

**STATE OF NEW MEXICO**

**BOARD OF LICENSURE FOR  
PROFESSIONAL ENGINEERS AND  
PROFESSIONAL SURVEYORS**

**Financial Statements**

**Year Ended June 30, 2012**

**(With Independent Auditors' Report Thereon)**



*Barraclough & Associates, P.C.*  
Certified Public Accountants & Consultants

**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

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**June 30, 2012**

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**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

**BOARD OF DIRECTORS**

**June 30, 2012**

**Officers**

<u>Name</u>	<u>Title</u>	<u>Committee</u>
Julie Samora, PE	Chairman	PE
Paul Brasher, PE	Vice-Chairman	PE
Fred Sanchez, PS	PSC Chair	PS
Subhas Shah, PE	PEC Chair	PE

**Members**

Salvador Vigil, PS	Member	PS
Gilbert Chavez, PS	Member	PS
John T. Romero, Sr., PE	Member	PE
Rola Idriss, Ph.D., PE	Member	PE
Augusta Meyers	Member	Public Member
Joshua Skarsgard	Member	Public Member

**Administrative Officials**

Eva Baca	Acting Executive Director, CFO
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"27 Years of Excellence"



*Barracough & Associates, P.C.*  
Certified Public Accountants & Consultants

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Santa Fe, New Mexico 87504  
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(800) 983-1040 Toll Free  
[ba@barracough.com](mailto:ba@barracough.com)

**Principals**  
John E. Barracough, Jr., C.P.A.  
Annette V. Hayden, C.P.A.  
Sandra M. Shell, C.P.A./A.B.V., C.V.A.

**Managers**  
Douglas W. Fraser, C.P.A.  
Laura Parker, C.P.A.  
Rick W. Reynolds, C.P.A.  
Katherine M. Rowe, C.P.A.  
Rhonda G. Williams, C.P.A.

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
and  
Board of Licensure for Professional Engineers  
and Professional Surveyors

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

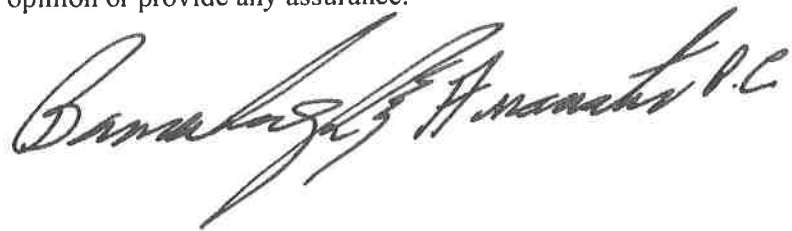
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 2, the financial statements of the Board are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund and the budgetary comparison of the State that are attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2012, 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 and each major fund of the Board as of June 30, 2012, and the respective changes in financial position thereof and the 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 our report dated November 16, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of American, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink, appearing to read "Donald J. Hancock, P.C.", is written in a cursive style.

November 16, 2012

STATE OF NEW MEXICO

BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS

Management's Discussion and Analysis  
(Unaudited)

June 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of the following: government-wide financial statements, governmental funds statements, and reconciliations of the above mentioned statements.

Basic Financial Statements (Statement of Net Assets and Statement of Activities)

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

The basic financial statements report the Board's net assets and how they have changed.

Fund Financial Statements (Balance Sheet of Revenues, Expenditures and Changes in Fund Balance)

The fund financial statements provide more detailed information about the Board's significant funds. Funds are accounting devices that the Board uses to keep track of specific sources of funding and spending for particular purposes. The Board operates principally on its own self-generated revenues (license and registration fees, examination fees and interest earnings) and a budget, which is approved by the State Legislature each year.

Analysis of Financial Position – Statement of Net Assets

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Change</u>
Assets			
Current assets	\$ 1,916,644	\$ 1,495,797	\$ 420,847
Capital assets, net	5,182	7,791	(2,609)
Total assets	<u>1,921,826</u>	<u>1,503,588</u>	<u>418,238</u>
Liabilities			
Current liabilities	30,370	73,951	(43,581)
Long-term liabilities	-	-	-
Total liabilities	<u>30,370</u>	<u>73,951</u>	<u>(43,581)</u>
Net assets			
Invested in capital assets	5,182	7,791	(2,609)
Restricted	<u>1,886,274</u>	<u>1,421,846</u>	<u>464,428</u>
Total net assets	<u>\$ 1,891,456</u>	<u>\$ 1,429,637</u>	<u>\$ 461,819</u>

STATE OF NEW MEXICO

**BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

**Management's Discussion and Analysis  
(Unaudited)**

**June 30, 2012**

**Results of Operations – Statement of Activities**

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Change</u>
Revenues			
Interest on investments	\$ 2,750	\$ 2,442	\$ 308
Penalties	35,895	43,020	(7,125)
Charge for services	<u>908,076</u>	<u>946,200</u>	<u>(38,124)</u>
Total revenues	<u>946,721</u>	<u>991,662</u>	<u>(44,941)</u>
Expense			
Personal services/employee benefits	318,437	466,146	(147,709)
Contractual services	67,597	64,252	3,345
Other	96,259	180,478	(84,219)
Depreciation	<u>2,609</u>	<u>2,609</u>	<u>-</u>
Total expenses	<u>484,902</u>	<u>713,485</u>	<u>(228,583)</u>
Change in net assets	461,819	278,177	183,642
Net assets, beginning	<u>1,429,637</u>	<u>1,151,460</u>	<u>278,177</u>
Net assets, ending	<u>\$ 1,891,456</u>	<u>\$ 1,429,637</u>	<u>\$ 461,819</u>

In compliance with state law, the Board adopts an annual appropriated budget and the Board's original and final budget and actual expenditures are shown in the budgetary statement, Exhibit G, page 13.

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

The changes in the Board's Financial Position (Statement of Net Assets) and Operations (Statement of Activities) from the prior year is mainly due to licensing fees exceeding amounts budgeted and expenditures being \$324,721 below budgeted amounts. Total assets increased by approximately 27.8% from \$1,503,588 to \$1,921,846. Total net assets increased by approximately \$461,819 from \$1,429,637 to \$1,891,456. The increase in net assets in 2012, \$461,819, compared to \$278,177 in 2011 shown in the Statement of Activities indicates that the Board is slightly better-off than it was a year ago.

STATE OF NEW MEXICO

BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS

Management's Discussion and Analysis  
(Unaudited)

June 30, 2012

**General Fund Budgetary Highlights**

The State Legislature makes annual appropriations to the Board. Amendments to the budget require approval by the Budget Division of the Department of Finance and Administration (DFA). The Board did not have any budget adjustments.

Actual expenditures were \$324,721 below final budget amounts. The most significant positive variance resulted from unspent personnel costs. Revenues were \$128,521 above the final budgeted amount, principally from increases in trade and license fees.

**Capital Assets**

The Board's investment in capital assets is \$5,182 (net of accumulated depreciation). This investment in capital assets consists mainly of data processing equipment. There were no capital assets purchases during the current fiscal year. Depreciation expense was \$2,609 for the year.

**Long-term Debt**

The Board had long-term debt (compensated absences totaling \$8,367) at June 30, 2012 and was determined to be a current liability based on the amount of the June 30, 2011 balance used during FY2012.

**Description of currently known facts, decisions or conditions that are expected to have a significant effect on financial position.**

The Board uses Regulation and Licensing staff to perform certain job functions for the Board that will continue through the 2013 fiscal year.

**Request for Information**

This financial report is designed to provide a general overview of the Board's finances. If you have any questions about this report or need additional information please contact:

Board of Licensure for Professional Engineers and Professional Surveyors  
Toney Anaya Bldg  
2550 Cerrillos Road, 2<sup>nd</sup> Floor  
Santa Fe, NM 87507  
(505) 476-4574  
[www.state.nm.us/pepsboard](http://www.state.nm.us/pepsboard)



**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSION ENGINEERS  
AND PROFESSIONAL SURVEYORS**

Exhibit A

**Statement of Net Assets**

**June 30, 2012**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Interest in State Treasurer General Fund Investment Pool	\$ 1,915,713
Interest receivable	401
Prepaid postage	530
Total current assets	<u>1,916,644</u>
Noncurrent Assets	
Capital assets	57,873
Less: accumulated depreciation	<u>(52,691)</u>
Total assets	<u>5,182</u>
Total Assets	<u>1,921,826</u>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities	
Accounts payable	12,097
Accrued payroll payable	1,990
Payroll taxes and benefits payable	7,230
Due to other State agency	526
Compensated absences payable	8,367
Due to State General Fund	160
Total current liabilities	<u>30,370</u>
Long-term liabilities:	
Compensated absences payable	<u>-</u>
Total liabilities	30,370
<b>NET ASSETS</b>	
Invested in capital assets	5,182
Restricted	<u>1,886,274</u>
Total net assets	<u>\$ 1,891,456</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS

Exhibit B

Statement of Activities

Year Ended June 30, 2012

	<u>Governmental Activities</u>
Expenses	
General government:	
Current:	
Personal services and employee benefits	\$ (318,437)
Contractual services	(67,597)
Other	(96,259)
Depreciation expense	<u>(2,609)</u>
Total expenses	(484,902)
Program revenues	
Charges for services	<u>908,076</u>
Net program income	<u>423,174</u>
General revenues	
Interest on investments	2,750
Penalties	<u>35,895</u>
Total general revenues	<u>38,645</u>
Change in net assets	461,819
Net assets, beginning	<u>1,429,637</u>
Net assets, ending	<u><u>\$ 1,891,456</u></u>

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

Exhibit C

**Balance Sheet  
Governmental Fund**

**June 30, 2012**

	General Fund
<b>ASSETS</b>	
Interest in State Treasurer General Fund Investment Pool	\$ 1,915,713
Interest receivable	401
Prepaid postage	530
	530
Total assets	\$ 1,916,644
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable	\$ 12,097
Accrued payroll	1,990
Payroll taxes and benefits payable	7,230
Due to other State agency	526
Due to State General Fund	160
	160
Total liabilities	22,003
 Fund balance	
Non-spendable - prepaid expense	530
Spendable -restricted	1,894,111
	1,894,111
Total fund balance	1,894,641
Total liabilities and fund balance	\$ 1,916,644

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
 BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
 AND PROFESSIONAL SURVEYORS

Exhibit D

**Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets  
 June 30, 2012**

Total fund balance - Governmental fund \$ 1,894,641

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.

These assets consist of:

Machinery and equipment	\$ 34,401	
Furniture and fixtures	7,889	
Automobiles	15,583	
Accumulated depreciation	<u>(52,691)</u>	5,182

Some liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.

These liabilities consist of:

Compensated absences	<u>(8,367)</u>
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Net assets of governmental activities	<u><u>\$ 1,891,456</u></u>
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The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

Exhibit E

**Statement Of Revenues, Expenditures And Changes In Fund Balances  
Governmental Fund**

**Year Ended June 30, 2012**

	General Fund
<b>Revenues</b>	
Trades and licenses	\$ 905,750
Examination fees	900
Other penalties	35,895
Other fees	1,426
Interest on investments	2,750
	<hr/>
Total revenues	946,721
	<hr/>
<b>Expenditures</b>	
General government:	
Current:	
Personal services and employee benefits	329,623
Contractual services	67,597
Other	96,259
Capital outlay	-
	<hr/>
Total expenditures	493,479
	<hr/>
<b>Excess of revenues over expenditures</b>	453,242
	<hr/>
<b>Fund balances - beginning of year</b>	1,441,399
	<hr/>
<b>Fund balances - end of year</b>	\$ 1,894,641
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS

Exhibit F

Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Fund To The  
Statement Of Activities

Year Ended June 30, 2012

Net change in fund balance-Governmental Funds	\$ 453,242
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Depreciation expense	(2,609)
Capital outlay	-

Some items reported in the Statement of Activities are not sources or uses of current financial resources and, therefore, are not reported as revenue or expenditures in governmental funds. These activities consist of

Decrease in compensated absences	<u>11,186</u>
Change in net assets of governmental activities	<u><u>\$ 461,819</u></u>

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

Exhibit G

**Statement of Revenues and Expenditures  
GAAP Basis and Actual**

**Year Ended June 30, 2012**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Approved Budget	Final Approved Budget	Actual	
<b>Revenues</b>				
Trades and licenses	\$ 778,900	\$ 778,900	\$ 905,750	\$ 126,850
Examination fees	1,400	1,400	900	(500)
Other penalties	35,000	35,000	35,895	895
Other fees	1,400	1,400	1,426	26
Interest on investments	1,500	1,500	2,750	1,250
<b>Total revenues</b>	<b>818,200</b>	<b>818,200</b>	<b>\$ 946,721</b>	<b>\$ 128,521</b>
<b>Prior-year funds re-budgeted</b>				
	-	-		
	<b>\$ 818,200</b>	<b>\$ 818,200</b>		
<b>Expenditures</b>				
<b>General government:</b>				
Personal services and employee benefits	\$ 520,400	\$ 520,400	\$ 329,623	\$ 190,777
Contractual services	97,400	97,400	67,597	29,803
Other	200,400	200,400	96,259	104,141
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>\$ 818,200</b>	<b>\$ 818,200</b>	<b>\$ 493,479</b>	<b>\$ 324,721</b>

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

**Notes to Financial Statements**

**June 30, 2012**

(1) History and Organization

The Board of Licensure for Professional Engineers and Professional Surveyors (Board) was created under Laws of 1956, Chapter 211. The primary duties and obligations of the Board are to administer the provisions of the Engineering and Surveying Practice Act (Sections 61-23-1 through 61-23-32, NMSA 1978) and to exercise the authority granted the Board in that act.

The Board has the power to adopt and amend all bylaws and rules of procedure, not inconsistent with the constitution, the laws of this state or the Engineering and Surveying Practice Act which may be reasonable for the proper performance of its duties and the regulation of its procedures, meeting records, examinations and the conduct thereof. The Board also shall adopt and promulgate rules of professional responsibility for professional engineers and professional surveyors.

(2) Summary of Significant Accounting Policies

The financial statements of the Board of Licensure for Professional Engineers and Professional Surveyors have been prepared in conformity with accounting principles generally accepted (US GAAP) in the United States of America 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. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes US GAAP for governmental units. The more significant of the Board's accounting policies are described below.

A. Financial Reporting Entity

The Board, a ten-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to professional engineers and surveyors. Even though board members are appointed by the governor, they have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. These financial statements present only the portion of the State attributable to the transactions of the Board. There are no component units. Other Executive Branch entities of government are excluded because they are established separately by statutes.



**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

**Notes to Financial Statements**

**June 30, 2012**

(2) Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements – GASB Statement No. 34

The basic financial statements include both government-wide (based on the Board as a whole) and fund financial statements. The GASB No. 34 reporting model focus is on either the Board, as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements. The Board has only governmental type activities. The government-wide financial statements reflect an accrual basis of accounting, economic resources measurement focus basis, which incorporates long-term assets as well as long-term debt and obligations. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Board has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduced gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. The Board includes only one function (general government). Program revenues include charges for services from license, exam and other fees. General revenues (interest income, penalties, miscellaneous, etc.) normally cover the net cost (by function). The governmental fund statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Board's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column on the government-wide presentation.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Board's policy to use restricted resources first, then unrestricted resources, as they are needed.

**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

**Notes to Financial Statements**

**June 30, 2012**

(2) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation – Fund Accounting

The financial transactions of the Board are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures and other financing sources or uses. The Board does not have any debt service requirements. The compensated absences liability is not included in the fund financial statements. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The various funds are summarized by type and reported by generic classification in the accompanying financial statements. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures. The general fund is always considered a major fund. The Board uses the following fund types:

Governmental Fund Types

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

General Fund (Fund #073 – Nonreverting – Section 61-23-11 A) – The General Fund is the general operating fund of the Board and is used to account for all financial resources; there are no resources required to be accounted for in another fund. The General Fund is funded primarily through license and registration fees, penalties and interest on state funds.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The government-wide financial statements are presented on an accrual basis of accounting. The governmental fund financial statements are presented on a modified accrual basis.

**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
AND PROFESSIONAL SURVEYORS**

**Notes to Financial Statements**

**June 30, 2012**

(2) Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Modified Accrual – All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., both measurable and available. “Available means collectible within the current period or within sixty days thereafter in order to pay current liabilities.” The Board operates under a biennial license renewal policy. Licensees that hold an odd numbered license (odd numbered last digit) renew during odd numbered years while licensees that hold an even numbered license (even numbered last digit) renew during even numbered years. The amounts of accrued and deferred license renewals offset each other during any one fiscal year and therefore are not recognized. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

E. Budgets and Budgetary Accounting

The New Mexico State Legislature makes annual appropriations to the Board. Legal compliance is monitored through the establishment of a budget (modified accrual basis) and financial control system, which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level. Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of State of New Mexico Department of Finance and Administration (DFA) within the limitations as specified in the General Appropriation Act.

The budget amounts shown in the financial statements are both the original appropriation and the final authorized amounts as legally revised during the year. The Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. By September 1<sup>st</sup>, the Board prepares a budget request by appropriation unit to be presented to the next legislature.
2. The appropriation request is submitted to the DFA’s Budget Division and to the Legislative Finance Committee (LFC).
3. DFA makes recommendations and adjustments to the appropriation request which become the Governor’s proposal to the Legislature.
4. LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA’s and LFC’s recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budgetary control is exercised at the appropriation unit level of the Board as a whole and changes are approved by the DFA.

**STATE OF NEW MEXICO  
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**Notes to Financial Statements**

**June 30, 2012**

(2) Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting (Continued)

7. The Board's budget for the fiscal year ended June 30, 2012 was not amended during the fiscal year.
8. Appropriations lapse at the end of the fiscal year except for those amounts related to goods and services received by June 30<sup>th</sup> which are reflected as accounts payable in the financial statements.
9. The budget for the General Fund is adopted on a modified accrual basis per the General Appropriation Act, Laws of 2011, except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of the next year's budget. There are no differences between the budget basis and fund financial statements as both are reported on the modified accrual basis.

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 a part of the basic financial statements.

F. Interest in State General Fund Investment Pool

The Board has defined cash and cash equivalents to include the Interest in State General Fund Investment Pool with the State Treasurer.

G. Receivables

The Board earns interest on the General Fund Investment Pool. Interest due from other state agencies from the State Treasurers Office is accrued as of the end of the fiscal year. No allowance for doubtful accounts is established since all amounts are actually collected in the subsequent fiscal year.

H. Capital Assets

Capital assets are tangible assets used in operations and have initial useful lives that extend beyond a single reporting period. Capital assets are reported in the Statement of Net Assets at historical cost or estimated fair value, if donated. Capital assets are depreciated using the straight-line method over their estimated useful lives. Before the 2005 legislative session, only items costing more than \$1,000 were capitalized. Effective June 19, 2005, House Bill 1074 amended Section 12-6-10, NMSA 1978, to increase the capitalization threshold to items costing more than \$5,000.

**STATE OF NEW MEXICO  
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**Notes to Financial Statements**

**June 30, 2012**

(2) Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. Computer software which is purchased with data processing computer equipment is included as part of the capitalized data processing computer equipment. Other software purchased is capitalized and depreciated separately. The major classifications of capital assets and their related depreciable lives are as follows:

Automobiles	5 years
Machinery and data processing equipment (including software)	3 to 5 years
Furniture & fixtures	5 years

I. Accrued Compensated Absences

Employees are entitled to 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 are entitled to accumulate sick leave at a rate of 3.69 hours per pay period. There is no limit to the amount of sick leave which an employee may accumulate. State agencies are allowed to pay fifty (50) percent of each employee's 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.

The compensated absences liability is presented in two parts, a current portion and long-term portion, in the government-wide financial statements. The current portion is the amount expected to be expended during fiscal year 2013 and is an estimate management determined by fiscal year 2012 usage. Based on the estimate for the year ended June 30, 2012, compensated absences liability is all a current liability.

J. Net Assets

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt, if applicable), restricted and unrestricted.

Investment in capital assets (net of related debt) – is intended to reflect the portion of net assets which are associated with capital assets less outstanding capital asset related debt. The Board has no debt related to capital assets.

**STATE OF NEW MEXICO  
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**Notes to Financial Statements**

**June 30, 2012**

(2) Summary of Significant Accounting Policies (Continued)

J. Net Assets (Continued)

Restricted assets – are assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use. The Board’s net assets are all restricted as it is not a reverting agency and the enabling legislature restates its use for its operations.

Unrestricted assets – are assets that do not have third-party (statutory, bond covenant or granting agency) limitations on their use.

K. Use of Estimates

Financial statement preparation in conformity with U.S. generally accepted accounting principles requires management to make estimates/assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(3) Interest in State General Fund Investment Pool

Interest in State General Fund Investment Pool (non-reverting) of the Board at June 30, 2012:

<u>Name of Depository</u>	<u>Account Name</u>	<u>Agency Number</u>	<u>Fund #</u>	<u>Balance Per Financial Statements</u>
State Treasurer	Engineers/Surveyors	464	73	\$ 1,915,713

The Board is required by State law to have all funds are on deposit with the State Treasurer in the State General Fund Investment Pool (SGFIP). In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of fifty (50) percent. Collateral pledged to secure these deposits is monitored by the STO and STO issues separate financial statements which disclose the collateral pledged to secure these deposits.

The State Treasurer invests excess cash balances on behalf of certain earmarked funds of state agencies identified by state statute and local governments. Interest earnings are distributed based on average outstanding cash balances for local governments and the state agencies where interest is allowed to be earned. All other interest earnings are transferred to the State General Fund.

The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institution’s operating results and capital. Collateral for the fiscal agent account is required in amounts equal to 50% of the average investment balance.

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BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
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Notes to Financial Statements

June 30, 2012

(3) Interest in State General Fund Investment Pool (Continued)

The Board follows GASB 40, *Deposit and Investment Risk Disclosures*. GASB 40 requires certain disclosures when balances with financial institutions exceed depository insurance. The Board does not have credit quality, Deposit Custodial Credit, Security Custodial Credit, Concentration of Credit, or Foreign Currency Risks.

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

General Fund Investment Pool Not Reconciled

In June 2012, an independent expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July of 2006. The Diagnostic report is available in the Resources section of the Cash Control page of the New Mexico Department of Finance & Administration's website at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx). The document title is Current State Diagnostic of Cash Control.

The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues such as income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to the General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury.

As of June 30, 2012, the General Fund Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent, third-party verification/confirmation of the New Mexico State Personnel Board's balances at the business unit/fund level is not possible. DFA/FCD is responsible to reconcile the General Fund Investment Pool by State Statute, (Section 6-5-9 NMSA 1978).

Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) is taking aggressive action to resolve this serious problem. DFA/FCD has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. DFA/FCD management believes that these changes will allow for the completion of a timely and accurate reconciliation on a point-forward basis only. The scheduled implementation date for the changes associated with the Remediation Project is February 1, 2013. An approach and plan to address the population of historical reconciling items will be developed during the Remediation Project, but a separate initiative will be undertaken to resolve the historical reconciling items.

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**Notes to Financial Statements**

**June 30, 2012**

(3) Interest in State General Fund Investment Pool (Continued)

General Fund Investment Pool Not Reconciled (Continued)

The initial phase of the Remediation Project, completed on October 11, 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Remediation Project is a document entitled Cash Management Plan and Business Processes. This document is available on the Cash Control page of the New Mexico Department of Finance & Administration's website at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx).

The Board believes the impact of the cash reconciliation does not have a material impact on its financial statements since the main source of cash is the trade and license fees deposited which are reconciled to the general ledger and has properly recorded its expenditures. The effect of adjustments to the Board's financial statements, if any, from the reconciliation of the General Fund Investment Pool cannot be determined.

(4) Changes in Capital Assets

A summary of changes in capital assets is as follows:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Machinery and equipment	\$ 46,627	\$ -	12,226	\$ 34,401
Accumulated depreciation	(38,836)	(2,609)	(12,226)	(29,219)
Automobiles	15,583	-	-	15,583
Accumulated depreciation	(15,583)	-	-	(15,583)
Furniture and fixtures	7,889	-	-	7,889
Accumulated depreciation	(7,889)	-	-	(7,889)
	<u>\$ 7,791</u>	<u>\$ (2,609)</u>	<u>\$ -</u>	<u>\$ 5,182</u>

There is no debt related to capital assets. Depreciation expense for the year was \$2,609.

(5) Changes in Long-Term Debt

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

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amount Due Within One Year
Compensated absences payable	\$ 19,553	\$ 8,767	\$ 19,953	\$ 8,367	\$ 8,367

The Board's general fund is used to pay compensated absences. All of the compensated absences payable of \$8,367 is considered to be a short term liability.



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June 30, 2012

(6) Fund Equity

The Board follows GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the Board's fund balance. The effect on GASB 54 on the Board fund balance is that the reserve for prepaid expenses is no longer presented but shown as non-spendable fund balance. Spendable fund balance is shown by the most binding constraint which is restricted by an external resource or enabling legislation. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications.

**Restricted.** Amounts can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The Board is a non reverting agency and the funds are restricted by its enabling legislation to carry out the provisions of the Board. Accordingly, all of the fund balance is restricted.

**Committed.** Amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority which is the Board of Directors.

**Assigned.** Amounts intended to be used by the Board for specific purposes but do not meet the criteria to be classified as restricted or committed.

**Unassigned.** The residual classification for the Board's general fund and includes all amounts not contained in the other classifications.

(7) Operating Lease

The Board leases a postage meter at \$84 per month for one year ending June 30, 2013.

Future proposed lease payments are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2013	<u>\$ 1,008</u>

(8) Pension Plan – Public Employees Retirement Association

*Plan Description.* Substantially all of the State of New Mexico Board of Licensure for Professional Engineers and Professional Surveyors 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, New Mexico 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

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Notes to Financial Statements

June 30, 2012

(8) Pension Plan – Public Employees Retirement Association (Continued)

*Funding Policy.* Plan members are required to contribute 8.92% of their gross salary. The State of New Mexico Board of Licensure for Professional Engineers and Professional Surveyors is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Board of Licensure for Profession Engineers and Professional Surveyors 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 contribution to PERA for fiscal years ended June 30, 2012, 2011, and 2010 were \$31,889, \$47,670, and \$52,414, respectively, equal to the amount of the required contributions for each fiscal year.

(9) Post-Employment Benefits – State Retiree Health Care Plan

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment 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.

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**Notes to Financial Statements**

**June 30, 2012**

(9) Post-Employment Benefits – State Retiree Health Care Plan (Continued)

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

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

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Board’s contributions to the RCHA for the fiscal years ended June 30, 2012, 2011 and 2010 were \$4,359, \$5,213, and \$3,905, respectively, which equal the required contributions for each year.

(10) Due to other State Agency and Due to State General Fund

The balance of \$526 at June 30, 2012 is due the New Mexico Regulation and Licensing Department (SHARE Fund 42000). The balances due to the State General Fund of \$160 is from a stale dated warrant.

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**Notes to Financial Statements**

**June 30, 2012**

(11) 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. 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.

(12) Memorandum of Understanding

The Board and the National Council of Examiners for Engineering and Surveying (NCEES) have a Memorandum of Understanding (MOU).

NCEES will administer in New Mexico certain examinations developed and owned by NCEES. NCEES will provide the Board with reports on examinations results (individual scores); including performance analyses and statistics for all candidates. No fees or other payments shall be due or payable by the Board under this MOU. Instead, NCEES shall be entitled to retain all test administration fees paid by or on behalf of individual candidates who register to take NCEES examinations in New Mexico. The test administration fee paid by the candidate(s) shall be in addition to any book or scoring fees or any other examination-related fees payable by the candidate(s).

(13) New Accounting Standards

The Governmental Accounting Standards Board (GASB) has published Statements No. 67, *Financial Reporting for Pension Plans* and No. 68, *Accounting and Financial Reporting for Pensions*. These standards revise existing guidance for governments that provide their employees with pension benefits. Significant change is the requirement to record each governmental entity's pro rate share of unfunded actuarial accrued liability (UAAL) on its financial statements including multi-employer cost sharing plans. The Public Employees Retirement Association (PERA), is a multi-employer cost sharing plan. The changes arising from these statements are significant and the Board will comply with these changes as implementation information is provided by the State of New Mexico and PERA. The implementation date for Statement No. 68, most relevant to the Board, is for FY2015.

The status of the PERA Plan at June 30, 2011, the most recent audited financial statement available, has an unfunded accrued actuarial liability of approximately \$4.97 billion.

(14) Subsequent Events

The Board has evaluated subsequent events through November 16, 2012, which is the date the financial statements are issued and determined no subsequent events requires disclosure or adjustment to the financial statements.



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**Principals**  
John E. Barracough, Jr., C.P.A.  
Annette V. Hayden, C.P.A.  
Sandra M. Shell, C.P.A./A.B.V., C.V.A.

**Managers**  
Douglas W. Fraser, C.P.A.  
Laura Parker, C.P.A.  
Rick W. Reynolds, C.P.A.  
Katherine M. Rowe, C.P.A.  
Rhonda G. Williams, C.P.A.

**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**

Mr. Hector H. Balderas, New Mexico State Auditor  
and  
Board of Licensure for Professional Engineers  
and Professional Surveyors

We have audited the financial statements of the business-type activities of the Board of Licensure for Professional Engineers and Professional Surveyors (Board), as of and for the year ended June 30, 2012, which collectively comprise the Board of Licensure for Professional Engineers and Professional Surveyors' basic financial statements and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Licensure for Professional Engineers and Professional Surveyors' financial statements are free of material misstatements, 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 the 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*.

This report is intended solely for the information of management, the board of directors of the New Mexico Board of Licensure for Professional Engineers and Professional Surveyors, the New Mexico State Auditor, the New Mexico Department of Finance and Administration and the New Mexico State Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Donald J. Hancock, P.C.", written in a cursive style.

November 16, 2012

**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
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**Schedule of Findings and Responses**

**June 30, 2012**

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b>			
None			
<b>Follow-up on Prior Year Findings:</b>			
Lack of compliance over disbursement	E	11-01	Resolved
Personnel file exceptions	E	10-04	Resolved

**\* Legend for Type of Current Year Findings:**

- A. Material weakness in internal control over financial reporting
- B. Significant deficiency in internal control over financial reporting
- C. Other matters involving internal control over financial reporting
- D. Material instance of noncompliance
- E. Immaterial instance of noncompliance

**STATE OF NEW MEXICO  
BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS  
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**June 30, 2012**

Financial Statement Preparation

The financial statements and notes to the financial statements were prepared by the independent certified public accountants performing the audit. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance. Management has reviewed and approved the financial statements and notes to the financial statements.

\*\*\*\*\*

**Exit Conference**

The financial statements and the auditors' reports were discussed at an exit conference held on December 10, 2012 with the following in attendance:

Board of Licensure for Professional Engineers and Professional Surveyors

Salvador Vigil  
Eva Baca  
Perry Valdez

Board Member  
Acting Executive Director  
Licensing Manager/Compliance

Barraclough & Associates, P.C.

Douglas W. Fraser

Audit Manager



