

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD**

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**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD**

*Official Roster*

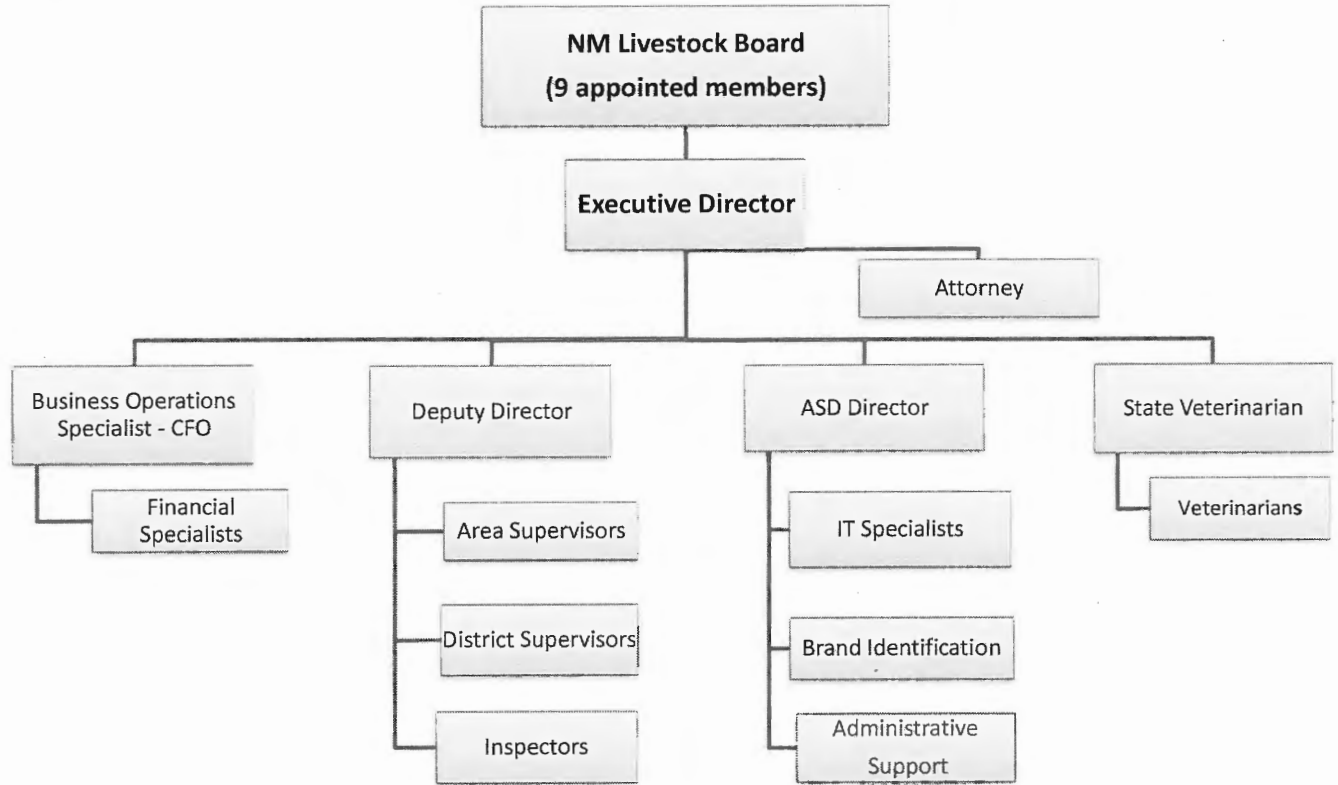
**Board Members**

<b><u>Name</u></b>	<b><u>Title</u></b>
Bill Sauble	Chairman
Don "Bebo" Lee	Vice-Chairman
Loren Horton	Secretary-Treasurer
Bob Frost	Member
David Kincaid	Member
Jerrod Harral	Member
Effie Walker	Member
Donald Martinez	Member
Kevin Elfering	Member

**Administration**

William W. Bunce	Executive Director
Ray E. Baca	Deputy Director
Ellen Wilson, D.V.M.	State Veterinarian
Priscilla Pena-Johnson	Admin/Human Resources
Andrew Silva	Chief Financial Officer

New Mexico Livestock Board  
Organization by Function Title



Board Members  
State of New Mexico  
New Mexico Livestock Board, and  
Mr. Timothy Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds, of the State of New Mexico New Mexico Livestock Board (Board) as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Board's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Board's nonmajor governmental, fiduciary fund and the budgetary comparison for the non-major fund presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Board Members, State of New Mexico New Mexico Livestock Board, and  
Mr. Timothy Keller, New Mexico State Auditor  
Santa Fe, New Mexico

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the Board as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the nonmajor fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

As discussed in Note 2, the financial statements of the Board are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of the State of New Mexico that are 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, 2015, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-15 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.

Board Members, State of New Mexico New Mexico Livestock Board, and  
Mr. Timothy Keller, New Mexico State Auditor  
Santa Fe, New Mexico

*Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the Board's financial statements and budgetary comparisons. Other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Other Information*

The Schedule of Vendor Information as required by 2.2.2.10(A)(2)(g) NMAC, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 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  
November 19, 2015

STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
Management's Discussion and Analysis  
Year Ended June 30, 2015  
(Required Supplementary Information)

**Introduction**

The New Mexico Livestock Board was created by a merger between the Cattle Sanitary Board (1887) and the Sheep Sanitary Board (1897) in 1967 by Chapter 213, Section 3 [77-2-2 NMSA, 1978]. Its purpose is to promote greater economy, service, and efficiency in the administration of the laws relating to the livestock industry of New Mexico. The primary activities include livestock inspection and brand recording.

The New Mexico Livestock Board is governed by a Board comprised of nine members, appointed by the Governor of the State of New Mexico. Seven of the members represent New Mexico's livestock industry and two are public members.

The Mission of the New Mexico Livestock Board (NMLB) is to protect the livestock industry against loss of livestock by theft or straying, to help control the spread of dangerous diseases of livestock, and to prevent the introduction of foreign animal diseases, whether by natural occurrence or bioterrorism.

NMLB is the state regulatory agency which oversees the New Mexico livestock industry. The livestock inspection side of the agency is responsible to verify the ownership status of livestock being shipped into, out of, and within New Mexico. As a law enforcement agency, the NMLB's inspectors also perform such public safety functions as road stops of livestock shipments, investigations of animal cruelty, larceny, or other livestock-related complaints, as well as enforcement of quarantines and disposition of animals deemed estrays by statute and, assist other agencies such as the State Police and Sheriff Office's in providing Law Enforcement to rural communities. The agency is also the office of the State Veterinarian. That side of the agency works in close cooperation with the USDA, our counterparts in other states, veterinarians in New Mexico, and our state's livestock producers to protect the livestock industry from the threat of contagious diseases.

**Financial Highlights**

The three primary sources of revenue for the department are; Brand Re-Recording Fees, Inspection Fees, and Property Taxes on livestock.

The Board is responsible for recording brands in the State of New Mexico. The Board will research a new brand to ensure that there are no conflicts with any other brand in New Mexico. There are approximately thirty thousand brands in New Mexico. Every brand is re-recorded every three years at a cost of one hundred dollars. This generates about \$2.8 million in Brand Registration and Recording revenue that is recognized by the Board over a three year period. In FY2015, the Board recognized \$968,177.



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The Board performs inspections of livestock in the field for theft and health. When livestock enter or leave the state, or when livestock cross a district line an inspection is required. In FY2015, inspections fees generated \$1,246,420.

The Board receives a portion of money collected from property taxes on livestock. New Mexico applies property tax (Mill Levy) to all livestock in the state. Livestock owners are responsible for rendering their livestock for taxation purposes unless the Board performs an inspection on these animals. The Board receives about one-third of the total collected for property taxes by the counties. The remaining two-thirds go to the county, state, school district and water conservation districts. In FY2015, the Board received property tax transfers totaling \$2,068,904.

In addition, in FY2015, the Board received appropriated transfers from the General Fund totaling \$1,422,000 (22% of total annual funding) and Federal funding for cooperative agreements totaling \$126,400.

### **Overview of the Financial Statements**

The New Mexico Livestock Board's (NMLB) Management's Discussion and Analysis is provided as an overview of the financial activities for the fiscal year ended June 30, 2015. The financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related GASB statements. Ricci & Company LLC prepared the financial statements with the assistance of the Administration. The requirements of GASB Statement No. 34 were developed by GASB to make annual reports more comprehensive and easier to understand and use.

### **The Basic Financial Statements**

In compliance with requirements of accounting principles generally accepted in the United States of America (GAAP), the Administration's basic financial statements include the:

- A. Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the NMLB's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the NMLB's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the NMLB is improving or deteriorating. Net assets legally limited to a particular use are reported restricted. Unrestricted net assets are assets that can be used to fund operating expenses in future years.

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The Statement of Activities presents information showing how the NMLB's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

(The government-wide financial statements can be found on pages 16 to 17)

**B. Fund financial statements**

The fund financial statements that follow the government-wide financial statements report on the financial position and changes in financial position of the individual funds used by the NMLB. Funds are separate accounting entities used in government accounting to segregate transactions according to the sources of funding and to demonstrate legal compliance with the restrictions that may be imposed on those financial resources. The NMLB uses two types of funds to account for its financial activities: Government Funds and Fiduciary Funds.

**Governmental Fund**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

The governmental funds use the modified accrual basis of accounting whereby revenues are recognized when they become available and measurable as net current assets. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the NMLB's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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**Fiduciary Fund**

Fiduciary funds are separate funds that are used to record assets held by an agency in a trustee capacity or as an agent for individuals, private organization, or other governmental agencies, and therefore the assets of fiduciary funds cannot be used to support the NMLB's own programs. Fiduciary funds are classified into four different types:

1. Pension trust funds
2. Investment trust funds
3. Private-purpose trust funds
4. Agency funds

Pursuant to Chapter 77, Section 2A.7.1 "Assessment" NMSA 1978. Fund 19600 was created as an Agency Fund to report resources held by the NMLB in a purely custodial capacity and involve only the receipt and remittance of the levy imposed upon all cattle involved in a transfer of ownership in this state. Per the statute the NMLB is to collect one dollar (\$1.00) per head. In accordance with the Beef Promotion and Research Act of 1985 this levy (fee) is to be remitted by the NMLB to the Beef Council at the end of each month.

**C. Notes to the basic financial statements**

The notes to the basic financial statements provide detailed information to support and explain key financial information presented in the government-wide and fund financial statements. The notes provide information on the activities of the NMLB on the basis of accounting method used, and on accounting policies reflected in the financial statements, in addition to clarifying key financial information. They are integral to understanding the financial statements (Notes are found on pages 25-44).

In compliance with 2.2.2 New Mexico Administrative Code (NMAC) Section 2.2.2.10A.(2)(b), the audit opinion also covers additional information consisting of:

- Individual fund budget comparison statements.

The Management's Discussion and Analysis (MD&A) is included as required supplementary information (RSI).

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Management's Discussion and Analysis  
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**The Budget Comparison Statements**

The budget comparison statements required by GASB Statement 34 present the original and final appropriated budget for the reporting period as well as actual inflows and outflows stated on the budgetary basis. A separate column reports the variance between the final budget and actual amounts. In compliance with 2.2.2 New Mexico Administrative Code (NMAC) Section 2.2.2.10 P (1) through (3) the *Statement of Revenues and Expenditures – Budget and Actual*:

- Include prior-year cash required to balance the budget;
- Has been included as part of the basic financial statements; and
- Has been included in the auditor's opinion.

The Department's budgeted funds consist of the individual Statewide Human Resources Accounting and Management Reporting System (SHARE) funds. Therefore, the individual fund budget comparison statements have been included in order to demonstrate budget compliance at the SHARE fund level, and to comply with the audit scope requirements of 2.2.2 (NMAC) Section 2.2.2.10 A(2)(e).

**THE DEPARTMENT AS A WHOLE**

**Financial Analysis of the Department**

The Department's combined net position was increased from a year ago, by \$889,504 or 27%, from \$3,293,942 to \$4,183,446.

Our analysis below focuses on the net position and changes in net position of the Department's governmental activities. Comparative information from the previous fiscal year is included for the reader's information.

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**Net Position**  
**Governmental Activities**

	<u><b>FY 2015</b></u>	<u><b>FY 2014</b></u>	<u><b>Change</b></u>
Cash and investments	\$ 5,747,677	4,093,667	1,654,010
Livestock fees and charges receivable	224,103	66,826	157,277
Mill levy receivable	213,434	264,217	(50,783)
Due from federal government	20,715	-	20,715
Capital assets, net of depreciation	748,817	626,844	121,973
	<hr/>	<hr/>	<hr/>
Total assets	6,954,746	5,051,554	1,903,192
	<hr/>	<hr/>	<hr/>
Accounts payable	70,003	94,852	(24,849)
Accrued payroll	104,604	81,993	22,611
Compensated absences – current	68,178	69,254	(1,076)
Compensated absences – long term	162,626	161,593	1,033
	<hr/>	<hr/>	<hr/>
Total liabilities	405,411	407,692	(2,281)
	<hr/>	<hr/>	<hr/>
Net position, invested in capital assets	748,817	626,844	121,973
Net position, restricted	22,846	260,477	(237,631)
Net position, unrestricted	3,432,498	2,406,621	1,005,162
	<hr/>	<hr/>	<hr/>
Total net position	\$ 4,204,161	3,293,942	910,219

Total assets increased by \$1,903,192 or 37.7% from a year ago, and total liabilities decreased by \$2,281 or .6% from a year ago.

Accounts payable decreased by \$24,849, from \$94,852 to \$70,003.

Total liabilities of \$405,411 constitute 5.8% of total assets.

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Year Ended June 30, 2015  
(Required Supplementary Information)

**Statement of Activities – Changes in Net Assets**

The statement below shows the components that increased, in the aggregate, the Department's net position by \$910,219 during the year.

**Changes in Net Position**  
**Governmental Activities**

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Change</u>
Program revenues:			
Operating grants and contributions	\$ 126,400	9,644	116,756
Charges for services	<u>2,746,652</u>	<u>2,665,860</u>	<u>80,792</u>
Total program revenues	<u>2,873,052</u>	<u>2,675,504</u>	<u>197,548</u>
General revenues and Other:			
State General Fund appropriations	1,376,200	1,215,000	161,200
Special legislative appropriation	45,800	256,200	(210,400)
Livestock property taxes	2,068,905	1,918,960	149,945
Gain on sale of assets	39,017	80,105	(41,088)
Miscellaneous	<u>118,671</u>	<u>126,521</u>	<u>(7,850)</u>
Total general revenues and other	<u>3,648,593</u>	<u>3,596,786</u>	<u>51,807</u>
Expenses			
General government	5,320,613	4,985,055	335,558
Depreciation	<u>290,813</u>	<u>217,574</u>	<u>73,239</u>
Total general expenses	<u>5,611,426</u>	<u>5,202,629</u>	<u>408,797</u>
Change in net position	910,219	1,069,661	(159,442)
Beginning net position	<u>3,293,942</u>	<u>2,224,281</u>	<u>1,069,661</u>
Ending net position	<u>\$ 4,204,161</u>	<u>3,293,942</u>	<u>910,219</u>

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The Department's governmental activities program revenue increased by \$197,548, or 7.4%. This was the result of both charges for services and federal operating grant revenues increased.

The Department's governmental activities general revenue increased by \$51,807 or 1.4%. This was the result of increased general fund appropriations from a year ago as well as increased revenues from livestock property taxes.

The cost of governmental activities this year was \$5,611,426 compared to \$5,202,629 last year, or an increase of \$408,797 or 7.9%. This was the result of a general increase in contractual and other costs to fund operations.

**The Department's Funds**

As noted earlier, the Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, providing useful information near-term inflows, outflows, and balances of available resources (modified accrual basis). SHARE Fund 39500 (General Fund), and SHARE Fund 12130 (Horse Rescue Fund) are non-reverting; therefore the unreserved balance is available for future appropriation.

The composition of the fund balance reservations at the end of the current and prior fiscal years appears below:

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Change</u>
Unreserved – designated for subsequent year's expenditures	\$3,432,498	2,406,621	1,025,877
Net investment in capital assets	748,817	626,844	121,973
Restricted	<u>22,846</u>	<u>260,477</u>	<u>(237,631)</u>
 Total fund balance	 <u>\$4,204,161</u>	 <u>3,293,942</u>	 <u>910,219</u>

The governmental funds (as presented in the statement of net position on page 16) reported a fund balance of \$4,204,161 which is up from last year's total of \$3,293,942. The increase of \$910,219 or 27.6% is attributable to the excess of revenues over expenditures in the General Fund offset by an excess of expenditures over revenues in the Horse Shelter Rescue Fund results.

NMLB utilizes the fund balance to supplement the sources in each years operating budgets, however it should be noted that the agency will continue to closely monitor the availability of our fund balance in order to ensure the availability of additional resources to deal with the unpredictable forces of weather and market cycles, and to react to emergency situations.

Our fund balance plays two important and very necessary roles in the operations of the agency.

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- (1) The two major drivers of NMLB's revenue, Mill Levy and Inspections, are highly susceptible to unpredictable forces such as weather and market values. The fund balance is utilized to offset the inherent unpredictability of the agency's revenue resources. This allows the agency to continue to perform its statutorily mandated services without interruption when revenue streams are negatively impacted by these forces.
- (2) The fund balance is also utilized to fund emergency services. In FY13 the agency responded to numerous situations where animals were in peril, including the seizure of over 1,500 head of cattle in the southeast section of the state. When this specific situation arose, the agency was ill prepared to deal with it due to a shortage in fund balance. The agency's ability to immediately respond to these situations, as required by law, is critical for the health and safety of not only the livestock but also of the citizens of New Mexico. The NMLB has 30 Certified Law Enforcement Officers who are bound by oath and state statute to enforce animal cruelty, health and any other issues under Chapters 77 and 30, NMSA 1978.

The expenses for the situations mentioned above were covered out of the NMLB's base budget. While the situation which occurred in the southeast portion of the state was quickly resolved, the agency was at risk of incurring well over \$1.0 million in expenditures for staff, equipment, care and feeding of animals, veterinary care and transportation costs. This example serves as an ongoing reminder of the necessity to maintain an adequate fund balance to ensure the agency has the immediate resources required to properly deal with livestock emergencies that could have a direct impact on New Mexico's economy.

### **General Fund Budgetary Highlights**

The Department executed 5 Budget Adjustment Requests (BAR) during the year which increased the budget overall by \$253,575, increasing personnel services by \$10,800 and increasing the Contractual Services budget by \$58,750 and increasing the Other Costs budget by \$184,025.

### **Capital Assets**

The Department's investment in capital assets, net of accumulated depreciation is \$748,817. There is no debt related to these capital assets. There were \$412,786 in additions and \$405,846 in deletions to capital assets for the year. Depreciation expense for the year totaled \$290,813. The investment in capital assets, net of accumulated depreciation changed from \$626,844 to \$748,817 for an increase of \$121,973.



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**Long-Term Debt**

The Department's long-term debt is made up entirely of the long-term portion of the compensated absence liability, which was \$162,626 at June 30, 2015.

**Next Year's Budget**

The FY2016 Operating Budget will increase by 18% over the FY2015 Operating Budget. The increase will be funded by increase in revenues generated by the Board. The amount of State General Fund Appropriations will remain flat.

**FY 2016 Operating Budget**

**General Fund 39500**

Personal Services/Employee Benefits	\$ 4,523,100
Contractual Services	281,100
Other Operating Costs	<u>1,403,800</u>
Total General Fund 06500	<u>\$ 6,210,000</u>

**Horse Rescue Fund 12130**

Other Costs	<u>\$ 22,846</u>
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The budgets for the FY 2016 are not expected to have a significant effect on financial position (net position) or results of operations of the Department for FY 2016.

**Requests for Information**

This financial report is designated to provide a general overview of the New Mexico Livestock Boards finances for all those interested in the Department finances. If you have questions about this report or need additional information please contact:

**The New Mexico Livestock Board  
300 San Mateo, NE Suite 1000  
Albuquerque, NM 87108**

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
STATEMENT OF NET POSITION  
June 30, 2015**

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 5,747,677
Livestock fees and charges receivable	224,103
Mill levy receivable	213,434
Due from federal government	20,715
<b>Total current assets</b>	<u>6,205,929</u>
Noncurrent Assets	
Capital assets	2,277,805
Less accumulated depreciation	(1,528,988)
<b>Total noncurrent assets</b>	<u>748,817</u>
<b>Total assets</b>	<u>6,954,746</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	70,003
Accrued payroll	104,604
Compensated absences - current portion	68,178
<b>Total current liabilities</b>	<u>242,785</u>
Noncurrent liabilities	
Compensated absences - noncurrent portion	162,626
<b>Total liabilities</b>	<u>405,411</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Brand recording fees and sales of estrays	<u>2,345,174</u>
<b>NET POSITION</b>	
Net investment in capital assets	748,817
Restricted - special revenue fund	22,846
Unrestricted	3,432,498
<b>Total net position</b>	<u>\$ 4,204,161</u>

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

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015**

<b>Functions/Programs</b>	<u>Program Revenues</u>			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Expenses				
General government	\$ 5,320,613	2,746,652	126,400	(2,447,561)
Depreciation	290,813	-	-	(290,813)
<b>Total governmental activities</b>	<u>5,611,426</u>	<u>2,746,652</u>	<u>126,400</u>	<u>(2,738,374)</u>
General Revenues and Other:				
State General Fund appropriation				1,376,200
Special legislative appropriation				45,800
Livestock property taxes				2,068,905
Gain on sale of assets				39,017
Miscellaneous revenue				118,671
<b>Total general revenues and other</b>				<u>3,648,593</u>
<b>Change in net position</b>				910,219
Net position, beginning				<u>3,293,942</u>
<b>Net position, ending</b>				<u><u>\$ 4,204,161</u></u>

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

STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2015

	General Fund	Major Special Revenue Levy Fund	Non-major Special Revenue Horse Shelter Rescue Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 5,723,831	-	22,846	5,746,677
Petty cash	1,000	-	-	1,000
Receivables:				
Livestock fees and charges	224,103	-	-	224,103
Mill levy receivable	213,434	-	-	213,434
Due from federal government	20,715	-	-	20,715
<b>Total assets</b>	<b>\$ 6,183,083</b>	<b>-</b>	<b>22,846</b>	<b>6,205,929</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 70,003	-	-	70,003
Accrued payroll, benefits, and taxes	104,604	-	-	104,604
<b>Total liabilities</b>	<b>174,607</b>	<b>-</b>	<b>-</b>	<b>174,607</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue				
Brand recording fees/sale of estrays	2,345,174	-	-	2,345,174
<b>FUND BALANCES</b>				
Nonspendable - petty cash	1,000	-	-	1,000
Restricted - special revenue fund	-	-	22,846	22,846
Unassigned	3,662,302	-	-	3,662,302
<b>Total fund balances</b>	<b>3,663,302</b>	<b>-</b>	<b>22,846</b>	<b>3,686,148</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,183,083</b>	<b>-</b>	<b>22,846</b>	<b>6,205,929</b>

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

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION  
June 30, 2015**

**Total fund balance for the governmental funds (Balance Sheet)** \$ 3,686,148

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

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

These consist of:

Machinery and equipment	\$ 2,277,805	
Less accumulated depreciation	<u>(1,528,988)</u>	
<b>Total capital assets, net of depreciation</b>		748,817

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Compensated absences		<u>(230,804)</u>
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**Net position of governmental activities (Statement of Net Position)** \$ 4,204,161

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

STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
Year Ended June 30, 2015

	General Fund	Major Special Revenue Levy Fund	Non-major Special Revenue Horse Shelter Rescue Fund	Total
<b>Revenues</b>				
Intergovernmental revenues - federal grant funds	\$ 126,400	-	-	126,400
Personal property taxes on livestock	-	2,068,905	-	2,068,905
Charges for services:				
Inspection fees	1,246,420	-	-	1,246,420
Brand recording fees and horse permits	968,177	-	-	968,177
Estray sales, net	103,806	-	-	103,806
Licenses and permits	428,249	-	-	428,249
Miscellaneous	106,303	-	12,368	118,671
<b>Total revenues</b>	<b>2,979,355</b>	<b>2,068,905</b>	<b>12,368</b>	<b>5,060,628</b>
<b>Expenditures</b>				
Current:				
General government				
Personal services and employee benefits	3,929,650	-	-	3,929,650
Contractual services	193,925	-	-	193,925
Other expense	947,081	-	249,999	1,197,080
Capital outlay	412,787	-	-	412,787
<b>Total expenditures</b>	<b>5,483,443</b>	<b>-</b>	<b>249,999</b>	<b>5,733,442</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,504,088)</b>	<b>2,068,905</b>	<b>(237,631)</b>	<b>(672,814)</b>
<b>Other Financing Sources (Uses)</b>				
State General Fund appropriation	1,376,200	-	-	1,376,200
Special legislative appropriation	45,800	-	-	45,800
Operating transfer in	2,068,905	-	-	2,068,905
Operating transfer out	-	(2,068,905)	-	(2,068,905)
Gain on sale of assets	39,017	-	-	39,017
<b>Total other financing sources (uses)</b>	<b>3,529,922</b>	<b>(2,068,905)</b>	<b>-</b>	<b>1,461,017</b>
<b>Net change in fund balances</b>	<b>1,025,834</b>	<b>-</b>	<b>(237,631)</b>	<b>788,203</b>
Fund balances, beginning of year	2,637,468	-	260,477	2,897,945
<b>Fund balances, end of year</b>	<b>\$ 3,663,302</b>	<b>-</b>	<b>22,846</b>	<b>3,686,148</b>

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



STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL -  
GENERAL FUND  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal sources	\$ -	253,575	126,400	(127,175)
Other	2,455,800	2,455,800	2,852,955	397,155
<b>Total revenues</b>	<u>2,455,800</u>	<u>2,709,375</u>	<u>2,979,355</u>	<u>269,980</u>
Expenditures				
General government:				
Personnel services	4,524,100	4,534,900	3,929,650	605,250
Contractual services	283,100	341,850	193,925	147,925
Other costs	1,110,400	1,294,425	1,359,868	(65,443)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>5,917,600</u>	<u>6,171,175</u>	<u>5,483,443</u>	<u>687,732</u>
<b>Excess (deficiency) of revenues         over expenditures</b>	<u>(3,461,800)</u>	<u>(3,461,800)</u>	<u>(2,504,088)</u>	<u>(417,752)</u>
Other Financing Sources (Uses)				
State General Fund appropriations	1,376,200	1,376,200	1,376,200	-
Special legislative appropriations	24,700	24,700	45,800	(21,100)
Transfers in	1,350,500	1,350,500	2,068,905	(718,405)
Designated fund balance	710,400	710,400	-	710,400
<b>Total other financing sources</b>	<u>3,461,800</u>	<u>3,461,800</u>	<u>3,490,905</u>	<u>(29,105)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>986,817</u>	<u>(446,857)</u>
Reconciliation to GAAP basis				
Other financing sources (uses), budgetary basis			\$ 3,490,905	
Gain on sale of assets not budgeted			39,017	
Other financing sources (uses), GAAP basis			<u>\$ 3,529,922</u>	

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



**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
SPECIAL LEVY FUND  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Personal property taxes on livestock	\$ 1,350,500	1,350,500	2,068,905	718,405
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>1,350,500</u>	<u>1,350,500</u>	<u>2,068,905</u>	<u>718,405</u>
Expenditures				
General government:				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues         over expenditures</b>	<u>1,350,500</u>	<u>1,350,500</u>	<u>2,068,905</u>	<u>718,405</u>
Other Financing Sources (Uses)				
State General Fund appropriation	-	-	-	-
Special legislative appropriation	-	-	-	-
Operating transfer in	-	-	-	-
Operating transfer out	(1,350,500)	(1,350,500)	(2,068,905)	(718,405)
<b>Total other financing sources</b>	<u>(1,350,500)</u>	<u>(1,350,500)</u>	<u>(2,068,905)</u>	<u>(718,405)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**STATE OF NEW MEXICO**  
**NEW MEXICO LIVESTOCK BOARD**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**June 30, 2015**

	Agency Funds
<b>ASSETS</b>	
Cash	\$ 57,246
Due from general fund	1,406
	<hr/>
<b>Total assets</b>	<b>\$ 58,652</b>
	<hr/> <hr/>
<b>LIABILITIES</b>	
Due to NM Beef Council	\$ 58,059
Due to NM Sheep & Goat Council	593
	<hr/>
<b>Total liabilities</b>	<b>\$ 58,652</b>
	<hr/> <hr/>

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

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

The New Mexico Livestock Board (Board) was created by a merger between the Cattle Sanitary Board (1887) and the Sheep Sanitary Board (1897) in 1967 by Chapter 213, Section 3 [77-2-2-2 NMSA, 1978]. Its purpose is to promote greater economy, service, and efficiency in the administration of the laws relating to the livestock industry of New Mexico. The primary activities include livestock inspection and brand recording.

The Board is comprised of nine members, appointed by the Governor of the State of New Mexico. Seven members must represent New Mexico's livestock industry and two must be members of the public. The Board is bipartisan. No more than five members may belong to the same political party. The terms of office of the members are six years. The Board elects from its members a chairperson, vice-chairperson, and secretary.

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

**A. Financial Reporting Entity**

Governmental accounting standards define the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

A primary government is any state government or general-purpose local government, consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The Board, therefore, is part of the primary government of the State of New Mexico, and its financial data should be included with the financial data of the State. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government.

Included within the Board for this purpose are the following: All of the programs that are administered and/or controlled by the Board have been included.

STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

**A. Financial Reporting Entity (Continued)**

No entities were noted that should be considered component units of the Board. No entities were specifically excluded from the Board because no entities were noted as meeting any of the criteria for potential inclusion.

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

The basic financial statements include both government-wide (based on the Board as a whole) and fund financial statements. The new reporting model focus 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. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The Board did not have any business-type activities during the year ended June 30, 2015.

GASB No. 63 amends GASB 34 to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

*Deferred outflows of resources* – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

*Deferred inflows of resources* – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

*Net position* – The residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

The government-wide Statement of Activities reflects both the gross and net cost per functional category general governments, which are otherwise being supported by general governmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The Board includes only one function (general governments). When an expense is incurred when both restricted and unrestricted resources are available, the Board utilizes the restricted resources first. All internal activity is eliminated, and transactions of the agency funds are reported separately. Full ten-year property tax accruals have not been made because this information is not available from all counties which collect livestock property taxes.

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**B. Government-Wide and Fund Financial Statements (Continued)**

The net cost (by function or business-type activity) is normally covered by general revenues (taxes, intergovernmental revenues, interest income, etc.). Historically, the previous model did not summarize or present net cost by function or activity. The Board does not currently employ indirect cost allocation systems.

The 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 current fiscal period.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The Board only had one nonmajor governmental fund during the year ended June 30, 2015, thus combining financial statements are not presented. Both the General Fund and the Special Levy Fund were classified as major funds.

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 government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

**C. Financial Statement Presentation**

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 or expenses, 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 in the accompanying financial statements.

The financial reporting model sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or governmental and enterprise combined. Due to the fund structure of the Board, both governmental funds, the General Fund and the Special Revenue Fund, have been classified as major funds. Only individual governmental or individual enterprise funds can be considered for major fund status.

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**C. Financial Statement Presentation (Continued)**

*Governmental Fund Types.* All governmental fund types are accounted for on a spending or financial measurement focus. Only current assets and liabilities are generally included on their balance sheets. Their reported fund balance (net current position) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures. The following is a description of the Governmental Funds of the Board.

*General Fund.* The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is funded primarily from appropriations for the State of New Mexico General Fund, a cooperative agreement from the U.S. Department of Agriculture, inspection fees, and brand fees. The current year expenditures in the General Fund exceeded the current year state appropriation. The state appropriation is reverting, but the other sources of revenue in the fund are not.

*Special Revenue Funds.* The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Special Revenue Levy Fund is used to account for the receipt of property taxes which is required to be accounted for in a special fund by Section 77-2-25 NMSA 1978. This fund includes all money received from tax levies authorized for the Board and which are transferred to the General Fund to pay necessary expenses and obligations of the Board (fund is non-reverting). The Horse Shelter Rescue Fund was created as a nonreverting fund by Section 77-2-32 NMSA 1978 and is used to account for the receipt of an appropriation and other miscellaneous revenues restricted to support horse rescues and homeless horses.

*Fiduciary Fund Types.* Fiduciary fund types include trust and agency funds, which are used to account for assets held by the Board in the capacity of trustee or agent. The Agency Fund financial statement is not part of the government-wide financial statements because the Agency Fund is custodial in nature (assets equal liabilities) and does not belong to the Board. The Agency Fund also does not involve measurement of the results of operations. The Agency Fund of the Board is used to account for assets held and receipts collected by the Board as an agent for the New Mexico Beef Council and the New Mexico Sheep and Goat Council.

*Non-Current Governmental Assets/Liabilities.* GASB Statement #34 eliminated the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Assets.

STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

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

**D. Basis of Accounting**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to the compensated absences and claims and judgments, are recorded only when payment is due.

*Modified Accrual.* All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33 by the Board, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient. The livestock property taxes levied by the various counties are recognized as income when they are levied.

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**D. Basis of Accounting (Continued)**

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Board's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Board's general revenues.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow subsequent private-sector guidance.

Program revenues are categorized as (a) charges for services, which include revenues collected for inspections, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**E. Budgetary Accounting**

The State Legislature makes annual appropriations to the Board. Legal compliance is monitored through the establishment of an annual budget. Annual budgets are adopted each fiscal year for the General Fund and the Special Revenue Fund. Expenditures may not legally exceed appropriations at the object expenditure classification level. Amendments to the budget require approval by the State's Financial Control Division of the New Mexico Department of Finance and Administration (DFA). The budgets presented have been so amended during the fiscal year.

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

1. No later than September 1, the Board submits to the Legislative Finance Committee (LFC), and the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Appropriation request hearings are scheduled by the DFA. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of these hearings are incorporated into the General Appropriations Act. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.



**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**E. Budgetary Accounting (Continued)**

3. The Board submits to DFA, no later than May 1, an annual operating budget by category and line item based upon the appropriation made by the Legislature. The DFA-Budget Division reviews and approves the operating budget which becomes effective on July 1. All subsequent budget adjustments must be approved by the director of the DFA-Budget Division and the LFC.
4. Legal level of budgetary control for expenditures is at the program appropriation program level. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.

Budgets are prepared in accordance with accounting principles generally accepted in the United States of America. The unexpended State matching funds revert to the State (lapse) and are determined at the federal fiscal year-end, September 30, of each year. Revenue from other sources is non-reverting.

Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, Item N, "For the purpose of administering the General Appropriation Act of 2007 and approving operating budgets, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration." The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget.

**F. Capital Assets**

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Computer software is included in equipment. The Board does not have any internally developed software. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State's capitalization policy per Section 12-6-10 NMSA 1978, i.e., the dollar value above which asset acquisitions are added to the capital accounts, is \$5,000. However, all capital outlay purchases may not necessarily be capitalized. The Board does not capitalize any interest in regards to its capital assets. Items on the capital asset listing that were capitalized under previous lower thresholds will remain on the inventory list and continue to be depreciated.

STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**F. Capital Assets (Continued)**

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The Board utilizes Internal Revenue Service guidelines to estimate the useful lives on capital assets as follows:

Furniture and Equipment	3 to 10 years
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GASB Statement #34 requires the recording and depreciation of infrastructure assets. Infrastructure assets include roads, bridges, traffic signals, etc. The Board does not own any infrastructure assets.

**G. Compensated Absences Payable**

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50% of their hourly rate, not to exceed 120 hours each semiannual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50% hourly rate. The compensated absences payable is included in the government-wide financial statements.

**H. Net Position / Fund Balances**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

**Net investment in capital assets** is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding debt. The net related debt is the debt less outstanding liquid assets and any associated unamortized cost. The Board did not have any related debt during the year ended June 30, 2015.

**Restricted net assets** consists of net asset with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The government-wide statement of net position includes restricted net position of \$22,846, none of which was restricted by enabling legislation.

**Unrestricted net assets** are all other net assets that do not meet the definition of "restricted" or "net investment in capital assets".

STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Net Position / Fund Balances (Continued)

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

In the fund financial statements, the Board has adopted Governmental Accounting Standards Board (GASB) 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 list below:

***Nonspendable:*** Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

***Restricted:*** Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

***Committed:*** Consist of amounts that can only be used 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 removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

***Assigned:*** Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

***Unassigned:*** Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**H. Net Position / Fund Balances (Continued)**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Board considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Department considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**I. Revenues, Expenditures, and Expenses**

Substantially all governmental fund revenues are accrued. Expenditures are recognized when the related fund liability is incurred.

**J. Use of Estimates**

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

**K. Implementation of New Accounting Standards**

During fiscal year 2015, the Board adopted the following GASB Statements:

- GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statements No. 27*, this Statement addresses accounting and financial reporting for pension that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts.
- GASB 69, *Government Combinations and Disposals of Government Operations*, which distinguishes between a government merger and a government acquisition and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement did not apply to the Department.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68)*, which improves accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**K. Implementation of New Accounting Standards (Continued)**

Subsequent accounting standards that the Board is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ended June 30, 2016.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2016.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017.

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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

**K. Implementation of New Accounting Standards (Continued)**

- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2018.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.
- GASB 77, *Tax Abatement Disclosures*, this Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement will be effective for the year ended June 30, 2017.

**NOTE 2. STATE GENERAL FUND INVESTMENT POOL**

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

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 2. STATE GENERAL FUND INVESTMENT POOL (CONTINUED)**

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

1. The difference between statewide agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims has remained within a relatively narrow range over the periods in which the reconciliation process has been used;
2. Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

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.

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office *Investment (Overdraft) Accounts with State Treasurer*. At June 30, 2015, the Board had the following invested in the General Fund Investment Pool:

Account Name	Agency Number	SHARE Fund	Balance per SHARE
NM Livestock Board – General Fund	50800	39500	\$ 5,723,831
Horse Shelter Rescue Fund	50800	12130	<u>22,846</u>
Total government funds			<u>5,746,677</u>
Cemetery Agency Fund	50800	19600	<u>57,246</u>
<b>Total cash and investments in SGFIP</b>			<b><u>\$ 5,803,923</u></b>

**STATE OF NEW MEXICO  
 NEW MEXICO LIVESTOCK BOARD  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015**

**NOTE 2. STATE GENERAL FUND INVESTMENT POOL (CONTINUED)**

The State Treasurer Local Government Investment Pool is not SEC Registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in the securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in the amounts of the fund were invested. Any realized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2015. The State of New Mexico is regulatory oversight entity and participation in the pool is voluntary.

*Interest Rate Risk* is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rate and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. At June 30, 2015, the Board's investment of New MexiGROW LGIP had a credit risk rating of AAAM with a 55-day WAM (R) and 78 day WAM (F).

For additional GASB disclosure information regarding cash held by the State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the year ended June 30, 2015.

**NOTE 3. RECEIVABLES**

Receivables consist of the following at June 30, 2015:

General Fund:	
Mill levy	\$ 213,434
Livestock fees and charges	224,103
Due from federal government	<u>20,715</u>
<b>Total</b>	<b><u>\$ 458,252</u></b>

All receivables are considered 100% collectible and are expected to be collected within one year.



**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 4. CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Machinery and equipment	\$ 2,270,864	412,787	(405,846)	2,277,805
Accumulated depreciation	<u>(1,644,021)</u>	<u>(290,813)</u>	<u>405,846</u>	<u>(1,528,988)</u>
<b>Totals</b>	<u>\$ 626,843</u>	<u>121,974</u>	<u>-</u>	<u>748,817</u>

Depreciation expense was unallocated in the amount of \$290,814.

**NOTE 5. UNEARNED REVENUE**

*Sale of Estrays.* Deferred revenue from stray sales represents proceeds from the sale of livestock for which ownership cannot be verified. The rightful owners of unbranded livestock are determined by the Board through arbitration. Proceeds from sales of estrays revert to the Board if ownership is not resolved within two years from the date of sale. The amount deferred at June 30, 2015 is \$386,312.

*Brand Recording Fees.* The Board renews cattle brands every three years. The amount collected in the renewal year is amortized over a three-year period. The year ended June 30, 2012 was a renewal year. The year ended June 30, 2014 was the final year of a three year cycle. The brand renewal period was opened in February 2014. At June 30, 2015, \$1,958,862 is related to brand renewal and will be amortized into revenue over the next two fiscal years.

**NOTE 6. COMPENSATED ABSENCES PAYABLE**

A summary of changes in compensated absences payable for the year ended June 30, 2015 is as follows:

	Balance 6/30/14	Increase	Decrease	Balance 6/30/15
Accrued vacation and sick leave	\$ 230,847	138,098	(138,141)	<u>230,804</u>

The liability at June 30, 2015 of \$230,804 has been recorded in the government-wide financial statements and represents the Board's commitment to fund out of the General Fund the accrued vacation, sick leave, and comp time costs from future operations. Of this amount, \$68,178 is expected to be paid in the next year.

**STATE OF NEW MEXICO  
 NEW MEXICO LIVESTOCK BOARD  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015**

**NOTE 7. OPERATING TRANSFERS**

Operating transfers during the year consisted of the following:

	<u>Transfers</u>	
	From	To
General Fund	\$ -	2,068,905
Special Revenue Levy Fund	<u>2,068,905</u>	<u>-</u>
	<u>\$ 2,068,905</u>	<u>2,068,905</u>

The Special Revenue Fund transferred \$2,068,905 to the General Fund for livestock property tax revenue. The transfer is recurring each year in an amount based on property taxes collected during that year.

**NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*Plan Description.* Substantially all of the Board’s full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (PERA) (Chapter 10, Article 11 NMSA 1978.) The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple- employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA’s website at <http://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 16.59% of the gross covered salary. The contribution requirements of plan members and the Board are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Board’s contributions to PERA for the fiscal years ending June 30, 2015, 2014, and 2013 were \$426,950, \$415,700, and \$424,227, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 9. ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS**

Compliant with the requirements of GASB No. 68, accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015.

The Board, as a part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

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

**NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which 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  
NEW MEXICO LIVESTOCK BOARD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, 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, 2015, 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, 2015, 2014 and 2013 were \$50,276, \$50,203, and \$56,264, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO  
 NEW MEXICO LIVESTOCK BOARD  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015**

**NOTE 11. REVENUES**

The major funding for the Board comes from the livestock industry in the form of inspection fees, personal property taxes on livestock, and brand recording fees. These are the major charges for services as shown in the Statement of Activities.

The Board also receives an appropriation from the State General Fund and a federal cooperative agreement from the U.S. Department of Agriculture to help defray the costs of administering the Board’s programs. The Board’s General Appropriation was authorized in the General Appropriation Act of 2014.

**NOTE 12. COMMITMENTS – OPERATING LEASES**

The Board is committed under several leases for office space and various equipment. Rental payments totaling \$123,239 were made during the year ended June 30, 2015 for office facilities and office equipment.

Future minimum amounts to be paid for the next five years and thereafter under all operating leases with a term greater than one year are as follows:

2016	\$ 116,079
2017	117,741
2018	120,926
2019	124,304
2020	<u>116,994</u>
Total	<u>\$ 596,044</u>

**NOTE 13. INSURANCE COVERAGE**

New Mexico Statutes (Section 15-7-2 NMSA 1978) require Risk Management Division (RMD) to be responsible “for the acquisition and administration of all insurance purchased by the State”. Various Statutes allow RMD to insure, self-insure, or use a combination of both for all risks administered by it. RMD operates under the supervision of the Secretary of the State of New Mexico, General Services Department.

The Board is exposed to various risks of loss related to: general, automobile, and aircraft liabilities, including those related to law enforcement and civil rights (torts); theft of, damage to, and destruction of state property assets; errors and omissions; injuries to employees; group insurance; and, natural disasters, all of which are insured against by participation in the public entity risk pool described above subject to the limits of coverage set by RMD. All employees of the Board are covered up to \$15,000,000 by the State of New Mexico for the period July 1, 2014 to June 30, 2016.

**STATE OF NEW MEXICO  
 NEW MEXICO LIVESTOCK BOARD  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015**

**NOTE 14. TRANSFERS TO / FROM OTHER STATE AGENCIES**

The Department receives and makes operating transfers for various reasons as described below:

	Transfer From	Transfer To
Department of Finance & Administration (Agency No. 34100)	\$ 1,376,200	
Department's General Fund (Agency No. 50800, Fund No. 39500)		\$ 1,376,200
Purpose: General Fund appropriation FY 2015		
Department of Finance & Administration (Agency No. 34100)	\$ 45,800	
Department's General Fund (Agency No. 50800, Fund No. 39500)		\$ 45,800
Purpose: Special appropriation to train and equip livestock inspectors		

**NOTE 15. SCHEDULE OF SPECIAL APPROPRIATIONS**

	Original Appropriation	Appropriation Period	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balance
Special Appropriation L15 1S C101 S005 I032	\$ 50,000	July2014-June2016	\$ -	-	50,000

**NOTE 16. CONCENTRATIONS OF CREDIT AND OTHER RISKS**

Credit risk represents the accounting loss that would be recognized at the balance sheet date if counterparties failed completely to perform as contracted. Concentrations of credit risk exist from financial instruments for groups of customers or counterparties having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Board has a significant exposure to adverse changes in the cattle industry. Most of the Board's revenue is directly or indirectly generated from services provided to counterparties in the cattle industry.

STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b>NEW MEXICO BEEF COUNCIL</b>				
<b>ASSETS</b>				
Cash	\$ 62,900	967,422	(973,402)	56,920
Receivable - General Fund	-	1,031,461	(1,030,322)	1,139
Receivable - Beef Council	-	-	-	-
<b>Total Assets</b>	<u>\$ 62,900</u>	<u>1,998,883</u>	<u>(2,003,724)</u>	<u>58,059</u>
<b>LIABILITIES</b>				
Due to General Fund	\$ -	-	-	-
Due to NM Beef Council	62,900	968,561	(973,402)	58,059
<b>Total liabilities</b>	<u>\$ 62,900</u>	<u>968,561</u>	<u>(973,402)</u>	<u>58,059</u>
<b>NEW MEXICO SHEEP AND GOAT COUNCIL</b>				
<b>ASSETS</b>				
Cash	\$ 730	10,670	(11,074)	326
Receivable - General Fund	-	11,667	(11,400)	267
Receivable - Sheep Council	-	-	-	-
<b>Total Assets</b>	<u>\$ 730</u>	<u>22,337</u>	<u>(22,474)</u>	<u>593</u>
<b>LIABILITIES</b>				
Due to General Fund	\$ -	-	-	-
Due to NM Sheep and Goat Council	730	10,937	(11,074)	593
<b>Total liabilities</b>	<u>\$ 730</u>	<u>10,937</u>	<u>(11,074)</u>	<u>593</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 63,630	978,092	(984,476)	57,246
Receivable - General Fund	-	1,043,128	(1,041,722)	1,406
Receivable - Beef Council	-	-	-	-
Receivable - Sheep Council	-	-	-	-
<b>Total Assets</b>	<u>\$ 63,630</u>	<u>2,021,220</u>	<u>(2,026,198)</u>	<u>58,652</u>
<b>LIABILITIES</b>				
Due to General Fund	\$ -	-	-	-
Due to NM Beef Council	62,900	968,561	(973,402)	58,059
Due to NM Sheep and Goat Council	730	10,937	(11,074)	593
<b>Total liabilities</b>	<u>\$ 63,630</u>	<u>979,498</u>	<u>(984,476)</u>	<u>58,652</u>

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

STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -  
NON-MAJOR SPECIAL REVENUE FUND  
HORSE SHELTER RESCUE FUND  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Miscellaneous	\$ 100,000	-	12,368	12,368
<b>Total revenues</b>	<u>100,000</u>	<u>-</u>	<u>12,368</u>	<u>12,368</u>
Expenditures				
General government:				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other costs	150,000	250,000	249,999	1
<b>Total expenditures</b>	<u>150,000</u>	<u>250,000</u>	<u>249,999</u>	<u>1</u>
<b>Excess (deficiency) of revenues         over expenditures</b>	<u>(50,000)</u>	<u>(250,000)</u>	<u>(237,631)</u>	<u>12,367</u>
Other Financing Sources (Uses)				
State General Fund appropriation	-	-	-	-
Special legislative appropriation	-	-	-	-
Operating transfer in	-	-	-	-
Operating transfer out	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$</u>		<u>(237,631)</u>	<u>12,367</u>

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





# 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 New Mexico Livestock Board  
and  
Mr. Timothy Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the State of New Mexico New Mexico Livestock Board (Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and the individual fund and related budgetary comparisons of the Board, presented as supplementary information, and have issued our report thereon dated November 19, 2015.

### **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 New Mexico Livestock Board  
and  
Mr. Timothy Keller  
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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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  
November 19, 2015

**STATE OF NEW MEXICO  
BOARD OF VETERINARY MEDICINE  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

**A. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding</b>	<b>Status</b>
2014-001 Compliance with NM Procurement Code	Resolved

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

**B. FINDINGS AND RESPONSES**

**None**

**STATE OF NEW MEXICO  
NEW MEXICO LIVESTOCK BOARD  
EXIT CONFERENCE  
For the Year Ended June 30, 2015**

**Exit Conference**

An exit conference was held on November 19, 2015, to discuss the annual financial report. Attending were the following:

Representing the New Mexico Livestock Board:

Bill Sauble, Chairman  
William W. Bunce, Executive Director  
Andrew Silva, Chief Financial Officer

Representing the Independent Auditor:

Shawn Mortensen, CPA

Note: Ricci & Company, LLC substantially assisted in the preparation of the financial statements presented in this report. The Board's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.