

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE,  
MARKETS AND FOOD**

**AUDIT REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 1995 AND THE  
SIX MONTHS ENDED DECEMBER 31, 1995**

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**TABLE OF CONTENTS**

	<u>PAGE</u>
INTRODUCTION . . . . .	1
AUDIT OBJECTIVES AND SCOPE . . . . .	6
AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE . . . . .	7
<i><u>DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD</u></i>	
<i>MATERIAL WEAKNESS</i>	
1. INADEQUATE DOCUMENTATION OF DEPARTMENT AGENCY FUND FINANCIAL ACTIVITY . . . . .	9
<i>OTHER REPORTABLE CONDITIONS</i>	
2. COMMINGLING OF AGENCY FUNDS . . . . .	12
3. EASTERN STATES EXPOSITION DORMITORY REVENUE . . . . .	13
4. NURSERY STOCK INSPECTIONS . . . . .	14
5. ANNUAL EQUIPMENT INVENTORY AND RECORDS . . . . .	15
6. PAYROLL PROCESSING CONTROLS . . . . .	17
7. EXPENDITURES CHARGED TO INCORRECT ORGANIZATIONS AND CLASSES . . . . .	18
8. ANIMAL POPULATION CONTROL FEES . . . . .	19
9. SUPPORTING DOCUMENTATION FOR ANIMAL POPULATION CONTROL PROGRAM . . . . .	20
10. ELECTRONIC DATA PROCESSING CONTROLS . . . . .	21
11. DEPOSIT OF CASH RECEIPTS . . . . .	23
12. RESTRICTIVE ENDORSEMENT ON CHECKS RECEIVED BY THE DEPARTMENT . . . . .	23
13. DOCUMENTATION OF SUBSCRIPTIONS TO THE WEEKLY MARKET BULLETIN . . . . .	24
<i><u>BOARD OF VETERINARY MEDICINE</u></i>	
<i>OTHER REPORTABLE CONDITIONS</i>	
14. INTERNAL CONTROLS . . . . .	26
15. ANNUAL EQUIPMENT INVENTORY . . . . .	27
16. PAYMENTS TO THE PHARMACY BOARD . . . . .	27
AUDITOR'S REPORT ON STATE AND FEDERAL COMPLIANCE . . . . .	30
<i><u>DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD</u></i>	
<i>STATE COMPLIANCE</i>	
17. EXAMINATIONS FOR WEIGHMASTER AND SERVICEMEN LICENSES . . . . .	32
18. LICENSING DEALERS OF LIVE POULTRY . . . . .	33

**TABLE OF CONTENTS (Continued)**

**PAGE**

**DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**STATE COMPLIANCE (Continued)**

19. STATEMENTS OF FINANCIAL INTERESTS . . . . . 34

20. NO APPROVAL FOR THE DEPARTMENT TO ESTABLISH AGENCY  
RELATIONSHIPS AND OPEN CHECKING ACCOUNTS . . . . . 35

21. MINUTES OF MEETINGS NOT PREPARED . . . . . 36

22. PREPARATION OF REQUIRED REPORTS . . . . . 37

23. EXPIRED ADMINISTRATIVE RULES . . . . . 38

24. LIVESTOCK AND MEAT INSPECTIONS . . . . . 38

25. AGRICULTURAL ADVISORY BOARD . . . . . 39

26. ESTABLISHMENT OF A COMMITTEE CREATED BY STATUTE . . . . . 40

**FEDERAL COMPLIANCE**

27. FINANCIAL RECORDING AND REPORTING . . . . . 41

28. CONTROLS OVER MATCH DOCUMENTATION . . . . . 43

29. RECORD KEEPING FOR THE FEDERAL-STATE RESEARCH GRANT . . . . . 44

30. RECORD KEEPING FOR THE SHELL-EGG SURVEILLANCE PROGRAM . . . . . 45

**BOARD OF VETERINARY MEDICINE**

**STATE COMPLIANCE**

31. STATEMENTS OF FINANCIAL INTERESTS . . . . . 47

32. ANNUAL REPORT . . . . . 47

**AUDITOR'S REPORT ON MANAGEMENT ISSUES . . . . . 49**

**DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**MANAGEMENT ISSUES**

33. STRENGTHENING THE DEPARTMENT'S ACCOUNTING CONTROL STRUCTURE. . . . . 51

34. REORGANIZATION OF THE BUREAU OF WEIGHTS  
AND MEASURES . . . . . 52

35. AGRICULTURAL PRODUCT AND SCALE TESTING FUND . . . . . 53

36. COMMERCIAL MEASURING DEVICE LICENSES . . . . . 55

37. USE OF STATE-OWNED PASSENGER AUTOMOBILES . . . . . 56

38. LOANING OF THE DEPARTMENT'S EQUIPMENT TO  
NON-STATE ORGANIZATIONS . . . . . 59

39. PULLORUM TESTING REVENUE IS NOT COVERING COSTS . . . . . 60

**INDEPENDENT AUDITOR'S REPORT . . . . . 62**

**DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**AND BOARD OF VETERINARY MEDICINE**

**COMBINED STATEMENTS OF REVENUES AND EXPENDITURES**

**GENERAL AND SPECIAL FUNDS . . . . . 64**

**TABLE OF CONTENTS (Continued)**

	<u>PAGE</u>
<i>DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD</i>	
<b>COMBINED STATEMENTS OF REVENUES AND EXPENDITURES</b>	
BUDGET AND ACTUAL - GENERAL AND SPECIAL FUNDS . . . . .	68
 <i>BOARD OF VETERINARY MEDICINE</i>	
<b>STATEMENTS OF REVENUES AND EXPENDITURES</b>	
BUDGET AND ACTUAL - GENERAL FUND . . . . .	72
 <i>DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD</i>	
<b>STATEMENTS OF CAPITAL PROJECTS FUND ACTIVITY . . . . .</b>	
	74
 <i>DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD</i>	
<b>COMBINING STATEMENTS OF CHANGES IN ASSETS</b>	
AND LIABILITIES - AGENCY FUNDS . . . . .	76
 NOTES TO THE FINANCIAL STATEMENTS . . . . .	 78
 <b>SUPPLEMENTARY INFORMATION</b>	
 <i>DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD:</i>	
SCHEDULES OF BUDGETARY COMPONENTS - GENERAL FUND . . . . .	88
SCHEDULES OF BUDGETARY COMPONENTS - SPECIAL FUND . . . . .	90
SCHEDULES OF FEDERAL FINANCIAL ASSISTANCE (CASH BASIS) . . . . .	92
 <i>BOARD OF VETERINARY MEDICINE:</i>	
SCHEDULES OF BUDGETARY COMPONENTS - GENERAL FUND . . . . .	94
 <b>APPENDIX A</b>	
STATUS OF PRIOR FINANCIAL AND COMPLIANCE AUDIT REPORT OBSERVATIONS,	
<i>DEPARTMENT OF AGRICULTURE, REPORT ON EXAMINATION</i>	
<i>FOR THE 18 MONTHS ENDED DECEMBER 31, 1987 . . . . .</i>	<i>97</i>
 <b>APPENDIX B</b>	
RESPONSE LETTER FROM THE DEPARTMENT OF AGRICULTURE,	
MARKETS AND FOOD . . . . .	99



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**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**INTRODUCTION**

**REPORTING ENTITY**

The New Hampshire Department of Agriculture, Markets and Food at December 31, 1995 was comprised of six divisions as described on the following page. For the purpose of this audit and audit report, the reporting entity is the New Hampshire Department of Agriculture, Markets and Food (Department), including the administratively attached Board of Veterinary Medicine (Board).

**BACKGROUND AND ORGANIZATION**

The Department of Agriculture was established in 1913 pursuant to RSA 425:1 to promote the agriculture of the state. Chapter 130:1 Laws of 1995 reestablished the Department, effective July 23, 1995 as the Department of Agriculture, Markets and Food.

The general functions and responsibilities of the Department are outlined in RSA 425:2 as being:

- I. Promoting and regulating agriculture in all its branches.
- II. Regulating all commercial transactions involving the measurement of weight, distance, volume, or time.
- III. Regulating the quality and grade of agricultural crops and supplies and food products.
- IV. Gathering and disseminating information on agriculture, crop production, market activity, and other subjects consistent with the responsibilities of the Department.
- V. Cooperating with other agencies of the state and federal governments, the University of New Hampshire, commodity and consumer groups in the public interest and all who are engaged within this state in any form of agriculture, or its allied vocations, for advice on those activities.
- VI. Conducting such other activities as the statutes shall direct.

RSA 425:14 also directs that the Commissioner of the Department shall exercise general supervision over the clerical personnel of the State Board of Veterinary Medicine who work within his office.

The Department is headed by a Commissioner appointed by the governor, with the consent of the council, for a term of five years. An advisory board consults with and advises the Commissioner with respect to the policies, programs, and operations of the Department.

## INTRODUCTION (Continued)

### BACKGROUND AND ORGANIZATION (Continued)

The Department of Agriculture, Markets and Food is organized into six divisions as described below.

#### OFFICE OF THE COMMISSIONER

This division is responsible for the acquisition of land development rights, payments to agricultural fairs, overseeing the state conservation committee and for the general administrative and financial functions of the Department. The Office of the Commissioner had three full-time employees at December 31, 1995.

#### DIVISION OF AGRICULTURAL DEVELOPMENT

This division is responsible for the publishing of the Weekly Market Bulletin, apple promotion, the operation of the Eastern States Exposition Building, and other marketing duties. The Division of Agricultural Development had three full-time employees at December 31, 1995.

#### DIVISION OF PESTICIDE CONTROL

This division oversees the registration of economic poisons, the licensing of pesticide applicators and dealers and the related enforcement functions. The Division of Pesticide Control had six full-time employees at December 31, 1995.

#### DIVISION OF ANIMAL INDUSTRY

This division, under the direction of the state veterinarian, is responsible for the suppression and control of livestock disease. The Division of Animal Industry had nine full-time employees at December 31, 1995.

#### DIVISION OF PLANT INDUSTRY

This division, under the direction of the state entomologist, is responsible for the suppression and control of insect pests and plant diseases. The Division of Plant Industry had four full-time employees at December 31, 1995.

#### DIVISION OF MARKETS AND STANDARDS

This division has the responsibility of registering feeds, fertilizers, and liming materials sold in the state and for ensuring the products comply with the manufacturer's list of ingredients. It also has the responsibility of registering and regulating the inspection for accuracy of all commercial measuring devices used throughout the state. The Division of Markets and Standards had nine full-time and two part-time employees at December 31, 1995.

## **INTRODUCTION (Continued)**

### **BOARD OF VETERINARY MEDICINE**

RSA 332-B:7 lists the powers of the Board of Veterinary Medicine. Those powers are summarized as follows.

- I. Examine and determine the qualifications and fitness of applicants for a license to practice veterinary medicine in the state.
- II. Issue, renew, deny, suspend, and revoke licenses and temporary permits to practice veterinary medicine in the state or otherwise discipline licensed veterinarians.
- III. Establish fees for examinations and licenses.
- IV. Conduct investigations.
- V. Hold hearings on all matters properly brought before the Board.
- VI. Employ full-time or part-time professional, clerical, or special personnel.
- VII. Appoint representatives.
- VIII. Bring proceedings in the courts for the enforcement of Chapter 332-B or regulations made pursuant thereto.

The Board of Veterinary Medicine had one full-time employee at December 31, 1995.

### **SUMMARY OF FINANCIAL ACTIVITY**

The Department of Agriculture, Markets and Food is funded by appropriations from the General, Special, and Capital Projects Funds. Revenues and expenditures in the General and Special Funds for fiscal year 1995 and the six months ended December 31, 1995 are summarized in the following table.

#### **Department of Agriculture, Markets and Food - Revenues and Expenditures**

(in thousands)	Fiscal 1995		Six Months Ended 12/31/95	
	General Fund	Special Fund	General Fund	Special Fund
Unrestricted Revenues	\$1,190	\$-0-	\$749	\$-0-
Restricted Revenues	\$ 305	\$214	\$122	\$ 76
Total Revenues	\$1,495	\$214	\$871	\$ 76
Expenditures	\$1,940	\$219	\$971	\$106

The Board of Veterinary Medicine is funded by appropriations from the General Fund. Unrestricted revenues collected by the Board include exam and license fees. Revenues and expenditures in the General Fund for fiscal year 1995 and the six months ended December 31, 1995 are summarized in the following table.

**INTRODUCTION (Continued)**

**SUMMARY OF FINANCIAL ACTIVITY (Continued)**

**Board of Veterinary Medicine - Revenues and Expenditures**

(in thousands)	Fiscal 1995	Six Months Ended 12/31/95
	General Fund	General Fund
Unrestricted Revenues	\$62	\$43
Expenditures	\$42	\$30

Expenditures of the Department of Agriculture, Markets and Food and the Board of Veterinary Medicine are presented graphically on page five.

**PRIOR AUDITS**

The most recent prior audit of the Department of Agriculture, Markets and Food was an audit of the Department of Agriculture for the eighteen months ended December 31, 1987. The appendix to this report on page ninety-six contains a summary of the current status of the observations contained in that prior audit report.

Copies of the prior audit report can be obtained from the Office of Legislative Budget Assistant, Audit Division, 107 North Main Street, Room 102, State House, Concord, NH 03301.

## **INTRODUCTION (Continued)**

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**AUDIT OBJECTIVES AND SCOPE**

The primary objective of our audit is to express an opinion on the fairness of the presentation of the financial statements. As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we considered the effectiveness of the internal control structure in place at the Department of Agriculture, Markets and Food and tested the Department's compliance with certain provisions of applicable state and federal laws, regulations, contracts, and grants. Major accounts or areas subject to our examination included, but were not limited to the following:

- Internal Control Structure
- Appropriations and Revenues
- Expenditures and Encumbrances
- Agency Funds
- Property and Equipment
- State and Federal Compliance.

Our reports on the internal control structure, state and federal compliance, and management issues, the related observations and recommendations, our independent auditor's report, and the financial statements are contained in the report that follows.

**AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE**

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have audited the accompanying financial statements of the Department of Agriculture, Markets and Food, of the State of New Hampshire for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995 and have issued our qualified report thereon dated August 29, 1996, which was qualified with respect to the accounting for agency funds, the lack of presentation of the financial position of the Department and the understatement of revenue in the Special Fund for the six months ended December 31, 1995.

We conducted our audit in accordance with generally accepted auditing standards and *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.

The management of the Department of Agriculture, Markets and Food is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that effectiveness of the design and operation of policies and procedures may deteriorate.



In planning and performing our audit of the financial statements of the Department of Agriculture, Markets and Food for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Department of Agriculture, Markets and Food for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995. Those matters that we consider to be reportable conditions, including the one that we consider to be a material weakness, are presented on the following pages.

# DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD

## MATERIAL WEAKNESS

### OBSERVATION NO. 1: INADEQUATE DOCUMENTATION OF DEPARTMENT AGENCY FUND FINANCIAL ACTIVITY

OBSERVATION:

The Department of Agriculture, Markets and Food is custodian of two agency funds, the N.H. Farm and Forest Exposition Account and the Champions of N.H. Farms Account. As custodian, the Department has a responsibility to maintain a system of controls over these accounts.

Receipts to the Champions of N.H. Farms Account include the sale of goods at a "pie booth" and a "general store" in the New Hampshire Building at the Eastern States Exposition. Disbursements from the account include the selling expenses incurred in operating the pie booth and general store, including paying grants to non-profit organizations that provide volunteer help at the Exposition. The Department also uses the Champions account as a clearing account for other non-Exposition related transactions. Receipts to the Farm and Forest Exposition Account include sale of exposition booth space, proceeds from an auction, and ticket sales to an awards banquet. Funds in the Account are used to pay expenses related to the Exposition.

The financial activity for both accounts involves a significant number of cash-based transactions. In the Champions account, essentially all sales at the booth and general store are cash transactions. In the Farm and Forestry account, ticket sales and auction transactions may be cash-based transactions. The financial activity reported in the Department's check registers for these two accounts during the audit period is summarized in the following table.

FUND	BALANCE 7/1/94	ADDITIONS	DISBURSEMENTS	BALANCE 6/30/95
Champions	\$9,485	\$122,820	\$122,837	\$9,468
Farm & Forestry	7,121	38,807	32,406	13,522
Total	\$16,606	\$161,627	\$155,243	\$22,990

FUND	BALANCE 7/1/95	ADDITIONS	DISBURSEMENTS	BALANCE 12/31/95
Champions	\$9,468	\$108,047	\$107,691	\$9,824
Farm & Forestry	13,522	22,164	6,016	29,670
Total	\$22,990	\$130,211	\$113,707	\$39,494

**OBSERVATION NO. 1: INADEQUATE DOCUMENTATION OF DEPARTMENT AGENCY FUND  
FINANCIAL ACTIVITY (Continued)**

OBSERVATION (Continued):

The Department has not initiated appropriate controls over the financial activity reported in these two agency accounts. The Department does not require appropriate documentation of receipts and disbursements in these accounts and there is no financial reporting performed for the accounts. The lack of appropriate transaction documentation and financial reporting increases the risk that any errors or irregularities that may occur in the account would not be detected in a timely manner. Examples of less than appropriate documentation include no documentation of sales transactions, no documentation of cash disbursements, and only inconsistent documentation of disbursements made by checks. Because the Department was unable to supply sufficient documentation related to the financial activity in these accounts, we were unable to audit these two Department agency accounts.

Examples of problems noted when we attempted to test agency account transactions included the following.

From a sample of 20 expenditures selected from the N.H. Farm and Forest Exposition checkbook, we noted a \$224 expenditure for postage which did not have adequate supporting documentation.

From a sample of 50 disbursements selected from the Champions of N.H. Farms checking account we noted the following problems:

- 1) We could not find any invoices or other documentation to support 13 (26%) of the sample of 50 transactions tested.
- 2) One payment to a food vendor did not match the invoice that was attached to the worksheet used to support the disbursement. There was not enough documentation available to determine if the agency calculation was correct.
- 3) Attendance records are not maintained for employees who work at the Exposition and are paid from the Champions account. Nine of our sample selections were for employee wages. In addition, employees are reimbursed for some out-of-pocket expenses. Documentation is not generally maintained to support these expenses.

The check registers are the primary record of financial activity in these agency accounts maintained by the Department. As the purchase of pies for resale at the pie booth were cash transactions, these transactions were not recorded in the check registers and therefore were not subject to testing.

OBSERVATION NO. 1: INADEQUATE DOCUMENTATION OF DEPARTMENT AGENCY FUND  
FINANCIAL ACTIVITY (Continued)

RECOMMENDATIONS:

- The Department should establish an effective accounting system for its agency accounts.
- Periodic financial reports should be prepared for the Department's agency accounts. The financial reports should be reviewed by the Department's management and also by the trustees of the funds.
- Sales and other additions to the accounts should be documented by prenumbered receipts, cash register tapes, daily sales activity reports, or other appropriate forms to establish accountability for the receipts into the accounts.
- Invoices, time sheets and other documentation should be maintained supporting all disbursements from the accounts.
- Cash should be used to pay for expenses only in emergency situations or when the amount is so small as to make writing a check impractical. Invoices should be maintained for all cash transactions and should indicate that payment was made by cash.

AUDITEE RESPONSE:

At the time of the establishment of both Champions of New Hampshire Farms and the New Hampshire Farm and Forest Exposition it was intended that these activities be voluntary, not-for-profit activities conducted for the general benefit of New Hampshire agriculture, forestry and consumers under the supervision of independent boards of directors. As a convenience, the accounts for both activities were maintained within the Department by its personnel.

The Department has disassociated itself from any involvement in the financial affairs of these two organizations. Board members not connected with the Department are the sole signatories to both accounts, and each board is establishing systems to independently manage their respective financial affairs. The Department will get a P.O. Box for mail for both of these accounts. The accounts will be audited on a yearly basis by an outside entity at the expense of the programs.

# DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD

## OTHER REPORTABLE CONDITIONS

### OBSERVATION NO. 2: COMMINGLING OF AGENCY FUNDS

#### OBSERVATION:

During our testing of Department agency funds, we noted several instances where receipts and disbursements of certain unrelated activities were cleared through the Champions of N.H. Farms checking account. For example:

- 1) Ten thousand dollars received from the New England Association of State Departments of Agriculture (NEASDA) was deposited into the Champions checking account in order to pay the expenses of an NEASDA function. While the NEASDA maintains its own checking account, the Department determined that it would be more efficient to run the activity through the Champions account.
- 2) Financial activity related to the New Hampshire Christmas Tree Promotion Board was also run through the Champions account, reportedly because the Board did not have an account of its own.
- 3) Financial activity related to a Celebration Exposition was run through the Champions account.
- 4) An employee of the Champions of N.H. Farms who oversees the pie booth sales at the Eastern States Exposition uses her own money to start the cash drawer at the beginning of the fair. She later reimburses herself from the cash drawer, when sufficient receipts have accumulated.

#### RECOMMENDATIONS:

The Department should not commingle funds in one account. This increases the risk that monies from one fund will be used improperly to pay for expenditures of another fund.

It is never appropriate to mix personal funds with agency funds. The cash drawer at the Eastern States Exposition should be started from a check drawn from the Champions account.

#### AUDITEE RESPONSE:

Accounts of the Champions of New Hampshire Farms and the New Hampshire Farm and Forest Exposition are under the management of the boards of these two activities. Fiscal control is being exercised by the boards, and there is no longer any involvement of Department personnel in this aspect.

**OBSERVATION NO. 3: EASTERN STATES EXPOSITION DORMITORY REVENUE**

**OBSERVATION:**

The Department owns a building at the Eastern States Exposition Grounds in Springfield, Massachusetts. A section of the building is used as a dormitory. There are thirty-four sleeping accommodations that are rented out at \$10 per night. The use of the dormitory facility is provided at no charge to special exhibitors who are at the Exposition at the request of the Department. Other individuals who want to rent beds make reservations in advance with the Department's office in Concord. The reservation list which is sent to the fair is the only written record of who rented beds at the dormitory. Some individuals prepay while others pay at the end of their stay. When individuals do not use their reservations, the beds may be issued to others.

- The Department hires a part-time secretary, a night guard, a janitor, and a maintenance person to work at the New Hampshire Building. Each of these individuals can collect money at the front desk. There are limited control procedures in place for the collection of receipts related to the dormitory rents. No Record of Daily Cash Receipts (A-15) is prepared by the individuals initially receiving the cash receipts and cash receipt documents are not prepared and issued to individuals paying cash. According to Department policy, the accumulated receipts are to be held in a small safe until someone from the Department picks up the receipts and delivers them to the Administrative Assistant in the Commissioner's office in Concord.
- There is no documentation at the Department that indicates where this dormitory revenue was deposited during fiscal year 1995 and the six months ended December 31, 1995. There is a small petty cash account fund at the building that is used to pay for miscellaneous expenses. According to Department personnel, some of the revenue from the dormitory rentals may have been commingled with petty cash and never remitted to Concord. Also, according to the Department, the remainder of the revenue may have been deposited into the Champions of N.H. Farms account, a Department agency account.

While the rent of the dormitory beds is not material or significant to Department operations (34 beds x \$10 x 17 nights = \$5,780 per fair season less the value of any complementary uses of the facilities), the lack of appropriate controls over the revenue from the rent of the facilities and the petty cash account accentuate a risk for errors or irregularities to occur with this revenue that would go undetected.

**RECOMMENDATIONS:**

- The Department should establish controls over the collection of dormitory revenue. Individuals collecting money should issue receipts to individuals who pay cash. Each individual responsible for receiving cash and checks should prepare a Record of Daily Cash Receipts (A-15)

**OBSERVATION NO. 3: EASTERN STATES EXPOSITION DORMITORY REVENUE (Continued)**

**RECOMMENDATIONS (Continued):**

document. An accounting for all revenues and bed utilizations should accompany the revenue forwarded to the Department and the Department should compare cash receipts collected to the number of beds rented to determine if the revenue collected is reasonable.

- Dormitory rental receipts should not be commingled with the petty cash fund.

**AUDITEE RESPONSE:**

Beginning at the 1996 fair, the Department did designate one individual to act as agent at the New Hampshire Eastern States building to maintain a register for reservations and use of dormitory bed space, to collect and issue receipts for payments for bed space and to prepare a Record of Daily Cash Receipts (A-15) document. These were forwarded with revenues collected to the Accounting Technician, who reviewed them with the director of agricultural development to assure that revenue compares reasonably with bed rental utilization. Dormitory rental receipts were kept separate from any petty cash fund.

**OBSERVATION NO. 4: NURSERY STOCK INSPECTIONS**

**OBSERVATION:**

N.H. Admin Rule Agr 2501.04 (a) states, "The nursery stock of every person who is a plant dealer or one who operates a nursery shall be inspected at least once each year by inspectors of the division." N.H. Admin Rule Agr 2501.05 sets a \$25 inspection fee and provides for an exemption of the fee if a nursery or plant dealer makes \$3,000 or less in net sales. To obtain a waiver of the inspection fee, a statement of fee exemption must be completed by the nursery or plant dealer and included with the application for a nurseryman/plant dealer's certificate. The Department's Division of Plant Industry is responsible for nursery stock inspections. Fees are either collected by the inspectors at the time of the inspections or are invoiced to the nursery or plant dealer.

During our evaluation of the Department's internal control structure, we noted that the Division of Plant Industry only requires an initial application. Nurseries and plant dealers that claim fee exemptions do not necessarily file statements of fee exemption and are not required to annually update their statements in subsequent years.

**OBSERVATION NO. 4: NURSERY STOCK INSPECTIONS (Continued)**

**OBSERVATION (Continued):**

The Division indicates that it performs approximately 600 inspections per year. Approximately 240 (40%) of these inspections are performed at no charge for nurseries and plant dealers claiming exemptions. Without current statements of fee exemption, it is impossible to be certain that all nursery-stock fee revenue is being properly collected and deposited.

**RECOMMENDATION:**

The Department should require all nurseries and plant dealers requesting a waiver of the inspection fee under the provisions of N.H. Admin Rule Agr 2501.05 (d) (1) to file and annually update statements of fee exemption. Annual updates of the statements would improve the controls over the collection of the inspection fees and also ensure that any changes in the levels of a nursery's or plant dealer's operation over time is appropriately considered when determining whether the fee should be waived.

**AUDITEE RESPONSE:**

The Division of Plant Industry will require all nurseries and plant dealers requesting a waiver of the inspection fee under N.H. Admin Rule Agr 2501.05 (d) (1) to file and update statements of fee exemption beginning January 1, 1997.

**OBSERVATION NO. 5: ANNUAL EQUIPMENT INVENTORY AND RECORDS**

**OBSERVATION:**

The Department of Administrative Services, Division of Plant and Property Management Technical Assistance Manual PTM 605.01 (a) states; " All state agencies are required to take a complete physical inventory of all equipment annually, by the end of each fiscal year." An annual physical inventory of the equipment improves the control and accountability over the Department's equipment inventory. Annual inventories facilitate the identification of errors and irregularities in the equipment inventory records in a timely fashion.

The Department does not perform regular annual physical equipment inventories of the equipment located at its Concord offices, nor does the Department perform physical inventories of the equipment located at the New Hampshire Building at the Eastern States Exposition located in Springfield, Massachusetts.



**OBSERVATION NO. 5: ANNUAL EQUIPMENT INVENTORY AND RECORDS (Continued)**

**OBSERVATION (Continued):**

During our testing of Department equipment we noted the following discrepancies in the June 30, 1995 reported equipment balance, some of which should have been detected by the Department had it performed regular annual equipment inventories.

- A 1992 automobile owned by the Department was not listed on the Department's annual equipment report (P-16) which resulted in \$8,889 understatement of equipment.
- A five gallon prover (test container) could not be located, resulting in a potential equipment overstatement of \$195.
- A file cabinet from the Division of Pesticide Control was reported at a value of \$9,612. Similar cabinets are recorded at \$100.
- A \$20,000 mural located at the New Hampshire Building and an \$8,000 covered bridge replica originally purchased for an exhibit for the New Hampshire Building were not listed on the equipment inventory, resulting in equipment understatement of \$28,000.
- Ten out of a sample of 25 equipment items did not have adequate supporting documentation of the recorded cost.

**RECOMMENDATIONS:**

The Department should perform an annual inventory of equipment as required by the Department of Administrative Services, Division of Plant and Property Management Technical Assistance Manual PTM 605.01 (a). The Department should research the discrepancies listed above and all others noted during its physical inventory and correct the equipment records accordingly.

The Department should maintain adequate supporting documentation (vendor invoice, payment voucher, purchase order, etc.) for all equipment items reported on the equipment inventory records.

**AUDITEE RESPONSE:**

The Department agrees with the recommendation. A team consisting of three employees was formed and during the month of September 1996 it did conduct a complete inventory of equipment in accordance with requirements of the Department of Administrative Services, Division of Plant and Property Management Technical Assistance Manual PTM 605.01 (a). Discrepancies noted in the observation and any others detected are being investigated and corrected in an appropriate manner. The Department will intensify efforts to maintain adequate supporting documentation for all equipment listed on equipment inventory records. The Department will conduct inventories in June of each subsequent year.

**OBSERVATION NO. 6: PAYROLL PROCESSING CONTROLS**

**OBSERVATION:**

The following internal control weaknesses were noted in the Department's payroll process.

- 1) Time sheets are prepared bi-weekly by part-time staff. These time sheets are not reviewed and approved by a supervisor prior to payroll processing.
- 2) There is a general lack of segregation of duties within the Department's payroll process. One individual is responsible for recording, processing, and distributing the payroll. This employee also updates the Government Human Resources System (GHRIS) database by entering data from employees' Personnel Action Forms.
- 3) Payroll registers are not reviewed on a regular basis. Registers are only reviewed if a payroll error has been detected by a Department employee.
- 4) Employee leave slips are not consistently reviewed and approved by a supervisor.

**RECOMMENDATIONS:**

- 1) Time sheets of part-time staff should be reviewed and approved by Supervisors prior to payroll processing.
- 2) The functions of processing, approving, and distributing the payroll should be segregated.
- 3) The payroll registers should be reviewed on a regular basis to detect and resolve errors in a timely manner.
- 4) Employee leave slips should be reviewed and approved by a supervisor prior to entry into GHRIS.

**AUDITEE RESPONSE:**

The Department accepts the recommendations for action relative to payroll processing. The Department will consult with the Department of Administrative Services and seek assistance in remedying the internal control weaknesses identified in the audit.

We now have supervisors review and approve time sheets of part-time staff prior to payroll processing.

**OBSERVATION NO. 7: EXPENDITURES CHARGED TO INCORRECT ORGANIZATIONS AND CLASSES**

**OBSERVATION:**

The state's operating budget provides appropriations for the Department's expenditures on an organization and class-line basis. If the Department needs to transfer appropriations between organizations and classes, then approval for the transfers must be obtained from the Governor and Council and the Fiscal Committee. We tested a sample of 20 fiscal year 1995 general Department expenditures and a separate sample of 20 expenditures during the six-month period ended December 31, 1995. One objective of our testing was to determine whether the Department's expenditures were charged to the appropriate organization and class. We noted expenditures in each sample of 20 that were charged to the wrong organization or class as noted below. By charging the incorrect organization and class codes for these expenditures, the Department in effect transferred appropriations without obtaining the required approvals.

- A fiscal year 1995 Division of Animal Industry expenditure of \$844 was charged to three Department organizations that were unrelated to the purpose of the expenditure (Pesticide Control, Agriculture Development, and Bureau of Weights and Measures).
- As noted in Observation No. 35 beginning on page 53, two automobiles purchased for \$26,870 during fiscal year 1995 were assigned to the Division of Animal Industry and Division of Plant Industry even though they were charged to the Bureau of Markets' Product and Scale Testing Fund account.
- Out-of-state travel in the amount of \$594 was charged during the six months ended December 31, 1995 to the Bureau of Markets current expense account. This expenditure should have been charged to the Product and Scale Testing Fund account.

**RECOMMENDATION:**

The Department should charge its expenditures to the budgeted organizations and classes. If the Department needs to transfer appropriations between divisions and classes, then it should request a transfer of appropriations from the Governor and Council and the Fiscal Committee.

**AUDITEE RESPONSE:**

The Department will endeavor to accurately enter charges to correct accounts.

**OBSERVATION NO. 8: ANIMAL POPULATION CONTROL FEES**

**OBSERVATION:**

RSA 466:4 I (b) states, "... each year the owner of each dog, except those licensed under a group license, shall pay the clerk of the city or town where the dog is registered a companion animal population control fee of \$2.

(c) The clerk shall remit all companion animal population control fees collected to the state treasurer along with the fees sent in accordance with RSA 466:9 ...." Amounts collected are deposited as unrestricted revenue to the General Fund. On behalf of the state treasurer, the Department collected \$179,451 and \$68,902 of animal population control fees during fiscal year 1995 and the six months ended December 31, 1995, respectively.

RSA 466:9 I states, "Clerks of the towns and cities shall issue dog licenses, receive the money for the licenses ... submitting \$.50 for each license to the department of agriculture, markets and food ...." Amounts collected by the Department are used for the operation of the veterinary diagnostic laboratory established under RSA 436:92. The Department collected \$49,893 and \$1,445 of dog license fees during fiscal year 1995 and the six months ended December 31, 1995, respectively.

- The Department "invoices" for the \$2 animal population control fee by mailing a report form to each city or town either quarterly, semi-annually, or annually. There has been a lack of consistency in the timing of the issuance of these report forms. The dog license fee is either invoiced separately or included with the animal population control report.
- During revenue testing we noted one town out of a sample of 10 did not return one of its quarterly fiscal year 1995 animal population control reports. This same town failed to respond to a semi-annual invoice issued during the six months ended December 31, 1995. A second town in this sample did not complete a fiscal year 1995 annual invoice for the dog license fee. The Department has no procedures in place to monitor towns or cities that do not remit reports.

**RECOMMENDATION:**

To minimize the effort required to invoice and collect animal population control and license fees, the Department should revise its procedures to combine the invoicing of these two fees into a single reporting form. The Department should invoice for these fees on a regular basis.

As part of its revised invoicing procedures, the Department should implement procedures for following up on cities and towns that do not respond to the periodic invoices to ensure that all fees are collected timely.

**OBSERVATION NO. 8: ANIMAL POPULATION CONTROL FEES (Continued)**

**AUDITEE RESPONSE:**

The Department is reviewing its procedures for invoicing animal control and license fees, and will develop a single reporting form in accordance with the recommendations contained in the audit.

Included in this review will be exploration of ways to more aggressively follow up on collections from cities and towns.

**OBSERVATION NO. 9: SUPPORTING DOCUMENTATION FOR ANIMAL POPULATION CONTROL PROGRAM**

**OBSERVATION:**

RSA 437-A:2 directs the Department to establish an Animal Population Control Program to reduce the population of unwanted or stray dogs and cats. The goal of the program is to be met by encouraging owners to permanently sterilize their dog or cat. The statute establishes two categories of eligibility for participation in the program. An individual who adopts a dog or cat directly from an animal shelter can participate under Plan A. Plan A participants can have their animals sterilized for \$25. Individuals who qualify for one of the state's assistance programs (Medicaid, Food Stamps, etc.) can have their animals sterilized under Plan B for \$10. The participating veterinarians are reimbursed for 80 percent of their fee for the procedure, less the payment made by the owner. To receive this reimbursement under the program, the veterinarian must submit an animal sterilization certificate for each procedure performed. The veterinarian can also be reimbursed for presurgical immunizations. The Department expended \$108,470 for payments to veterinarians from the Animal Population Control Program during fiscal year 1995 and \$90,868 from the program during the six months ended December 31, 1995. As noted in Observation No. 8 on page 19, the Department collected, on behalf of the state treasurer, \$179,451 and \$68,902 of animal population control fees during fiscal year 1995 and the six months ended December 31, 1995, respectively.

During our expenditure testing we reviewed a total of nine reimbursements to veterinarians participating in the program and noted the following:

- Two of the sample items were reimbursements made to the same veterinarian. The sterilization certificates for 50 out of the 66 sterilization procedures submitted for reimbursement on the two tested invoices did not include the signatures of the owners of the animals as required by statute for Plan A participants.

**OBSERVATION NO. 9: SUPPORTING DOCUMENTATION FOR ANIMAL POPULATION CONTROL PROGRAM (Continued)**

**OBSERVATION (Continued):**

- The Plan A form does not have a space for the signature of the veterinarian who performs the surgery. Generally one invoice is signed by the veterinarian who performed the surgeries to support all of the sterilization forms submitted for reimbursement. In three reimbursements tested we noted that the invoices requesting reimbursement under the program were signed by the respective veterinarian's office staff and not by the veterinarian as required by the statute.
- Two of the sample items were program reimbursements that did not have complete documentation for Plan B immunizations accompanying the invoices.

**RECOMMENDATION:**

The Department should ensure that all documentation required by statute accompanies each request for reimbursement under the program. The Department should review its forms and instructions to ensure that they promote proper submission of program documentation and remind participating veterinarians of the program's requirements.

**AUDITEE RESPONSE:**

The Animal Population Control Program has corrected the following:

Shelters have been notified in writing to include owners' signatures on neuter authorization certificates of Plan A.

Future Plan A forms will include a space for the veterinarian performing the surgery. All veterinarians have been notified in writing to sign the reimbursement forms, that the office managers are not allowed the privilege.

Veterinarians have been notified in writing to document Plan B immunizations.

**OBSERVATION NO. 10: ELECTRONIC DATA PROCESSING CONTROLS**

**OBSERVATION:**

As computers become more widely used for the Department's specific functions it becomes increasingly important for the Department to consider their effects on the internal control structure. As in a manual system, electronic data processing (EDP) responsibilities need to be adequately

**OBSERVATION NO. 10: ELECTRONIC DATA PROCESSING CONTROLS (Continued)**

OBSERVATION (Continued):

segregated so that errors or irregularities would be detected in a timely and efficient manner. Development of, and changes to, programs should be authorized, tested and approved prior to being placed in operation. The access to data files should be appropriately restricted to authorized personnel. The Department uses various computer database and spreadsheet software including Foxpro, Access, R:Base, and Lotus. For the most part these EDP systems are single-user systems. While single-user systems do not present all of the control issues and risks associated with larger multi-user systems, we noted the following weaknesses in the controls over the EDP systems that should be considered by the Department.

- 1) Not all of the computer systems used by the Department require passwords to obtain access. In some instances passwords are shared by more than one user.
- 2) Program files are accessible to data entry personnel and to those who use the output of the programs. In some instances, programs are developed by the users. There are no documented procedures to ensure that all changes are approved and tested prior to being implemented.
- 3) Not all of the various EDP systems used by the Department have been properly documented to ensure the continued operation of the systems if key personnel left Department employment.

RECOMMENDATIONS:

- 1) The Department should require the use of passwords on all systems that permit their use. To remain most effective, passwords should not be shared with other employees and should be changed often.
- 2) Changes to program files should be made only after the changes have been approved, documented, and adequately tested.
- 3) All EDP systems should be documented so that in the event that key employees left Department employment, remaining Department personnel could continue to operate the EDP systems effectively.

AUDITEE RESPONSE:

The Department will investigate and attempt, within available budget resources, to implement processes for establishing password controls; documentation and testing of program file changes; and training and documentation to achieve more effective EDP system operation.

**OBSERVATION NO. 11: DEPOSIT OF CASH RECEIPTS**

**OBSERVATION:**

RSA 6:11, II states, "If more than \$100 is in the possession of any state department or institution such funds shall be on deposit in the related department's bank account or in a treasury bank account." The \$100 limit set by RSA 6:11 is generally regarded to require daily deposits for most agencies.

During revenue testing we noted that the Department did not make deposits daily when amounts exceeded \$100. Usually receipts are held until a Record of Daily Cash Receipts (A-15) document is substantially full before the receipts are forwarded for recording on a Cash Receipt (A-17) document and a deposit is made. Based on a review of the Department's depositing of the receipts subject to audit testing, receipts are usually deposited between three to eleven days after the cash and checks are received by the Department.

**RECOMMENDATION:**

The Department should deposit cash receipts whenever accumulated receipts exceed \$100.

**AUDITEE RESPONSE:**

The Department will endeavor to comply with this requirement. The state should investigate having the messenger mail system handle this function when it involves sending personnel outside the building to do what is essentially an errand function.

**OBSERVATION NO. 12: RESTRICTIVE ENDORSEMENT ON CHECKS RECEIVED BY THE DEPARTMENT**

**OBSERVATION:**

All checks should be restrictively endorsed by the individual who initially receives them. In the event that a check is lost, misplaced or stolen, a restrictive endorsement would significantly reduce the opportunity of the check being negotiated by anyone other than the Department.

During our evaluation of the Department's cash receipts processing we noted that the Administrative Assistant, who opens the mail and records the receipts onto the Record of Daily Cash Receipts (A-15), does not restrictively endorse the checks. Checks are not restrictively endorsed until the Accounting Technician prepares the Cash Receipt document (A-17) and the deposit slip.



**OBSERVATION NO. 12: RESTRICTIVE ENDORSEMENT ON CHECKS RECEIVED BY THE DEPARTMENT (Continued)**

**RECOMMENDATION:**

All checks should be restrictively endorsed upon receipt and prior to transferring the receipts to the second individual.

**AUDITEE RESPONSE:**

The Department concurs with the recommendation. The employee who initially receives checks has been instructed to restrictively endorse all checks upon receipt.

**OBSERVATION NO. 13: DOCUMENTATION OF SUBSCRIPTIONS TO THE WEEKLY MARKET BULLETIN**

**OBSERVATION:**

The Department publishes the Weekly Market Bulletin, a newsletter covering agricultural issues of state interest. The annual subscription cost for the Bulletin is \$20. All subscribers complete subscription cards. Returned subscription cards are noted by the Department with the date that payment was received, the check number and amount, subscriber name and address, and status: either new, renewal or outdated. During our testing of revenue from the sale of subscriptions we noted the following.

- The subscription cards are the only transaction document that supports subscription sales. The Department regularly discards the subscription cards after three months.
- In two out of a sample of thirteen subscriptions tested, we were unable to determine if the revenue was posted to a Record of Daily Cash Receipts (A-15). In one of the two, the necessary information needed to trace the transaction would likely have been on the subscription card however the card had been discarded. In the other noted transaction, we were able to examine the card but there was not sufficient information on the card to trace the revenue to an A-15 posting.

**RECOMMENDATIONS:**

The Department should regard the subscription card as a state accounting record and should retain the cards for the same period of time that it keeps similar accounting records.

The Department should make sure that all the necessary information is included on the cards to adequately support and document the subscription sale transaction.

OBSERVATION NO. 13: DOCUMENTATION OF SUBSCRIPTIONS TO THE WEEKLY MARKET BULLETIN (Continued)

AUDITEE RESPONSE:

The Department will comply with the requirement that renewal cards be retained along with other accounting records and that necessary information is included thereon.

## **BOARD OF VETERINARY MEDICINE**

### **OTHER REPORTABLE CONDITIONS**

#### **OBSERVATION NO. 14: INTERNAL CONTROLS**

##### **OBSERVATION:**

An effective internal control system provides for a segregation of incompatible duties which promotes the detection of errors or irregularities in a timely manner. In a properly segregated organization, one individual is not responsible for the incompatible functions of initiating, recording, approving, and reconciling the accounting transactions.

The Board of Veterinary Medicine is administratively attached to the Department of Agriculture, Markets and Food. The Board has one employee who is solely responsible for performing essentially all of the accounting functions for the Board with the exception of payroll, which is performed by the Department. There are no supervisory approvals or reviews of the work performed by this individual. This individual initiates, records, approves, and reconciles the accounting transactions to NHIFS. By not having adequate segregation of duties, the Board runs the risk that a material error and/or irregularity could occur without being detected in a timely manner.

RSA 425:14 directs the commissioner to exercise general supervision over the clerical personnel of the State Board of Veterinary Medicine.

##### **RECOMMENDATION:**

The Board of Veterinary Medicine, the Department of Agriculture, Markets and Food, and their respective Department of Administrative Services (DAS) Business Supervisors should work together to provide a review and approval structure for the accounting responsibilities performed by this individual. This structure could include having a Board member approve and sign certain accounting documents and reports or having a responsible Department or DAS employee perform this function. While it is impossible to properly segregate the duties in a one-person office without outside assistance, with the help of the Board, the Department, and DAS, an effective control structure could be provided to the financial operations of the Board.

##### **AUDITEE RESPONSE:**

The Department concurs with the recommendation. The State Veterinarian, who is also a member of the Board of Veterinary Medicine, has been designated to conduct review and approval of accounting activities of the Board's employee. The Department will work with the Board, the Department of Administrative Services and other appropriate parties to assure an effective control structure for financial operations of the Board.

**OBSERVATION NO. 15: ANNUAL EQUIPMENT INVENTORY**

**OBSERVATION:**

The Department of Administrative Services, Division of Plant and Property Management's Technical Assistance Manual PTM 605.01 (a) states; " All state agencies are required to take a complete physical inventory of all equipment annually, by the end of each fiscal year."

The Board of Veterinary Medicine did not perform an annual physical equipment inventory during the eighteen month audit period.

An annual physical inventory of the equipment would improve the controls and accountability over the Board's equipment inventory. It would facilitate the identification of errors and irregularities in the equipment inventory records in a timely fashion.

The Board reported \$5,402 and \$8,097 of equipment at June 30, 1995 and December 31, 1995, respectively.

**RECOMMENDATION:**

The Board of Veterinary Medicine should perform annual physical equipment inventories as required by the Department of Administrative Services, Division of Plant and Property Management's Technical Assistance Manual PTM 605.01 (a). The Board should research and resolve any discrepancies in its records noted as a result of the inventory.

**AUDITEE RESPONSE:**

The Department agrees with the recommendation. As part of the complete inventory of Department property and equipment completed during the month of September 1996, an inventory of the physical equipment of the Board of Veterinary Examiners was conducted. The inventory was done in accordance with Department of Administrative Services, Division of Plant and Property Management Technical Advisory Manual 605.01 (a). The Board, in cooperation with the Department, will resolve all noted discrepancies. Subsequent inventories shall be conducted during the month of June each year.

**OBSERVATION NO. 16: PAYMENTS TO THE PHARMACY BOARD**

**OBSERVATION:**

RSA 318:9-a states, "For the purpose of providing inspectional services under this chapter and RSA 318-B:25, the pharmacy board shall enter into separate agreements with the board of registration in medicine, the board of veterinary medicine, the board of podiatry, the board of registration in

OBSERVATION NO. 16: PAYMENTS TO THE PHARMACY BOARD (Continued)

OBSERVATION (Continued):

optometry, the board of dental examiners, and the board of nursing providing for each such board to compensate the pharmacy board for inspectional services. The agreements shall provide for payment based upon a per capita charge for each person registered with each such board as a percentage of the total number of persons subject to inspection under this chapter and RSA 318-B:25 ...."

During fiscal year 1995 and the first six months of fiscal year 1996, the Board of Veterinary Medicine (BOVM) paid the Board of Pharmacy (BOP) \$6,980 and \$7,520 respectively for its share of the fiscal 1995 and 1996 inspection charges. The invoice from the BOP did not give a breakout of the amount charged to the BOVM and the clerk who paid the invoice at the BOVM was unaware of how the amount was calculated. Based on inquiries of the BOP, the cost is \$20 per veterinarian practicing in New Hampshire. The number of veterinarians is provided by the BOVM. Because the BOVM only keeps track of the number of licensed veterinarians and not the number of practicing veterinarians, the BOP charged the BOVM in fiscal years 1995 and 1996 for 349 and 376 licensed veterinarians respectively. During the course of our fieldwork we estimated the number of practicing veterinarians to be 328. Assuming that this number is representative of the average number of practicing veterinarians during the audit period, the BOVM overpaid the BOP in fiscal years 1995 and 1996 by approximately \$420 and \$960 respectively.

The BOVM does not receive any type of report from the BOP regarding inspection services rendered.

RECOMMENDATIONS:

The BOVM should maintain sufficient documentation to support the number of practicing veterinarians in the state. The number of practicing veterinarians should be provided to the BOP on an annual basis to ensure that the annual invoice for inspection charges is based on accurate information.

The BOVM should request a report from the BOP regarding inspectional services rendered to practicing veterinarians.

AUDITEE RESPONSE:

The Board of Veterinary Medicine will forward a report to the Board of Pharmacy each July 1 of the number of practicing veterinarians in the state. The report will also include a request for a report of services provided to the Veterinary Medical profession of the state.

This report is intended for the information of the management of the New Hampshire Department of Agriculture, Markets and Food and the Fiscal Committee of the General Court. However, this report is a matter of public record upon its acceptance by the Fiscal Committee and its distribution is not limited.

*Office of Legislative Budget Assistant*  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

August 29, 1996

**AUDITOR'S REPORT ON STATE AND FEDERAL COMPLIANCE**

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have audited the accompanying financial statements of the Department of Agriculture, Markets and Food, of the State of New Hampshire for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995, and have issued our qualified report thereon dated August 29, 1996, which was qualified with respect to the accounting for agency funds, the lack of presentation of the financial position of the Department and the understatement of revenue in the Special Fund for the six months ended December 31, 1995.

We conducted our audit in accordance with generally accepted auditing standards and *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.

Compliance with state and federal laws, regulations, contracts, and grants applicable to the New Hampshire Department of Agriculture, Markets and Food is the responsibility of the Department's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Department's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*. However, we have noted on pages thirty-two through forty-eight instances of noncompliance with laws and regulations, while not material to the financial statements, we believe to be worthy of report mention.

This report is intended for the information of the management of the New Hampshire Department of Agriculture, Markets and Food and the Fiscal Committee of the General Court. However, this report is a matter of public record upon its acceptance by the Fiscal Committee and its distribution is not limited.

*Office of Legislative Budget Assistant*  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

August 29, 1996



# DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD

## STATE COMPLIANCE

### OBSERVATION NO. 17: EXAMINATIONS FOR WEIGHMASTER AND SERVICEMEN LICENSES

#### OBSERVATION:

N.H. Admin. Rules, Agr 1402.01 (h) defines a Registered Serviceman as, "Any individual who installs, services, repairs, or reconditions a commercial weighing or measuring device, and includes any person who performs services as an independent contractor or in the course of his or her employment." N.H. Admin. Rules, Agr 1403.01 (d) defines a Licensed Public Weighmaster as, "Any person who weighs, measures, or counts any commodity and issues a statement or memorandum of the weight, measure, or count which is used as the basis for either the purchase or sale of that commodity or charge of service. Licensed public weighmaster includes any person who performs services as an independent contractor or in the course of his or her employment."

To obtain a certificate of registration as a registered serviceman N.H. Admin. Rules, Agr 1402.02 (e) requires, "**Each applicant shall appear, for a written examination(s)** [emphasis added], at a designated day and time to be scheduled by the examination officer, no more than 30 days prior to the expiration of the said applicant's certificate of registration. A minimum score of 80 percent shall be attained before the applicant shall be registered to work in the State of New Hampshire. A certificate of registration shall not be issued until the minimum score is achieved, and no person shall service any device licensed by the New Hampshire Department of Agriculture unless that person is a registered serviceman." Re-examinations are required every two years.

N.H. Admin. Rules, Agr 1403.02 provides similar examination requirements for a weighmaster license with re-examinations required every six years.

- The Bureau of Weights and Measures does not give examinations as required by the Administrative Rules. Servicemen and weighmasters are issued original and renewal licenses without their ever taking and passing a Department examination.

#### RECOMMENDATION:

The Bureau should test individuals seeking to be licensed as registered servicemen and weighmasters as required by N.H. Admin. Rules, Agr 1402.02 (e) and Agr 1403.02. Licenses should not be issued to any individual who does not achieve a minimum score of 80 percent.

**OBSERVATION NO. 17: EXAMINATIONS FOR WEIGHMASTER AND SERVICEMEN LICENSES**  
**(Continued)**

**RECOMMENDATION (Continued):**

If the Department determines that exams do not adequately measure the qualifications of licensees, then the Department should seek to revise its Administrative Rules.

**AUDITEE RESPONSE:**

The Bureau of Weights and Measures is soliciting samples of relevant examinations used in other jurisdictions and from the National Institute of Standards and Technology and plans to implement an examination process in early 1997.

**OBSERVATION NO. 18: LICENSING DEALERS OF LIVE POULTRY**

**OBSERVATION:**

Poultry dealers in the state who buy, sell, or transport live poultry as a business must be licensed in accordance with RSA 428:9. The annual license fee is \$20. According to the Department, there are four poultry dealers in the state. The Department did not send out license renewal applications during fiscal years 1994 and 1995. As of December 1995, the Department had not sent out license renewals for fiscal year 1996.

**RECOMMENDATION:**

The Department should send out poultry dealer license renewal applications on an annual basis.

**AUDITEE RESPONSE:**

The Department agrees with the recommendation and will strive to send out live poultry dealer license renewal applications in a timely manner.

**OBSERVATION NO. 19: STATEMENTS OF FINANCIAL INTERESTS**

**OBSERVATION:**

RSA 21-G:5-a states, "Every member of every executive branch board, commission, advisory committee, ... shall file by July 1 of each year a verified written statement of financial interests ...." Members of the following five organizations appear to be subject to the filing requirements of RSA 21-G:5-a.

- Agriculture Advisory Board
- Apple Marketing Advisory Board
- Pesticide Control Board
- Pesticide Citizen's Advisory Committee
- N.H. Region Trustee Board of the Eastern States Exposition

The statements of financial interests required to be filed by July 1, 1995 and July 1, 1996 were reviewed to determine compliance with the above mentioned statute. The following table provides the results of that review.

COMMITTEE/BOARD	NUMBER OF MEMBERS	DID NOT FILE	
		AT 7/1/95	AT 7/1/96
Agriculture Advisory Board	10	7	6
Apple Marketing Board	8	6	5
Pesticide Control Board	13	9	6
Pesticide Citizen's Advisory Committee	9	8	9
N.H. Region Trustee Board of the Eastern States Exposition	25	17	24

**RECOMMENDATION:**

The Department of Agriculture, Markets and Food should establish procedures to ensure that all members of its associated boards and committees subject to the filing requirements of RSA 21-G:5-a file the required statements of financial interests in a timely manner.

**AUDITEE RESPONSE:**

The Department misunderstood who initiated the filing of statements of financial interests, and whether all of the referenced board members were subject to the requirements. Some members, particularly the Eastern States board, claim to have been informed by the Secretary of State's offices that they need not file and say they don't believe the statute applies to them.

The Department will seek counsel from the Secretary of State as to how to attain compliance with the statute.

**OBSERVATION NO. 20: NO APPROVAL FOR THE DEPARTMENT TO ESTABLISH AGENCY RELATIONSHIPS AND OPEN CHECKING ACCOUNTS**

**OBSERVATION:**

N.H. Admin. Rules, Adm 311.03 (a) (1) (expired) states, "A complete record of other than state funds which are the responsibility of state officials serving in their official capacity shall be maintained." N.H. Admin. Rules, Adm 311.03 (a) (2) (expired) states, "Whenever possible, the deposit of such funds shall be made with the state treasurer subject to prior approval by the governor and council. When such action is not possible, governor and council shall approve the bank of deposit." N.H. Admin. Rules, Adm 311.03 (a) (4) (expired) requires "A yearly submission of a detailed operating statement of each fund shall be submitted not later than September 1."

The Champions of N.H. Farms and the N.H. Farm and Forest Exposition are not-for-profit organizations governed by boards of directors promoting agriculture in the State of New Hampshire. Members of the Department are officers and/or serve on the board of directors of both of these organizations. The checkbooks of both organizations and the financial records are maintained by employees of the Department. The Commissioner, the Director of Agricultural Development, and a third Department person have signatory authority on the Champions account. The Director has signatory authority on the Farm and Forestry account. Both the Commissioner and the Director make decisions on where the funds will be spent without additional approvals required by the respective Boards.

It appears that these accounts are agency funds as described in the N.H. Admin. Rules, Adm 311.03 (expired).

**RECOMMENDATION:**

The Department of Agriculture should submit these accounts for appropriate approvals, maintain appropriate records, and file annual reports as required by N.H. Admin. Rule, Adm 311.03 (expired).

**AUDITEE RESPONSE:**

In light of the auditor observations as to applicability of the expired rule Adm 311.03, the Department has disassociated itself from any involvement in the financial affairs of the Champions of New Hampshire Farms and New Hampshire Farm and Forest Exposition. No Department personnel have signatory responsibility for these activities.

**OBSERVATION NO. 21: MINUTES OF MEETINGS NOT PREPARED**

**OBSERVATION:**

RSA 91-A:2 II requires minutes to be promptly recorded and made available within 144 hours, or six days, of a public meeting. RSA 91-A:3 (III) requires minutes to be prepared and a record of all actions to be made available for public inspection within 72 hours of a non-public meeting, unless a recorded vote of two-thirds of the members present determines that revealing the information would adversely affect the reputation of a person other than a member of the committee, board, or agency itself.

There are no minutes prepared for meetings of the Agricultural Land Preservation Committee and the Agriculture Advisory Board. The Apple Marketing Board did not prepare minutes for all of its meetings. Minutes for the State Conservation Committee were not maintained on file at the Department.

The preparation of meeting minutes is essential to provide a record of committee or board deliberations and decisions.

**RECOMMENDATION:**

The Department should establish procedures to ensure compliance with RSA 91-A:2 II and RSA 91-A:3 III regarding the timely preparation of committee and board meeting minutes. Copies of these minutes should be maintained on file at the Department.

**AUDITEE RESPONSE:**

Minutes of the State Conservation Committee have been taken and prepared. Copies have been located with the previous staff person of the Committee and will be placed on file at the Department.

The Agricultural Land Preservation Committee, having no appropriation to expend nor any matters to deliberate, did not meet during the period of the audit.

The Agricultural Advisory Board minutes for the meetings which occurred during the audit period exist in note form and will be published. No substantive action took place at either meeting. The Board was generally reconstituted by the General Court and minutes will now be kept by a staff employee.

The Apple Marketing Board has been instructed to comply with the statutes and record and publish minutes of its meetings.

The Department will endeavor to comply with meeting minutes requirements of statutes at all times.

**OBSERVATION NO. 22: PREPARATION OF REQUIRED REPORTS**

**OBSERVATION:**

The Department is required by statute to issue a number of periodic reports. The following is a list of required reports that were not issued by the Department during the audit period:

STATUTE	REPORT	DUE DATE
425:13	Biennial Department Report	December 31, 1994
432:6	Report on Implementation of State Plan *	December 31, 1994
432:20 II	Report from the Agricultural Land Preservation Committee **	1994 1995
436:4	Report from the Commission on Domestic Animals	October 31, 1994 October 31, 1995
437-A:2	Report on the Progress of the Animal Population Control Program.	September 31, 1994 September 31, 1995
17-J:4	Status Report on Capital Budget Projects	Every 60 days
* Statute indicates that this report is to be included in the Department's annual report, however the Department's report by statute is to be issued on a biennial basis.		
** Statute indicates an annual report - there is no due date in the statute.		

**RECOMMENDATION:**

The Department should prepare all required reports and submit them to the appropriate state officials as defined in the statutes. The Department should consider requesting legislation to change the due dates on the required reports to a consistent date where appropriate, to allow consolidation of Department reporting.

**AUDITEE RESPONSE:**

The Department accepts the recommendation and will seek legislation to make deadlines for submission of the various referenced reports fall on a single date.

**OBSERVATION NO. 23: EXPIRED ADMINISTRATIVE RULES**

**OBSERVATION:**

RSA 541-A requires state agencies to adopt rules relative to their organization and operations and provides guidance for the adoption of other rules that are required by statute. Shown below are Department rules that have expired and have not been either readopted or revised through the Joint Legislative Committee on Administrative Rules:

AUTHORIZING STATUTE	RULE NUMBER	SUBJECT OF THE RULES	EXPIRATION DATE
432:21	Agr 700	Acquisition of Agricultural Land Development Rights	July 1992
434:16	Agr 902	Potatoes	June 1992
429:25	Agr 903	Honey	May 1990
425:19-c	Agr 1500	Agricultural Fairs	August 1990

**RECOMMENDATION:**

The Department should work with the Joint Legislative Committee on Administrative Rules to readopt the expired rules.

**AUDITEE RESPONSE:**

Rule Number 700 is under review by the Department and in consultation with the Agricultural Land Preservation Committee will be proposed for readoption.

Rule Numbers 902 and 903 continue to be under review by the Department. Readoption is in abeyance pending coming to terms with diverse opinions with the respective producer communities.

Rule Number 1500 has been left unadopted due to failure of the General Court to appropriate any funds to carry out the intent of the referenced statute. Rulemaking is unwarranted if there is no funding.

**OBSERVATION NO. 24: LIVESTOCK AND MEAT INSPECTIONS**

**OBSERVATION:**

During our previous audit of the Department of Agriculture for the eighteen months ended December 31, 1987, we observed that the Department was not performing livestock and meat inspections in compliance with RSA 427. At that time we recommended that the Department perform those inspections.

**OBSERVATION NO. 24: LIVESTOCK AND MEAT INSPECTIONS (Continued)**

**OBSERVATION (Continued):**

The Department responded that it "would review RSA 427 with an eye toward seeking revisions which would provide strengthened meat inspection services through interagency cooperation with USDA [the United States Department of Agriculture.]" The USDA operates a meat inspection program in the state.

During the eighteen months ended December 31, 1995, the state inspection program requirement remains in the statute and the Department did not have a livestock and meat inspection program to comply with the statute.

**RECOMMENDATION:**

The Department should determine whether the goals of RSA 427 are met by the USDA's meat inspection program. If the Department determines that a state inspection program would be redundant to the federal program, then the Department should request that the statute be amended to incorporate the current practice of relying on the USDA inspections. If the USDA inspection program does not meet the goals of the statute, the Department should initiate a livestock and meat inspection program in accordance with RSA 427.

**AUDITEE RESPONSE:**

The Department proposed legislation on at least two occasions over the past 13 years to repeal statutory authority for meat inspection. Each time the General Court in its wisdom has found the legislation inexpedient to legislate. The feeling has been that it should be kept on the books in case it might be needed in the future. Federal action now pending may render existence of this statute moot. The Department will monitor federal legislation in the next session of Congress.

**OBSERVATION NO. 25: AGRICULTURAL ADVISORY BOARD**

**OBSERVATION:**

RSA 425:23 required the Agricultural Advisory Board to meet at least once every three months during fiscal year 1995, with at least one meeting per quarter designated and advertised as a public hearing. The Board met only once during fiscal year 1995.

Effective July 23, 1995, RSA 425:23 was amended to require semi-annual meetings of the Board, with at least one meeting designated and advertised as a public hearing. The Board met only once during fiscal 1996 and this meeting was not designated and advertised as a public hearing.



**OBSERVATION NO. 25: AGRICULTURAL ADVISORY BOARD (Continued)**

**RECOMMENDATION:**

The Agricultural Advisory Board should meet at least semi-annually with at least one meeting designated and advertised as a public hearing, in accordance with RSA 425:23.

**AUDITEE RESPONSE:**

Due to the pending change in statutory requirements for meetings and subsequent lengthy process of appointment of new members to the reconstituted board, the requisite number of meetings weren't held. The fully constituted board has since met and established a meeting schedule and plans for the coming year.

**OBSERVATION NO. 26: ESTABLISHMENT OF A COMMITTEE CREATED BY STATUTE**

**OBSERVATION:**

During our review of state statutes related to the Department, we noted a committee established by statute that did not appear active. RSA 430:10 states, "There is established a State Committee on Mosquito Control to govern over the six regions of the state and their respective Mosquito Control Districts. The committee is composed of the State Entomologist ..." and other State officials. According to the State Entomologist, this committee has not been in existence for several years.

**RECOMMENDATION:**

The Department should research the statute to determine if the State Committee on Mosquito Control continues to serve a useful function, or if there is no longer a need for the Committee as outlined in the statute. If there is a continued need for the Committee as provided for in the current statute, the Committee should meet as necessary and maintain an appropriate record of its activity. If the Committee is determined to be defunct, the Department should seek legislation to have RSA 430:10 amended appropriately.

**AUDITEE RESPONSE:**

The referenced committee exists as to its makeup, and can be activated at any time. It has not functioned in recent years as there has not been a need for it to meet. A mosquito infestation could erupt at any time during the warm weather months, and the committee could be summoned into session on a moment's notice.

# DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD

## FEDERAL COMPLIANCE

### OBSERVATION NO. 27: FINANCIAL RECORDING AND REPORTING

**Federal Program:** Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements

**Federal Catalog Number:** 66.700

**Federal Grantor:** Environmental Protection Agency (EPA)

#### OBSERVATION:

The Department's Division of Pesticide Control has three federal EPA grants that are accounted for in five separate Department programs. The Department records its federal grant activity in a manual ledger. The Administrator II in the Division of Pesticide Control posts invoices related to the federal grants to a manual ledger upon their receipt. The invoices are then submitted to the Account Technician to go through normal Department procedures to initiate payment through the State accounting system (NHIFS). The quarterly Requests for Reimbursement (SF-270) reports and the Financial Status Reports (SF-269) submitted to the federal government are prepared by the Administrator II based on amounts and dates posted in the grants ledger. We noted the following during our testing:

- 1) The Department does not perform reconciliations between the financial activity recorded in its manual ledger and the financial activity recorded in NHIFS.
- 2) The Administrator II responsible for posting to the manual ledger also prepares the quarterly federal financial reports. There is no independent review of the manual ledger or the quarterly federal financial reports. An error or irregularity may occur in the ledger or the reports without being detected by Department personnel in a timely manner. We noted the following errors in our review of the ledger and the Department's federal reports.
  - An expenditure for \$4.22 was posted twice in the manual ledger without being detected as an error.
  - The amount of total outlays to date and non-federal share of outlays for the Worker Protection Enforcement Program were incorrect on the quarter-ending September 30, 1994 form SF-270, Request for Reimbursement. Both reported amounts were understated by \$1,988.

**OBSERVATION NO. 27: FINANCIAL RECORDING AND REPORTING (Continued)**

**OBSERVATION (Continued):**

- There were several clerical errors on the annual Financial Status Report (SF-269) for the federal fiscal year ended September 30, 1995. The total amount and federal share of indirect expense was understated by \$1,385. The Audit-Set-Aside amount was also understated by \$74. (These amounts were properly reported on the SF-270 and did not affect reimbursements for these grants.)
- 3) The MBE/WBE (Minority Business Enterprise/Women Business Enterprise) Utilization Under Federal Grants, Cooperative Agreements, and Other Federal Financial Assistance form (SF-334), due October 30, 1995, was not completed or submitted for federal fiscal year 1995.

**RECOMMENDATIONS:**

- 1) The Department should consider whether it could more efficiently account for its federal grants through NHIFS and avoid the necessity of posting to and reconciling a manual ledger. The Department should work with the Department of Administrative Services to determine whether it would be appropriate to set up its federal grants and Department programs in separate organizations or suborganizations. This could enable the Department to discontinue the manual ledger system currently in use and prepare required federal financial reports directly from NHIFS reports.

If the Department continues to prepare the manual ledger, the Department should have the ledger periodically reviewed and reconciled to NHIFS by an individual otherwise not involved in posting to the manual ledger.

- 2) Someone independent of the preparation of the quarterly federal financial reports should review the reports for accuracy prior to their submission to the federal grantor agency.
- 3) All required reports should be submitted to the federal grantor agencies on a timely basis.

**AUDITEE RESPONSE:**

Although the Department agrees that a computerized system for accounting for the grants might be more efficient, it feels this is totally dependent upon having a qualified accountant handling that process. Since the Department does not have such a person on our staff, it is going to have to continue accounting for grants as it is now doing with the manual ledger.

The Department agrees with the need for oversight and is setting up a process where someone, other than that person who is maintaining the ledger, will audit the ledger, compare it to the NHIFS and reconcile it on a quarterly basis. The same individual will review the financial statements and the reimbursement vouchers that would be sent to the federal agency.

OBSERVATION NO. 28: CONTROLS OVER MATCH DOCUMENTATION

**Federal Program: Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements**

**Federal Catalog Number: 66.700**

**Federal Grantor: Environmental Protection Agency (EPA)**

OBSERVATION:

Each of the Department's three federal EPA grants requires a state match. In reviewing the federal grants, it appears that the state match was met during fiscal year 1995 and the six months ended December 31, 1995. However, procedures used by the Department to calculate the match are inefficient. The Administrator II calculates the match as comprised of three components: fixed costs, time spent on Pesticide Control Board activities, and time spent by Department employees (the Administrator II and the Executive Secretary) on work related to the federal grants. We noted the following in the Department's accounting for the state match.

- There is no supporting documentation such as time sheets to support the allocations among the Department's programs set up under the grants for employee salary and benefits costs included in the fixed component of the state match. The salaries and benefits rates are not updated for changes in personnel cost that may occur during the year. There is no specific determination of the percentage of salaries to attribute to benefits used in calculations.
- A portion of one employee's salary and benefits were incorrectly used as a component of the state match. The salary and benefits for this employee were not appropriate for inclusion in the state match as they were 100% federally funded.
- The salary and benefits rates for Department employees' work related to the Pesticide Control Board and administering pesticide oral exams used in the state match calculation were not current.

RECOMMENDATION:

The Department should review its procedures for accounting for state matches to federal grants. Whenever possible the Department should use actual salary and benefit amounts instead of calculated estimates of salaries and benefits. Where appropriate, the Department should use time sheets or other methods to document employees' time spent on various grants and programs. Employees whose positions are funded 100% by federal programs should not be used as part of the state match. All salary and benefit rates used in the calculations should be kept current.

**OBSERVATION NO. 28: CONTROLS OVER MATCH DOCUMENTATION (Continued)**

**AUDITEE RESPONSE:**

The Department acknowledges the recommendation and has taken steps to remedy the problems noted. As of October 1, 1996, all employees whose time is used as part of the match on grants are keeping daily time sheets. In addition, with the help of the Division of Personnel the Department has updated all of the salaries of state employees who are used as match under the grants. This includes members of the New Hampshire Pesticide Control Board and others who serve on exam panels and have other functions related to the match on grants.

Concerning the calculation of benefits, the Department is using the estimates that appear in the State of New Hampshire Administrative Services Budget Manual for this calculation.

**OBSERVATION NO. 29: RECORD KEEPING FOR THE FEDERAL-STATE RESEARCH GRANT**

**Federal Program: Technical Assistance to Cooperatives**  
**Federal Catalog Number: 10.350**  
**Federal Grantor: Department of Agriculture**

**OBSERVATION:**

The Division of Agricultural Development received a Federal-State Research grant from the US Department of Agriculture (USDA) titled Technical Assistance to Cooperatives. The Department is required by the grant to keep a separate account of expenditures of the federal and match dollars and to submit a final Financial Status Report (SF-269) no later than 90 days after the end of the agreement.

The total of the grant award is \$44,000. The state is required to match \$13,000 and the organization performing the research study is to provide \$31,000 in third party in-kind match. During fiscal year 1995, the Department had \$22,000 of revenues and \$5,500 of expenditures related to this agricultural research grant. During the six months ended December 31, 1995 the Department had \$7,333 in revenues and \$1,771 in expenditures. The expenditures for both periods consisted of two payments made to the Great River Market Cooperative of Growers. In November 1995 this organization withdrew from the project without completing it, stating that the original proposal was not feasible. A second organization, Connecticut River Joint Commissions Group, has submitted a new proposal and has been awarded the contract to complete the study.

Based on discussions with Department personnel and a review of the current status of record keeping for this grant, the Department does not appear to be maintaining adequate records to document the grant's required match. The records currently kept appear unorganized and lack the level of formality

**OBSERVATION NO. 29: RECORD KEEPING FOR THE FEDERAL-STATE RESEARCH GRANT**  
**(Continued)**

**OBSERVATION (Continued):**

expected for supporting documentation maintained by a state agency. If the quality of the record keeping for the grant does not improve, the Department may not have the necessary documentation to support the matching and other reporting requirements when the final SF-269 report needs to be prepared.

**RECOMMENDATION:**

The Department should immediately establish an appropriate accounting system for the USDA research grant. The Department needs to establish and maintain accounting procedures for the grant that are sufficient to prepare the required federal financial reports and permit the tracing of funds to a level of expenditures documentation adequate to ensure that funds are not spent in violation of any applicable federal regulations and the grant agreement. The Department needs to adequately document the state match and determine that the organization involved with the research is maintaining adequate documentation to support their portion of the required match.

**AUDITEE RESPONSE:**

The Department has expended extensive staff time and energy attempting to get this grant back on track after major problems were encountered with the initial grantee. Department personnel are working with the new grant recipient to assure proper records are maintained and that adequate audit procedures are in place.

**OBSERVATION NO. 30: RECORD KEEPING FOR THE SHELL-EGG SURVEILLANCE PROGRAM**

**Federal Program: Inspection Grading and Standardization**

**Federal Catalog Number: 10.162**

**Federal Grantor: Department of Agriculture**

**OBSERVATION:**

The Department participates in the Shell-Egg Surveillance Program, a federal Inspection Grading and Standardization Program under which the Department inspects New Hampshire egg producers and packers and reports the results of the inspections to the United States Department of Agriculture (USDA). The amount received by the Department for performing these inspections is based on the reported costs of the inspections performed during the prior year.

On a quarterly basis the Department submits a Shell-Egg Surveillance Quarterly Cost Report (Form PY-76) to the USDA. Source documentation for

**OBSERVATION NO. 30: RECORD KEEPING FOR THE SHELL-EGG SURVEILLANCE PROGRAM**  
**(Continued)**

OBSERVATION (Continued):

the completion of the PY-76 includes Post-It notes reporting inspection hours and mileage of the Department's inspectors. While we do not question the hours worked or the mileage driven by Department employees on shell-egg inspections, the procedures used to document and support the reported program activity are informal and do not meet the level of support appropriate for state accounting records.

RECOMMENDATION:

Department employees should formally document the hours worked and mileage driven while performing shell-egg inspections. This documentation should be used as a source for determining program costs and for completing the form PY-76.

AUDITEE RESPONSE:

The Department concurs with the recommendation and is implementing a procedure to assure documentation of hours worked and mileage driven in performance of shell egg surveillance work.

# BOARD OF VETERINARY MEDICINE

## STATE COMPLIANCE

### OBSERVATION NO. 31: STATEMENTS OF FINANCIAL INTERESTS

#### OBSERVATION:

RSA 21-G:5-a states, "Every member of every executive branch board, commission, advisory committee, ... shall file by July 1 of each year a verified written statement of financial interests ...." Members of the Board of Veterinary Medicine appear to be required by the statute to file statements.

The statements of financial interests required to be filed by July 1, 1995 and July 1, 1996 were reviewed to determine compliance with the above mentioned statute. The following table provides the results of that review.

COMMITTEE/BOARD	NUMBER OF MEMBERS	DID NOT FILE	
		AT 7/1/95	AT 7/1/96
Board of Veterinary Medicine	6	6	2

#### RECOMMENDATION:

The Board of Veterinary Medicine should establish procedures to ensure that all members of its board subject to the filing requirements of 21-G:5-a file the required statements of financial interests in a timely manner.

#### AUDITEE RESPONSE:

The Board of Veterinary Medicine has established a policy to ensure that its board members submit statements of financial interests in a timely manner.

### OBSERVATION NO. 32: ANNUAL REPORT

#### OBSERVATION:

The Board of Veterinary Medicine is required by RSA 332-B:5 to issue an annual report. The Board did not submit annual reports during fiscal years 1994, 1995, and 1996.



OBSERVATION NO. 32: ANNUAL REPORT (Continued)

RECOMMENDATION:

The Board should prepare an annual report as required by the statute.

AUDITEE RESPONSE:

A policy has been established to file an annual report on July 1 of each year as required by RSA 332-B:5. The 1996 report was processed.

**AUDITOR'S REPORT ON MANAGEMENT ISSUES**

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have audited the accompanying financial statements of the Department of Agriculture, Markets and Food, of the State of New Hampshire for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995, and have issued our qualified report thereon dated August 29, 1996, which was qualified with respect to the accounting for agency funds, the lack of presentation of the financial position of the Department and the understatement of revenue in the Special Fund for the six months ended December 31, 1995.

We conducted our audit in accordance with generally accepted auditing standards and *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.

In planning and performing our audit of the financial statements of the New Hampshire Department of Agriculture, Markets and Food for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995 we noted certain issues related to the operation of the Department that merit management consideration but do not meet the definition of a reportable condition as defined by the American Institute of Certified Public Accountants, and were not issues of noncompliance with laws, regulations, contracts, and grants.

Those issues that we believe are worthy of management consideration but do not meet the criteria of reportable conditions or noncompliance are included on pages fifty-one through sixty-one.

This report is intended for the information of the management of the New Hampshire Department of Agriculture, Markets and Food and the Fiscal Committee of the General Court. However, this report is a matter of public record upon its acceptance by the Fiscal Committee and its distribution is not limited.

*Office of Legislative Budget Assistant*  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

August 29, 1996

# DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD

## MANAGEMENT ISSUES

### OBSERVATION NO. 33: STRENGTHENING THE DEPARTMENT'S ACCOUNTING CONTROL STRUCTURE

#### OBSERVATION:

As evidenced by the number and significance of the observations contained in this report, the Department has a weak and fragmented accounting structure. Many of the Department's accounting functions are performed by individuals with program expertise in the divisions and bureaus and are not regularly subject to the oversight of trained accountants in a business office. The highest level accounting position in the Department is an accounting technician.

#### RECOMMENDATIONS:

The Department needs to augment its staff with an individual with greater accounting expertise. The difficulties experienced by the Department as indicated by the comments in this report illustrate the need for an accountant-level position.

The Department needs assistance in effecting changes in its accounting systems and structure to address the issues raised in this report and future issues as they arise. The Department should work with the Department of Administrative Services to scrutinize all aspects of the financial operations of the Department with a goal of strengthening the oversight of the financial activity of the Department. Where appropriate, financial activity of the Department should be centralized to increase efficiency and to promote effective accounting review and oversight.

#### AUDITEE RESPONSE:

The Department concurs with the observation it needs to strengthen its accounting control structure.

Clearly, this will require additional appropriations and staff resources. In 1990, the business office capacity of the Department was cut in half with the retirement of a technician whose position was then abolished in order to meet budget reduction mandates. Subsequent budget cycles have seen further reductions in staffing elsewhere in the Department and no appropriations to reinstate the technician position or obtain additional staff for business functions.

The Department will endeavor to obtain resources to fully implement the recommendations of this observation, and hopes that the observations of the audit will generate support for obtaining such resources.

**OBSERVATION NO. 34: REORGANIZATION OF THE BUREAU OF WEIGHTS AND MEASURES**

**OBSERVATION:**

The Division of Markets and Standards, Bureau of Weights and Measures is responsible for the enforcement of laws and administrative rules regarding the commercial use of weighing and measuring devices. These duties include, but are not limited to, licensing commercial weighing and measuring devices, servicemen for devices, and weighmasters.

- The Bureau has six full-time employees, including the Bureau supervisor, and one part-time employee. The formal organization chart of the Department has all Bureau employees reporting to the Bureau supervisor. In practice, only two employees report to the Bureau supervisor. The three full-time employees and one part-time employee who do not report to the Bureau supervisor report directly to the Commissioner. This splitting of the lines of responsibility within the Bureau appears to be the result of an attempt by the Department to resolve personnel friction within the Bureau and does not appear to have been the result of a plan to promote better Bureau efficiency and effectiveness. Because essentially all Bureau employees perform the same job responsibilities, it would appear that the Bureau would operate more efficiently and effectively if all of its employees worked as a single unit reporting to one supervisor and not as two separate organizations.
- The Bureau has separate databases for 1) licensing commercial measuring devices (which is on FoxPro database software) and 2) registering servicemen and licensing weighmasters (which is on R:base database software). These databases are used to keep track of registrations and licenses issued by the Bureau and for preparing the invoices for the renewals of registrations and licenses.

One of the requirements for obtaining a license for a commercial weighing or measuring device is that it must be inspected by a licensed serviceman on an annual basis. The owners of the devices arrange for a licensed serviceman to annually inspect the devices. The database used for tracking commercial weighing and measuring devices does not contain information on the servicemen who inspected the device. If the two separate databases maintained by the Bureau were combined into one database, the Bureau could better track which servicemen are inspecting which commercial measuring devices.

**RECOMMENDATIONS:**

- The Department should consider reorganizing the Bureau to more effectively use the resources that are currently available. To promote efficiency and effectiveness in Bureau operations, all Bureau employees should report to a single supervisor.

**OBSERVATION NO. 34: REORGANIZATION OF THE BUREAU OF WEIGHTS AND MEASURES**  
**(Continued)**

**RECOMMENDATIONS (Continued):**

- The two separate databases maintained by the Bureau should be combined into one relational database to enable the Bureau to gain efficiency and better track compliance with applicable state laws and Administrative Rules. For example, by utilizing a single comprehensive database, all invoicing could be performed by one individual. Also, a single database with both device and servicemen information would allow investigators to cross check device inspections with servicemen performing those inspections.

**AUDITEE RESPONSE:**

The Department has reorganized and refocused the Bureau of Weights and Measures frequently over the past many years. With the existing personnel there is not adequate leadership talent to make a stand-alone structure work; this has been a longstanding problem exacerbated by the hiring and retention system. Thus, under instruction of a prior governor, the bureau personnel report to the commissioner. The Bureau has approximately 50 percent more devices to regulate now than it had in 1980—it had 10 employees then, six now.

If financial resources should become available, the Department will endeavor to establish a local area network to integrate the two Bureau databases and make the other recommended changes.

**OBSERVATION NO. 35: AGRICULTURAL PRODUCT AND SCALE TESTING FUND**

**OBSERVATION:**

Chapter 289:47, Laws of 1992 established the Agricultural Product and Scale Testing Fund, a separate non-lapsing account. Deposited into the account is one half of the fees collected from the registration of commercial feed. According to Department personnel, the purpose of the account is to help fund the Department's testing of scales and measuring devices of small businesses which have three or less commercial measuring devices and are unable to get licensed inspectors to test the equipment economically. Chapter 289:49 Laws of 1992 provided an initial appropriation of \$77,500 for fiscal year 1993 and established the account in a revolving fund. During the audit period, this account was recorded in the Department's Bureau of Markets. In fiscal year 1995 \$108,475 of revenue was recorded in the account and during the six months ended December 31, 1995 \$57,225 was posted as revenue in the account.

**OBSERVATION NO. 35: AGRICULTURAL PRODUCT AND SCALE TESTING FUND (Continued)**

OBSERVATION (Continued):

Two issues were noted related to the operation of this revolving account.

- During fiscal 1995 two automobiles with a total cost of \$26,870 were purchased out of this account. One of these vehicles was assigned to an employee in the Department's Division of Animal Industry and the other vehicle was assigned to an employee in the Department's Division of Plant Industry. Neither of these employees are involved in product or scale testing.

Expenditures totaling approximately \$9,000 for part-time salaries and travel expenses for non Division of Markets and Standards employees were also made from the account during fiscal year 1995.

- During our testing of Department revenue we requested information on businesses' compliance with the Bureau of Weights and Measures requirements for the certification of commercial measuring devices. Based on a computer report provided by the Bureau as of June 18, 1996, the date of audit testing, of 3,223 licensees, 2,023 licensees were in complete compliance with the Department's certification requirements, 324 were in partial compliance, and 876 were not certified. According to Department personnel, a significant number of the noncomplying licensees are farm stands and other small businesses, the types of businesses intended to be covered by the use of the Agricultural Product and Scale Testing Fund.

It appears that the Department is not using the Agricultural Product and Scale Testing Fund as intended.

RECOMMENDATION:

The Department should review its current uses of the Agricultural Product and Scale Testing Fund to insure that the Department's expenditures from the Fund are in accordance with the Fund's intended purpose. If the Department is unclear as to what are appropriate expenditures from the Fund, the Department should seek clarification from the Legislature.

AUDITEE RESPONSE:

Substantial change in the control of the use of the Agricultural Product and Scale Testing Fund is occurring as a consequence of the program being given its own separate PAU beginning in the FY 96 budget cycle with individual appropriation class lines adopted by the General Court. Reallocation of personnel time has occurred for purposes of bringing partially complying and non-complying licensees into compliance.

**OBSERVATION NO. 35: AGRICULTURAL PRODUCT AND SCALE TESTING FUND (Continued)**

**AUDITEE RESPONSE (Continued):**

Attaining full compliance for all licensees is an elusive goal in as much as many within the farmstand and small business sectors enter and exit business frequently and rapidly, requiring considerable expenditure of time trying to determine if the entities continue to exist from one year to the next.

**OBSERVATION NO. 36: COMMERCIAL MEASURING DEVICE LICENSES**

**OBSERVATION:**

All commercial weighing and measuring devices are required to be licensed by the Bureau of Weights and Measures. When a registered serviceman places a device into commercial service for the first time or inspects an existing commercial measuring device, a three-part Placed In Service/Inspection Report Form must be completed with a copy submitted to the Bureau. This procedure notifies the Bureau that a device is in service that is subject to licensing requirements.

The Bureau, upon receiving the Placed Into Service/Inspection Report Form, mails an application or a renewal form for a weighing and measuring device license, an invoice, and a license to the owner of the device.

The owner has 30 days to send in the license fee with a copy of the invoice. If the remittance is not sent in after 60 days, a reminder is sent. If the licensee does not respond to the reminder, generally nothing is done until the next renewal period. Eventually one of the two Bureau investigators will visit the owner to collect if a licensee is still delinquent after a year.

N.H. Admin. Rules, Agr 1408.02 (d) states, "If the initial or renewal fee is not paid after 30 days the license will expire." This is also printed on the invoice. The invoice also states that if it is not paid by a specific date (approximately two months after invoice date), the license will expire. N.H. Admin. Rules, Agr 1409.01 lists penalties for violations of Agr 1408.02, but the Department generally does not assess these penalties. It does not appear reasonable to wait one year prior to initiating collection activity for nonpayment of license fees.

**RECOMMENDATION:**

The Bureau should not send out a weighing and measuring device license until the device has been inspected by a licensed serviceman and the invoice for the license has been paid.



**OBSERVATION NO. 36: COMMERCIAL MEASURING DEVICE LICENSES (Continued)**

**RECOMMENDATION (Continued):**

If businesses are operating with an expired license or an uninspected commercial measuring device, the Bureau should consider assessing a fine for the violation as provided in the Bureau's Administrative Rules and prohibit the use of the commercial measuring device until all fees have been paid.

**AUDITEE RESPONSE:**

With improved data management capability expected to be achieved from a new computer system recently installed, it is expected that the Measuring Device License process will be streamlined and made more effective. The Department has already intensified monitoring delinquent accounts and has stepped up imposition of administrative fines to achieve better compliance. Field investigators have been collecting delinquent accounts and weeding out deadwood (out of business) accounts in the database. Combining the billing and the issuance of the device license was done to achieve postage savings, and dividing these functions would double costs—impossible with the present level of appropriations.

**OBSERVATION NO. 37: USE OF STATE-OWNED PASSENGER AUTOMOBILES**

**OBSERVATION:**

As part of our testing of equipment, we tested the Department's use of five of its 25 vehicles. For two of the five automobiles initially tested we noted that there was a high percentage of commuting miles reported in comparison to the total miles that these vehicles traveled during the audit period. We then expanded our scope to review the use of the Department's entire fleet of vehicles.

Twenty-two of the Department's 25 vehicles are permanently assigned to employees. According to the Department, seven of the employees who have assigned vehicles generally travel to the Concord office five days a week. Other employees who are assigned vehicles are in the Concord office several days a week while some are only infrequently in Concord.

The Department of Administrative Services (DAS) requires agencies to report, for federal income tax purposes, the number of days that employees have the use of state vehicles for commuting purposes. Each employee who uses a state vehicle for commuting must have the value for that use of the state vehicle included in their W-2 gross wages at \$3 per day of commuting use. Because of a misinterpretation of the reporting requirement by the Department, the days use reported by some Department employees included all work days that the employees had the vehicles and was not limited to only the work days that the cars were used for commuting purposes. The employees who overstated their commuting use of the vehicles had excessive income reported for federal income tax purposes.

**OBSERVATION NO. 37: USE OF STATE-OWNED PASSENGER AUTOMOBILES (Continued)**

**OBSERVATION (Continued):**

Because it appeared that the Department's reported commuting use of its vehicles was unreliable due to the Department's misinterpretation of the rules, we limited our analysis to a review of the seven vehicles assigned to employees who, according to the Department, travel to the Concord office approximately five days a week.

Commuting use of vehicles is reported as commuting days on a calendar-year basis. We used the average of the reported commuting days for these vehicles for the prior two calendar years as an estimate of the fiscal 1995 commuting use and one-half of that average as an estimate of the commuting use of the vehicle for the six month audit period. The estimate of the commuting mileage was determined by multiplying the round-trip mileage of the primary user of the vehicles by the estimate of the commuter days the vehicles were used. The following schedules report the result of this analysis.

**FISCAL YEAR 1995**

Plate	AGR33	AGR19	AGR30	AGR21	AGR40	AGR10	AGR32
Total Mileage	15,360	14,354	22,681	19,950	3,350	9,818	19,755
Avg. Commuting Days	216	182	218	193	195	134.5	163.5
Est. Commuting Mileage	12,528	6,916	16,568	11,966	2,340	4,035	19,755
Est. Business Mileage	2,832	7,438	6,113	7,984	1,010	5,783	-0-
Total Operating Costs	\$2,423	\$2,513	\$947	\$684	\$104	\$1,583	\$696
Cost Per Business Mile*	\$.86	\$.34	\$.43	\$.29	\$2.50	\$.52	N/A
* Cost per business mile was computed using the formula: (((Purchase Cost - 10%) / 5 years) + operating costs) / estimated business miles).							

**SIX MONTHS ENDED DECEMBER 31, 1995**

Plate	AGR33	AGR19	AGR30	AGR21	AGR40	AGR10	AGR32
Total Mileage	6,260	7,275	9,662	10,067	5,700	2,436	7,314
Avg. Commuting Days	108	91	109	96.5	97.5	67.25	81.75
Est. Commuting Mileage	6,264	3,458	8,284	5,983	1,170	2,018	10,301
Est. Business Mileage	-0-	3,817	1,378	4,084	4,530	418	-0-
Total Operating Costs	\$205	\$206	\$1,057	\$307	\$296	\$146	\$2,531
Cost Per Business Mile*	N/A	\$.33	\$1.39	\$.27	\$.33	\$2.06	N/A
* Cost per business mile was computed using the formula: (((Purchase Cost - 10%) / 5 years) + operating costs) / estimated business miles). The depreciation portion of the formula was adjusted to a half year for the six month period ending December 31, 1995.							

**OBSERVATION NO. 37: USE OF STATE-OWNED PASSENGER AUTOMOBILES (Continued)**

**OBSERVATION (Continued):**

In five out of seven of the vehicles that we tested it appeared that, based on miles traveled, the commuting use of the vehicles was greater than the business use.

**RECOMMENDATIONS:**

The Department should require the employees that are assigned state vehicles to maintain and submit formal accountings of the commuting and business use of the vehicles. The Department should notify its employees that for tax purposes only the days that the assigned vehicles are used to commute to the office are reportable. The days that the vehicles are used to commute to temporary work locations outside the city or town where the employee's office is located are not reportable for tax purposes.

The Department should review its vehicle utilization to ensure that Department vehicles are used primarily for state business and are not primarily used for commuting purposes. In this review the Department should consider that simply because the per-mile cost of a vehicle is less than the state reimbursement rate does not mean that continued assignment of the vehicle is appropriate. More efficient use of Department resources may result from the use of pooled or shared vehicles.

**AUDITEE RESPONSE:**

The Department agrees with the recommendations and is undertaking steps to correct deficiencies noted in the observations. Much of the problem in this area lies with a misunderstanding of the treatment for tax purposes of use of an employer-owned vehicle in travel between an employee's domicile and work locations. It was believed—erroneously—that if an employee drove to any location from his/her domicile to a work location and then returned to the domicile with the employer-owned vehicle at the end of the work day that constituted "commuting" use of the vehicle and thus was reportable for tax liability purposes. As a consequence of this audit all employees have been instructed to adhere to the correct procedure for reporting work use vs. commuting use of state vehicle, which should dramatically reduce commuting use. The Department will continuously review use of state-owned vehicles in order to assure compliance with state procedures and to achieve the most efficient use of scarce resources.

**OBSERVATION NO. 38: LOANING OF THE DEPARTMENT'S EQUIPMENT TO NON-STATE ORGANIZATIONS**

**OBSERVATION:**

During the course of our fieldwork we noted two instances where the Department had loaned state equipment to non-state entities without maintaining appropriate documentation of the loans.

- Approximately ten years ago the Department loaned an unspecified number of 500 and 1,000 pound class F cast iron test weights to a scale company located in the state. This loan occurred after the Department had surplused the truck that it had used to carry the weights. The scale company had use of these weights for approximately ten years prior to the company being seized by the federal government. A number of weights were returned to the Department after the seizure but, because one other state-owned weight later turned up at an auction, apparently not all of the state-owned weights were returned. Because no accurate records exist to document the loan, it is not possible to determine whether all of the state-owned weights have been accounted for. Because these weights were never included on the Department's equipment inventory, the historical cost of the weights is unknown.
- The Department has an \$8,000 replica of a covered bridge which was originally used in an exhibit at the Eastern States Exposition. According to Department personnel, when the replica was no longer needed for the exhibit, it was loaned to the Cornish Fair Association. There is no documentation to support the loan and the replica is not included on the Department's equipment inventory.

**RECOMMENDATION:**

Department equipment generally should not be loaned to non-state organizations. If, on occasion, a loan of equipment is appropriate, the reason for the loan should be properly documented and the equipment should be returned as soon as that appropriate need is satisfied. If the Department no longer has need for any items of equipment, the equipment should be surplused through the state's surplus property program.

**AUDITEE RESPONSE:**

The Department has determined that all of the test weights referenced in the observation have been recovered. Inasmuch as the employee who apparently authorized the loan of the weights retired some years ago and cannot be reached, it is not known under what circumstances the loan took place. No further loans of such equipment are contemplated nor will they be authorized.

**OBSERVATION NO. 38: LOANING OF THE DEPARTMENT'S EQUIPMENT TO NON-STATE ORGANIZATIONS (Continued)**

**AUDITEE RESPONSE (Continued):**

The covered bridge exhibit was loaned to the Cornish Fair in recognition of its being a replica of an historic bridge in Cornish. The fair has painted, repaired and maintained the exhibit in a clean, dry, secure location at its cost and it is available for future use of the Department in constructing exhibits and displays at the state building at Eastern States Exposition. The exhibit is inspected annually by the commissioner.

**OBSERVATION NO. 39: PULLORUM TESTING REVENUE IS NOT COVERING COSTS**

**OBSERVATION:**

The Department charges commercial chicken hatcheries \$.15 per bird for Department employees to perform Salmonella pullorum tests and \$.10 per bird for performing M.s. and M.g. tests. The majority of the testing is performed at commercial hatcheries located in the state. Private flock owners are charged \$15 per day plus mileage for Department testing of up to 60 birds, with an additional charge of \$.25 per bird for testing over sixty birds. The fees charged by the Department for its pullorum testing program have not been established by either administrative rule or by statute. During fiscal year 1995 and the six months ended December 31, 1995 pullorum testing generated \$16,428 and \$6,396 in revenue, respectively.

The Department does not have support to document whether the revenue from its pullorum testing program covers its testing costs. Based upon a cost analysis performed by the LBA, the cost to the Department to run the pullorum testing program during fiscal year 1995 and the six months ended December 31, 1995 was approximately \$32,000 and \$13,000 respectively. Based on this analysis, costs exceeded revenue by approximately \$16,000 and \$7,000 in fiscal year 1995 and the six months ended December 31, 1995, respectively.

**RECOMMENDATIONS:**

The Department should have its pullorum testing fees established either by administrative rule or by requesting appropriate legislation.

The Department should examine its cost to run the pullorum testing program and establish testing fees at least sufficient to cover the Department's cost to administer the testing.

OBSERVATION NO. 39: PULLORUM TESTING REVENUE IS NOT COVERING COSTS  
(Continued)

AUDITEE RESPONSE:

The Department has examined its cost to run Salmonella pullorum testing as well as all other laboratory functions. Rulemaking has been initiated to increase fees to cover costs of the S. pullorum, M.s. and M.g. Starting January 1, 1997, the Department will have new pricing in effect. Also included will be car mileage at .31 cents per mile.

**INDEPENDENT AUDITOR'S REPORT**

TO THE FISCAL COMMITTEE OF THE GENERAL COURT:

We have audited the accompanying financial statements of the Department of Agriculture, Markets and Food, of the State of New Hampshire for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995. These financial statements are the responsibility of the management of the New Hampshire Department of Agriculture, Markets and Food. Our responsibility is to express an opinion on the financial statements based on our audit.

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

As more fully described in NOTE 1, the New Hampshire Department of Agriculture, Markets and Food does not have complete financial records to support the amounts included in the Department's agency funds. Accordingly, we were unable to examine sufficient evidential matter to support such amounts.

As more fully discussed in NOTE 1, the financial statements referred to in the first paragraph are not intended to present the financial position of the New Hampshire Department of Agriculture, Markets and Food in the General, Special and Capital Projects Funds.

As more fully discussed in NOTE 5, the New Hampshire Department of Agriculture, Markets and Food did not record accounts receivable in accordance with generally accepted accounting principles at December 31, 1995 and thus understated revenue for the six months ended December 31, 1995 in the Special Fund by \$59,457.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had our audit not been limited in scope as discussed in the third paragraph and the matters discussed in the fourth and fifth paragraphs, the financial statements referred to in the first paragraph present fairly, in all material respects, certain financial activity of the New Hampshire Department of Agriculture, Markets and Food for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995 in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements referred to in the first paragraph. The accompanying Schedules of Budgetary Components and Federal Financial Assistance (Cash Basis) are presented on pages eighty-eight to ninety-five for the purpose of additional analysis and are not required parts of the financial statements of the New Hampshire Department of Agriculture, Markets and Food. Such information has been subjected to the auditing procedures applied in our audit of the financial statements referred to in the first paragraph and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 1996 on our consideration of the New Hampshire Department of Agriculture, Markets and Food's internal control structure and a report dated August 29, 1996 on its compliance with laws and regulations.

*Office of Legislative Budget Assistant*  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

August 29, 1996



**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD AND  
BOARD OF VETERINARY MEDICINE**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
GENERAL AND SPECIAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 1995**

	DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD		
	GENERAL FUND	SPECIAL FUND	TOTAL (MEMO ONLY)
<b><u>UNRESTRICTED REVENUES</u></b>			
Bureau of Weights and Measures	\$ 328,579	\$ -0-	\$ 328,579
Division of Pesticide Control	310,048	-0-	310,048
Feeds, Fertilizers and Lime	197,455	-0-	197,455
Animal Population Control Fees	179,451	-0-	179,451
Weekly Market Bulletin	127,496	-0-	127,496
Veterinary Examiners Fees	-0-	-0-	-0-
Miscellaneous	46,670	-0-	46,670
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$1,189,699</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$1,189,699</u></b>
<b><u>RESTRICTED REVENUES</u></b>			
Federal Funds	\$ 85,999	\$214,410	\$ 300,409
Agriculture Product/Scale Testing	108,475	-0-	108,475
Dog License Fees	49,893	-0-	49,893
Eastern States Exposition	34,710	-0-	34,710
Promotional Agricultural Project	944	-0-	944
Apple Assessment	22,663	-0-	22,663
Miscellaneous	2,191	-0-	2,191
<b>TOTAL RESTRICTED REVENUES</b>	<b><u>\$ 304,875</u></b>	<b><u>\$214,410</u></b>	<b><u>\$ 519,285</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$1,494,574</u></b>	<b><u>\$214,410</u></b>	<b><u>\$1,708,984</u></b>
<b><u>EXPENDITURES</u></b>			
Division of Animal Industry	\$ 383,958	\$ -0-	\$ 383,958
Division of Agricultural Development	284,379	-0-	284,379
Bureau of Weights and Measures	246,431	-0-	246,431
Bureau of Markets	222,293	-0-	222,293
Office of Commissioner	207,694	-0-	207,694
Division of Pesticide Control	191,876	218,730	410,606
Division of Plant Industry	153,536	-0-	153,536
Animal Population Control	141,099	-0-	141,099
Agriculture Product/Scale Testing	-0-	-0-	-0-
Veterinary Diagnostic Lab	75,556	-0-	75,556
Board of Veterinary Medicine	-0-	-0-	-0-
Soil Conservation	23,834	-0-	23,834
Miscellaneous	9,062	-0-	9,062
<b>TOTAL EXPENDITURES</b>	<b><u>\$1,939,718</u></b>	<b><u>\$218,730</u></b>	<b><u>\$2,158,448</u></b>

The accompanying notes are an integral

**BOARD OF  
VETERINARY MEDICINE**

GENERAL  
FUND

COMBINED TOTAL (MEMO ONLY)

GENERAL  
FUND

SPECIAL  
FUND

TOTAL

\$ -0-	\$ 328,579	\$ -0-	\$ 328,579
-0-	310,048	-0-	310,048
-0-	197,455	-0-	197,455
-0-	179,451	-0-	179,451
-0-	127,496	-0-	127,496
61,942	61,942	-0-	61,942
-0-	46,670	-0-	46,670
<b><u>\$61,942</u></b>	<b><u>\$1,251,641</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$1,251,641</u></b>

\$ -0-	\$ 85,999	\$214,410	\$ 300,409
-0-	108,475	-0-	108,475
-0-	49,893	-0-	49,893
-0-	34,710	-0-	34,710
-0-	944	-0-	944
-0-	22,663	-0-	22,663
-0-	2,191	-0-	2,191
<b><u>\$ -0-</u></b>	<b><u>\$ 304,875</u></b>	<b><u>\$214,410</u></b>	<b><u>\$ 519,285</u></b>
<b><u>\$61,942</u></b>	<b><u>\$1,556,516</u></b>	<b><u>\$214,410</u></b>	<b><u>\$1,770,926</u></b>

\$ -0-	\$ 383,958	\$ -0-	\$ 383,958
-0-	284,379	-0-	284,379
-0-	246,431	-0-	246,431
-0-	222,293	-0-	222,293
-0-	207,694	-0-	207,694
-0-	191,876	218,730	410,606
-0-	153,536	-0-	153,536
-0-	141,099	-0-	141,099
-0-	-0-	-0-	-0-
-0-	75,556	-0-	75,556
42,178	42,178	-0-	42,178
-0-	23,834	-0-	23,834
-0-	9,062	-0-	9,062
<b><u>\$42,178</u></b>	<b><u>\$1,981,896</u></b>	<b><u>\$218,730</u></b>	<b><u>\$2,200,626</u></b>

part of these financial statements.

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD AND  
BOARD OF VETERINARY MEDICINE**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
GENERAL AND SPECIAL FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1995**

	<b>DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD</b>		
	<u>GENERAL</u>	<u>SPECIAL</u>	<u>TOTAL</u>
	<u>FUND</u>	<u>FUND</u>	<u>(MEMO ONLY)</u>
<b><u>UNRESTRICTED REVENUES</u></b>			
Bureau of Weights and Measures	\$177,203	\$ -0-	\$ 177,203
Division of Pesticide Control	299,793	-0-	299,793
Feeds, Fertilizers and Lime	108,655	-0-	108,655
Animal Population Control Fees	68,902	-0-	68,902
Weekly Market Bulletin	74,709	-0-	74,709
Veterinary Examiners Fees	-0-	-0-	-0-
Miscellaneous	<u>19,461</u>	<u>-0-</u>	<u>19,461</u>
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$748,723</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 748,723</u></b>
<b><u>RESTRICTED REVENUES</u></b>			
Federal Funds	\$ 9,532	\$ 75,756	\$ 85,288
Agriculture Product/Scale Testing	57,225	-0-	57,225
Dog License Fees	1,445	-0-	1,445
Eastern States Exposition	41,073	-0-	41,073
Promotional Agricultural Project	484	-0-	484
Apple Assessment	12,192	-0-	12,192
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL RESTRICTED REVENUES</b>	<b><u>\$121,951</u></b>	<b><u>\$ 75,756</u></b>	<b><u>\$ 197,707</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$870,674</u></b>	<b><u>\$ 75,756</u></b>	<b><u>\$ 946,430</u></b>
<b><u>EXPENDITURES</u></b>			
Division of Animal Industry	\$213,367	\$ -0-	\$ 213,367
Division of Agricultural Development	154,521	-0-	154,521
Bureau of Weights and Measures	113,502	-0-	113,502
Bureau of Markets	72,411	-0-	72,411
Office of Commissioner	103,416	-0-	103,416
Division of Pesticide Control	85,234	105,699	190,933
Division of Plant Industry	86,215	-0-	86,215
Animal Population Control	103,991	-0-	103,991
Agriculture Product/Scale Testing	31,091	-0-	31,091
Veterinary Diagnostic Lab	1,253	-0-	1,253
Board of Veterinary Medicine	-0-	-0-	-0-
Soil Conservation	376	-0-	376
Miscellaneous	<u>5,688</u>	<u>-0-</u>	<u>5,688</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$971,065</u></b>	<b><u>\$105,699</u></b>	<b><u>\$1,076,764</u></b>

The accompanying notes are an integral

**BOARD OF  
VETERINARY MEDICINE**

<u>GENERAL FUND</u>	<u>COMBINED TOTAL (MEMO ONLY)</u>		
	<u>GENERAL FUND</u>	<u>SPECIAL FUND</u>	<u>TOTAL</u>
\$ -0-	\$ 177,203	\$ -0-	\$ 177,203
-0-	299,793	-0-	299,793
-0-	108,655	-0-	108,655
-0-	68,902	-0-	68,902
-0-	74,709	-0-	74,709
42,985	42,985	-0-	42,985
-0-	19,461	-0-	19,461
<u>\$42,985</u>	<u>\$ 791,708</u>	<u>\$ -0-</u>	<u>\$ 791,708</u>
\$ -0-	\$ 9,532	\$ 75,756	\$ 85,288
-0-	57,225	-0-	57,225
-0-	1,445	-0-	1,445
-0-	41,073	-0-	41,073
-0-	484	-0-	484
-0-	12,192	-0-	12,192
-0-	-0-	-0-	-0-
<u>\$ -0-</u>	<u>\$ 121,951</u>	<u>\$ 75,756</u>	<u>\$ 197,707</u>
<u>\$42,985</u>	<u>\$ 913,659</u>	<u>\$ 75,756</u>	<u>\$ 989,415</u>
\$ -0-	\$ 213,367	\$ -0-	\$ 213,367
-0-	154,521	-0-	154,521
-0-	113,502	-0-	113,502
-0-	72,411	-0-	72,411
-0-	103,416	-0-	103,416
-0-	85,234	105,699	190,933
-0-	86,215	-0-	86,215
-0-	103,991	-0-	103,991
-0-	31,091	-0-	31,091
-0-	1,253	-0-	1,253
29,753	29,753	-0-	29,753
-0-	376	-0-	376
-0-	5,688	-0-	5,688
<u>\$29,753</u>	<u>\$1,000,818</u>	<u>\$105,699</u>	<u>\$1,106,517</u>

part of these financial statements.

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL AND SPECIAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 1995**

	<u>GENERAL FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE/ (UNFAVORABLE) VARIANCE</u>
<b><u>UNRESTRICTED REVENUES</u></b>			
Bureau of Weights and Measures	\$ 255,000	\$ 328,579	\$ 73,579
Division of Pesticide Control	267,950	310,048	42,098
Feeds, Fertilizers and Lime	147,575	197,455	49,880
Animal Population Control Fees	-0-	179,451	179,451
Weekly Market Bulletin	108,000	127,496	19,496
Miscellaneous	50,940	46,670	( 4,270)
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$ 829,465</u></b>	<b><u>\$1,189,699</u></b>	<b><u>\$360,234</u></b>
<b><u>RESTRICTED REVENUES</u></b>			
Federal Funds	\$ 152,722	\$ 85,999	\$(66,723)
Agriculture Product/Scale Testing	85,700	108,475	22,775
Dog License Fees	-0-	49,893	49,893
Eastern States Exposition	-0-	34,710	34,710
Promotional Agricultural Project	37,357	944	(36,413)
Apple Assessment	20,000	22,663	2,663
Miscellaneous	-0-	2,191	2,191
<b>TOTAL RESTRICTED REVENUES</b>	<b><u>\$ 295,779</u></b>	<b><u>\$ 304,875</u></b>	<b><u>\$ 9,096</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$1,125,244</u></b>	<b><u>\$1,494,574</u></b>	<b><u>\$369,330</u></b>
<b><u>EXPENDITURES</u></b>			
Division of Animal Industry	\$ 391,152	\$ 383,958	\$ 7,194
Division of Agricultural Development	363,507	284,379	79,128
Bureau of Weights and Measures	247,137	246,431	706
Bureau of Markets	237,479	222,293	15,186
Office of Commissioner	214,825	207,694	7,131
Division of Pesticide Control	221,217	191,876	29,341
Division of Plant Industry	161,254	153,536	7,718
Animal Population Control	182,307	141,099	41,208
Agriculture Product/Scale Testing	-0-	-0-	-0-
Dog License Fees	33,347	75,556	(42,209)
Soil Conservation	25,469	23,834	1,635
Miscellaneous	54,344	9,062	45,282
<b>TOTAL EXPENDITURES</b>	<b><u>\$2,132,038</u></b>	<b><u>\$1,939,718</u></b>	<b><u>\$192,320</u></b>

The accompanying notes are an integral

SPECIAL FUND			COMBINED TOTAL (MEMO ONLY)		
BUDGET	ACTUAL	FAVORABLE/ (UNFAVORABLE) VARIANCE	BUDGET	ACTUAL	FAVORABLE/ (UNFAVORABLE) VARIANCE
\$ -0-	\$ -0-	\$ -0-	\$ 255,000	\$ 328,579	\$ 73,579
-0-	-0-	-0-	267,950	310,048	42,098
-0-	-0-	-0-	147,575	197,455	49,880
-0-	-0-	-0-	-0-	179,451	179,451
-0-	-0-	-0-	108,000	127,496	19,496
-0-	-0-	-0-	50,940	46,670	( 4,270)
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 829,465</u>	<u>\$1,189,699</u>	<u>\$ 360,234</u>
\$263,570	\$214,410	\$ (49,160)	\$ 416,292	\$ 300,409	\$ (115,883)
-0-	-0-	-0-	85,700	108,475	22,775
-0-	-0-	-0-	-0-	49,893	49,893
-0-	-0-	-0-	-0-	34,710	34,710
-0-	-0-	-0-	37,357	944	( 36,413)
-0-	-0-	-0-	20,000	22,663	2,663
-0-	-0-	-0-	-0-	2,191	2,191
<u>\$263,570</u>	<u>\$214,410</u>	<u>\$ (49,160)</u>	<u>\$ 559,349</u>	<u>\$ 519,285</u>	<u>\$ ( 40,064)</u>
<u>\$263,570</u>	<u>\$214,410</u>	<u>\$ (49,610)</u>	<u>\$1,388,814</u>	<u>\$1,708,984</u>	<u>\$ 320,170</u>
\$ -0-	\$ -0-	\$ -0-	\$ 391,152	\$ 383,958	\$ 7,194
-0-	-0-	-0-	363,507	284,379	79,128
-0-	-0-	-0-	247,137	246,431	706
-0-	-0-	-0-	237,479	222,293	15,186
-0-	-0-	-0-	214,825	207,694	7,131
271,572	218,730	52,842	492,789	410,606	82,183
-0-	-0-	-0-	161,254	153,536	7,718
-0-	-0-	-0-	182,307	141,099	41,208
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	33,347	75,556	( 42,209)
-0-	-0-	-0-	25,469	23,834	1,635
-0-	-0-	-0-	54,344	9,062	45,282
<u>\$271,572</u>	<u>\$218,730</u>	<u>\$ 52,842</u>	<u>\$2,403,610</u>	<u>\$2,158,448</u>	<u>\$ 245,162</u>

part of these financial statements.

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL AND SPECIAL FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1995**

	<u>GENERAL FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE/ (UNFAVORABLE) VARIANCE</u>
<b><u>UNRESTRICTED REVENUES</u></b>			
Bureau of Weights and Measures	\$ 294,900	\$177,203	\$( 117,697)
Division of Pesticide Control	428,000	299,793	( 128,207)
Feeds, Fertilizers and Lime	209,500	108,655	( 100,845)
Animal Population Control Fees	160,000	68,902	( 91,098)
Weekly Market Bulletin	175,000	74,709	( 100,291)
Miscellaneous	<u>49,485</u>	<u>19,461</u>	<u>( 30,024)</u>
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$1,316,885</u></b>	<b><u>\$748,723</u></b>	<b><u>\$( 568,162)</u></b>
<b><u>RESTRICTED REVENUES</u></b>			
Federal Funds	\$ 85,722	\$ 9,532	\$( 76,190)
Agriculture Product/Scale Testing	91,870	57,225	( 34,645)
Dog License Fees	-0-	1,445	1,445
Eastern States Exposition	23,000	41,073	18,073
Promotional Agricultural Project	21,355	484	( 20,871)
Apple Assessment	30,000	12,192	( 17,808)
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL RESTRICTED REVENUES</b>	<b><u>\$ 251,947</u></b>	<b><u>\$121,951</u></b>	<b><u>\$( 129,996)</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$1,568,832</u></b>	<b><u>\$870,674</u></b>	<b><u>\$( 698,158)</u></b>
<b><u>EXPENDITURES</u></b>			
Division of Animal Industry	\$ 394,716	\$213,367	\$ 181,349
Division of Agricultural Development	376,235	154,521	221,714
Bureau of Weights and Measures	199,950	113,502	86,448
Bureau of Markets	128,428	72,411	56,017
Office of Commissioner	212,779	103,416	109,363
Division of Pesticide Control	181,427	85,234	96,193
Division of Plant Industry	169,122	86,215	82,907
Animal Population Control	180,000	103,991	76,009
Agriculture Product/Scale Testing	118,568	31,091	87,477
Dog License Fees	7,684	1,253	6,431
Soil Conservation	21,283	376	20,907
Miscellaneous	<u>60,155</u>	<u>5,688</u>	<u>54,467</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$2,050,347</u></b>	<b><u>\$971,065</u></b>	<b><u>\$1,079,282</u></b>

The accompanying notes are an integral

<u>SPECIAL FUND</u>			<u>COMBINED TOTAL (MEMO ONLY)</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE/ (UNFAVORABLE) VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE/ (UNFAVORABLE) VARIANCE</u>
\$ -0-	\$ -0-	\$ -0-	\$ 294,900	\$ 177,203	\$ ( 117,697)
-0-	-0-	-0-	428,000	299,793	( 128,207)
-0-	-0-	-0-	209,500	108,655	( 100,845)
-0-	-0-	-0-	160,000	68,902	( 91,098)
-0-	-0-	-0-	175,000	74,709	( 100,291)
-0-	-0-	-0-	49,485	19,461	( 30,024)
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$1,316,885</u>	<u>\$ 748,723</u>	<u>\$ ( 568,162)</u>
\$301,946	\$ 75,756	\$ (226,190)	\$ 387,668	\$ 85,288	\$ ( 302,380)
-0-	-0-	-0-	91,870	57,225	( 34,645)
-0-	-0-	-0-	-0-	1,445	1,445
-0-	-0-	-0-	23,000	41,073	18,073
-0-	-0-	-0-	21,355	484	( 20,871)
-0-	-0-	-0-	30,000	12,192	( 17,808)
-0-	-0-	-0-	-0-	-0-	-0-
<u>\$301,946</u>	<u>\$ 75,756</u>	<u>\$ (226,190)</u>	<u>\$ 553,893</u>	<u>\$ 197,707</u>	<u>\$ ( 356,186)</u>
<u>\$301,946</u>	<u>\$ 75,756</u>	<u>\$ (226,190)</u>	<u>\$1,870,778</u>	<u>\$ 946,430</u>	<u>\$ ( 924,348)</u>
\$ -0-	\$ -0-	\$ -0-	\$ 394,716	\$ 213,367	\$ 181,349
-0-	-0-	-0-	376,235	154,521	221,714
-0-	-0-	-0-	199,950	113,502	86,448
-0-	-0-	-0-	128,428	72,411	56,017
-0-	-0-	-0-	212,779	103,416	109,363
305,629	105,699	199,930	487,056	190,933	296,123
-0-	-0-	-0-	169,122	86,215	82,907
-0-	-0-	-0-	180,000	103,991	76,009
-0-	-0-	-0-	118,568	31,091	87,477
-0-	-0-	-0-	7,684	1,253	6,431
-0-	-0-	-0-	21,283	376	20,907
-0-	-0-	-0-	60,155	5,688	54,467
<u>\$305,629</u>	<u>\$105,699</u>	<u>\$ 199,930</u>	<u>\$2,355,976</u>	<u>\$1,076,764</u>	<u>\$1,279,212</u>

part of these financial statements.



**STATE OF NEW HAMPSHIRE  
BOARD OF VETERINARY MEDICINE**

**STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995**

	<u>GENERAL FUND</u>		<u>FAVORABLE/ (UNFAVORABLE) VARIANCE</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	
<b><u>UNRESTRICTED REVENUES (NOTE 1)</u></b>			
Veterinary Examiners Fees	\$56,000	\$61,942	\$ 5,942
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$56,000</u></b>	<b><u>\$61,942</u></b>	<b><u>\$ 5,942</u></b>
<b><u>EXPENDITURES</u></b>			
Board of Veterinary Medicine	\$44,579	\$42,178	\$ 2,401
<b>TOTAL EXPENDITURES</b>	<b><u>\$44,579</u></b>	<b><u>\$42,178</u></b>	<b><u>\$ 2,401</u></b>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW HAMPSHIRE  
BOARD OF VETERINARY MEDICINE**

**STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1995**

	<u>GENERAL FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE/ (UNFAVORABLE) VARIANCE</u>
<b><u>UNRESTRICTED REVENUES (NOTE 1)</u></b>			
Veterinary Examiners Fees	\$ <u>64,962</u>	\$ <u>42,985</u>	\$ <u>(21,977)</u>
<b>TOTAL UNRESTRICTED REVENUES</b>	<b>\$<u>64,962</u></b>	<b>\$<u>42,985</u></b>	<b>\$ <u>(21,977)</u></b>
<b><u>EXPENDITURES</u></b>			
Board of Veterinary Medicine	\$ <u>47,665</u>	\$ <u>29,753</u>	\$ <u>17,912</u>
<b>TOTAL EXPENDITURES</b>	<b>\$<u>47,665</u></b>	<b>\$<u>29,753</u></b>	<b>\$ <u>17,912</u></b>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**STATEMENT OF CAPITAL PROJECTS FUND ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995**

Balance Forward July 1, 1994	\$4,865
<b><u>APPROPRIATIONS AND REVENUE</u></b>	
Appropriations	-0-
Less: Anticipated restricted revenue from sources other than the General fund	-0-
Net Appropriations	-0-
Actual restricted revenue from sources other than the General Fund	-0-
Net Transfers In/(Out)	-0-
TOTAL AVAILABLE	\$4,865
<b><u>EXPENDITURES</u></b>	
Land Rights Acquisition	\$ 27
Eastern States Exposition Building Repair	-0-
TOTAL EXPENDITURES	\$ 27
Funds (lapsed to)/drawn from the General Fund	-0-
Balance to be carried forward	\$4,838
Less: Unliquidated Encumbrances	-0-
Available Balance June 30, 1995	\$4,838

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**STATEMENT OF CAPITAL PROJECTS FUND ACTIVITY  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1995**

Balance Forward July 1, 1995 \$ 4,838

**APPROPRIATIONS AND REVENUE**

Appropriations	
Eastern States Exhibition Building Repair	245,000
Less: Anticipated restricted revenue from sources other than the General fund	<u>-0-</u>

Net Appropriations 245,000

Actual restricted revenue from sources  
other than the General Fund -0-

Net Transfers In/(Out) -0-

TOTAL AVAILABLE \$249,838

**EXPENDITURES**

Land Rights Acquisition	\$ -0-
Eastern States Exposition Building Repair	<u>-0-</u>

TOTAL EXPENDITURES \$ -0-

Funds (lapsed to)/drawn from the General Fund -0-

Balance to be carried forward \$249,838

Less: Unliquidated Encumbrances 29,000

Available Balance December 31, 1995 \$220,838

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995**

	<u>BALANCE</u> <u>7/1/94</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/95</u>
<b><u>CHAMPIONS OF NEW HAMPSHIRE FARMS</u></b>				
<u>ASSETS</u>				
Cash and Cash Equivalents (NOTE 2)	\$ <u>9,485</u>	\$ <u>122,820</u>	\$ <u>122,837</u>	\$ <u>9,468</u>
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ <u>9,485</u>	\$ <u>122,820</u>	\$ <u>122,837</u>	\$ <u>9,468</u>
<b><u>NEW HAMPSHIRE FARM AND FOREST EXPOSITION</u></b>				
<u>ASSETS</u>				
Cash and Cash Equivalents (NOTE 2)	\$ <u>7,121</u>	\$ <u>38,807</u>	\$ <u>32,406</u>	\$ <u>13,522</u>
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ <u>7,121</u>	\$ <u>38,807</u>	\$ <u>32,406</u>	\$ <u>13,522</u>
<b><u>TOTALS - AGENCY FUNDS</u></b>				
<u>ASSETS</u>				
Cash and Cash Equivalents (NOTE 2)	\$ <u>16,606</u>	\$ <u>161,627</u>	\$ <u>155,243</u>	\$ <u>22,990</u>
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ <u>16,606</u>	\$ <u>161,627</u>	\$ <u>155,243</u>	\$ <u>22,990</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1995**

	<u>BALANCE</u> <u>7/1/95</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/95</u>
<b><u>CHAMPIONS OF NEW HAMPSHIRE FARMS</u></b>				
<u>ASSETS</u>				
Cash and Cash Equivalents (NOTE 2)	\$ <u>9,468</u>	\$ <u>108,047</u>	\$ <u>107,691</u>	\$ <u>9,824</u>
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ <u>9,468</u>	\$ <u>108,047</u>	\$ <u>107,691</u>	\$ <u>9,824</u>
<b><u>NEW HAMPSHIRE FARM AND FOREST EXPOSITION</u></b>				
<u>ASSETS</u>				
Cash and Cash Equivalents (NOTE 2)	\$ <u>13,522</u>	\$ <u>22,164</u>	\$ <u>6,016</u>	\$ <u>29,670</u>
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ <u>13,522</u>	\$ <u>22,164</u>	\$ <u>6,016</u>	\$ <u>29,670</u>
<b><u>TOTALS - AGENCY FUNDS</u></b>				
<u>ASSETS</u>				
Cash and Cash Equivalents (NOTE 2)	\$ <u>22,990</u>	\$ <u>130,211</u>	\$ <u>113,707</u>	\$ <u>39,494</u>
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ <u>22,990</u>	\$ <u>130,211</u>	\$ <u>113,707</u>	\$ <u>39,494</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**A. FINANCIAL REPORTING ENTITY**

The Department of Agriculture, Markets and Food is an organization of the primary government of the State of New Hampshire established under New Hampshire Revised Statutes Annotated 425:1. The accompanying financial statements report certain financial activity of the New Hampshire Department of Agriculture, Markets and Food, including the administratively attached Board of Veterinary Medicine. The financial activity of the Department is accounted for in the General, Special, and Capital Projects Funds of the State of New Hampshire's Comprehensive Annual Financial Report (CAFR). Assets, liabilities and fund balances are reported by fund for the State as a whole in the CAFR. The Department, as an organization of the primary government, accounts for only a small portion of the General, Special and Capital Projects Funds and those assets, liabilities and fund balances as reported in the CAFR that are attributable to the Department cannot be determined. Accordingly, the accompanying financial statements are not intended to show the financial position of the Department in the General, Special, and Capital Projects Funds and the changes in these fund balances are not reported on the accompanying financial statements.

**B. BASIS OF PRESENTATION - FUND ACCOUNTING**

*Financial Statements*

The financial statements of the Department have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

*Fund Accounting*

The State of New Hampshire and the Department use funds and account groups to report on financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **B. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)**

##### GOVERNMENTAL FUND TYPES

###### *General Fund*

The General Fund accounts for all financial transactions not specifically accounted for in any other fund. By law, and with certain exceptions, all revenues of governmental funds are paid daily into the State Treasury. All such revenues, other than certain designated revenues, are credited to the General Fund. Annual expenditures that are not allocated by law to other funds are charged to the General Fund.

###### *Special Fund*

The State allocates to the Special Fund expenditures and revenues of programs which, by statute, operate primarily from specific program revenues, such as user fees or federal grants-in-aid. The unexpended balances of appropriations for programs that lapse are transferred to the General Fund. The Special Fund is used to account for specific revenue sources that are legally restricted to expenditures for specific purposes.

###### *Capital Projects Fund*

The State records in the Capital Projects Fund certain capital improvement appropriations which are or will be primarily funded by the issuance of State bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

###### *Agency Funds (Unaudited)*

Agency funds are used to account for fiduciary relationships involving only custodial or modest management responsibilities. They report assets received for, and disbursed to, other organizations, groups or individuals. Agency funds are accounted for using the modified accrual basis of accounting and do not report a fund equity balance or measure results of operations. Agency fund activity is shown in a statement of changes in assets and liabilities.

The Champions of N.H. Farms Fund and the New Hampshire Farm and Forest Exposition Fund are the two Department agency funds. The trustees of these two funds are nonprofit corporations incorporated in New Hampshire. The objective of the Champions of N.H. Farms organization is to promote the variety, quality and value of the state's agricultural crops through activities at the Eastern States Exposition and other places. The objective of the New Hampshire Farm and Forest Exposition organization is to provide information and education to producers in all areas of agriculture and to



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **B. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)**

##### GOVERNMENTAL FUND TYPES (Continued)

##### *Agency Funds (Unaudited) (Continued)*

bring together New Hampshire's farming community to share ideas and views on problems and needs of the industry. The Department provides clerical and administrative control over the funds and the accounts the funds are deposited in.

Presently, the Department does not have complete financial records to support the amounts reported in its agency funds.

##### ACCOUNT GROUP

##### *General Fixed Assets*

General fixed assets acquired by the Department for the performance of its operations are reflected in the General Fixed Assets Account Group at the time of acquisition. As of June 30, 1995, and December 31, 1995, the Department had recorded in the General Fixed Assets Account Group the cost of general fixed assets based on available historical cost records. Donated fixed assets are recorded at fair market value at the time donated.

#### **C. BASIS OF ACCOUNTING**

The State of New Hampshire accounts for its financial transactions related to the General, Special and Capital Projects Funds on the modified accrual basis of accounting, under which revenues are recognized when measurable and available to finance operations during the year. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period. Expenditures are recognized in the period in which obligations are incurred as a result of the receipt of goods or services.

#### **D. BUDGETARY DATA**

##### *General Budget Policies*

The statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature. This budget consists of three parts: Part I is the Governor's program for meeting all expenditure needs as well as estimating revenues to be received; Part II is a detailed breakdown of

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. BUDGETARY DATA (Continued)

##### *General Budget Policies (Continued)*

the budget at the department level for appropriations to meet the expenditure needs of the government; Part III consists of draft appropriation bills for the appropriations made in the proposed budget. The operations of the Department are budgeted in the General and Special Funds.

The New Hampshire biennial budget is composed of the initial operating budget and supplemented by additional appropriations. These additional appropriations and estimated revenues from various sources are authorized by Governor and Council action, annual session laws, and existing statutes which require appropriations under certain circumstances. As shown on the Schedule of Budgetary Components-General Fund and on the Schedule of Budgetary Components-Special Fund on pages eighty-eight through ninety-one, the final budgeted amount includes the initial operating budget plus supplemental appropriation warrants, balances brought forward, transfers, and lapses.

A Combined Statement of Revenues and Expenditures-Budget and Actual-General and Special Funds is presented as part of the Department's financial statements.

When statements are presented at an interim date, a date other than a June 30 fiscal year end, the variance reflects the difference between the twelve month budgeted amount and a partial year's actual revenue and expenditures. Thus, on the six month financial statements dated December 31, 1995, unfavorable variances in revenues are expected, because six months of actual receipts are compared to the amount of revenue expected to be collected in the twelve month period. Similarly, favorable expenditure variances are expected, as six months of actual expenditures are compared to amounts expected to be expended in the twelve month budget period.

Revolving fund revenues and expenditures are recorded in the same class in the New Hampshire Integrated Financial System. In most instances operating budgets are not prepared for these accounts; rather, expenditures are made against revenues collected and balances brought forward. The unfavorable variance amounts in the Dog License Fees revolving fund expenditure line do not indicate that the Department had over expended its authorized amounts in this fund.

RSA 9:3-a requires the Governor to submit a capital budget to the Legislature in each odd-numbered year. The enacted capital budget authorizes appropriations that are usually intended to be expended over several years.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **D. BUDGETARY DATA (Continued)**

##### *General Budget Policies (Continued)*

A statement of Capital Projects Fund Activity is presented as part of the Department's financial statements.

##### *Encumbrances*

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services the encumbrance is liquidated and the expenditure and liability are recorded. The Department's unliquidated encumbrance balance at June 30, 1995 in the General Fund was \$74,197. There were no encumbrances at June 30, 1995 recorded in the Special and Capital Projects Funds. At December 31, 1995, the Department's unliquidated encumbrances were \$124,116, \$15,143 and \$29,000 in the General, Special, and Capital Funds, respectively.

#### **E. FIXED ASSETS - GENERAL**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition costs are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets in the General Fixed Assets Account Group are not depreciated.

#### **F. INTERFUND AND INTRAFUND TRANSACTIONS**

The State accounts for interfund and intrafund transactions as described below:

Reimbursements - Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel and maintenance. In addition, the Department of Administrative Services charges rent to those departments that are housed in state-owned buildings. These fees and rent are not considered material and are recorded as revenue by the servicing department and as expenditures by the user department.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### G. INTERPRETATION OF TOTAL (MEMO ONLY) COLUMN

Total columns have been included on the Combined Statements of Revenues and Expenditures-General and Special Funds and the Combined Statements of Revenues and Expenditures-Budget and Actual-General and Special Funds. The total columns include interfund activity and are presented only to facilitate financial analysis. Data in these columns do not present financial activity in conformity with generally accepted accounting principles. Intra-agency eliminations have not been made in the aggregation of this data.

### NOTE 2 -- CASH AND DEPOSITS

The Department maintains two checking accounts for the deposit, retention, and disbursement of its agency funds. The accounts are interest bearing and are each FDIC insured for up to \$100,000. The bank balance represents amounts on deposit as reported by the banking institutions. The carrying amount represents the balance per the Department's records. Agency fund deposits in the custody of the Department at June 30, 1995 and at December 31, 1995 are shown in the following schedule.

	<u>FDIC Insured</u>	<u>Uninsured</u>	<u>Total Bank Balance</u>	<u>Total Carrying Amount</u>
<u>June 30, 1995</u>				
Champions of N.H. Farms	\$ 9,779	\$ -0-	\$ 9,779	\$ 9,468
N.H. Farm and Forestry Exposition	<u>13,522</u>	<u>-0-</u>	<u>13,522</u>	<u>13,522</u>
<b>Total</b>	<b><u>\$23,301</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$23,301</u></b>	<b><u>\$22,990</u></b>
 <u>December 31, 1995</u>				
Champions of N.H. Farms	\$11,338	\$ -0-	\$11,338	\$ 9,824
N.H. Farm and Forestry Exposition	<u>31,670</u>	<u>-0-</u>	<u>31,670</u>	<u>29,670</u>
<b>Total</b>	<b><u>\$43,008</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$43,008</u></b>	<b><u>\$39,494</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**NOTE 3 -- GENERAL FIXED ASSETS ACCOUNT GROUP**

The following is a schedule of changes in real property and equipment balances, as reported by the Department and the Board, in the General Fixed Assets Account Group for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995. Equipment purchases are funded through budgeted appropriations.

	<u>Balance</u> <u>7/1/94</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>6/30/95</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>12/31/95</u>
<b>Department of Agriculture, Markets and Food</b>					
Equipment	\$ 429,926	\$17,530	\$ 447,456	\$16,456	\$ 463,912
Real Property	<u>14,257,193</u>	<u>-0-</u>	<u>14,257,193</u>	<u>-0-</u>	<u>14,257,193</u>
Total	<u>\$14,687,119</u>	<u>\$17,530</u>	<u>\$14,704,649</u>	<u>\$16,456</u>	<u>\$14,721,105</u>
<b>Board of Veterinary Medicine</b>					
Equipment	<u>\$ 5,402</u>	<u>\$ -0-</u>	<u>\$ 5,402</u>	<u>\$ 2,695</u>	<u>\$ 8,097</u>

Real property reported by the Department includes the New Hampshire Building at the Eastern States Exposition grounds in Springfield, MA, recorded at its historical cost of \$35,000, and the development rights on 9,148 acres of farmland located across the state, recorded at its fair value at the time of purchase or donation at a total of \$14,222,193.

Changes in the real property and equipment balances are reported to the Department of Administrative Services for inclusion in the State's Comprehensive Annual Financial Report.

**NOTE 4 -- FEDERAL FUNDS**

The Department is the recipient of three Federal grants: the Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements, from the U.S. Environmental Protection Agency (EPA); the Inspection, Grading and Standardization grant and the Technical Assistance to Cooperatives grant, from the U.S. Department of Agriculture (USDA). The EPA grant addresses all aspects of pesticide use including monitoring, regulation and enforcement. The USDA Inspection, Grading and Standardization program is an inspection program covering shell egg handlers and hatcheries in the state. The USDA Technical Assistance to Cooperatives grant is intended to formulate, develop, and administer research and technical assistance programs to cooperatives.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **NOTE 5 -- ACCOUNTS RECEIVABLE**

The Department is required by state accounting policies to record accounts receivable at each June 30 year end. The Department is not required by state accounting policy to record accounts receivable at December 31. As a result, at December 31, 1995 the Department did not record \$59,457 in accounts receivable in the Special Fund due from the U.S. Environmental Protection Agency related to the Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements.

The effect of not recording accounts receivable was an understatement of revenue in the Special Fund of \$59,457 for the six months ended December 31, 1995.

### **NOTE 6 -- EMPLOYEE BENEFIT PLANS**

#### *New Hampshire Retirement System*

The Department as an organization of state government participates in the New Hampshire Retirement System (the Plan). The Plan is a defined benefit plan and covers substantially all full-time employees of the Department. The Plan qualifies as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. New Hampshire Revised Statutes Annotated (RSA), Chapter 100-A established the Plan and the contribution requirements. The Plan, which is a cost-sharing, multiple-employer Public Employees Retirement System (PERS), is divided into two membership groups. Group I consists of employees and teachers. Group II consists of firefighters and police officers, including some correctional officers.

Group I - Members contributing through age 60 qualify for a normal service retirement allowance based on years of creditable service. The yearly pension amount is  $1/60$  (1.67%) of average final compensation (AFC), multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65 the yearly pension amount is recalculated at  $1/66$  (1.5%) of AFC multiplied by years of creditable service. Members in service with 10 or more years of creditable service who are between age 50 and 60 are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service. In addition, any Group I member who has completed at least 20 years of creditable service that, when combined with his or her age equals at least 70, is entitled to retire and have benefits commence immediately at a reduced service retirement allowance.

Group II - After attaining the age of 45, members with 20 years of creditable service qualify to receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members in service at age 60 qualify to receive a prorated retirement allowance.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 6 -- EMPLOYEE BENEFIT PLANS (Continued)

#### *New Hampshire Retirement System (Continued)*

Members of both groups are entitled to disability allowances and also death benefit allowances subject to various requirements and rates based on AFC or earnable compensation. All covered Department employees are members of Group I.

The Plan is financed by contributions from the members, the State and local employers, and investment earnings. During the fiscal year ended June 30, 1995 and the six months ended December 31, 1995, Group I and II members were required to contribute 5% and 9.3%, respectively, of gross earnings. The State funds 100% of the employer cost for all of the Department's employees enrolled in the Plan. The annual contribution required to cover any normal cost beyond the employee contribution is determined every two years by the Plan's actuary.

The Department's payments for normal contribution costs for the fiscal year ended June 30, 1995 and the six months ended December 31, 1995 amounted to 2.65% and 3.14%, respectively, of the covered payroll for its Group I employees. The Plan does not make separate measurements of assets and pension benefit obligation for individual employers. The New Hampshire Retirement System's Comprehensive Annual Financial Report contains detailed information regarding the Plan as a whole, including information on payroll, contributions, actuarial assumptions and funding method, pension benefit obligation and ten year historical trend data. The New Hampshire Retirement System operates on a fiscal year ending June 30.

#### *Deferred Compensation Plan*

The Department as an organization of state government offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all state employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are (until paid or made available to the employees or other beneficiaries) solely the property and rights of the State (without being restricted to the provisions of benefits under the Plan), subject only to the claims of the State's general creditors. Participants' rights under the Plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **NOTE 6 -- EMPLOYEE BENEFIT PLANS (Continued)**

#### *Postemployment Health Care Benefits*

In addition to the benefits described above, the Department as an organization of State government provides postemployment health care benefits, in accordance with RSA 21-I:30, to all retired employees and their spouses on a non-contributory basis, as authorized by state statute.

During the fiscal year ended June 30, 1995 and the six months ended December 31, 1995, the State paid for the full cost of health insurance premiums for the retired employees and spouses on a pay-as-you-go basis. The cost of health insurance for the Department employees and spouses is a budgeted amount and is paid from an appropriation made to the administrative organization of the New Hampshire Retirement System.

Accordingly, the cost of health insurance benefits for the retired Department employees and spouses is not included in the Department's financial statements.



**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**SCHEDULE OF BUDGETARY COMPONENTS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995**

	<u>OPERATING BUDGET</u>	<u>SUPPLEMENTAL APPROPRIATION WARRANTS</u>	<u>BALANCE BROUGHT FORWARD</u>	<u>TRANSFERS IN/(OUT)</u>	<u>BUDGET</u>
<b><u>UNRESTRICTED REVENUES</u></b>					
Bureau of Weights and Measures	\$ 255,000	\$ -0-	\$ -0-	\$ -0-	\$ 255,000
Division of Pesticide Control	267,950	-0-	-0-	-0-	267,950
Feeds, Fertilizers and Lime	147,575	-0-	-0-	-0-	147,575
Animal Population Control Fees	-0-	-0-	-0-	-0-	-0-
Weekly Market Bulletin	108,000	-0-	-0-	-0-	108,000
Miscellaneous	<u>50,940</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>50,940</u>
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$ 829,465</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 829,465</u></b>
<b><u>RESTRICTED REVENUES</u></b>					
Federal Funds	\$ 49,800	\$ 44,000	\$ 58,922	\$ -0-	\$ 152,722
Agriculture Product/Scale Testing	77,700	8,000	-0-	-0-	85,700
Dog License Fees	-0-	-0-	-0-	-0-	-0-
Eastern States Exposition	-0-	-0-	-0-	-0-	-0-
Promotional Agricultural Project	23,498	-0-	13,859	-0-	37,357
Apple Assessment	20,000	-0-	-0-	-0-	20,000
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL RESTRICTED REVENUES</b>	<b><u>\$ 170,998</u></b>	<b><u>\$ 52,000</u></b>	<b><u>\$ 72,781</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 295,779</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$1,000,463</u></b>	<b><u>\$ 52,000</u></b>	<b><u>\$ 72,781</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$1,125,244</u></b>
<b><u>EXPENDITURES</u></b>					
Division of Animal Industry	\$ 397,536	\$( 2,800)	\$ 35	\$( 3,619)	\$ 391,152
Division of Agricultural Development	284,084	-0-	79,423	-0-	363,507
Bureau of Weights and Measures	235,217	-0-	876	11,044	247,137
Bureau of Markets	200,439	8,000	19,740	9,300	237,479
Office of Commissioner	216,631	( 5,106)	229	3,071	214,825
Division of Pesticide Control	221,217	-0-	-0-	-0-	221,217
Division of Plant Industry	175,800	-0-	67	(14,613)	161,254
Animal Population Control	-0-	145,334	36,973	-0-	182,307
Agriculture Product/Scale Testing	-0-	-0-	-0-	-0-	-0-
Dog License Fees	-0-	-0-	33,347	-0-	33,347
Soil Conservation	21,283	-0-	4,186	-0-	25,469
Miscellaneous	<u>-0-</u>	<u>47,561</u>	<u>6,783</u>	<u>-0-</u>	<u>54,344</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$1,752,207</u></b>	<b><u>\$192,989</u></b>	<b><u>\$181,659</u></b>	<b><u>\$ 5,183</u></b>	<b><u>\$2,132,038</u></b>

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**SCHEDULE OF BUDGETARY COMPONENTS  
GENERAL FUND  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1995**

	<u>OPERATING BUDGET</u>	<u>SUPPLEMENTAL APPROPRIATION WARRANTS</u>	<u>BALANCE BROUGHT FORWARD</u>	<u>TRANSFERS IN/ (OUT)</u>	<u>BUDGET</u>
<b><u>UNRESTRICTED REVENUES</u></b>					
Bureau of Weights and Measures	\$ 294,900	\$ -0-	\$ -0-	\$ -0-	\$ 294,900
Division of Pesticide Control	428,000	-0-	-0-	-0-	428,000
Feeds, Fertilizers and Lime	209,500	-0-	-0-	-0-	209,500
Animal Population Control Fees	160,000	-0-	-0-	-0-	160,000
Weekly Market Bulletin	175,000	-0-	-0-	-0-	175,000
Miscellaneous	<u>49,485</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>49,485</u>
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$1,316,885</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$1,316,885</u></b>
<b><u>RESTRICTED REVENUES</u></b>					
Federal Funds	\$ 4,800	\$ -0-	\$ 80,922	\$ -0-	\$ 85,722
Agriculture Product/Scale Testing	91,870	-0-	-0-	-0-	91,870
Dog License Fees	-0-	-0-	-0-	-0-	-0-
Eastern States Exposition	23,000	-0-	-0-	-0-	23,000
Promotional Agricultural Project	498	-0-	20,857	-0-	21,355
Apple Assessment	20,000	10,000	-0-	-0-	30,000
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL RESTRICTED REVENUES</b>	<b><u>\$ 140,168</u></b>	<b><u>\$ 10,000</u></b>	<b><u>\$101,779</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 251,947</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$1,457,053</u></b>	<b><u>\$ 10,000</u></b>	<b><u>\$101,779</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$1,568,832</u></b>
<b><u>EXPENDITURES</u></b>					
Division of Animal Industry	\$ 394,715	\$ -0-	\$ 1	\$ -0-	\$ 394,716
Division of Agricultural Development	276,381	10,000	89,854	-0-	376,235
Bureau of Weights and Measures	199,950	-0-	-0-	-0-	199,950
Bureau of Markets	121,367	-0-	33,759	(26,698)	128,428
Office of Commissioner	210,947	-0-	1,832	-0-	212,779
Division of Pesticide Control	181,382	-0-	45	-0-	181,427
Division of Plant Industry	168,883	-0-	239	-0-	169,122
Animal Population Control	160,000	-0-	20,000	-0-	180,000
Agriculture Product/Scale Testing	91,870	-0-	-0-	26,698	118,568
Dog License Fees	-0-	-0-	7,684	-0-	7,684
Soil Conservation	21,283	-0-	-0-	-0-	21,283
Miscellaneous	<u>12,681</u>	<u>-0-</u>	<u>47,474</u>	<u>-0-</u>	<u>60,155</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$1,839,459</u></b>	<b><u>\$ 10,000</u></b>	<b><u>\$200,888</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$2,050,347</u></b>

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**SCHEDULE OF BUDGETARY COMPONENTS  
SPECIAL FUND  
FOR THE YEAR ENDED JUNE 30, 1995**

	<u>OPERATING BUDGET</u>	<u>SUPPLEMENTAL APPROPRIATION WARRANTS</u>	<u>BALANCE BROUGHT FORWARD</u>	<u>TRANSFERS IN/(OUT)</u>	<u>BUDGET</u>
<b><u>UNRESTRICTED REVENUES</u></b>					
Bureau of Weights and Measures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Division of Pesticide Control	-0-	-0-	-0-	-0-	-0-
Feeds, Fertilizers and Lime	-0-	-0-	-0-	-0-	-0-
Animal Population Control Fees	-0-	-0-	-0-	-0-	-0-
Weekly Market Bulletin	-0-	-0-	-0-	-0-	-0-
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>
<b><u>RESTRICTED REVENUES</u></b>					
Federal Funds	\$223,347	\$40,223	\$ -0-	\$ -0-	\$263,570
Agriculture Product/Scale					
Testing	-0-	-0-	-0-	-0-	-0-
Dog License Fees	-0-	-0-	-0-	-0-	-0-
Eastern States Exposition	-0-	-0-	-0-	-0-	-0-
Promotional Agricultural					
Project	-0-	-0-	-0-	-0-	-0-
Apple Assessment	-0-	-0-	-0-	-0-	-0-
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL RESTRICTED REVENUES</b>	<b><u>\$223,347</u></b>	<b><u>\$40,223</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$263,570</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$223,347</u></b>	<b><u>\$40,223</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$263,570</u></b>
<b><u>EXPENDITURES</u></b>					
Division of Animal Industry	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Division of Agricultural					
Development	-0-	-0-	-0-	-0-	-0-
Bureau of Weights and Measures	-0-	-0-	-0-	-0-	-0-
Bureau of Markets	-0-	-0-	-0-	-0-	-0-
Office of Commissioner	-0-	-0-	-0-	-0-	-0-
Division of Pesticide Control	223,347	40,223	8,002	-0-	271,572
Division of Plant Industry	-0-	-0-	-0-	-0-	-0-
Animal Population Control	-0-	-0-	-0-	-0-	-0-
Agriculture Product/Scale					
Testing	-0-	-0-	-0-	-0-	-0-
Dog License Fees	-0-	-0-	-0-	-0-	-0-
Soil Conservation	-0-	-0-	-0-	-0-	-0-
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$223,347</u></b>	<b><u>\$40,223</u></b>	<b><u>\$ 8,002</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$271,572</u></b>

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**SCHEDULE OF BUDGETARY COMPONENTS  
SPECIAL FUND  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1995**

	<u>OPERATING BUDGET</u>	<u>SUPPLEMENTAL APPROPRIATION WARRANTS</u>	<u>BALANCE BROUGHT FORWARD</u>	<u>TRANSFERS IN/ (OUT)</u>	<u>BUDGET</u>
<b><u>UNRESTRICTED REVENUES</u></b>					
Bureau of Weights and Measures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Division of Pesticide Control	-0-	-0-	-0-	-0-	-0-
Feeds, Fertilizers and Lime	-0-	-0-	-0-	-0-	-0-
Animal Population Control Fees	-0-	-0-	-0-	-0-	-0-
Weekly Market Bulletin	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>
<b><u>RESTRICTED REVENUES</u></b>					
Federal Funds	\$274,126	\$27,820	\$ -0-	\$ -0-	\$301,946
Agriculture Product/Scale Testing	-0-	-0-	-0-	-0-	-0-
Dog License Fees	-0-	-0-	-0-	-0-	-0-
Eastern States Exposition	-0-	-0-	-0-	-0-	-0-
Promotional Agricultural Project	-0-	-0-	-0-	-0-	-0-
Apple Assessment	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-
<b>TOTAL RESTRICTED REVENUES</b>	<b><u>\$274,126</u></b>	<b><u>\$27,820</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$301,946</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$274,126</u></b>	<b><u>\$27,820</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$301,946</u></b>
<b><u>EXPENDITURES</u></b>					
Division of Animal Industry	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Division of Agricultural Development	-0-	-0-	-0-	-0-	-0-
Bureau of Weights and Measures	-0-	-0-	-0-	-0-	-0-
Bureau of Markets	-0-	-0-	-0-	-0-	-0-
Office of Commissioner	-0-	-0-	-0-	-0-	-0-
Division of Pesticide Control	274,126	27,820	3,683	-0-	305,629
Division of Plant Industry	-0-	-0-	-0-	-0-	-0-
Animal Population Control	-0-	-0-	-0-	-0-	-0-
Agriculture Product/Scale Testing	-0-	-0-	-0-	-0-	-0-
Dog License Fees	-0-	-0-	-0-	-0-	-0-
Soil Conservation	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-
<b>TOTAL EXPENDITURES</b>	<b><u>\$274,126</u></b>	<b><u>\$27,820</u></b>	<b><u>\$ 3,683</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$305,629</u></b>

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE (CASH BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995**

<u>FEDERAL CATALOG NUMBER</u>	<u>FEDERAL GRANTOR / PROGRAM TITLE</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>
<b>DEPARTMENT OF AGRICULTURE</b>			
10.162	Inspection Grading and Standardization	\$ 4,908	\$ 4,908
10.350	Technical Assistance to Cooperatives	22,000	5,500
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
66.700	Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements	<u>272,486</u>	<u>277,820</u>
	<b>TOTAL</b>	<b><u>\$299,394</u></b>	<b><u>\$288,228</u></b>

**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF AGRICULTURE, MARKETS AND FOOD**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE (CASH BASIS)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1995**

<u>FEDERAL CATALOG NUMBER</u>	<u>FEDERAL GRANTOR / PROGRAM TITLE</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>
	<b>DEPARTMENT OF AGRICULTURE</b>		
10.162	Inspection Grading and Standardization	\$ 2,199	\$ 2,199
10.350	Technical Assistance to Cooperatives	7,333	1,771
	<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
66.700	Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements	<u>137,443</u>	<u>135,213</u>
	<b>TOTAL</b>	<b><u>\$146,975</u></b>	<b><u>\$139,183</u></b>

**STATE OF NEW HAMPSHIRE  
BOARD OF VETERINARY MEDICINE**

**SCHEDULE OF BUDGETARY COMPONENTS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995**

	<u>OPERATING BUDGET</u>	<u>SUPPLEMENTAL APPROPRIATION WARRANTS</u>	<u>BALANCE BROUGHT FORWARD</u>	<u>TRANSFERS IN/ (OUT)</u>	<u>BUDGET</u>
<b><u>UNRESTRICTED REVENUES</u></b>					
Veterinary Examiners Fees	\$ 56,000	\$ -0-	\$ -0-	\$ -0-	\$ 56,000
<b>TOTAL UNRESTRICTED REVENUES</b>	<b><u>\$ 56,000</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 56,000</u></b>
<b><u>EXPENDITURES</u></b>					
Board of Veterinary Medicine	\$ 45,377	\$( 227)	\$ -0-	\$( 571)	\$ 44,579
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 45,377</u></b>	<b><u>\$( 227)</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$( 571)</u></b>	<b><u>\$ 44,579</u></b>

**STATE OF NEW HAMPSHIRE  
BOARD OF VETERINARY MEDICINE**

**SCHEDULE OF BUDGETARY COMPONENTS  
GENERAL FUND  
FOR THE SIX MONTHS ENDED DECEMBER 31, 1995**

	<u>OPERATING BUDGET</u>	<u>SUPPLEMENTAL APPROPRIATION WARRANTS</u>	<u>BALANCE BROUGHT FORWARD</u>	<u>TRANSFERS IN/ (OUT)</u>	<u>BUDGET</u>
<b><u>UNRESTRICTED REVENUES</u></b>					
Veterinary Examiners Fees	\$ <u>64,692</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>64,692</u>
<b>TOTAL UNRESTRICTED REVENUES</b>	<b>\$ <u>64,692</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>64,692</u></b>
<b><u>EXPENDITURES</u></b>					
Board of Veterinary Medicine	\$ <u>47,665</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>47,665</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>47,665</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>47,665</u></b>



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## APPENDIX - STATUS OF PRIOR FINANCIAL AND COMPLIANCE AUDIT REPORT OBSERVATIONS

The following is a listing of observations contained in the audit report of the *Department of Agriculture, Report on Examination, For The 18 Months Ended December 31, 1987*, dated March 22, 1988. Along with the listing is the August 29, 1996 status of these observations. A copy of the prior report can be obtained from the Office of Legislative Budget Assistant, Audit Division, 107 North Main St., Room 102, State House, Concord, N.H. 03301.

<b>REPORTABLE CONDITIONS</b>	<b><u>STATUS</u></b>
● AUDIT TRAILS	● ● ●
● EQUIPMENT INVENTORY (see Current Year Observation No. 5)	● ○ ○
● REVENUE	● ● ●
● ACCOUNTS RECEIVABLE	● ● ●
● COOPERATIVE AGREEMENTS-EGG SURVEILLANCE	● ● ●
● ACCOUNTS PAYABLE	● ● ●
● RECONCILIATION OF STATEMENTS	● ● ●
● GENERAL FIXED ASSETS	● ● ●
<b>STATE COMPLIANCE</b>	
● AGRICULTURE ADVISORY BOARD (see Current Year Observation No. 25)	○ ○ ○
● BIENNIAL REPORT (see Current Year Observation No. 22)	○ ○ ○
● AUDIT FUND SET ASIDE	● ● ●
● INSPECTIONS	● ● ●
● COMMERCIAL MEASURING DEVICES (see Current Year Observation No. 35)	○ ○ ○
● HYDROMETER TESTING	● ● ●
● SOIL CONSERVATION PLAN	● ● ●
● LIVESTOCK AND MEAT TESTING (see Current Year Observation No. 24)	○ ○ ○

**STATUS KEY**

Fully resolved	● ● ●
Substantially resolved	● ● ○
Partially resolved	● ○ ○
Unresolved	○ ○ ○

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December 30, 1996

The Honorable Neal Kurk, Chairman  
Fiscal Committee of the General Court  
State House  
Concord, NH 03301

RE: Audit of Department of Agriculture, Markets & Food

Dear Representative Kurk:

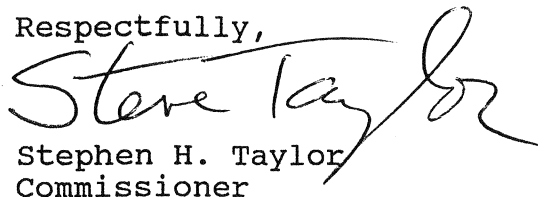
The Department of Agriculture, Markets and Food has carefully reviewed the final draft of the audit report for this agency prepared by the LBA office for the fiscal year ended June 30, 1995, and the six months which ended December 31, 1995.

The Department commends the LBA staff for its thoroughness and professionalism in conducting the audit and for its willingness to assist this agency in complying with the recommendations put forward.

It is clear the root cause of most of the problem areas identified in the audit lies in the inadequate staff resources available to oversee the financial activities of the Department. There is an acute need for the skills of an accountant-level position, and for strengthening oversight of financial operations.

As of this date, the Department has fully implemented 18 recommendations included in the audit report. An additional 19 are at varying degrees of implementation, with the chief impediment to full implementation of all being inadequate staff and/or budget resources. The remaining two will require legislative action to implement.

Respectfully,



Steve Taylor  
Stephen H. Taylor  
Commissioner

