

**State of New Mexico
Board of Examiners for Architects
Financial Statements
With Independent Auditors Report Thereon**

June 30, 2010

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
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June 30, 2010**

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**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Official Roster
June 30, 2010**

Board Members

John Alejandro	Chair
Robert Calvani	Vice Chair
Tomas Mendez	Secretary/Treasurer
Jim Oschwald	Architect Member
Michael Bodelson	Architect Member
Sam Valencia	Public Member

Administrative Officials

Wren Propp	Acting Director
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Zlotnick, Laws & Sandoval, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

DAVID G. ZLOTNICK, CPA
ASA LAWS, CPA
RICHARD SANDOVAL, CPA

ONE CALLE MEDICO
SANTA FE, NM 87505

TELEPHONE (505) 982-3894
FAX (505) 982-3818
EMAIL admin@zlscca.com

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
and
John Alejandro, Board Chairman and CFO
Board of Examiners for Architects

We have audited the accompanying financial statements of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the State of New Mexico Board of Examiners for Architects (Board), as of and for the year ended June 30, 2010 which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

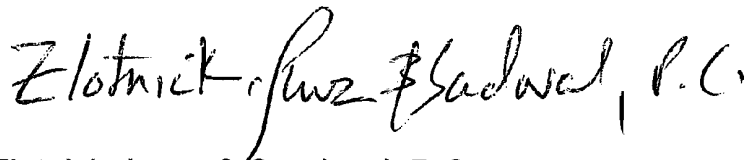
As discussed in Note 1, the financial statements of the Board are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of the entire state of New Mexico as of June 30, 2010 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Board as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2010 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 to 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The additional schedules listed under "Supplementary Section" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



Zlotnick, Laws & Sandoval, P.C.

November 12, 2010

STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Management's Discussion and Analysis
June 30, 2010

Management's Discussion and Analysis offers readers of the Board of Examiners for Architects' (Board) financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Board's financial statements, which follow this narrative.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four sections (1) Management's Discussion and Analysis (MD&A) (2) the basic financial statements (3) required supplementary information and (4) other reports.

- (1) Management's Discussion and Analysis (this section) is designed to assist the reader in focusing on significant financial issues and to provide an overview of the Board's financial activity.
- (2) The basic financial statements include two kinds of statements: Government-Wide financial statements and Fund financial statements. Government-wide financial statements provide both long-term and short-term information about the Board's overall financial status. Fund financial statements focus on individual parts of the Board. The governmental funds statements tell how the general government service was financed in the short-term as well as what remains for future spending. The financial statements also include notes intended to explain selected information in the financial statements and provide additional, detailed information.
- (3) The required supplementary information section provides schedules which further explain and support the information in the financial statements.
- (4) The other reports section provides additional supporting information including the Governmental Auditing Standards Reports, Schedule of Findings and Responses, Status of Prior Year Findings, and the memo on the Exit Conference.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. These statements report all financial and capital resources of the Board as a whole, excluding the fiduciary funds of the Board (see Fund Financial Statements below). The Statement of Net Assets displays the assets, liabilities, and net assets of the Board in the "assets less liabilities equal net assets" format. The Statement of Activities presents governmental activities by function, at the level of detail required in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting.

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Management's Discussion and Analysis
June 30, 2010**

Fund Financial Statements

The fund financial statements provide detailed information about the Board's significant governmental funds. Funds are accounting devices the Board uses to keep track of the sources of funding and spending for specific purposes. The government-wide financial statements were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

This Board has one fund: the General Appropriation Fund. All of the Board's main operations are reflected in the general appropriation fund. The general fund financial statements provide information to help the user to assess the level of current financial resources available to the Board. The general fund is a non-reverting fund.

FINANCIAL HIGHLIGHTS

Condensed Financial Comparison of Current and Prior Fiscal Year:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Assets:		
Current Assets	\$ 669,107	\$ 312,518
Capital Assets	-	366
Total Assets	<u>669,107</u>	<u>312,884</u>
Liabilities:		
Current Liabilities	20,343	20,961
Non-Current Liabilities	82	809
Total Liabilities	<u>20,425</u>	<u>21,770</u>
Net Assets:		
Invested in Capital Assets	-	366
Unrestricted Net Assets (Deficit)	648,682	290,748
Total Net Assets	<u>\$ 648,682</u>	<u>291,114</u>
Program Revenue	\$ 655,804	\$ 63,408
Total Revenue	<u>655,804</u>	<u>63,408</u>
Expenses – General Fund	297,870	341,407
Depreciation	366	440
Total Expenses	<u>298,236</u>	<u>341,847</u>
Change in Net Assets	357,568	(278,352)
Beginning Net Assets	291,114	569,466
Ending Net Assets	<u>\$ 648,382</u>	<u>\$ 291,114</u>

STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Management's Discussion and Analysis
June 30, 2010

Overall Financial Position

The increase in the government-wide total assets of \$356,223 is mainly attributable to a \$356,589 increase in cash. The majority of license and registration fees are collected every two years. Therefore, revenues are considerably higher in the even number years. However, the funds generated during even numbered years are used to operate the agency over two years.

Individual Funds

The Board is in sound financial condition, having a fund balance of \$669,107. All of this amount is designated for subsequent years expenditures. The Board is a non-reverting Board to the State General Fund.

Budget Analysis

The Board was budgeted \$368,600 for the year. There were no budget adjustments from the original approved budget during the year. The Board under-expended its budget by \$72,643.

Capital Assets and Long-Term Debt

The Board has \$43,083 of capital assets, consisting mainly of computer equipment. Accumulated depreciation was \$43,083 at June 30, 2010. Net capital assets was \$0 at June 30, 2010. The only debt the Board has is in compensated absences of which \$5,202 is considered current, and \$82 is long-term.

BOARD HIGHLIGHTS

The New Mexico Board of Examiners for Architects is a state regulatory agency that licenses architects and regulates the practice of architecture in the State of New Mexico. The Board is made up of seven members appointed by the Governor. Six of the members are architects with ten years or more experience; five of which have been in responsible charge of architectural projects. They also must be registered in New Mexico for at least five years. One of these members must be in architectural education in an accredited college of architecture in New Mexico. The seventh member is a public member who is not licensed in architecture. Each member shall be a citizen of the United States and a resident of New Mexico for at least five years prior to date of appointment.

The Board renews licenses of architects every two years and fiscal year 2010 was a renewal year. The Board registered 704 in-state architects, 1,354 out-of-state architects and 64 emeritus status architects. During this time the Board received much of its operating funds for a two-year period. The Board received approximately \$655,804 in revenues for the 2010 fiscal year. The Board will also accumulate approximately \$40,000 in revenues during a non-renewal year. During this fiscal year the Board's director retired and the position was not filled for the remainder of the fiscal year. This created a significant savings in the "personal services" budget category and the budget in general for the 2010 fiscal year.

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Management's Discussion and Analysis
June 30, 2010**

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the State of New Mexico, Board of Examiners for Architects finances for all those interested in the Board's finances. If you have any questions about this report or need additional information, contact:

John Alejandro, Board Chairman and CFO
Board of Examiners for Architects
P. O. Box 509
Santa Fe, New Mexico 87504

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
STATEMENT OF NET ASSETS
June 30, 2010**

	Governmental Activities
ASSETS	
Investment in the State Treasurer General Fund Investment Pool	\$ 668,907
Petty cash	200
Capital assets, net	-
TOTAL ASSETS	\$ 669,107
LIABILITIES	
Accounts payable	\$ 5,688
Accrued payroll payable	9,453
Compensated absences payable:	
Due within one year	5,202
Due after one year	82
TOTAL LIABILITIES	20,425
NET ASSETS	
Invested in capital assets	-
Restricted	-
Unrestricted	648,682
TOTAL NET ASSETS	648,682
TOTAL LIABILITIES AND NET ASSETS	\$ 669,107

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

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
STATEMENT OF ACTIVITIES
For the year ended June 30, 2010**

	Governmental Activities
EXPENSES	
General government:	
Personal services and employee benefits	\$ 209,275
Contractual services	10,290
Other costs	78,305
Depreciation	366
	298,236
TOTAL EXPENSES	298,236
PROGRAM REVENUE	
Charges for services:	
Trade licenses	20,200
Registration fees - professional licenses	617,585
Other penalties	17,925
Miscellaneous	94
	655,804
TOTAL PROGRAM REVENUE	655,804
CHANGE IN NET ASSETS	357,568
NET ASSETS, BEGINNING	291,114
NET ASSETS, ENDING	\$ 648,682

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

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2010**

	General Fund
ASSETS	
Current Assets:	
Investment in State GF Investment Pool	\$ 668,907
Petty Cash	200
	669,107
TOTAL ASSETS	\$ 669,107
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 5,688
Accrued payroll	9,453
	15,141
TOTAL LIABILITIES	15,141
FUND BALANCES	
Unreserved - designated for subsequent years' expenditures	653,966
TOTAL FUND BALANCE	653,966
TOTAL LIABILITIES AND FUND BALANCE	\$ 669,107
 Amounts reported in the Statement of Net Assets differ because:	
Total fund balances	\$ 653,966
Capital assets reported in governmental activities are not financial resources and, therefore, are not reported in the governmental funds statement	-
Compensated absences accrued in the government-wide financial statements are excluded from the governmental funds statement	(5,284)
Net assets per Statement of Net Assets	\$ 648,682

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

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the year ended June 30, 2010**

	General Fund
REVENUES	
Other state funds:	
Application Fees	\$ 20,200
Registration fees -professional licenses	617,585
Other penalties	17,925
Miscellaneous	94
	655,804
TOTAL REVENUES	
EXPENDITURES	
General government:	
Current:	
Personal services and employee benefits	209,275
Contractual services	10,290
Other costs	76,392
	295,957
TOTAL EXPENDITURES	
NET CHANGE IN FUND BALANCE	359,847
FUND BALANCE, BEGINNING	294,119
FUND BALANCE ENDING	\$ 653,966

Amounts reported in the Statement of Activities are different because:

Net change in fund balance	\$ 359,847
Net change in current and long-term portions of compensated absences	(1,913)
Excess depreciation over capital outlay expenditures	(366)
Changes in net assets of governmental activities	\$ 357,568

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

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
For the year ended June 30, 2010**

General Fund				
		Budget Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final	
REVENUES				
Other state funds:				
Trade licenses	\$	368,600	368,600	20,200 (348,400)
Registration fees - professional licenses		-	-	617,585 617,585
Other penalties		-	-	17,925 17,925
Miscellaneous		-	-	94 94
TOTAL REVENUES		368,600	368,600	\$ 655,804 287,204
Fund Balance		291,114	291,114	
TOTAL RESOURCES	\$	659,714	659,714	
EXPENDITURES				
General government:				
Current:				
Personal services and employee benefits	\$	259,400	259,400	209,275 50,125
Contractual services		14,400	14,400	10,290 4,110
Other costs		94,800	94,800	76,392 18,408
	\$	368,600	368,600	295,957 72,643

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

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Notes to the Financial Statements
June 30, 2010**

Summary of Significant Accounting Policies

Nature of the Entity

The State of New Mexico, Board of Examiners for Architects (Board) was created under Laws 1931, Chapter 155. The primary duties and obligations of the Board are to administer the provisions of the Architectural Act (Section 61-15-1 through 61-15-13, NMSA, 1978) and to exercise the authority granted the Board in the Act. The Act requires any person practicing architecture in New Mexico to submit evidence that he/she is qualified to practice and shall be registered unless exempt under the provisions of the Architectural Act

The Board shall have the power to subpoena any witness, to administer oaths and to take testimony concerning matters within its jurisdiction. It shall be within the jurisdiction of the Board to determine and prescribe by regulations the professional and technical qualifications necessary for the practice of architecture in New Mexico. The Board shall adopt and have an official seal, which shall be affixed to all certificates of registration granted, and may make rules and regulations not inconsistent with law.

The Board, a seven member group appointed by the governor for staggered terms of three years each constituting an on-going entity, is the level of government which has governing responsibilities over all activities related to architects.

A. Reporting Entity

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Board applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

The Board is a component unit of the primary government, the State of New Mexico. The Board has no component units. These financial statements present the financial position and results of operation of only those Statewide Human Resources, Accounting and Management Reporting System (SHARE) funds over which the Board has oversight responsibility. The Board has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The Board is a user organization of the SHARE accounting system. The service organization is the Department of Finance and Administration (DFA).

STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Notes to the Financial Statements
June 30, 2010

Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

In accordance with GASB Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements, the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities. The Board does not have any fiduciary activities. The Board does not have any business-type activities; therefore, only governmental activities are shown. Governmental activities are normally supported by taxes and intergovernmental revenues.

The fund financial statements, the balance sheet and the statement of revenues, expenditures and changes in fund balances, are presented to report additional and detailed information about the Board. The general fund (SHARE fund #03800) is the Board's operating fund and includes all financial transactions conducted to fulfill its general government function. It accounts for all financial resources of the Board.

Measurement focus, basis of accounting and financial statement presentation basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. Capital assets are reported at historical cost and depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities.

The government-wide Statement of Activities demonstrates the direct expenses of the single function (general government) of the Board which is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. The Board has no indirect expenses and, therefore, indirect expenses are not required to be allocated to functions in the Statement of Activities. Program revenues include charges for services provided by a particular function or program. Other revenues not identifiable with a particular function or program are included as general revenue. The general revenues support the net costs of the function or program not covered by program revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included on the balance sheet. The reported fund balance is considered a measure of available spendable resources.

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Notes to the Financial Statements
June 30, 2010**

Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Revenues are recognized as soon as they are both measurable and available. Revenues are available if collectible within the current period or soon enough afterwards to pay liabilities of the current period. The Board considers revenues to be available if collected within sixty days of the end of the fiscal year. Expenditures are recorded when a liability is incurred, as under accrual accounting. The Board does not have any debt service expenditures. The current portion of the compensated absences liability is not included in the fund financial statements because the State of New Mexico does not budget for any compensated absences in the current year.

B. Capital Assets

Capital assets of the Board include furniture and fixtures, and equipment. The Board does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978, was amended effective June 19, 2005, changing the capitalization threshold to \$5,000. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The Board does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the capital assets. Capital assets of the Board are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5
Data processing equipment	4
Furniture and fixtures	7

C. Accrued Compensated Absences

Annual leave and other compensated absences with similar characteristics are accrued as a liability as benefits are earned by employees if: the employees' right to receive compensation is attributable to services already rendered; and it is probable that the employer will compensate employees for benefits through paid time off or some other means, such as cash payments at termination or retirement.

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Notes to the Financial Statements
June 30, 2010**

Summary of Significant Accounting Policies (Continued)

C. Accrued Compensated Absences (continued)

Employees accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours of annual leave may be carried forward after the pay period beginning in December and ending in January. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours.

Employees accumulate sick leave at a rate of 3.69 hours per pay period. There is no limit to the amount of sick leave that an employee may accumulate. State agencies are allowed to pay fifty percent of each employee hourly rate for accumulated sick leave over 600 hours, up to 120 hours. Payment may be made only once per fiscal year at a specified pay period in either January or July. Additionally, upon retirement, those employees with over 600 hours of accumulated sick leave, have the option to convert 400 hours of such leave to cash at one half of their hourly rate.

Fair Labor Standards Act (FLSA) states that nonexempt employees accumulate compensation time at a rate of 1.5 times the number of hours worked, in excess of forty hours per week, based on their regular hourly rate. Exempt and classified employees who are FLSA exempt accumulate compensation time at the same rate as the number of hours worked. Overtime must be preapproved by management. Payment of this liability can be made by compensated leave time or cash payment. At June 30th, there was no compensation time owed to any employees.

In accordance with GASB 16, accrued compensated absences consist of accumulated annual leave, sick leave between 600 and 720 hours, compensatory leave for employees, including the related employers' matching FICA and Medicare payroll taxes.

D. Net Assets/Fund Equity

In the government-wide financial statements, net assets consist of three components:

- a) Invested in capital assets, net of related debt
- b) Restricted net assets
- c) Unrestricted net assets

The Board has no debt related to capital assets; therefore, net assets invested in capital assets equal the capital assets, net of related accumulated depreciation. The Board's financial statement does not show any net assets restricted because it does not have any resources remaining in the net assets that were received or earned with the explicit understanding between the Board and the resource provider (grantor, contributor, other government, or enabling legislation) that the funds would be used for a specific purpose. Therefore, all remaining net assets that are not related to capital assets are shown as unrestricted.

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Notes to the Financial Statements
June 30, 2010**

Summary of Significant Accounting Policies (Continued)

D. Net Assets/Fund Equity (continued)

In the fund financial statements, reservations of fund balance are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated, or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

E. Reversions

Any unexpended balance remaining in SHARE Fund #03800 does not revert to the State General Fund as provided by law, Section 61-15-4-F, NMSA 1978.

F. Budget and Budgetary Accounting

The Board prepares and submits an annual budget for the General Fund to the Department of Finance and Administration (DFA) for approval based upon the appropriations made by the State Legislature. This budget must be submitted by September 1 for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them and is approved by the Legislature of the State of New Mexico. Subsequent amendments affecting a category must be approved by the Director of the State Budget Division of DFA.

Budgets are controlled at the "appropriation unit" level. Appropriations lapse at the end of the fiscal year except for those goods and services provided to the Board by June 30th. The accounting records are held open for approximately one additional month per DFA directive, in order to record the transactions in the fiscal year ended June 30th.

The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable must be paid out of the next year's budget.

In accordance with the requirements of Section 2.2.2 10.A(2)(b) of 2.2.2 NMAC Requirements for Contracting and Conducting Audits of Agencies and the allowance made by GASB 34 footnote 53, the budgetary comparison statement has been included as part of the basic financial statements.

G. Use of Estimates

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

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Notes to the Financial Statements
June 30, 2010**

2. Investment in the State Treasurer General Fund Investment Pool

The funds allotted to the Board are held by the New Mexico State Treasurer and pooled with the general fund investment pool. The Board is required to participate in this investment pool and the Board does not receive any income from this investment.

The Board's share of the Investment in the State General Fund Investment Pool is as follows:

	<u>Maturity</u>	<u>Account Balance</u>	<u>Fair Value</u>
Governmental Funds:			
Investment in the State General Fund Investment Pool, fund 16400	1 day	\$668,907	668,907

For additional GASB 40 disclosure information regarding the State Treasurer General Fund Investment Pool, the reader should see the separate audit report for the State Treasurer's Board for the fiscal year ended June 30, 2009.

3. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance 6/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/10</u>
Capital Assets:				
Data Processing	\$ 11,189	-	-	\$ 11,189
Furniture & Fixtures	9,433	-	-	9,433
Machinery and Equipment	22,461	-	-	22,461
Total	<u>43,083</u>	<u>-</u>	<u>-</u>	<u>43,083</u>
Accumulated Depreciation:				
Data Processing	\$ 10,823	366	-	\$ 11,189
Furniture & Fixtures	9,433	-	-	9,433
Machinery and Equipment	22,461	-	-	22,461
Total	<u>42,717</u>	<u>366</u>	<u>-</u>	<u>43,083</u>
Net Assets	<u>\$ 366</u>	<u>366</u>	<u>-</u>	<u>-</u>

Depreciation expense for the fiscal year ended June 30, 2010 was \$366.

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Notes to the Financial Statements
June 30, 2010**

4. Compensated Absences

The following is a summary of changes in compensated absences:

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10	Due within One Year
Annual Leave	\$ 3,371	8,049	(6,136)	\$ 5,284	\$ 5,202

The Board's General Fund resources have been used to liquidate accrued compensated absences in the past. The Board had no other debt activity during the year.

5. PERA Retirement Plan

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

Funding Policy. Plan members are required to contribute 8.92% of their gross salary. The Board is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Board are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Board's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$24,580, \$32,905, and \$32,421, respectively, which equal the amount of the required contributions for each fiscal year.

6. Post-Employment Benefits Other Than Pensions (OPEB) – Retiree Health Care

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

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Notes to the Financial Statements
June 30, 2010**

6. Post-Employment Benefits Other Than Pensions (OPEB) – Retiree Health Care (continued)

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year Employer</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	0.833%
FY12	1.834%	0.971%
FY13	2.000%	1.000%

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

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Notes to the Financial Statements
June 30, 2010**

6. Post-Employment Benefits Other Than Pensions (OPEB) – Retiree Health Care (continued)

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The Board's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$1,799, \$2,755 and \$2,725, respectively, which equal the required contributions for each year.

7. Operating Leases

The Board leases Office space under a lease agreement with a ten year term beginning September 1, 2006 and terminating on September 1, 2016 with the option to extend the terms another five years. Expenditures for the lease for the year ended June 30, 2010 was \$31,870. Future minimum lease payments under this lease are as follows:

Year ending June 30	Amount
2011	\$ 32,444
2012	33,036
2013	33,645
2014	34,273
2015	34,920
Thereafter	5,838
Total	\$ 174,156

8. Risk Management and Litigation

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and, natural disasters. Section 15-7-2, NMSA 1978 requires the General Services Department, Risk Management Division (RMD) to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state laws have been passed which allow RMD to insure, self-insure or use a combination of both. For the past several years, the RMD has elected to self-insure, and has not obtained liability coverage from commercial insurance companies. The RMD has effectively managed risk through various employee education and prevention programs. Risk management expenditures for the Board are accounted for in the General Fund. Any claims are processed through RMD.

There are no pending or known threatened legal proceedings involving material matters to which the Board is a party.

Zlotnick, Laws & Sandoval, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

DAVID G. ZLOTNICK, CPA
ASA LAWS, CPA
RICHARD SANDOVAL, CPA

ONE CALLE MEDICO
SANTA FE, NM 87505

TELEPHONE (505) 982-3894
FAX (505) 982-3818
EMAIL admin@zlscca.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Hector H. Balderas
New Mexico State Auditor
and
John Alejandro, Board Chairman and CFO
Board of Examiners for Architects

We have audited the accompanying financial statements of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the State of New Mexico, Board of Examiners for Architects (Board) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and response, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

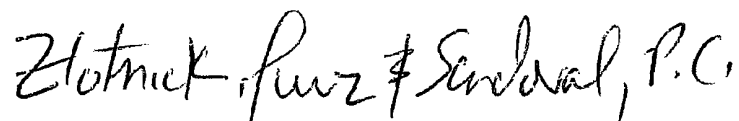
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as item 2010-01 in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

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

The Board's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Board's response and, accordingly, we express no opinion on it.

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



Zlotnick, Laws & Sandoval, P.C.

November 12, 2010

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Schedule of Findings and Responses
June 30, 2010**

AUDITOR PREPARED THE FINANCIAL STATEMENTS

2010-01

Criteria:

State Audit Rule 2.2.2.8J(4) and Statement on Auditing Standards (SAS) No 115 establishes standards and provides guidance on communicating matters related to an entity's internal control over financial reporting identified in an audit of financial statements.

Condition:

The current year financial statements are prepared by the independent public accountant (IPA).

Cause:

The Board currently does not have employees with sufficient expertise to apply generally accepted accounting principles (GAAP) in recording the Board's financial transactions or preparing its financial statements.

Effect:

The Board paid the IPA to record GAAP transactions and prepare the financial statements.

Recommendation:

The Board needs to weigh the cost and benefit of hiring or training an employee who will be knowledgeable in applying generally accepted accounting principles and preparing financial statements versus continuing to hire an IPA to perform such services.

Board Response:

The New Mexico Board of Examiners for Architects is a small agency that licenses architects and regulates the practice of architecture in the State of New Mexico. The Board has four authorized positions; the Director, Information Officer, Administrative Assistant and the Administrative Services Coordinator. Because of the Board's size and financial constraints, the Board requires employees to perform a wide array of job duties and cannot financially afford to hire an in-house staff CPA to exclusively perform financial functions. Subsequently the board requires that service of contracted accountants as a function of an audit.

**STATE OF NEW MEXICO
BOARD OF EXAMINERS FOR ARCHITECTS
Exit Conference
June 30, 2010**

The contents of this report were discussed at an exit conference held November 12, 2010

The Board Examiners for Architects was represented by:

John Alejandro, Chair
Robert Calvani, Vice Chair
Tomas Mendez, Secretary/Treasurer
Jim Oschwald, Architect Member
Michael Bodelson, Architect Member
Sam Valencia, Public Member
Andrea Buzzard, Legal Council
Wren Propp, Acting Director
Gina Junge, Administrative Services Coordinator
Rosemarie Quintana, Administrative Assistant

Zlotnick, Laws & Sandoval, P.C. was represented by:

Asa Laws, CPA
Brian Laws, CPA

The financial statements were prepared by the auditors: Zlotnick, Laws & Sandoval, P.C.