

**STATE OF NEW MEXICO**  
**MARTIN LUTHER KING, JR. COMMISSION**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2010**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
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 June 30, 2010

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**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Official Roster  
June 30, 2010

**Commission**

Bishop Michael Shelby  
Kay Lang  
Joshua Anderson  
Yvette Kaufman-Bell  
Bryon Páez  
Oscar Robinson  
Maria Babcock  
Robin Thymes  
Mary Herrera  
James B. Lewis  
David W. King  
Alvin Warren  
Francie Cordova

Chairman  
Vice Chairman  
Albuquerque Member  
Albuquerque Member  
Albuquerque Member  
Portales Member  
Roswell Member  
Rio Rancho Member  
NM Secretary of State  
NM State Treasurer  
NM PRC Commissioner  
NM Indian Affairs Dept. Secretary  
NM Human Rights Office Director

**Administrative Officials**

Jo Ella Redmon

Executive Director

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**FINANCIAL SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

The Honorable Hector H. Balderas  
New Mexico State Auditor  
and  
The Martin Luther King, Jr. Commission  
8100 Mountain Rd NE, Suite 101  
Albuquerque, New Mexico, 87110

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison of the general fund of the Martin Luther King, Jr. Commission (the Commission) as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Martin Luther King, Jr. Commission'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 Commission'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Commission are intended to present the financial position and the changes in the financial position of only that portion of the governmental activities and the 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 State of New Mexico as of June 30, 2010, the changes in its financial position or general fund budgetary comparison 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 the major fund of the Commission, as of June 30, 2010, and the respective changes in financial position 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 December 15, 2010 on our consideration of the Martin Luther King, Jr. Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 13-15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Accounting & Consulting Group, L.L.P.*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
December 15, 2010

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**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Management's Discussion and Analysis (Unaudited)  
 For the Fiscal Year Ended June 30, 2010

**Overview of the Financial Statements**

The Commission's financial statements consist of the following: government-wide financial statements; governmental fund financial statements; a reconciliation of the fund balance per the balance sheet to the total net assets per the statement of net assets; a reconciliation of the change in fund balance per the statement of revenues, expenditures and changes in fund balance of the governmental funds to the change in net assets per the statement of activities; and a budgetary comparison.

**The Financial Statements**

**Government-Wide Financial Statements (Exhibit A-1 and A-2)**

The government-wide financial statements report information about the Martin Luther King, Jr. Commission (Commission) as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when the cash is received or paid. The government-wide financial statements report the commission's net assets and how they have changed.

**Fund Financial Statements (Exhibit B-1 and B-2)**

The fund financial statements provide more detailed information about the Commission's significant fund, the general fund. A fund is an accounting device that the Commission uses to keep track of specific sources of funding and spending for particular purposes.

**Analysis of Financial Position**

Total Assets:

	<u>2010</u>	2009	<u>Change</u>
Investment in State Treasurer General Fund Investment Pool	\$241,638	\$187,356	\$(54,282)
Capital assets, net of accumulated Depreciation	<u>-</u>	-	<u>-</u>
Total Assets	<u>\$241,638</u>	\$187,356	<u>\$(54,282)</u>

Cash increased by \$54,282 from the previous year due to a reduction in force and budget restraints. Capital assets decreased from the previous year by the amount of depreciation expense.

Total Liabilities:

	<u>2010</u>	2009	<u>Change</u>
Current liabilities	\$247,307	\$199,271	\$(48,036)
Long-term liabilities	<u>\$7091</u>	6,928	<u>(163)</u>
Total Liabilities	<u>\$254,398</u>	\$206,199	<u>\$(48,199)</u>

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Management's Discussion and Analysis (Unaudited)  
 For the Fiscal Year Ended June 30, 2010

**Analysis of Financial Position (continued)**

Current liabilities increased by \$48,199 mainly due to the increase in due to general fund. The long-term liabilities increased by the change in the amount of the FY10 long-term portion of the compensated absences from the prior year.

Net Assets:

	<u>2010</u>	2009	<u>Change</u>
Invested in capital assets	\$ -	\$ -	\$ -
Restricted for capital outlay	-	-	-
Unrestricted net assets	<u>\$(12,760)</u>	(18,843)	<u>(6083)</u>
Total Net Assets	<u>\$(12,760)</u>	\$(18,843)	<u>\$ (6083)</u>

The change in the net assets invested in capital assets is the same as the amount of change in depreciation expense for FY10.

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

Total expenses, revenues and change in net assets:

	<u>2009</u>	2009	<u>Change</u>
Expenses – Health & Welfare			
Personal services	\$161,924	\$200,868	\$(38,944)
Contractual services	\$ 34,862	39,125	(4,263)
Other costs	\$121,413	150,232	(28,819)
Depreciation	\$-	166	(166)
Total program expenses	<u>\$318,199</u>	\$390,391	<u>\$(72,192)</u>
General Revenues			
State general fund appropriation	324,282	393,800	(69,518)
Less current year reversion	(55,718)	(6,234)	(49,484)
Special general fund appropriation	-	-	-
Compensation appropriation	-	3,500	(3,500)
Total general revenues	<u>268,564</u>	<u>391,066</u>	<u>(122,502)</u>
Change in Net Assets	<u>\$(12,760)</u>	<u>\$(14,519)</u>	<u>\$(1,719)</u>

The source of all Commission revenues is state general fund appropriations. The decrease in revenue is due to an incremental increase in funds appropriated by the state general fund. Expenditures decreased in FY10 due to budget restrictions.

**Analysis of Balances and Transactions of the Individual Fund**

The fund balance of the Commission is a zero balance because unspent monies at the end of the fiscal year revert to the State General Fund per the Laws of 2009, Chapter 3.

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2010

**Analysis of Budgetary Variations**

The Commission processed one budget amendment during FY10 that decreased contractual services by \$10,000 and increased other costs by \$10,000.

**Significant Capital Asset and Long-Term Debt Activity**

The Commission had no significant capital asset or long term debt activity during the fiscal year ended June 30, 2010, other than the long-term portion of compensated absences.

**Currently Known Facts**

The Commission knows of no facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations in the future.

**Contacting the Commission's Financial Management**

This financial report is designed to provide our citizens, taxpayers, legislators, and oversight agencies with a general overview of the Commission's finances and to reflect the Commission's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

Jo Ella Redmon  
Executive Director  
Martin Luther King, Jr. Commission  
8100 Mountain Road NE, Suite 101  
Albuquerque, NM 87110  
Phone: (505) 222-6466  
Fax: (505) 841-9119

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## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Statement of Net Assets  
 June 30, 2010

Exhibit A-1

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Investment in State Treasurer's General Fund Investment Pool (GFIP)	\$ 241,638
Total current assets	<u>241,638</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>-</u>
Total assets	<u><u>\$ 241,638</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 21,235
Accrued payroll	8,990
Due to state general fund	211,413
Compensated absences	5,669
Total current liabilities	<u>247,307</u>
Noncurrent liabilities	
Compensated absences	<u>7,091</u>
Total liabilities	<u>254,398</u>
<b>Net Assets</b>	
Invested in capital assets	-
Unrestricted net assets	<u>(12,760)</u>
Total net assets	<u>(12,760)</u>
Total liabilities and net assets	<u><u>\$ 241,638</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Statement of Activities  
 For the Year Ended June 30, 2010

Exhibit A-2

	<u>Governmental Activities</u>
	<u>Expenses</u>
<b>Expenses</b>	
<b>Health &amp; welfare</b>	
Personal services	\$ 161,924
Contractual services	34,862
Other costs	121,413
Depreciation	-
	<hr/>
Total program expenses	318,199
	<hr/>
<b>General revenues</b>	
State general fund appropriation	324,282
	<hr/>
Total general revenues	324,282
	<hr/>
Increase in net assets	6,083
	<hr/>
Net assets - beginning of the year	(18,843)
	<hr/>
Net assets - end of the year	<u>\$ (12,760)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Balance Sheet  
 Governmental Funds  
 June 30, 2010

	<u>General Fund</u>
<b>ASSETS</b>	
<i>Assets</i>	
Investment in State Treasurer's General Fund Investment Pool (GFIP)	\$ 241,638
<i>Total assets</i>	\$ 241,638
<b>LIABILITIES AND FUND BALANCE</b>	
<i>Liabilities</i>	
Accounts payable	\$ 21,235
Accrued payroll	8,990
Due to state general fund - reversions	211,413
<i>Total liabilities</i>	241,638
<i>Fund balances</i>	
Reserved for capital projects	-
Unreserved, Undesignated	-
<i>Total fund balances</i>	-
<i>Total liabilities and fund balances</i>	\$ 241,638

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Governmental Funds

Exhibit B-1  
Page 2 of 2

Reconciliation of the Balance Sheet to the Statement of Net Assets  
June 30, 2010

Fund Balance - Governmental Funds (Exhibit B-1)	\$ -
Total net assets reported for governmental activities in the statement of net assets is different because:	
Current compensated absences not payable on June 30, 2010 and therefore not reported in the fund financial statements	(5,669)
Long-term liabilities, applicable to the Commission's activities are not due and payable in the current period and therefore are not reported in the fund liabilities: Compensated absences	<u>(7,091)</u>
Total Net Assets (Exhibit A-1)	<u>\$ (12,760)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Governmental Funds  
 For the Year Ended June 30, 2010

**EXPENDITURES:**

**Health & welfare**

Current		
Personal services		168,007
Contractual services		34,862
Other costs		121,413
		324,282

<i>Total Expenditures</i>			324,282
<i>Excess (deficiency) of revenues over expenditures</i>			(324,282)

**OTHER FINANCING SOURCES (USES)**

State general fund appropriations			380,000
FY10 Reversion			(55,718)
			324,282

<i>Net change in fund balance</i>			-
<i>Fund balance - beginning of year</i>			-
<i>Fund balance - end of year</i>			\$ -

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2010

Exhibit B-2  
Page 2 of 2

Net Change in Fund Balance - Governmental Funds	\$	-
The change in net assets reported for governmental activities in the statement of activities is different because:		
Compensated absences decreased by this amount during FY10	<u>6,083</u>	<u>6,083</u>
Change in Net Assets (Exhibit A-2)	\$	<u><u>6,083</u></u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 General Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balance-Budget (GAAP Basis) and Actual  
 For The Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP) Basis	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		Final to Actual
<i>Revenues:</i>				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Personnel services and employee benefits	190,600	190,600	168,007	\$ 22,593
Contractual services	47,000	37,000	34,862	2,138
Other costs	142,400	152,400	121,413	30,987
<i>Total expenditures</i>	<u>380,000</u>	<u>380,000</u>	<u>324,282</u>	<u>55,718</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(380,000)</u>	<u>(380,000)</u>	<u>(324,282)</u>	<u>55,718</u>
<i>Other financing sources (uses)</i>				
State general fund appropriations	380,000	380,000	380,000	-
Special appropriation	-	-	-	-
Compensation appropriation	-	-	-	-
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>380,000</u>	<u>380,000</u>	<u>380,000</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	55,718	55,718
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>155,695</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,413</u>	<u>\$ 55,718</u>
Net change in fund balance (budgetary basis)			\$ 55,718	
Reversion expenditure omitted from budget basis			<u>(55,718)</u>	
Net change in fund balance GAAP basis			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

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**NOTES TO FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Notes to Financial Statements  
June 30, 2010

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

This summary of significant accounting policies of the Commission is presented to assist in the understanding of the Commission's financial statements. The financial statements and notes are the representation of the Commission's management who is responsible for their integrity and objectivity. The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to agencies of the government. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to this same limitation. The Commission has elected not to follow subsequent private-sector guidance. The more significant of the Commission's accounting principles are described below.

*A. Reporting Entity*

The Martin Luther King, Jr. Commission was established under the Laws of 1991, Chapter 252 and received its first State General Fund appropriation in 1993. Its activities are, as noted in Section 28-19-1 through 28-19-4 NMSA, 1978 Compilation, to develop, promote, coordinate, and review statewide plans and activities for the annual commemoration and celebration of the birthday of Martin Luther King, Jr. in accordance with Section 12-5-2 NMSA, 1978 Compilation. The Commission also takes an active role in promoting Dr. King's principles of nonviolence in the schools. The Commission sponsors Youth Against Violence Symposiums in schools and distributes *Dr. King's Infusion Model for Teaching Nonviolent Principles in School*.

The Martin Luther King, Jr. Commission is a department of the primary government, the State of New Mexico. These financial statements present the financial position and changes in financial position of that portion of the governmental activities, each major fund, and aggregate remaining fund information of the State that is attributable to the transactions of the Commission.

Based upon the application of the criteria in GASB Statements No. 14 and No. 39, the Commission had no component units as of June 30, 2010.

*B. Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Commission. There is no effect from interfund activity that needs elimination because the Commission has only one fund. The Commission's governmental activities are supported by general fund appropriations from the State of New Mexico. The Commission has no business-type activities.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

In the government-wide Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt obligations. The Commission's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Notes to Financial Statements  
June 30, 2010

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

*B. Government-wide and fund financial statements (continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Commission's general fund appropriations are shown as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Commission did not have any funds classified as proprietary or fiduciary for the year ended June 30, 2010.

*C. Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual* basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual* basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Commission reports the following major governmental fund:

The General Fund is the Commission's operating fund. Its fund number in the Statewide Human Resource Accounting and Management Reporting System (SHARE) is fund 06000. It is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in some other fund. The general fund is a reverting fund.

*D. Assets, Liabilities and Net Assets or Fund Equity*

Cash and Investments

For the fiscal year ended June 30, 2010, all of the Commission's cash was maintained on deposit with the State Treasurer's General Fund Investment Pool (GFIP). The State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10 I through O, NMSA 1978 as amended.

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Notes to Financial Statements  
 June 30, 2010

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

Capital Assets and Depreciation

Capital assets of the Commission include information technology equipment (computers and peripherals, all equipment related to electronic communications and software). The Commission does not have any infrastructure. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The Commission does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the Commission's capital assets. Pursuant to Section 12-6-10 NMSA 1978, movable chattels and equipment costing more than \$5,000 are capitalized. Capital assets of the Commission are depreciated using zero salvage value and the straight line method over the following estimated useful lives.

The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Classification</u>	<u>Depreciable Life</u>
Information technology equipment	5 years

Compensated Absences

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

When applicable, the compensated absence liability is presented in two parts in the government-wide financial statements, a current portion and long-term portion. The current portion is the amount *estimated* to be expended during fiscal year 2011.

Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Commission's policy is to apply unrestricted net assets first.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Town's financial statements include the allowance for uncollectible accounts in the joint utility fund and depreciation on capital assets.

Funding

The Commission's funding is subject to annual evaluation and appropriation and could end at any time.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets and Budgetary Accounting

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

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Notes to Financial Statements  
June 30, 2010

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

1. No later than September 1st, the Martin Luther King, Jr. Commission submits to the State Budget Division (SBD) of the New Mexico Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. Copies are also sent to the Legislative Finance Committee (LFC). The appropriation request includes proposed expenditures and the means of financing them.
2. Appropriation request is reviewed by the SBD and additional information is obtained, if needed, Agency budgets are consolidated, with revisions, and submitted as a tentative budget to the Governor of the State. The Governor's approved appropriation request is then submitted to the Legislature as the recommended appropriation request for the Commission.
3. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
4. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
5. The Commission submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriation made by the legislature. The DFA Budget Division reviews and approves the operating budget, which becomes effective on July 1. All subsequent budget adjustments must be approved by the director of the DFA - State Budget Division.
6. Budget control for expenditures and encumbrances is at the appropriation level meaning that expenditures cannot exceed the budget of any fund at the levels of: (1) personal services; (2) contractual services; and (3) other costs.
7. Formal, budgetary integration is employed as a management control device during the fiscal year for the general fund.
8. The budget for the General Fund is on the modified accrual basis. There were no accounts payable at June 30, 2010 that did not get paid within 31 days after the end of the fiscal year.
9. Any remaining SHARE fund 06000 balance not reserved for unexpended special or capital outlay multiple-year appropriations, must revert to the New Mexico State general fund by September 30th, as required by Section 6-5-10, NMSA 1978.

In accordance with the requirements of Section 2.2.2.10.A(2)(b) of NMAC Requirements for Contracting and Conducting Audits of Agencies and the allowance made by GASB Statement No. 34 footnote 53, the budgetary comparison statement has been included as part of the basic financial statements. It includes the reconciliation of the net change in fund balance (GAAP budgetary basis) to the net change in fund balance (GAAP basis).

**NOTE 3. CASH ON DEPOSIT WITH STATE TREASURER**

State law requires the Commission's cash to be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Commission consist of an interest in the investment pools managed by the New Mexico State Treasurer's Office.

At June 30, 2010, the Commission had the following in pooled cash (Agency Code 60500; Fund Code 06000):

New Mexico State Treasurer's General Fund Investment Pool	\$241,638
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*Interest Rate Risk:* The State Treasurer's General Fund Investment Pool does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changes in interest rates.

*Credit Risk:* The New Mexico State Treasurer's General Fund Investment Pool is not rated.

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 Martin Luther King, Jr. Commission  
 Notes to Financial Statements  
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**NOTE 3. CASH ON DEPOSIT WITH STATE TREASURER (continued)**

For additional GASB 40 disclosure information regarding the investment in the New Mexico State Treasurer's General Fund Investment Pool, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2010.

**NOTE 4. COMPENSATED ABSENCES**

*A. Accrued Annual Leave:*

Pursuant to Section 10-9-4(K), NMSA 1978, all three of the Commission's employees fall under the State's exempt salary plan policies. The policy states that exempt employees shall be eligible to accrue leave based on cumulative years of service to the State. Cumulative years of service shall mean total years of employment with the State of New Mexico to include any combination of service as an executive exempt employee, a classified employee, a judicial employee or a legislative employee.

Exempt employees shall accrue leave as follows:

Years of Service		Accrual Rate
At Least	Less Than	Per Pay Period (In Hours)
0.0	11.0	4.62
11.0	15.0	5.54
15.0	>	6.15

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

Employees accumulate sick leave at a rate of 3.69 hours per pay period. There is no limit to the amount of sick leave that an employee may accumulate. State agencies are allowed to pay fifty percent of each employee'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 Office has chosen to make such payments annually in January. Additionally, upon retirement, those employees with over 600 hours of accumulated sick leave have the option to convert 400 hours of such leave to cash at one half of their hourly rate. As of June 30, 2010, none of the Commission's employees had 600 or more hours of sick leave accumulated.

Fair Labor Standards Act (FLSA) nonexempt employees accumulate compensation time at the rate of 1.5 times the number of hours worked, in excess of forty hours per week, based on their regular hourly rate. Exempt and classified employees who are FLSA exempt accumulate compensation time at the same rate as the number of hours worked. Exempt employees were precluded from carrying forward any unused compensation time into the next calendar year after December 31, 2003. Overtime must be pre-approved by management. Payment of this liability can be made by compensated leave time or cash payment.

Accrued compensated absences consist of accumulated annual leave, sick leave between 600 and 720 hours, and compensatory leave for employees, including the related employer's matching FICA and Medicare payroll taxes, per GASB Statement No. 16.

The changes in liabilities for compensated absences are as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>	<u>Due within one Year</u>
General Fund	\$ 18,843	\$ 8,722	\$ 14,805	\$ 12,760	\$ 5,669



**STATE OF NEW MEXICO**  
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**NOTE 5. LEASES**

*A. Operating Leases*

The Commission is committed under lease for office space through May 31, 2015. This lease is considered for accounting purposes to be an operating lease. Operating leases do not give rise to property rights or lease obligations; therefore, the results of operating leases are not reflected in the Commission's capital assets. Lease expenditures for the year ended June 30, 2010 amounted to \$ 24,199 under operating leases. Future minimum lease payments for the operating lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 24,650
2012	24,876
2013	25,108
2014	25,346
2015	<u>23,438</u>
	<u>\$ 123,417</u>

**NOTE 6. CAPITAL ASSETS AND DEPRECIATION**

The change in the capital assets for the fiscal year ended June 30, 2010 is as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Capital assets being depreciated				
Information Technology Equipment	\$ 16,133	\$ -	\$ -	\$ 16,133
Total capital assets being depreciated	<u>16,133</u>	<u>-</u>	<u>-</u>	<u>16,133</u>
Less accumulated depreciation				
Information Technology Equipment	<u>16,133</u>	<u>-</u>	<u>-</u>	<u>16,133</u>
Total accumulated depreciation	<u>16,133</u>	<u>-</u>	<u>-</u>	<u>16,133</u>
Capital assets being depreciated, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the fiscal year ended June 30, 2010 was \$ -0-.

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**NOTE 7. RETIREMENT PLAN – PUBLIC EMPLOYEES RETIREMENT ACT**

*A. Plan Description*

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

*B. 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 in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Commission's contributions to PERA for the fiscal years ending June 30, 2010, 2009, and 2008 were \$18,669, \$23,989, and \$20,464, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 8. POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE ACT CONTRIBUTIONS**

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the 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](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, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

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 Martin Luther King, Jr. Commission  
 Notes to Financial Statements  
 June 30, 2010

**NOTE 8. POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE ACT CONTRIBUTIONS (continued)**

(1)

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

(2)

For employees who are members of an enhanced retirement (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

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

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 contribution to the RHCA for the years ended June 30, 2010, 2009, and 2008 were \$1,603, \$1,880, and \$1,603, respectively, which equal the required contribution for each year.

**NOTE 9. INTERAGENCY TRANSFERS**

The Commission received the following inter-agency operating transfers from the New Mexico Department of Finance and Administration (DFA) during the fiscal year ended June 30, 2010.

<u>SHARE Fund</u>	<u>Account</u>	<u>Type of Funds transferred</u>	<u>Amount</u>
85300	499105	General Fund Appropriation	<u>\$ 380,000</u>

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 June 30, 2010

**NOTE 10. DUE TO STATE GENERAL FUND**

The amount due to the State General Fund at June 30, 2010 is made up of the following fiscal year reversions and stale dated warrants:

Year Ending June 30,	Amount
2004	\$ 6,263
2005	23,970
2006	9,475
2007	24,395
2008	84,858
2009	6,234
2010	55,718
Stale warrants	500
	\$ 211,413

**NOTE 11. RISK MANAGEMENT**

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Section 15-7-2 NMSA 1978 requires the General Services Department, Risk Management Division (RMD) to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state statutes have been passed which allow RMD to insure, self-insure or use a combination of both. Risk management expenditures for the Commission 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 Commission is a party.

**NOTE 12. MEMORANDUM OF UNDERSTANDING**

The Commission entered into a memorandum of understanding (MOU) with the New Mexico State Fair on August 10, 2009. The purpose of the MOU was to explore the historical, social, political, and cultural contribution of African-Americans to the settlement, growth, and development of New Mexico by providing for historical, social, political, and cultural exhibits and entertainment during the 2009 New Mexico State Fair, display the King Commission banner, and also provide space for a Martin Luther King, Jr. display/information booth. Pursuant to the MOU, the Fair was responsible for disbursing the funds in accordance with the budget attached to the MOU, for supplies, materials, goods and services. The MOU became effective on August 10, 2009 and remained effective through the end of the 2009 State Fair. The Commission paid the Fair \$10,000 under the MOU in the fiscal year ended June 30, 2010.

**NOTE 13. SUBSEQUENT PRONOUNCEMENTS**

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 43, Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010 with earlier implementation encouraged. GASB Statement No. 54 distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purpose for which specific amounts can be spent. This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. The Commission is analyzing the effect that this standard will have on the financial statements.

**SUPPORTING SCHEDULE**

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**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Schedule of Investment Accounts  
 For the Year Ended June 30, 2010

Schedule I

**Primary Government**

<u>Investment Type/Name</u>	<u>New Mexico State Treasurer</u>	<u>Totals</u>
General Fund Investment Pool (GFIP)	<u>241,638</u>	<u>\$ 241,638</u>
Total invested	241,638	241,638
Reconciling items	<u>-</u>	<u>-</u>
Reconciled balance	<u>\$ 241,638</u>	241,638
Total investment		<u>\$ 241,638</u>
Investment per financial statements:		
Governmental Activities investment amount per Exhibit A-1		<u>\$ 241,638</u>
Total cash on deposit with the State Treasurer (GFIP)		<u>\$ 241,638</u>

See accompanying independent auditors' report

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**COMPLIANCE SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

**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**

The Honorable Hector H. Balderas  
New Mexico State Auditor  
and  
The Martin Luther King, Jr. Commission  
8100 Mountain Rd NE, Suite 101  
Albuquerque, New Mexico, 87110

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison of the general fund of the Martin Luther King, Jr. Commission (the Commission), as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Martin Luther King, Jr. Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as items FS 08-01 and FS 08-03 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Martin Luther King, Jr. Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item FS 05-02.

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

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

*Accounting & Consulting Group, L.L.P.*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
December 15, 2010

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**PART I – FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**FS 05-02 – Late Reversions**

***Condition:***

The Commission did not remit its FY05 reversion of \$30,233, its FY06 reversion of \$9,475, its FY07 reversion of \$24,395, its FY08 reversion of \$84,858, its FY09 reversion of \$6,234, or its FY10 reversion of \$55,718 to the State General Fund by the statutory deadline of September 30 of those respective years.

***Criteria:***

Section 6-6-10, NMSA 1978 requires “all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30, to revert by September 30, to the general fund.” The Commission’s FY05 – FY10 reversion should have been remitted by the due date, September 30, for each respective year.

***Effect:***

When a state agency does not remit reversions to the State General Fund timely, the New Mexico Legislature does not have those funds available to re-appropriate them in the next year’s budget.

***Cause:***

When the State of New Mexico required all of its agencies to convert to the new SHARE accounting system, no one at the Commission knew how to revert the funds. Then the FY06 audit was late and the Commission overlooked processing the reversion. When the Commission tried to process the FY06 reversion they were told to just wait and process it with the FY07 reversion. The FY07 audit was not submitted to the Office of the State Auditor until October 22, 2008, so the Commission did not work on preparing the reversion until December 2008. The FY08 audit was completed on March 27, 2009, so the Commission did not work on preparing the reversions. The Commission has been working with the Department of Finance and Administration on how to revert monies to the State General Fund since the completion of the FY08 audit.

***Auditor’s Recommendations:***

We recommend that the Commission remit reversions annually to the State General Fund per the Department of Finance and Administration (DFA) annual closing instructions.

***Agency Response:***

The agency processed all reversions with FY09 audit entries. There is another entry needed to complete the reversion. Agency is currently working with CAFR unit to resolve the necessary entry and complete the reversion for all prior years.

**PART I – FINANCIAL STATEMENT FINDINGS AND RESPONSES (continued)**

**FS 08-01 – Agency Not Preparing Financial Statements**

***Condition:***

The financial statements and related disclosures are not being prepared by the Martin Luther King Jr., Commission.

***Criteria:***

According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

***Effect:***

Material misstatements in the financial statements and related note disclosures could occur and go undetected by the Commission's management.

***Cause:***

The Commission's personnel do not have the time and have not been trained in the preparation of financial statements and related disclosures.

***Auditor's Recommendations:***

We recommend the Commission's management and personnel receive training on preparation of financial statements and related disclosures under Generally Accepted Accounting Principles, or contract with a consultant to assist with the preparation of the financial statements.

***Agency Response:***

Because of its size, the agency does not process financial data on a separate system and much of its general ledger reporting is handled by DFA, therefore, preparing financial statements is difficult at best. The agency does review the general ledger for accuracy and reports any discrepancies it may discover.

**PART I – FINANCIAL STATEMENT FINDINGS AND RESPONSES (continued)**

**FS 08-03 – Internal Control Weaknesses**

***Condition:***

The Commission did not prepare monthly reconciliations of SHARE general ledger activity or follow the Department of Finance and Administration's (DFA) year end closing instructions. As a result, Commission staff did not detect errors in account balances or correct them on a timely basis. For example, the ending balances for August 2009 and the beginning balances for September 2009 did not match.

***Criteria***

The DFA Model Accounting Practices (MAPs) FIN 16.2 requires state agencies to reconcile all SHARE reports monthly to their internal accounting system and to their cash account(s) at the State Treasurer, and to provide written verification of the results of the reconciliation to Financial Control Division. An accurate budget status report is an important tool that management and the governing body can use to ensure that expected revenues have been received and that expenditures are in line with budget expectations; posted to the general ledger correctly, and included in the proper fiscal year. Also, ineffective oversight of an entity's financial reporting and internal control by those charged with governance is at least a significant deficiency in internal control.

***Effect:***

Without careful governing authority oversight of the Commission's finances the Commission's finances are at risk of being misstated due to error or omission. Posting expenditures to the wrong account or accounting period could result in the Commission's financial statements being misstated due to error.

***Cause:***

The Commission was unaware of the DFA MAPs requirement to reconcile all the SHARE reports monthly or DFA's year end closing instructions.

***Auditor's Recommendations:***

We recommend that the Commission perform timely monthly reconciliations of all SHARE reports, including the budget status reports at least monthly and follow up on differences noted, and prepare journal vouchers to fix any errors as needed, on a timely basis. We also recommend that the Commission staff continue to work with DFA's Comptroller's Office, Budget Division and CAFR Unit to ensure that the Commission's financial transactions are posted to the proper general ledger accounts.

***Agency Response:***

Because the agency relies on DFA for a significant portion of its reporting, the most accurate report the agency creates is the voucher reconciliation report. It is not uncommon for information in SHARE to not be accurate at first glance at month end because we are waiting for SHARE to update and sometimes it takes months to see corrected reports, as demonstrated with the original A611 reports pulled and sent to auditors. We are not sure if these reports self correct through updates, or if they are corrected manually by DFA.

**PART II – STATUS OF PRIOR YEAR FINDINGS**

**FS 05-02 – Late Reversions** – Repeated

**FS 08-01 – Agency Not Preparing Financial Statements** – Repeated

**FS 08-03 – Internal Control Weaknesses** – Repeated



**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Other Disclosures  
June 30, 2010

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on December 14, 2010. The following individuals were in attendance.

**Representing Martin Luther King, Jr. Commission**

Bishop Michael Shelby	Commission Chairman
Francie Cordova	Commission Member
Jo Ella Redmon	Executive Director
Kimberly Shelby	Consultant

**Representing Accounting & Consulting Group, LLP**

James Hartogensis, CPA	Audit Manager
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**Auditor Prepared Financials**

Although it would be preferable and desirable for the Commission to prepare its own financial statements, the Commission contracted with the independent auditors to draft the Commission's financial statements for review and approval by the Commission. Therefore, the Accounting and Consulting Group, LLP, prepared the financial statements of the Commission from the original books and records provided to them by management. The Commission is responsible for its financial statements.