



**State of New Mexico**  
**Martin Luther King, Jr. Commission**  
**Annual Financial Report**  
**June 30, 2013**



(This page intentionally left blank)

## **INTRODUCTORY SECTION**

(This page intentionally left blank)

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Table of Contents  
 June 30, 2013

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		5
Official Roster		7
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		10-11
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements:		
Statement of Net Position	A-1	14
Statement of Activities	A-2	15
Fund Financial Statements:		
Balance Sheet - Governmental Funds	B-1	16
Reconciliation of the Balance Sheet to the Statement of Net Position		17
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	B-2	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities		19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Modified Accrual Basis) and Actual - General Fund	C-1	20
Notes to Financial Statements		22-31
<b>SUPPORTING SCHEDULES</b>		
Schedule of Special Appropriations	I	35
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Modified Accrual Basis) and Actual - General Fund (SHARE Fund 06000 Department Z30550)	II	37
<b>COMPLIANCE SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		40-41
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>		43-47
<b>OTHER DISCLOSURES</b>		49

(This page intentionally left blank)

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Official Roster  
June 30, 2013

<u>Name</u>	<u>Commission</u>	<u>Title</u>
Bishop Michael Shelby		Chairman
Michael Clay		Member
Oscar Robinson		Member
Landjur Abukusumo		Member
Robert Joe		Member
Joshua Anderson		Member
Yvette Kaufman-Bell		Member
Dianna J. Duran		NM Secretary of State
James B. Lewis		NM State Treasurer
Jason Marks		NM PRC Commissioner
Arthur Allison		NM Indian Affairs Dept. Secretary
Jason Dean		NM Human Rights Office Director

**Administrative Officials**

Kimberly Greene	Executive Director
-----------------	--------------------

(This page intentionally left blank)



**FINANCIAL SECTION**



**Accounting & Consulting Group**.LLP

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas  
New Mexico State Auditor  
The Martin Luther King, Jr. Commission  
Albuquerque, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the general 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, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion, the financial statements, referred to above present fairly, in all material respects, the respective financial position of the Martin Luther King Jr. Commission as of June 30, 2013, and the respective change in financial position, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements of the Commission are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities that are 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, 2013, and the changes in its financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Commission's financial statements, the individual fund financial statements, and the budgetary comparison. The Supporting Schedules I and II required by 2.2.2 NMAC are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Supporting Schedules I and II are required by 2.2.2 NMAC and are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, Supporting Schedules I and II required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014 on our consideration of the 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* in considering the Commission's internal control over financial reporting and compliance.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
June 30, 2014

(This page intentionally left blank)

**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Statement of Net Position  
 June 30, 2013

Exhibit A-1

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Investment in State Treasurer's General Fund Investment Pool (SGFIP)	\$ 262,411
Total current assets	<u>262,411</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>-</u>
Total assets	<u><u>\$ 262,411</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 24,860
Accrued payroll	4,004
Due to state general fund	221,967
Compensated absences	3,906
Total current liabilities	<u>254,737</u>
Noncurrent liabilities	
Compensated absences	<u>1,768</u>
Total liabilities	<u>256,505</u>
<b>Net Postition</b>	
Net investments in capital assets	-
Restricted net position	11,580
Unrestricted net postition	<u>(5,674)</u>
Total net postition	<u>5,906</u>
Total liabilities and net postition	<u><u>\$ 262,411</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, 2013

Exhibit A-2

	<u>Governmental Activities</u>
<b>Expenses</b>	
<b>Health and welfare</b>	
Personnel services	\$ 103,045
Contractual services	7,438
Other costs	<u>105,496</u>
Total program expenses	<u>215,979</u>
 <b>General revenues</b>	
State general fund appropriation	198,800
Special appropriation	38,000
FY 13 reversion	<u>(9,544)</u>
Total general revenues	<u>227,256</u>
Change in net position	<u>11,277</u>
Net position - beginning of the year	<u>(5,371)</u>
Net position - end of the year	<u><u>\$ 5,906</u></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, 2013

	<u>General Fund</u>
<b>ASSETS</b>	
<i>Assets</i>	
Investment in State Treasurer's General Fund Investment Pool (SGFIP)	\$ 262,411
	\$ 262,411
<b>LIABILITIES AND FUND BALANCE</b>	
<i>Liabilities</i>	
Accounts payable	\$ 24,860
Accrued payroll	4,004
Due to State General Fund	221,967
	250,831
<i>Fund balances</i>	
Spendable: Restricted	11,580
	11,580
<i>Total liabilities and fund balances</i>	\$ 262,411
	\$ 262,411

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Reconciliation of the Balance Sheet to the Statement of Net Position  
Governmental Funds  
June 30, 2013

Exhibit B-1  
Page 2 of 2

Fund Balance - Governmental Funds (Exhibit B-1)	\$ 11,580
Total net position reported for governmental activities in the statement of net position is different because:	
Current compensated absences are not payable on June 30, 2013 and therefore are not reported in the fund financial statements	(3,906)
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>(1,768)</u>
Total net position (Exhibit A-1)	<u><u>\$ 5,906</u></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, 2013

**EXPENDITURES:**

**Health and welfare**

Current		
Personnel services	\$	102,742
Contractual services		7,438
Other costs		105,496
		105,496
<i>Total expenditures</i>		215,676

<i>Excess (deficiency) of revenues over expenditures</i>	(215,676)
--	-----------

**OTHER FINANCING SOURCES (USES)**

State general fund appropriation	198,800
Special appropriation	38,000
FY 13 Reversion	(9,544)
	(9,544)
<i>Total other financing sources and (uses)</i>	227,256

<i>Net change in fund balance</i>	11,580
-----------------------------------	--------

<i>Fund balance - beginning of year</i>	-
---	---

<i>Fund balance - end of year</i>	\$ 11,580
-----------------------------------	-----------

**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, 2013

Exhibit B-2  
Page 2 of 2

Net change in fund balance - governmental funds	\$ 11,580
The change in net position reported for governmental activities in the statement of activities is different because:	
Compensated absences increased by this amount during FY13	<u>(303)</u>
Change in net position (Exhibit A-2)	<u><u>\$ 11,277</u></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-Budget (Modified Accrual Basis) and Actual  
 General Fund  
 For The Year Ended June 30, 2013

	Budgeted Amounts		Actual (GAAP) Basis	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Personnel services	109,300	101,800	102,742	(942)
Contractual services	10,900	16,200	7,438	8,762
Other costs	116,600	118,800	105,496	13,304
<i>Total expenditures</i>	<u>236,800</u>	<u>236,800</u>	<u>215,676</u>	<u>21,124</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(236,800)</u>	<u>(236,800)</u>	<u>(215,676)</u>	<u>21,124</u>
<i>Other financing sources (uses)</i>				
State general fund appropriation	198,800	198,800	198,800	-
Special appropriation	38,000	38,000	38,000	-
<i>Total other financing sources (uses)</i>	<u>236,800</u>	<u>236,800</u>	<u>236,800</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,124</u>	<u>\$ 21,124</u>
Net change in fund balance (budgetary basis)			\$ 21,124	
FY 13 reversion omitted from budget basis			<u>(9,544)</u>	
Net change in fund balance GAAP basis			<u>\$ 11,580</u>	

The accompanying notes are an integral part of these financial statements

**NOTES TO FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Notes to Financial Statements  
June 30, 2013

**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 Commission (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting principles are described below.

During the year ended June 30, 2013, the Commission adopted GASB Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The Commission does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

*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, 2013.

*B. Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position 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 position 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.

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Notes to Financial Statements  
June 30, 2013

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

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

In the government-wide statement of net position, 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 position amounts are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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. The Commission presents expenses in three separate categories including personnel, contractual and other costs. Other costs totaling \$105,496 for the year ended June 30, 2013 include a variety of accounts including rent, supplies, travel, and communication expenses.

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, 2013.

*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 Position or Fund Balances*

Cash and Investments

For the fiscal year ended June 30, 2013, all of the Commission's cash was maintained on deposit with the State Treasurer's General Fund Investment Pool (SGFIP). 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, 2013

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

*D. Assets, Liabilities and Net Position or Fund Balances (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:

Classification	Depreciable Life
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 2013.

Fund Balance Classification Policies and Procedures

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the state. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation. Unassigned fund balances represent the residual amount of fund balance after all classifications described above have been considered. As of June 30, 2013 the Commission has restricted fund balance amounts totaling \$11,580 which pertains to a multiyear appropriation detailed on Schedule I.

Spending policy disclosure

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's policy to use restricted resources first. When expenditures are incurred for purposes, for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's policy to spend committed resources first. The Commission has no authority to establish a minimum fund balance. This is the prerogative of the State Legislature and the Executive (Governor) Branch.



**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Notes to Financial Statements  
June 30, 2013

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

*D. Assets, Liabilities and Net Position or Fund Balances (continued)*

Net Position Classifications

Equity in the statement of net position is displayed in the following three components:

- 1) Net investment in capital assets-This classification includes capital assets, net of accumulated depreciation. The Commission's capital assets are fully depreciated, thus the net investment in capital assets is zero as of June 30, 2013.
- 2) Restricted net position-This classification consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The Commission has restricted net position amounts through enabling legislation totaling \$11,580 as of June 30, 2013, which pertains to a multi-year appropriation detailed on Schedule I.
- 3) Unrestricted net position-This classification consists of all other net position amounts that do not meet the definition of "restricted" or "net investment in capital assets."

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 Commission's financial statements include the current portion of compensated absences and useful lives of depreciable assets.

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

Funding

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

Budgets and Budgetary Accounting

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

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.

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Notes to Financial Statements  
June 30, 2013

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

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 program level. The Commission has only one program. All of the expenditures and encumbrances for that program are accounted for in the Commission's general fund.
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, 2013 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 (per budgetary basis) to the net change in fund balance stated on the statement of revenues, expenditures and changes in fund balance.

**NOTE 3. INVESTMENT IN STATE TREASURER'S GENERAL FUND INVESTMENT POOL**

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. State law also requires the New Mexico Department of Finance and Administration to complete the reconciliations of balances and accounts kept by the New Mexico State Treasurer's Office. The Commission does not have a separate bank account.

At June 30, 2013, the Commission had the following in pooled cash (Agency Code 60500; Fund Code 06000):

New Mexico State Treasurer's General Fund Investment Pool	\$262,411
---	-----------

*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:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The New Mexico State Treasurer's General Fund Investment Pool is not rated.

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, 2013.

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Notes to Financial Statements  
 June 30, 2013

**NOTE 3. INVESTMENT IN STATE TREASURER’S GENERAL FUND INVESTMENT POOL-(CONTINUED)**

State General Fund Investment Pool (SGFIP) Not Reconciled

As of June 30, 2013 the State’s general ledger book to bank reconciliation contains a significant number of un-reconciled items. State law requires the New Mexico Department of Finance and Administration to complete the reconciliations of balances and accounts kept by the New Mexico State Treasurer’s Office on a monthly basis. None of reconciling items pertain to the Commission’s transactions. The Commission’s controls to mitigate the effect of the statewide reconciliation issue include monthly reconciliations of the Commission’s SGFIP balance to ensure it is accurate.

**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:

<u>Years of Service</u>		<u>Accrual Rate</u>
<u>At Least</u>	<u>Less Than</u>	<u>Per Pay Period</u>
		<u>(In Hours)</u>
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, 2013, 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 and retirement contributions, per GASB Statement No. 16.

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Notes to Financial Statements  
 June 30, 2013

**NOTE 4. COMPENSATED ABSENCES-(CONTINUED)**

The changes in liabilities for compensated absences are as follows:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>	<u>Due within one Year</u>
General Fund	\$ 4,618	\$ 1,669	\$ 916	\$ 5,371	\$ 916

**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, 2013 amounted to \$ 14,876 under operating leases. Future minimum lease payments for the operating lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 15,128
2014	25,346
2015	25,589
	<u>\$ 66,063</u>

**NOTE 6. CAPITAL ASSETS AND DEPRECIATION**

The change in the capital assets for the fiscal year ended June 30, 2013 is as follows:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Capital assets being depreciated				
Information Technology Equipment	\$ 16,133	-	-	\$ 16,133
Total capital assets being depreciated	16,133	-	-	16,133
Less accumulated depreciation				
Information Technology Equipment	16,133	-	-	16,133
Total accumulated depreciation	16,133	-	-	16,133
Capital assets being depreciated, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the fiscal year ended June 30, 2013 was \$ -0-.

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Notes to Financial Statements  
June 30, 2013

**NOTE 7. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*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).

*Funding Policy:* Plan members are required to contribute 8.92% of their gross salary. The Commission's is required to contribute 15.09% 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, 2013, 2012, and 2011 were \$9,739, \$7,022, and \$10,219, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 8. POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

*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 Commission was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Commission 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 Commission 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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Notes to Financial Statements  
 June 30, 2013

**NOTE 8. POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)**

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee’s annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee’s annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Commission’s contribution to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$1,292, \$962, and \$1,118, respectively, which equal the required contributions 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, 2013.

SHARE Fund	Account	Type of Funds transferred	Amount
85300	499105	General Fund Appropriation	\$ 198,800
85300	499105	Special Appropriation	38,000
		Total	\$ 236,800

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

The amount due to the State General Fund at June 30, 2013 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	51,085
2011	3,864
2012	577
2013	9,544
Stale warrants	1,702
	\$ 221,967

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Notes to Financial Statements  
June 30, 2013

**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. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2013, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is June 30, 2014 which is the date on which the financial statements were issued.

**NOTE 13. SUBSEQUENT PRONOUNCEMENTS**

In March 2012, Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In March 2012, Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The Commission is evaluating the impact of this new standard in the upcoming year.

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The Commission will implement this standard during the fiscal year June 30, 2015.

**NOTE 14. RESTRICTED NET POSTION**

The Commission has restricted net position amounts through enabling legislation totaling \$11,580 as of June 30, 2013, which pertains to a multi-year appropriation detailed on Schedule I that expires at June 30, 2014.

(This page intentionally left blank)



**SUPPORTING SCHEDULES**

(This page intentionally left blank)

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Schedule of Special Appropriations  
 For the Year Ended June 30, 2013

Schedule I

	<u>Amount Appropriated</u>	<u>Current Year Expenditures</u>	<u>Project to Date Expenditures</u>	<u>Unexpended Portion</u>	<u>Unexpended and Reverted</u>
Laws of 2013 Ch 227 Sec 5	<u>\$ 38,000</u>	<u>\$ 26,420</u>	<u>\$ 26,420</u>	<u>\$ 11,580</u>	<u>\$ -</u>

See independent auditors' report

(This page intentionally left blank)

**STATE OF NEW MEXICO**  
 Martin Luther King, Jr. Commission  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balance-Budget (Modified Accrual Basis) and Actual  
 General Fund-( SHARE Fund 06000 Department Z30550)  
 For The Year Ended June 30, 2013

	Budgeted Amounts		Actual (GAAP) Basis	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other costs	38,000	38,000	26,420	11,580
<i>Total expenditures</i>	<u>38,000</u>	<u>38,000</u>	<u>26,420</u>	<u>11,580</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(38,000)</u>	<u>(38,000)</u>	<u>(26,420)</u>	<u>11,580</u>
<i>Other financing sources (uses)</i>				
Special appropriation	38,000	38,000	38,000	-
<i>Total other financing sources (uses)</i>	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,580</u>	<u>\$ 11,580</u>
Net change in fund balance (budgetary basis)			<u>\$ 11,580</u>	
Net change in fund balance GAAP basis			<u>\$ 11,580</u>	

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

**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***

**INDEPENDENT AUDITORS' REPORT**

Hector H. Balderas  
New Mexico State Auditor  
The Martin Luther King, Jr. Commission  
Albuquerque, New Mexico

We have audited, 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, the financial statements of the governmental activities, the General Fund and the budgetary comparison of the General Fund of the Martin Luther King, Jr. Commission (Commission) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

*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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which can be described in the accompanying schedule of findings and responses as items FS 05-02 and FS 2013-01.

## Commission's Responses to Findings

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
June 30, 2014

(This page intentionally left blank)

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Schedule of Findings and Responses  
June 30, 2013

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

*Financial Statements:*

1. Type of auditors’ report issued	Unmodified
2. Internal Control over Financial Reporting	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
c. Noncompliance material to the financial statements noted?	Yes

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Schedule of Findings and Responses  
June 30, 2013

**SECTION II – FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**FS 05-02 – Late Reversions (Repeated/Modified) – (Noncompliance)**

*Condition:* The Commission did not remit its FY04 reversion of \$6,263, FY05 reversion of \$23,970, its FY06 reversion of \$9,475, its FY07 reversion of \$24,395, its FY08 reversion of \$84,858, its FY09 reversion of \$6,234, its FY10 reversion of \$51,085, its FY11 reversion of \$3,864, its FY12 reversion of \$577 and its FY13 reversion of \$9,544 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 FY04 – FY13 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.

*Auditors’ 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’s Response:* Agency is currently working with DFA to resolve the necessary entry and complete the reversion for all prior years.

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Schedule of Findings and Responses  
June 30, 2013

**FS 2013-01 – Late Audit – (Other matter)**

*Condition:* The Commission did not submit its FY13 audit by the regulatory due date of December 15, 2013. Also the independent public accountant recommendation form and related audit contract was not submitted timely to the Office of the State Auditor by regulatory due date of June 1, 2013.

*Criteria:* New Mexico State Audit Rule 2.2.2.9 A item (1) required the audit to be submitted to the New Mexico State Auditor's Office by December 15, 2013. New Mexico State Audit Rule 2.2.2.9 A item (2) requires an audit finding in the event audit report is not delivered on time to the New Mexico State Auditor's Office. New Mexico State Audit Rule 2.2.2.8 (G) (6)(C) required the IPA recommendation form and related audit contract to be delivered by June 1, 2013.

*Effect:* Noncompliance with state audit rule referenced above. The users of the financial statements such as legislators do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on state funding.

*Cause:* Difficulties beyond the Commission's control encountered with getting the audit contract approved by the New Mexico Department of Finance and Administration delayed the commencement of the FY13 audit procedures. The contract was approved and signed by the Commission and external auditor by September 19, 2013, but was not approved and signed by the New Mexico State Auditor's until January 9, 2014 and was not approved and signed by the New Mexico Department of Finance and Administration until April 16, 2014.

*Auditors' Recommendations:* We recommend the Commission work with New Mexico State Auditor's Office and Department of Finance and Administration to ensure audit contracts are approved and signed timely so that audit procedures can begin timely.

*Agency's Response:* The agency is currently working with DFA to ensure contracts are signed and approved timely for the FY14 audit.

(This page intentionally left blank)

**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Schedule of Findings and Responses  
June 30, 2013

**SECTION III – STATUS OF PRIOR YEAR FINDINGS**

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

(This page intentionally left blank)



**STATE OF NEW MEXICO**  
Martin Luther King, Jr. Commission  
Other Disclosures  
June 30, 2013

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on June 30, 2014. The following individuals were in attendance.

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

Bishop Michael Shelby	Commission Chairman
Kimberly Shelby	Executive Director
Cheryl Yazzie	Administrative Assistant

**Representing Accounting & Consulting Group, LLP**

Morgan Browning, CPA, CGFM    Audit Supervisor

**Auditor Prepared Financials**

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the Commission from the original books and records provide to them by the management of the Commission. The responsibility for the financial statements remains with the Commission.