</u>
Total net position	<u>118,346</u>
Total liabilities and net position	<u><u>\$ 137,335</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, 2014

	Governmental Activities
Expenses	
Personal service and employee benefits	\$ 145,521
Contractual services	106,911
Operating costs	<u>48,819</u>
Total expenses	<u>301,251</u>
Program Revenues	
Charges for services:	
Licensing and fees	283,766
Current services and penalties	<u>19,682</u>
Total revenues	<u>303,448</u>
Net Program Revenues and Change in Net Position	<u>2,197</u>
Net position, beginning	117,447
Restatement	<u>(1,298)</u>
Net position, beginning, as restated	<u>116,149</u>
Net position, ending	<u><u>\$ 118,346</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, 2014

ASSETS

Cash	\$ 137,335
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LIABILITIES AND FUND BALANCE

Liabilities

Vouchers payable	\$ 4,443
Accrued payroll	2,972
Other	72

Total liabilities	<u>7,487</u>
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Fund Balance

Restricted for Veterinary Board services and activities	<u>129,848</u>
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Total fund balance	<u>129,848</u>
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Total liabilities and fund balance	<u><u>\$ 137,335</u></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 POSITION
 June 30, 2014

Total fund balance for the governmental funds (balance sheet) \$ 129,848

Amounts reported for governmental activities in the Statement of Net Position is 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>(11,502)</u>
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Net position of governmental activities (Statement of Net Position) \$ 118,346

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, 2014**

Revenues		
Licenses and fees		\$ 283,766
Other		<u>19,682</u>
Total revenues		<u>303,448</u>
Expenditures		
Current:		
Personal services and employee benefits		146,286
Contractual services		106,911
Other costs		<u>48,819</u>
Total expenditures		<u>302,016</u>
Net change in fund balance		<u>1,432</u>
Fund balance, beginning of year		129,714
Restatement		<u>(1,298)</u>
Fund balance, beginning of year, as restated		<u>128,416</u>
Fund balance, end of year		<u><u>\$ 129,848</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, 2014**

Net change in fund balance - Governmental Funds (Statement of Revenues, Expenditures and Changes in Fund Balance)	\$ 1,432
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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	765
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Change in net position of governmental activities	\$ 2,197
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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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Trade and professions licenses	\$ 200,000	200,000	210,781	10,781
Trade and professions permits	37,000	37,000	36,655	(345)
Registration for trades and professions	1,100	1,100	1,675	575
Trades and professional examination fees	32,400	32,400	34,655	2,255
Other current services	3,500	3,500	7,310	3,810
Other penalties	11,400	11,400	12,372	972
	<hr/>			
Total revenues	<u>285,400</u>	<u>285,400</u>	<u>303,448</u>	<u>18,048</u>
Expenditures				
Current:				
Personal services and employee benefits	154,000	154,000	146,162	7,838
Contractual services	121,400	121,400	106,911	14,489
Other costs	54,200	54,200	55,122	(922)
	<hr/>			
Total expenditures	<u>329,600</u>	<u>329,600</u>	<u>308,195</u>	<u>21,405</u>
Net change in fund balance	<u>\$ (44,200)</u>	<u>(44,200)</u>	<u>(4,747)</u>	<u>39,453</u>
Prior year fund balance required to balance budget	<u>\$ 44,200</u>	<u>44,200</u>		
Budgetary Revenues			<u>303,448</u>	
GAAP revenues			<u>\$ 303,448</u>	
Budgetary Expenses			308,195	
Change in accounts payable			(6,303)	
Change in accrued payroll and other liabilities			<u>124</u>	
GAAP expenses			<u>\$ 302,016</u>	

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, 2014**

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 1,122 veterinarians, 204 registered veterinary technicians, and 70 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 165 veterinary facilities annually 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, 2014**

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 position, the governmental column reflects a full accrual economic resources basis, which incorporates long-term assets as well as 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, 2014

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange transactions are recognized when the exchange takes place. 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, 2014

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, 2014**

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, 2014

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 expensed 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 Position 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, 2014

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 Position and Fund Equity

Government-Wide Financial Statements

The governmental activities financial statements utilize a net position presentation which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position, in accordance with Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* issued by the Governmental Accounting Standards Board. Net position is displayed in three components as follows:

Investment in capital assets, net of related debt - This component of net position consists of capital assets, net of accumulated depreciation, less outstanding capital asset related debt.

Restricted net position - This category reflects the component of net position that have constraints placed on the use of net position from external resource providers, imposed by law through constitutional provisions or enabling legislation. The accompanying statement of net position reports restricted net position of \$119,644, which is restricted by enabling legislation.

Unrestricted net position - This category reflects the component of net position not restricted for any project or other purposes or included in the determination of net investment in capital assets, net of related debt.

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:

**STATE OF NEW MEXICO
 BOARD OF VETERINARY MEDICINE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
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, 2014 is as follows:

<u>Name of Depository</u>	<u>Account Name</u>	<u>Agency Number</u>	<u>Fund #</u>	<u>Balance Per Depository</u>	<u>Reconciling Items</u>		<u>Balance Per Books</u>
					<u>Outstanding Warrants</u>	<u>Other</u>	
NM State Treasurer GFIP	Board of Veterinary Medicine	04900	074	\$ 137,335	\$ -	\$ -	\$ 137,335

**STATE OF NEW MEXICO
BOARD OF VETERINARY MEDICINE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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, 2014**

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.

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

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

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

**STATE OF NEW MEXICO
BOARD OF VETERINARY MEDICINE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2. CASH (CONTINUED)

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

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

The Cash Management Remediation close out report dated April 29, 2013 indicates the project was able to deliver to the State, the New Mexico Department of Finance and Administration (DFA), and the New Mexico Department of Information Technology (Procuring Agency) strategic initiatives by working to improve data security, client service, and business performance through information technology solutions. Project accomplishments included improved financial data processing functionality and system integration and reduced reliance on manual processes and system customizations.

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.

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, 2014.

**STATE OF NEW MEXICO
BOARD OF VETERINARY MEDICINE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 3. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2014</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, 2013.

NOTE 4. CHANGES IN LONG-TERM LIABILITIES

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

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2014</u>	Due In <u>One Year</u>
Compensated absences payable	<u>\$ 12,267</u>	<u>5,551</u>	<u>(6,316)</u>	<u>11,502</u>	<u>1,744</u>

Compensated absences have been recorded in the statement of net position. Of the \$11,502, \$1,744 is considered to be the current portion while \$9,758 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, 2014 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 through November 2014. The lease was renewed for an additional five years through November 2019 at a rate of \$1,920 through November 2017 and \$2,020 through November 2019. The Board also leases a postage meter under a four year lease agreement through October 2016 at a monthly rate of \$70. Rent expense for the year ended June 30, 2014 was \$24,790. The following payments are due for the year ending June 30:

2015	\$ 24,380
2016	23,880
2017	23,320
2018	23,740
2019	24,240
Thereafter	<u>10,100</u>
Total	<u>\$ 129,660</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

**STATE OF NEW MEXICO
BOARD OF VETERINARY MEDICINE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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.

Funding Policy. Plan members are required to contribute 8.92% of their gross salary. The Board is required to contribute 16.99% 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, 2014, 2013 and 2012 were \$17,985, \$16,951, and \$14,518, respectively, which equal the amount of the required contributions for each fiscal year.

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.

**STATE OF NEW MEXICO
BOARD OF VETERINARY MEDICINE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 7. RETIREE HEALTH CARE ACT CONTRIBUTIONS (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 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.

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, 2014, 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, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. The Board's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$2,172, \$2,248, and \$1,986, respectively, which equal the required contributions for each year.

NOTE 8. SUBSEQUENT ACCOUNTING STANDARAD PRONOUNCEMENTS

GASB No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*, was approved in June 2012 and is effective for fiscal years starting after June 15, 2014. This Statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. As a result, the June 30, 2015 financial statements are expected to include a material net pension liability.

**STATE OF NEW MEXICO
 BOARD OF VETERINARY MEDICINE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014**

NOTE 9. 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.

NOTE 10. RESTATEMENT OF BEGINNING BALANCES

The beginning fund balance of the General Fund has been restated on the fund basis financial statements to record a prior period adjustment. A reconciliation of the prior period ending fund balance to the current year beginning balance for the General Fund is as follows:

Beginning fund balance	\$ 129,714
Adjustment to correct reversal of previous year accrued payroll	<u>(1,298)</u>
Beginning fund balance, as restated	<u>\$ 128,416</u>

The above adjustment decreased the prior year change in fund balance by \$1,298 and had no impact on the current year change in fund balance.

The beginning net position of the Governmental Activities in the government-wide Statement of Net Position has also been restated to record the prior period adjustment described above. A reconciliation of the prior period ending net position to the current year beginning net position for the Governmental Activities is as follows:

Beginning net position	\$ 117,447
Adjustment to correct reversal of previous year accrued payroll	<u>(1,298)</u>
Beginning net position, as restated	<u>\$ 116,149</u>

The above adjustment decreased the change in net position by \$1,298 for the prior year and had no impact on the current year change in net position.

Ricci & Company LLC

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

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*

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, 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 8, 2014.

Internal Control Over Financial Reporting

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

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

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*.

Purpose of this Report

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

Ricci & Company LLC

Albuquerque, New Mexico
October 8, 2014

**STATE OF NEW MEXICO
BOARD OF VETERINARY MEDICINE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

A. FINDINGS AND RESPONSES

None

B. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Finding	Status
2012-1 RECONCILIATIONS	Resolved

**STATE OF NEW MEXICO
BOARD OF VETERINARY MEDICINE
EXIT CONFERENCE
Year Ended June 30, 2014**

Exit Conference

An exit conference was held on October 8, 2014, to discuss the annual financial report. Attending were the following:

Representing the Board of Veterinary Medicine:

Edward J. Fallen, DVM, Board Member
Frances R. Sowers, Executive Director

Representing the Independent Auditor:

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.