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M **Chester W. Mattocks**
Certified Public Accountant

STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION

**ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2009**

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**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2009**

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STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION

OFFICIAL ROSTER
AS OF JUNE 30, 2009

Commission Members

<u>Name</u>	
Theresa Gonzales Connaughton .	Chairperson
Rod DeAguero	Member
Craig Mapel	Member
Manny Ortiz	Member
Marsha Mason	Member

Administration

<u>Name</u>	<u>Position</u>
Vacant	Director
Bertha Terrazas	Chief Financial Officer
Brett Bakker	Chief Inspector
Lois Quinn	Information Specialist

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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Members of the Commission
State of New Mexico
Organic Commodity Commission
Albuquerque, New Mexico

and

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

I have audited the accompanying financial statements of the governmental activities, each major fund, and the respective budgetary comparisons of the General Fund, the Organic Market Development Fund and the Supplemental Organic Growth Fund of the State of New Mexico Organic Commodity Commission (Commission) as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Commission's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements and the individual fund 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. I believe that my audit provides a reasonable basis for my opinions.

As discussed in Note 1A, the financial statements of the Commission, are intended to present the financial position and changes of financial position of only that portion of the governmental activities and each major fund of the State of New Mexico that is attributable to the transactions of the Commission. They do not purport to, and do not, present fairly the financial position of the entire State of New Mexico as of June 30, 2009 and the changes in its financial position thereof and respective budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In my 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 Commission at June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparisons of the General Fund, the Organic Market Development Fund and the Supplemental Organic Growth 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, I have also issued my report dated December 14, 2009, on my consideration of the Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 my audit.

The Commission has not presented its Management's Discussion and Analysis for the year ended June 30, 2009. The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

Chester W. Muntzsch, CPA

December 14, 2009

**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009**

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Investment account with New Mexico State Treasurer	\$ 359,734
Grant receivable	8,798
Total current assets	<u>368,532</u>
Capital assets:	
Furniture, fixtures and equipment	13,254
Total capital assets	13,254
Less accumulated depreciation	<u>(13,254)</u>
Total capital assets, net of accumulated depreciation	-0-
Total assets	<u>368,532</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Investment account overdraft	1,878
Accounts payable	41,845
Accrued payroll and benefits	8,271
Due to State of New Mexico General Fund- Reversion FY 07	2,521
Due to State of New Mexico General Fund- Reversion FY 08	5,736
Due to State of New Mexico General Fund-Reversion FY 09	25,838
Compensated absences payable - expected to be paid within one year	6,455
Total current liabilities	<u>92,544</u>
Noncurrent liabilities:	
Compensated absences payable - expected to be paid after one year	-0-
Total noncurrent liabilities	<u>-0-</u>
Total liabilities	<u>92,544</u>
<u>NET ASSETS (Deficit)</u>	
Invested in capital assets	-0-
Unrestricted (deficit)	(6,455)
Restricted for special revenues- certification expenses	282,443
Total net assets	<u>\$ 275,988</u>

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

**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Governmental Activities</u>
EXPENSES:	
General government:	
Personal services/employee benefits	\$ (199,702)
Contractual services	(83,672)
Other costs	(84,883)
Total expenses	<u>(368,257)</u>
PROGRAM REVENUES:	
Charges for services/licenses/assessments/other	154,417
Program-specific operating grants	<u>14,473</u>
Total program revenues	<u>168,890</u>
Changes in net assets:	
Net (Expense)/Revenue	<u>(199,367)</u>
REVENUES:	
General revenues:	
General Fund appropriation (net of current year reversion of \$25,838)	269,462
General Fund appropriation- compensation package	<u>5,000</u>
Total general revenues	<u>274,462</u>
Change in net assets	75,095
Net assets - beginning of year	<u>200,893</u>
Net assets - end of year	<u>\$ 275,988</u>

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

STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION

BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2009

	<u>General Fund</u>	<u>Organic Market Development</u>	<u>Supplemental Organic Growth</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Investment account with New Mexico State Treasurer	\$ 65,340	\$ 294,394	\$ -0-	\$ 359,734
Grants receivable	-0-	-0-	8,798	8,798
Due from other funds	-0-	844	-0-	844
 Total assets	 <u>\$ 65,340</u>	 <u>\$ 295,238</u>	 <u>\$ 8,798</u>	 <u>\$ 369,376</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Investment overdraft	\$ -0-	\$ -0-	\$ 1,878	\$ 1,878
Accounts payable	22,130	12,795	6,920	41,845
Accrued payroll and benefits	8,271	-0-	-0-	8,271
Due to other funds	844	-0-	-0-	844
Due to State of New Mexico General Fund- Reversion FY 07	2,521	-0-	-0-	2,521
Due to State of New Mexico General Fund- Reversion FY 08	5,736	-0-	-0-	5,736
Due to State of New Mexico General Fund-Reversion FY 09	25,838	-0-	-0-	25,838
 Total liabilities	 <u>65,340</u>	 <u>12,795</u>	 <u>8,798</u>	 <u>86,933</u>
Fund balances:				
Reserved for subsequent years' expenditures	-0-	282,443	-0-	282,443
 Total fund balances	 <u>-0-</u>	 <u>282,443</u>	 <u>-0-</u>	 <u>282,443</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 65,340</u>	 <u>\$ 295,238</u>	 <u>\$ 8,798</u>	 <u>\$ 369,376</u>

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

STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2009**

Total fund balances - Governmental Funds
(Balance Sheet - Governmental Funds) \$ 282,443

Amounts reported for governmental activities
in the Statement of Net Assets are different
at June 30, 2009 because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the fund financial statements.
These assets consist of:

Furniture, fixtures and equipment	\$ 13,254
Less accumulated depreciation	<u>(13,254)</u>

Total capital assets, net of accumulated depreciation	-0-
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Some liabilities are not due and payable in the
current period and therefore are not reported
in the governmental funds:

Compensated absences payable	<u>(6,455)</u>
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Net assets of Governmental activities (Statement of Net Assets)	<u>\$ 275,988</u>
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The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Organic Market Development	Supplemental Organic Growth	Total Governmental Funds
REVENUES				
Other licenses and permits	\$ -0-	\$ 47,042	\$ -0-	\$ 47,042
Manuals and codes	-0-	25	-0-	25
Grants	-0-	-0-	14,473	14,473
Miscellaneous	-0-	107,350	-0-	107,350
Total revenues	-0-	154,417	14,473	168,890
EXPENDITURES				
Current:				
General government:				
Personal services/employee benefits	200,209	-0-	-0-	200,209
Contractual services	3,843	79,829	-0-	83,672
Other costs	70,410	-0-	14,473	84,883
Total expenditures	274,462	79,829	14,473	368,764
Excess (deficiency) of revenues over Expenditures	(274,462)	74,588	-0-	(199,874)
Other financing sources (uses):				
State general fund appropriation - regular	295,300	-0-	-0-	295,300
State general fund appropriation - compensation package	5,000	-0-	-0-	5,000
Reversions to state general fund FY 09	(25,838)	-0-	-0-	(25,838)
Total other financing sources (uses)	274,462	-0-	-0-	274,462
Net change in fund balances	-0-	74,588	-0-	74,588
Fund balances - beginning	-0-	207,855	-0-	207,855
Fund balances - ending	\$ -0-	\$ 282,443	\$ -0-	\$ 282,443

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

**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF
ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net change in fund balances (Statement of Revenues,
Expenditures and Changes in Fund Balances) \$ 74,588

Amounts reported for governmental activities in the
Statement of Activities are different for the year
ended June 30, 2009 because:

In the Statement of Activities, certain operating expenses -
compensated absences payable - are measured by the amounts
earned during the year. In the Governmental Funds, however,
expenditures are measured by the amount of financial resources
used (essentially the amounts actually paid). The increase in
the liability for compensated absences payable for the year
was: 507

The Governmental Funds report capital outlays as
expenditures. However, in the Statement of Activities,
the cost of capital assets is allocated over
their estimated useful lives and reported as
depreciation expenses. In the current year, these
amounts were:

Capital outlay expenditures which were capitalized	\$	-0-	
Depreciation		<u>-0-</u>	
Excess of capital outlay expenditures over depreciation			<u>-0-</u>
Change in net assets of Governmental Activities (Statement of Activities)	\$		<u>75,095</u>

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

**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance-
	Original	Final	Amounts - Budgetary Basis	Favorable (Unfavorable)
REVENUES:				
Other	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total revenues	-0-	-0-	-0-	-0-
EXPENDITURES:				
Current:				
General Government:				
Personal svcs/Employee benefits	230,500	224,800	200,209	24,591
Contractual services	4,000	3,900	3,843	57
Other costs	73,400	71,600	70,410	1,190
Total expenditures	307,900	300,300	274,462	25,838
Excess (deficiency) of revenues over expenditures	(307,900)	(300,300)	(274,462)	25,838
Other financing sources (uses):				
State general fund appropriations	302,900	295,300	295,300	-0-
Special supplemental appropriations	5,000	5,000	5,000	-0-
Reversions – FY 09	-0-	-0-	(25,838)	(25,838)
Total other financing sources and uses	307,900	300,300	274,462	(25,838)
Net change in fund balance	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND -
ORGANIC MARKET DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Other licenses and permits	\$ 56,200	\$ 56,200	\$ 47,042	\$ (9,158)
Manuals and codes	200	200	25	(175)
Miscellaneous	28,000	28,000	107,350	79,350
Total revenues	84,400	84,400	154,417	70,017
EXPENDITURES:				
Current:				
General Government:				
Personal svcs/Employee benefits	-0-	-0-	-0-	-0-
Contractual services	84,400	84,400	79,829	4,571
Other costs	-0-	-0-	-0-	-0-
Total expenditures	84,400	84,400	79,829	4,571
Excess (deficiency) of revenues over expenditures	-0-	-0-	74,588	74,588
Other financing sources (uses):				
State general fund appropriations	-0-	-0-	-0-	-0-
Special appropriations	-0-	-0-	-0-	-0-
Reversions to State General Fund	-0-	-0-	-0-	-0-
Total other financing sources and uses	-0-	-0-	-0-	-0-
Net change in fund balance	\$ -0-	\$ -0-	\$ 74,588	\$ 74,588

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

**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND -
SUPPLEMENTAL ORGANIC GROWTH
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Federal grants	\$ 4,000	\$ 44,000	\$ 14,473	\$ (29,527)
Total revenues	<u>4,000</u>	<u>44,000</u>	<u>14,473</u>	<u>(29,527)</u>
EXPENDITURES:				
Current:				
General Government:				
Personal svcs/Employee benefits	-0-	-0-	-0-	-0-
Contractual services	-0-	-0-	-0-	-0-
Other costs	<u>4,000</u>	<u>44,000</u>	<u>14,473</u>	<u>29,527</u>
Total expenditures	<u>4,000</u>	<u>44,000</u>	<u>14,473</u>	<u>29,527</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Other financing sources (uses):				
State general fund appropriations	-0-	-0-	-0-	-0-
Special appropriations	-0-	-0-	-0-	-0-
Reversions to State General Fund	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources and uses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of New Mexico Organic Commodity Commission was created by the New Mexico Legislature's passage of the Organic Commodity Act (Section 76-22-1 to 76-22-28, NMSA, 1978 Compilation, as amended). The Commission was created to provide a certification program for organic food producers, processors and handlers. All producers, processors and handlers seeking to utilize the "organically produced" seal offered through the Commission's certification program must comply with the standards and procedures described in the Commission's certification handbook. The State of New Mexico Organic Commodity Commission is comprised of a five-member board appointed by the Governor in accordance with requirements contained in the Act. The principal office of the State of New Mexico Organic Commodity Commission is located in Albuquerque, New Mexico.

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phased implementation based on size of government.

The Commission implemented the provisions of GASB #34 effective July 1, 2001. As a part of this Statement, there is a new reporting requirement regarding the government's infrastructure (road, bridges, etc.) The Commission does not own any infrastructure assets and therefore is unaffected by this requirement. The Commission also implemented the provisions of the later related GASB statements #37 and #38 which affect GASB #34 and its implementation.

A. Financial Reporting Entity

Governmental Accounting Standards Board Statement (GASBS) 14, "The Financial Reporting Entity," effective for periods beginning after December 15, 1992, establishes standards for defining and reporting on the financial reporting entity. GASBS 14 supersedes previous standards issued by the National Council on Governmental Accounting. The requirements of GASBS 14 apply at all levels to all state and local governments.

GASB 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

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

The Audit Act, Sections 12-6-1 through 12-6-14, NMSA 1978, requires the financial affairs of every agency to be thoroughly examined and audited each year, and a complete written report to be made. Moreover, the New Mexico State Auditor requires that each agency shall prepare financial statements in accordance with accounting principles generally accepted in the United States of America. As a result, the Commission has prepared and issued its own audited, agency Annual Financial Report.

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

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

B. Basic Financial Statements - GASB Statement #34

The basic financial statements include both government-wide (based on the Commission as a whole) and fund financial statements. The new reporting model focus is on either the Commission as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The Commission did not have any business-type activities during the year ended June 30, 2009, and the Commission has decided not to apply any FASB pronouncements 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 reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. Charges for services consist of fees charged for assessments, licenses, and certifications. Program-related grants consist of Federal grants for education efforts related to organic growing. The Commission includes only one function (general government).

The net cost (by function or business-type activity) is normally covered by general revenues (intergovernmental revenues or other revenue, etc.). Historically, the previous mode did not summarize or present net cost by function or activity. The Commission does not currently employ indirect cost allocation systems. The Commission's policy for when an expense is incurred for purposes for which both restricted and unrestricted assets are available is to utilize the restricted assets first.

This government-wide focus is more on the sustainability of the Commission as an entity and the change in aggregate financial position resulting from the activities of the current fiscal period.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The General Fund is required to be a major program, and the Commission has decided that since the two Special Revenue Funds are very important to the operations of the Commission, they should be major funds. Therefore, there are no nonmajor funds. The Commission has no fiduciary funds or component units similar to fiduciary funds, but if the Commission did, they would not be included in the government-wide financial statements.

The governmental fund statements are presented on a current financial resources 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 Commission's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

Interfund accounts which are on the fund financial statements have been eliminated in the government-wide financial statements. They consisted of \$844 owed by the General Fund to the Organic Market Development Fund for funds that were incorrectly posted.

C. Basis of Presentation

The financial transactions of the Commission are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

The new reporting model, GASB Statement 34, sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined. All these governmental funds have been classified as major funds by the Commission after considering the criteria for major funds. Only individual governmental or individual enterprise funds can be considered for major fund status.

1. Governmental Fund Types

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

The Commission reports the following major governmental funds.

General Fund - The General Fund is the general operating fund of the Commission and is used to account for all financial resources except those required to be accounted for in

another fund. The General Fund is funded primarily by an appropriation from the State General Fund, and any unused funds at the end of the fiscal year revert back to the State General Fund.

Special Revenue Funds

Organic Market Development Fund - Organic Market Development Fund is authorized by the Organic Commodity Act to account for funds of the Organic Market Development activities. Funding is primarily provided from certification fees and assessments from producers. The fund was created by NMSA 76-22-5 as a non-reverting fund.

Supplemental Organic Growth Fund - The Supplemental Organic Growth Fund is used to account for grants received from the United States Department of Agriculture (USDA) and Washington State University to provide cost share assistance to organic producers or handlers who receive their organic certification from USDA accredited certifying agents. Unused funds at the end of the grant period are due back to the awarding entity and do not revert back to the State General Fund. This fund was created during the fiscal year ended June 30, 2003 as a non-reverting fund to monitor grant income under NMSA 76-22-5 and the supervision of the Department of Finance and Administration.

2. Non-Current Governmental Assets/Liabilities

GASB Statement #34 eliminated the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditure/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 Funds in the Fund Financial Statements are presented on a modified accrual basis.

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

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, which was also adopted as of July 1, 2001 by the Commission, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

E. Budgetary Accounting

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. No later than September 1st, the Commission prepares a budget appropriation request by category to be presented to the next Legislature.
2. The appropriation request is submitted to the New Mexico Department of Finance and Administration's Budget Division (DFA) and to the Legislative Finance Committee (LFC).
3. DFA makes recommendations and adjustments to the appropriation request which then becomes the Governor's proposal to the Legislature.
4. The 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. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings are incorporated into the General Appropriations Act.
7. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
8. The Commission submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA - Budget Division reviews and approves the operating budget which becomes effective on July 1.
9. All subsequent budget adjustments must be approved by the Commission and the Director of the DFA - Budget Division. The budget for the current year was properly amended.
10. Legal budget control for expenditures and encumbrances is by category of line item.
11. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and the Special Revenue Funds.
12. The budget is adopted on a modified accrual basis of accounting that is consistent with accounting principles generally accepted in the United States of America. This change was implemented with the laws of 2004, Chapter 114, Section 3, paragraph N and paragraph O. It is effective for fiscal years beginning July 1, 2004. However, there is a statutory exception per the General Appropriation Act, Laws of 2006, Chapter 109, Section 3, Subsections N and O. 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. There were none of these accounts payable at June 30, 2009. A reconciliation is not provided because there were no differences between the budgetary basis and the modified accrual basis.

13. Each year the Legislature approves multiple year appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by the fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentations in these financial statements are consistent with this budgeting methodology.
14. Appropriations lapse at the end of the fiscal year except for those amounts recorded as vouchers payable and salaries payable. The Commission's General Fund is a reverting fund. The Special Revenue Funds are not reverting.

F. Capital Assets

Property, plant and equipment including software, purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State's capitalization policy, i.e., the dollar value above which asset acquisitions including software, are added to the capital accounts, is \$5,000 which is a change in policy effective July 1, 2005. However, all capital outlay purchases may not necessarily be capitalized. The Commission does not capitalize any interest in regards to its capital assets.

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

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

G. Encumbrances Accounting

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and is employed as an extension of formal budgetary control in the General Fund and the Special Revenue Funds. Encumbrances not recorded as vouchers payable at year end lapse.

H. Compensated Absences Payable

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

Qualified classified employees, per the schedule approved by the Commission, accumulate annual leave to a maximum of 240 hours as follows:

<u>Years of Service</u>	<u>Hours Earned Per Pay Period</u>
Less than 3 years	3.08
Between 3 and 7 years	3.69
Between 7 and 11 years	4.61
Between 11 and 15 years	5.54
Over 15 years	6.15

Exempt employees who are appointed by the Governor accumulate annual leave per a schedule developed by the Department of Finance and Administration to a maximum of 240 hours as follows:

<u>Years of Service</u>	<u>Hours Earned Per Pay Period</u>
Less than 3 years	4.62
Between 3 and 7 years	5.54
Between 7 and 14 years	6.46
Over 14 years	7.39

Only the Director of the Commission is an exempt employee.

I. Due to State of New Mexico General Fund (Reversions)

Reversions to the State of New Mexico General Fund by the Commission are based on the definitions of reverting funds.

Reverting Funds - All funds that are not identified by law as non-reverting are reverting funds. Such funds are the excess of budgeted expenditures over actual expenditures.

Current year reversions due to the State of New Mexico General Fund as of June 30, 2009 were as follows:

	<u>General Fund</u>
Current year:	
FY 09 reversions	<u>\$ 25,838</u>
Total FY 09 reversions	<u>\$ 25,838</u>

The Commission did not timely revert its FY 07 and its FY 08 reversions of \$2,521 and \$5,736, respectively. Therefore, at June 30, 2009, there was a Due to State of New Mexico General Fund- Reversion FY 07 of \$2,521, Due to State of New Mexico General Fund- Reversion FY 08 of \$5,736 and a Due to State of New Mexico General Fund-Reversion FY 09 of \$25,838.

Therefore, at June 30, 2009, there was a total due for reversions to the State of New Mexico General Fund of \$34,095.

J. Reservations of Fund Balances

Reservations of fund balances on the Governmental funds 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 cannot be appropriated for future expenditures. The only specific reservation of fund balance accounts at June 30, 2009 was:

Reserved for Subsequent Years' Expenditures – This reserve was created to indicate that funds are held in non-reverting Special Revenue Funds.

K. Revenues, Expenditures and Expenses

Substantially all governmental fund revenues are accrued. The grants receivable at June 30, 2009 was \$8,798 in the Supplemental Organic Growth Special Revenue Fund. In the opinion of management, no allowance for doubtful accounts was necessary at June 30, 2009 because the grants receivable were considered fully collectible.

Expenditures are recognized when the related fund liability is incurred.

L. Net Assets

The government-wide financial statements utilize a net asset presentation. Net Assets are categorized as invested in fixed assets, restricted and unrestricted.

Invested in Capital Assets - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Commission did not have any related debt during the year ended June 30, 2009.

Unrestricted (Deficit) Net Assets - represent the deficit of the Commission at June 30, 2009. It consists of the Commission's compensated absences payables, for which there are currently no resources available to finance it. It is expected that this deficit will be financed by future state appropriations. These funds are restricted and can only be used to finance certifications and similar items.

Restricted for Special Revenues- Certification Expenses - represents the monies held in the Organic Market Development Special Revenue Fund which is a non-reverting fund per statute. These funds are restricted and can only be used to finance certifications and similar items.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue

and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. INVESTMENT ACCOUNTS AND INVESTMENT POLICY

Investment Accounts With State Treasurer

The following is a summary of the investment accounts of the Commission with the New Mexico State Treasurer which represent the Commission's interest in the State of New Mexico General Fund Investment Pool as reported by the New Mexico Department of Finance and Administration (DFA):

	<u>SHARE FUND Number</u>	<u>Financial Statement Balances</u>
General Fund	56900-042	\$ 65,340
Organic Market Development Fund	56900-282	294,393
Supplemental Organic Growth Fund	56900-802	(1,878)
Total		<u>\$ 357,855</u>

The New Mexico State Treasurer monitors the collateral for deposits held by it for other state entities, which would include the investment accounts of the Commission which represent the Commission's interest in the General Fund Investment Pool. The Office of the State Treasurer has its own separate annual independent audit in which the collateral pledged to secure these accounts is disclosed. That report may be obtained by writing to the State of New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, New Mexico 87504-0608. The Commission is not permitted to have any investments, and the Commission did not have any investments during the year ended June 30, 2009. There is no custodial risk in relations to the accounts at the Commission's level. The custodial risk would belong to the New Mexico State Treasurer.

3. CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2009 as follows:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Furniture, fixtures and equipment	\$ 13,254	\$ -0-	\$ -0-	\$ 13,254
Less accumulated depreciation for:				
Furniture, fixtures and equipment	(13,254)	-0-	-0-	(13,254)
Governmental Activities				
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Depreciation expense for the year ended June 30, 2009 was zero.

4. COMPENSATED ABSENCES PAYABLE

A summary of changes in the compensated absences payable for the year ended June 30, 2009 is as follows:

	<u>Balance June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 6,962	\$ 15,943	\$ (16,450)	\$ 6,455	\$ 6,455

The \$6,455 has been classified as a current liability in the Statement of Net Assets. In prior years, the General Fund has been used to liquidate compensated absences. The General Fund is expected to continue to do so in the future.

5. RETIREMENT PLAN

Plan Description. Substantially all of the full-time employees of the Commission 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, 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. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 7.42% of their gross salary. The Commission is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Commission are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the Legislature. The Commission's contribution to PERA for the years ended June 30, 2009, 2008 and 2007 was \$24,274, \$27,420 and \$26,145, respectively, which was equal to the amount of the required contribution for each year.

6. POST-EMPLOYMENT BENEFITS

Plan Description. The Commission 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 the 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. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also 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 Commission's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$1,902, \$2,149 and \$2,049 respectively, which equal the required contributions for each year.

7. INSURANCE COVERAGE

The Commission obtains coverage through the Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. These coverages are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Commission are covered by blanket fidelity bond and money securities coverage by the State of New Mexico for the period July 1, 2008, through June 30, 2009.

8. COMMITMENTS - OPERATING LEASE

The Commission leases its office space under an operating lease beginning August 1, 2008 at the rate of \$1,889 per month. Total rental expenditures for the year ended June 30, 2009 for this lease were \$22,689. Total rental expenditures for all operating leases were \$24,563.

Future rental expenditures under this lease are as follows:

Year Ending June 30	Payments
2010	\$ 22,668
2011	1,889
Total	<u>\$ 24,557</u>

9. OPERATING TRANSFERS FROM OTHER STATE AGENCIES

The following are the transfers in and out from other state agencies during the year ended June 30, 2009. The Commission's Fund involved in these transfers was the General Fund, SHARE fund 56900-042.

SHARE Fund	FUND TITLE	<u>TRANSFER</u>	
		<u>In</u>	<u>Out</u>
(1) 341000	Department of Finance & Administration	\$ 295,300	-0-
(2) 341000	Department of Finance & Administration	5,000	-0-
	Total	<u>\$ 300,300</u>	<u>\$ -0-</u>

- (1) State General Fund Appropriation
- (2) State General Fund Appropriation – compensation package

OTHER REPORT

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**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**

Members of the Commission
State of New Mexico
Organic Commodity Commission
Albuquerque, New Mexico

and

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

I have audited the financial statements of the governmental activities, each major fund and the respective budgetary comparisons of the General Fund, the Organic Market Development Fund and the Supplemental Organic Growth Fund of the State of New Mexico, Organic Commodity Commission (Commission) as of and for the year ended June 30, 2009 which collectively comprise the Commission's basic financial statements, and have issued my report thereon dated December 14, 2009. I conducted my 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 my audit, I considered the Commission's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

However, I noted an instance of noncompliance that is required to be reported under Government Auditing Standards paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA, 1978, and which is described in the accompanying Schedule of Findings and Responses as item 2008-2.

The Commission's response to the finding identified in my audit is described in the accompanying Schedule of Findings and Responses. I did not audit the Board's response and, accordingly, I express no opinion on it.

This report is intended for the information and use of the Commission, the management of the Commission, the State of New Mexico Department of Finance and Administration, the State of New Mexico Office of the State Auditor, the State of New Mexico Legislative Finance Committee and the New Mexico Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Chester W. Mattacks, CPA

December 14, 2009

STATE COMPLIANCE SECTION

**STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009**

2008-2 LATE PAYMENTS OF FY 07 and FY 08 REVERSIONS

Statement of condition: The Commission did not pay its FY 07 Reversion of \$2,521 to the State of New Mexico General Fund by September 30, 2007 or within forty-five days after the release of the 2007 audit report. The Commission also did not pay its FY 08 reversion to the State of New Mexico General Fund by September 30, 2008 or within forty-five days after the release of the 2008 audit report.

Criteria: Reversions as stated in an audit report must be paid by the September 30 after the audit year-end. The reversion may also be adjusted by DFA within forty-five days after the release of the related audit report per Section 6-5-10, NMSA.

Effect: The State General Fund does not receive its monies timely.

Cause: The reversion was not made timely due to difficulties with the accounting system.

Recommendation: All reversions should be made timely.

Management's Response: Appropriate paperwork (journals) were mailed to DFA and returned to NMOCC as "posted". Agency personnel do not have authorization to complete the posting process; DFA must do posting. Agency will follow up with DFA to make sure reversions are completed in timely fashion.

STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

2008-1 TIME REPORTING – Resolved.

2008-2 LATE PAYMENT OF FY 07 REVERSION – Repeated and updated.

2008-3 OVERPAYMENT OF INVOICE – Resolved.

STATE OF NEW MEXICO
ORGANIC COMMODITY COMMISSION

EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2009

An exit conference was held on December 14, 2009. Attending were the following:

State of New Mexico, Organic Commodity Commission

Mr. Manny Ortiz, Member of Commission
Ms. Jeri Poletto, Director
Ms. Bertha Terrazas, Chief Financial Officer

Independent Auditor

Chester W. Mattocks, CPA

Note: The financial statements presented in this report were substantially prepared by the independent auditor, Chester W. Mattocks, CPA.