

**STATE OF NEW MEXICO  
REGION IX EDUCATION  
COOPERATIVE**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
JUNE 30, 2010**

**WOODARD, COWEN & CO.  
CERTIFIED PUBLIC ACCOUNTANTS**

7096

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE  
 JUNE 30, 2010

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STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE  
 JUNE 30, 2010

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STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
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STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
JUNE 30, 2010

OFFICIAL ROSTER

COORDINATING COUNCIL

Travis Lightfoot	Chairman
Brenda Vigil	Vice Chairman
Shirley Crawford	Member
Robert Cobos	Member
Andrea Nieto	Member
Dr. Bea Etta Harris	Member
Tommy Hancock	Member

COOPERATIVE OFFICIALS

Cathy Jones	Executive Director
Jay Chase	Finance Director

# Woodard, Cowen & Co.

Certified Public Accountants

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PO Box 1874, 116 E. Grand Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

## INDEPENDENT AUDITOR'S REPORT

Mr. Hector H Balderas  
New Mexico State Auditor  
The Board of Directors  
Region IX Education Cooperative

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Region IX Education Cooperative, as of and for the year ended June 30, 2010, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Region IX Education Cooperative's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Cooperative'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Region IX Education Cooperative, as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund, Medicaid Birth to 2, IDEA B Discretionary, and the Head Start, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non major governmental fund of Region IX Education Cooperative as of June 30, 2010, and the respective changes in financial position, and the respective budgetary comparisons for the non major governmental funds for the year 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 September 29, 2010, on our consideration of Region IX Education Cooperative's internal control over financial reporting and 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.

Region IX Education Cooperative has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Government, and Non-Profit Organizations. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Region IX Education Cooperative. This information and the statement of expenditures of federal awards are not a required part of the basic financial statements of Region IX Education Cooperative. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the financial statements taken as a whole.

September 29, 2010  
Portales, New Mexico

*Woodward, Lower & Co.*

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
STATEMENT OF NET ASSETS

June 30, 2010

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 935,913
Due from other governments	501,760
Non-current: Capital Assets-Net	<u>446,190</u>
Total Assets	<u>1,883,863</u>
<u>LIABILITIES</u>	
Current: Deferred Revenue	\$ 335,239
Accounts Payable	183,436
Total Liabilities	<u>518,675</u>
<u>NET ASSETS</u>	
Invested in capital assets	446,190
Unrestricted	<u>918,998</u>
Total Net Assets	<u>\$ 1,365,188</u>

The accompanying footnotes are an integral part of these financial statements



STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE  
 STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 485,359	\$ -	\$ 848,638	\$ -	\$ 363,279
Support Services-Students	2,541,184	-	1,257,857	-	(1,283,327)
Support Services-Instruction	2,651,746	-	1,209,664	-	(1,442,082)
Support Services-School Administration	388	-	-	-	(388)
Support Services-General Administration	658,156	-	345,518	-	(312,638)
Central Services	321,244	-	115,058	-	(206,186)
Operation & Maintenance of plant	290,679	-	140,478	-	(150,201)
Student Transportation	63,766	-	63,766	-	-
Food Service Operations	55,405	-	20,105	-	(35,300)
Community Services	304,724	-	291,021	-	(13,703)
Other Support Services	8,805	-	-	-	(8,805)
Depreciation	140,105	-	-	-	(140,105)
Total governmental activities	<u>\$ 7,521,561</u>	<u>\$ -</u>	<u>\$ 4,292,105</u>	<u>\$ -</u>	<u>\$ (3,229,456)</u>

General revenues:

Donations	2,655
Intergovernmental	3,870,234
Grants not restricted	-
Fees	-
Total general revenues	<u>3,872,889</u>

Change in net assets	643,433
Net Assets beginning	710,206
Restatement of net Assets	11,549
Net assets - beginning Restated	<u>721,755</u>

Net assets - ending \$ 1,365,188

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2010

	GENERAL FUND	IDEA B DISCRETIONARY	HEAD START
<b>ASSETS</b>			
Cash on Deposit	\$ 560,693	\$ -	\$ -
Due from other Governments	132,429	131,091	65,240
Due From Other Funds	472,166	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,165,288</b>	<b>\$ 131,091</b>	<b>\$ 65,240</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Due to Other Funds	\$ 125,651	\$ 131,091	\$ 65,240
Accounts Payable	120,639	-	-
Deferred Revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>246,290</b>	<b>131,091</b>	<b>65,240</b>
<b>FUND BALANCE</b>			
Fund Balance			
Unreserved-Designated for Subsequent Years Expenditures	918,998	-	-
<b>TOTAL FUND BALANCE</b>	<b>918,998</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,165,288</b>	<b>\$ 131,091</b>	<b>\$ 65,240</b>

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



MEDICAID 0/2	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 169,665	\$ 205,555	\$ 935,913
-	173,000	501,760
-	-	472,166
<u>\$ 169,665</u>	<u>\$ 378,555</u>	<u>\$ 1,909,839</u>
\$ -	\$ 150,184	\$ 472,166
26,498	36,299	183,436
<u>143,167</u>	<u>192,072</u>	<u>335,239</u>
169,665	378,555	990,841
-	-	918,998
<u>-</u>	<u>-</u>	<u>918,998</u>
<u>\$ 169,665</u>	<u>\$ 378,555</u>	<u>\$ 1,909,839</u>

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

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
RECONCILIATION OF THE BALANCE SHEET  
ALL GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS

June 30, 2010

Amounts reported for governmental activities in the statement of net assets are different because:

Fund Balance - total governmental funds	\$	918,636
Restatement		<u>362</u>
Net Change in Fund Balance		918,998
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		446,190
Net assets of governmental activities	\$	<u><u>1,365,188</u></u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

Year Ended June 30, 2010

	GENERAL FUND	IDEA B DISCRETIONARY	HEAD START
<b>REVENUE</b>			
Federal Program	\$ -	\$ 496,766	\$ 957,567
State Program	-	-	-
Intergovernmental	3,870,231	-	-
Donations	2,655	-	-
Sale of Equipment	-	-	-
Fees	-	-	-
TOTAL REVENUES	<u>3,872,886</u>	<u>496,766</u>	<u>957,567</u>
<b>EXPENDITURES</b>			
Current			
Instruction	-	-	373,909
Support Services-Students	920,046	-	213,919
Support Services-Instruction	1,449,838	470,060	85,933
Support Services-School Administration	-	-	-
Support Services-General Administration	305,270	16,092	83,687
Central Services	206,186	10,614	18,899
Operation & Maintenance of Plant	150,202	-	101,300
Student Transportation	-	-	63,766
Food Services - Operations	35,300	-	13,456
Community Services - Operations	13,702	-	2,698
Other Support Services	8,805	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	<u>3,089,349</u>	<u>496,766</u>	<u>957,567</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>783,537</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In/Out	-	-	-
<b>Net Change In Fund Balances</b>	<u>783,537</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
June 30, 2009	135,099	-	-
Restatement	362	-	-
Restated Fund Balance	<u>135,461</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE June 30, 2010</b>	<u>\$ 918,998</u>	<u>\$ -</u>	<u>\$ -</u>

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



MEDICAID 0/2	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 416,089	\$ 1,921,014	\$ 3,791,436
-	500,671	500,671
-	-	3,870,231
-	-	2,655
-	-	-
-	-	-
<u>416,089</u>	<u>2,421,685</u>	<u>8,164,993</u>
-	111,450	485,359
329,975	1,077,244	2,541,184
11,500	634,415	2,651,746
-	388	388
45,564	207,543	658,156
21,632	63,913	321,244
7,418	31,759	290,679
-	-	63,766
-	6,649	55,405
-	288,324	304,724
-	-	8,805
-	-	-
<u>416,089</u>	<u>2,421,685</u>	<u>7,381,456</u>
-	-	783,537
-	-	-
-	-	783,537
-	-	135,099
-	-	362
-	-	135,461
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 918,998</u>

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



STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE -  
ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$	783,538
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year		(140,105)
Change In Net Assets	\$	<u>643,433</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--DISCRETIONARY

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Program	\$ 96,687	\$ 497,000	\$ 373,587	\$ (123,413)
TOTAL REVENUE	<u>\$ 96,687</u>	<u>\$ 497,000</u>	<u>\$ 373,587</u>	<u>\$ (123,413)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 96,687</u>	<u>\$ 497,000</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Instruction	\$ 96,687	\$ 470,294	\$ 470,060	\$ 234
Support Services-General Administration	-	16,092	16,092	-
Central Services	-	10,614	10,614	-
TOTAL EXPENDITURES	<u>\$ 96,687</u>	<u>\$ 497,000</u>	<u>\$ 496,766</u>	<u>\$ 234</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 373,587
Differences-budget to GAAP	
Prior Year Receivable	(7,912)
Current Year Deferral	131,091
Total Revenues (GAAP Basis)	<u>\$ 496,766</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 496,766
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 496,766</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--HEAD START

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Program	\$ 382,984	\$ 1,399,184	\$ 966,471	\$ (432,713)
TOTAL REVENUE	<u>382,984</u>	<u>1,399,184</u>	<u>\$ 966,471</u>	<u>\$ (432,713)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 382,984</u>	<u>\$ 1,399,184</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 175,081	\$ 567,334	\$ 373,909	\$ 193,425
Support Services-Students	100,210	318,906	213,919	104,987
Support Services-Instruction	18,545	101,141	85,933	15,208
Support Services-General Administration	37,501	120,810	83,687	37,123
Community Services Operations	271	2,921	2,697	224
Operation & Maintenance of Plant	10,762	108,126	101,300	6,826
Student Transportation	19,480	87,712	63,766	23,946
Central Services	18,281	78,773	18,899	59,874
Food Services - Operations	2,853	13,461	13,456	5
TOTAL EXPENDITURES	<u>\$ 382,984</u>	<u>\$ 1,399,184</u>	<u>\$ 957,566</u>	<u>\$ 441,618</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 966,471
Differences-budget to GAAP	
Current Year Receivable	65,456
Prior Year Receivable	(74,360)
Total Revenues (GAAP Basis)	<u>\$ 957,567</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 957,566
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 957,566</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--MEDICAID 0/2 YEARS

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 425,000	\$ 425,000	\$ 472,868	\$ 47,868
TOTAL REVENUE	<u>425,000</u>	<u>425,000</u>	<u>472,868</u>	<u>47,868</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 425,000</u>	<u>\$ 425,000</u>		
 EXPENDITURES				
Current				
Support Services-Students	\$ 335,425	\$ 335,425	\$ 323,466	\$ 11,959
Support Services-Instruction	11,573	11,573	11,500	73
Support Services-General Administration	48,070	48,070	45,564	2,506
Operation & Maintenance of Plant	8,300	8,300	7,418	882
Central Services	21,632	21,632	21,632	-
TOTAL EXPENDITURES	<u>\$ 425,000</u>	<u>\$ 425,000</u>	<u>\$ 409,580</u>	<u>\$ 15,420</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 472,868
Differences-budget to GAAP	
Prior Year Deferral	(143,168)
Current Year Deferral	86,389
Total Revenues (GAAP Basis)	<u>\$ 416,089</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 409,580
Differences-budget to GAAP	
Current Year Accounts Payable	6,509
Total Expenditures (GAAP Basis)	<u>\$ 416,089</u>

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

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--COMBINED GENERAL FUND

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental	2,169,121	3,412,830	3,737,801	324,971
Donations	12,500	12,500	2,655	(9,845)
<b>TOTAL REVENUE</b>	<b>\$ 2,181,621</b>	<b>\$ 3,425,330</b>	<b>\$ 3,740,456</b>	<b>\$ 315,126</b>
BUDGETED CASH BALANCE	16,028	16,028		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 2,197,649</b>	<b>\$ 3,441,358</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Support Services-Students	912,008	993,008	920,046	72,962
Support Services-Instruction	637,150	1,626,705	1,449,838	176,867
Support Services-General Administration	320,889	347,943	301,968	45,975
Community Services Operations	28,528	53,928	13,702	40,226
Operation & Maintenance of Plant	149,504	155,504	150,202	5,302
Central Services	149,570	220,165	206,186	13,979
Other Support Services	-	8,805	8,805	-
Food Services - Operations	-	35,300	35,300	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,197,649</b>	<b>\$ 3,441,358</b>	<b>\$ 3,086,047</b>	<b>\$ 355,311</b>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 3,740,456
Differences-budget to GAAP	
Current Year Receivable	132,430
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 3,872,886</b>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 3,086,047
Differences-budget to GAAP	
Current Year Payables	3,301
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 3,089,348</b>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF FIDUCIARY NET ASSETS - EMPLOYEE DEFERRED COMPENSATION PLAN

June 30, 2010

	EMPLOYEE DEFERRED COMPENSATION PLAN	AGENCY FUNDS	TOTAL
<b>ASSETS</b>			
Cash in Bank	\$	\$ 241,421	\$ 241,421
Investments, at fair value	235,680		235,680
<b>TOTAL ASSETS</b>	<b>\$ 235,680</b>	<b>\$ 241,421</b>	<b>\$ 477,101</b>
 <b>Net Assets</b>			
Cash Held for other Entities	\$	\$ 241,421	\$ 241,421
Held in trust for benefits	235,680		235,680
<b>TOTAL NET ASSETS</b>	<b>\$ 235,680</b>	<b>\$ 241,421</b>	<b>\$ 477,101</b>

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

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

I. Summary of Significant Accounting Policies

A. Reporting Entity

The ten Regional Cooperative Centers established throughout New Mexico in 1984 were originally organized to provide supplementary special education services to local education agencies utilizing federal PL 94-142 funds. The role of the Cooperatives has expanded under the authorization of the regional Coordinating Councils to include a variety of other projects, both federally funded and funded from other sources. Region IX Education Cooperative, through the governing council, has established as its purpose the delivery to local districts and communities those services deemed critical to the ongoing success of regular and special education programs provided by the local agencies. For financial reporting purposes, the Cooperative includes all funds and account groups that are controlled by or dependent on the Cooperative for financial support. The Cooperative has no component units.

The summary of significant accounting policies of the Cooperative is presented to assist in the understanding of the Cooperative's financial statements. The financial statements and notes are the representation of Region IX Education Cooperative's management who is responsible for their integrity and objectivity. The financial statements of the Cooperative conform to generally accept accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the cooperative. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment 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. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. No property tax, revenue is available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been 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 government 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. Grant revenues and deferrals are recognized in accordance with GASB 33.

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

I. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The Cooperative reports the following major governmental funds:

General Fund – The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Idea B-Discretionary (Special Revenue) - P.L. 94-142, Individuals with Disabilities Education Act—to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

Head Start (Special Revenue) — The Head Start project provides comprehensive preschool education for educationally deprived students in low-income areas. The project is funded by the Federal Government under PL 105285.

Medicaid Title XIX (0-2) (Special Revenue) – To account for a Federal grant restricted to the operation and maintenance of delivering services to developmentally disabled children between birth and two years old. The fund was created under the authority of Title XIX of the Social Security Act.

The Cooperative also reports the following Governmental fund type.

Fiduciary Funds – The Cooperative accounts for resources held for others in a custodial capacity in fiduciary funds. The Cooperative's Fiduciary Fund is the Employee Deferred Compensation Plan. This fund is reported using the accrual basis of accounting.

Similar to private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Program revenues reported as operating grants and contributions consist of federal and state grant program revenues used to administer federal and state directed programs. Fees charged to participating school districts are for technical assistance, professional development, and/or direct services provided by the Cooperative.



STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity

Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

State statutes authorize the investment of the cooperative's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The cooperative is also allowed to invest in United States Government obligations. All funds of the cooperative must follow the above investment policies.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the cooperative. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Amounts shown as "due from other Governments are amounts due from pass through agencies and are fully collectible.

Inventories

None

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life extending beyond a single reporting period. The Cooperative is capitalizing qualifying software as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Cooperative does not have a library.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

4. Capital Assets (continued)

Property, plant, and equipment of the cooperative are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5, 10
Buildings	50
Building Renovations	50
Computers & Electronics	5, 10
Vehicles	12

6. Long-Term obligations

Employees are not compensated for accumulated sick leave upon termination of employment. Unused vacation is accounted for in the fund from which the employee's salary was paid. As of June 30, 2010, there was no compensated absences liability to report.

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. The cooperative has no bonded debt.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets on the statement of net assets include the following: Investments in Capital Assets, the component of net assets that reports the difference between capital assets less the accumulated depreciation. These funds are restricted for use of the related fund.

8. Comparative data/reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

9. 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.

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(140,105) difference are as follows:

Capital Outlay	\$	0
Depreciation expense		<u>(140,105)</u>
Net adjustment to increase net changes in fund balances — total government funds to arrive at changes in net assets of Governmental activities	\$	<u>(140,105)</u>

III. Stewardship, Compliance, and accountability

A. Budgetary information

Budgets for the Special Revenue Funds are prepared by management and are approved by the Coordinating Council and the Public School Budget and Planning Unit of the Department of Education.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. The Cooperative follows these procedures in establishing the budgetary data reflected in the financial statements:

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE  
 NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

III. Stewardship, Compliance, and Accountability

A. Budgetary Information (continued)

In April or May, the director submits to the Board a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.

In May or June, the budget is approved by the Coordinating Council.

The board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.

The director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board and the State of New Mexico Department of Education.

The director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board and the State of New Mexico Department of Education.

Budgets for the Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2010 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Performance</u>
Special Revenue Fund	\$3,410,232	\$5,249,295	\$4,281,399
General Fund	\$2,197,649	\$3,441,358	\$3,086,047

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE  
 NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

IV. Detailed Notes on all Funds

A. Cash and temporary investments

At June 30, 2010, the carrying amount of the Cooperative's deposits was \$1,177,333 and the bank balance was \$1,712,394. Of this balance \$472,179 was covered by federal depository insurance and \$454,334 was covered by collateral held in they entities name and in joint safekeeping by a third party.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the cooperative for at least one half of the amount on deposit with the institution.

The collateral pledged is shown as listed in the table of contents of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing Now accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution

Custodial Credit Risk — Deposits.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be reed to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$785,881 of the government's bank balance was exposed to custodial credit risk as follows:

Uninsured	\$ 1,240,215
Collateralized by bank, held in entity's name	<u>454,334</u>
Amount Exposed	\$ <u>785,881</u>

A. Deferred Revenue

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable Grant
Draw downs prior to meeting all eligibility requirements	\$ <u>335,239</u>
Total deferred/unearned revenue for governmental funds	\$ <u>335,239</u>

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

IV. Detailed Notes on all Funds

C. Capital Assets

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

REGION IX EDUCATION COOPERATIVE

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Governmental Activities					
Capital Assets, not being depreciated	\$ -	\$ 20,494	\$ -	\$ -	\$ 20,494
Total Capital Assets, not being depreciated	-	20,494	-	-	20,494
Capital Assets, being depreciated					
Buildings	223,111	(5,916)	-	-	217,195
Equipment	1,077,937	3,172	-	-	1,081,109
Total Capital Assets, being depreciated	1,301,048	(2,744)	-	-	1,298,304
Less: accumulated depreciation for					
Buildings	46,144	8,453	9,095	-	63,692
Equipment	680,056	(2,150)	131,010	-	808,916
Total accumulated depreciation	726,200	6,303	140,105	-	872,608
Capital Assets, Net	574,848	(9,047)	(140,105)	-	425,696
Total Capital Assets, Net	<u>\$ 574,848</u>	<u>\$ 11,447</u>	<u>\$ (140,105)</u>	<u>\$ -</u>	<u>\$ 446,190</u>

The adjustments are made up of the following items. There was \$20,494 for land that was not recorded to the capital assets. The Cooperative reclassified \$5,916 in building improvements to equipment. A piece of equipment with the cost of \$3,866, which was retired in a prior period was removed during the current year. A second piece of equipment with a cost of \$1,122 was excluded from prior years capital asset listing was properly included this year. The equipment adjustments resulted in the adjustment to accumulated depreciation.

D. Long-Term Debt

For the fiscal year ended June 30, 2010, the Cooperative had neither long-term debt nor compensated absences.

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

V. Other information

A. Risk Management

It is the policy of Region IX Education Cooperative to purchase insurance for the risks of losses to which it is exposed through the General Services Administration risk management insurance. Risk management insurance includes coverage for general liability, property, casualty and employee health and accident.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

C. Employee retirement plan

**Plan Description.** Substantially all of the Cooperative's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) 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 (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB 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 ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

**Funding Policy.** Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The (name of employer) was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribute on is increasing by .75% each year until effective July 1, 2011, the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the Cooperative are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The (name of employer)'s contributions to ERB for the fiscal years ending June 30, 2010, 2009, and 2008, were \$291,768, \$303,153, and \$269,287, respectively, which equal the amount of the required contributions for each fiscal year.

In addition the Cooperative provides a Section 457 deferred compensation plan to its employees. In accordance with GASB 32, these assets are reported as an agency fund; even though the plan is administered by a third party Contributions by employees for the year ended June 30, 2010 was \$9,093.

D. Post-retirement health care benefits

**Plan Description.** (Name of Agency) 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.

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

V. Other information

D. Post-retirement health care benefits (continued)

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:

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

Fiscal Year Employer Contribution Rate Employee Contribution Rate

FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. 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 (Name of Agency)'s contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$33,108, \$33,437 and \$30,858, respectively, which equal the required contributions for each year.



STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE  
 NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

V. Other information (continued)

E. Interfund Balances

Due to	Due from		
Consolidated Expenses	PreSchool	\$	5,654
	English Language Acquisition		23,971
	Reading First		15,260
	Teacher/Principal Training		6,481
	Carl Perkins Special Projects		46,195
	Carl Perkins Secondary		6,178
	Carl Perkins Secondary Redistribution		15,989
	Prevention		2,061
	Workforce Investment Act		12,904
	Advanced Placement		7,668
	Ideal New Mexico		8,840
	Birth to Two Year Old		5,464
	Discretionary		131,091
	Headstart		65,240
	State Directed Activities		125,651
			\$ 472,166

Total Due to/Due from

\$ 472,166

The balance of \$472,166 resulted from loans made to establish working capital for the individual funds. All loans are considered to be repaid within one year.

F. Restatement of Beginning Fund Balance for Governmental Fund

	Governmental Fund
Fund Balance – Governmental Fund at June 30, 2009	\$ 135,099
Void Check – Consolidated Expense	362
Restated Balance at July 1, 2009	\$ <u>135,461</u>

G. Restatement of Beginning Net Assets for Governmental Activities.

	Governmental Activities
Net Assets – Governmental Activities at June 30, 2009	\$ 710,206
Void Check – Consolidated Expense	362
Transferred to fiduciary	(260)
Previously unrecorded capital assets and depreciation	11,447
Restated Balance at July 1, 2009	\$ <u>721,755</u>

## SPECIAL REVENUE FUNDS

**IDEA B Entitlement** – P.L. 94-142, Individuals with Disabilities Education Act—to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17

**Idea B Preschool** - P.L. 94-142, Individuals with Disabilities Education Act - to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

**English Language Acquisition** – To ensure that limited English proficient children and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet. The authority for the creation of this fund is the Elementary and Secondary Education Act, as amended, Title III, Part A, Sections 3101, 3129.

**Teacher/Principal Training** – To provide grants to State Education Agencies on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

**Reading First** – To ensure that every student can read at grade level or above by the end of third grade. The Reading First program will provide assistance to States and districts in establishing reading programs for students in kindergarten through third grade that are based on scientifically based reading research. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.

**Carl D. Perkins** – To develop more fully the academic, vocational and technical skills of secondary and postsecondary students who elect to enroll in vocational and technical programs. The authority for the creation of this fund is Carl D. Perkins Vocational and Technical Education Act of 1998, Title I; Workforce Investment Act, Section 503.

**Career/Technical Leadership Program** – This fund is funded through the Carl Perkins Special Projects program. The purpose is to develop more fully the academic, career, and technical skills of secondary and post secondary students who elect to enroll in career and technical education programs. Authority for this fund comes from the Carl D. Perkins Career Technical Education Act of 2006, Title I.

**High School Redesign** – This fund is funded through the Carl Perkins Secondary Redistribution program. The purpose is to develop more fully the academic, career, and technical skills of secondary and post secondary students who elect to enroll in career and technical education programs. Authority for this fund comes from the Carl D. Perkins Career Technical Education Act of 2006, Title I.

**Rural Utilities Service** – This fund is used to account for a program to encourage and improve the use of telecommunications, computer networks, and related advanced technologies to provide educational benefits through distance learning projects to people living in rural areas and to improve rural opportunities.

**High Schools That Work** – This fund is funded through the Carl Perkins High Schools That Work Program. The purpose is to develop more fully the academic, career, and technical skills of secondary and post secondary students who elect to enroll in career and technical education programs. Authority for this fund comes from the Carl D. Perkins Career Technical Education Act of 2006, Title I.

**Behavioral Health** – The purpose of this fund is to account for the agreement used to provide integrated primary and behavioral health care for adolescents through a school based health center. The authority and funding for this agreement is provided by the contract between the REC and the New Mexico Department of Health.

SPECIAL REVENUE FUNDS (continued)

**Medicaid Title XIX (3-21) (Special Revenue)** – To account for a Federal grant restricted to the operation and maintenance of delivering services to developmentally disabled children between three years old and young adults 21 years old. The fund was created under the authority of Title XIX of the Social Security Act.

**Workforce Investment Act** – To account for funds used to increase the attainment of basic skills, work readiness or occupational skills, and secondary diplomas or other credentials. The program is authorized by Title I of the Workforce Investment Act.

**TUPAC** – (Tobacco Use Prevent and Cessation Program) To account for funding through CFDA# 93.2830 to improve school policies on tobacco and implement prevention curricula and tobacco cessation programs in school districts. The fund was created by the authority of grant provisions.

**Advanced Placement Program** – To account for state funds received to provide training for teachers and staff in the public schools to improve the educational process. The fund was created under the authority of the federal grant provisions.

**Ideal NM** – To account for the funds and program expenditures used in a program designed to provide eLearning services to PK-12 schools, higher education institutions, and government agencies. Also the program seeks to reduce geographic and other barriers to educational opportunity while increasing the digital literacy skills youth and adult learners need to participate in a global economy.

**Birth to Two Years** – To account for a state grant restricted to the operation and maintenance of delivering services to developmentally disabled children between birth and two years old. The fund was created by the authority of the State of New Mexico grant provisions.

**Nutrition** – To account for a federal grant to provide nutritious meals and snacks for Head Start students. The fund was created by the authority of the federal grant provisions.

**Healthier Schools – DOH** – To account for monies received for School Based Health Clinics at Ruidoso and Hondo schools. The fund was created by the authority of the grant provisions.

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

COMBINING BALANCE SHEET-SPECIAL REVENUE FUNDS  
 NON MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

	ENTITLEMENT	PRESCHOOL	ENGLISH LANGUAGE ACQUISITION	TEACHER PRINCIPAL TRAINING	READING FIRST
<b>ASSETS</b>					
Cash on Deposit	\$ 1,267	\$ -	\$ -	\$ -	\$ -
Due from other Governments	-	5,654	23,971	-	16,213
Due from other Funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,267</b>	<b>\$ 5,654</b>	<b>\$ 23,971</b>	<b>\$ -</b>	<b>\$ 16,213</b>
<b>LIABILITIES</b>					
Due to Other Funds	\$ -	\$ 5,654	\$ 23,971	\$ -	\$ 15,260
Accounts Payable	-	-	-	-	953
Deferred Revenue	1,267	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,267</b>	<b>5,654</b>	<b>23,971</b>	<b>-</b>	<b>16,213</b>

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

CARL PERKINS SPECIAL PROJECTS	CARL PERKINS SECONDARY - CURRENT	CARL PERKINS SECONDARY REDISTRIBUTION	CARL PERKINS SPECIAL HSTW - CURRENT	CARL PERKINS SPECIAL HSTW - REDISTRIBUTION	DROPOUT PREVENTION
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48,658	6,178	15,989	-	-	9,740
-	-	-	-	-	-
<u>\$ 48,658</u>	<u>\$ 6,178</u>	<u>\$ 15,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,740</u>
\$ 46,195	\$ 6,178	\$ 15,989	\$ -	\$ -	\$ 2,061
2,463	-	-	-	-	7,679
-	-	-	-	-	-
<u>48,658</u>	<u>6,178</u>	<u>15,989</u>	<u>-</u>	<u>-</u>	<u>9,740</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

COMBINING BALANCE SHEET-SPECIAL REVENUE FUNDS  
 NON MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

	MEDICAID 3/21	WORKFORCE INVESTMENT ACT	TUPAC	ADVANCED PLACEMENT PROGRAM
<b>ASSETS</b>				
Cash on Deposit	\$ 99,086	\$ -	\$ 12,859	\$ -
Due from other Governments	-	17,752	-	7,668
Due from other Funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 99,086</b>	<b>\$ 17,752</b>	<b>\$ 12,859</b>	<b>\$ 7,668</b>
<b>LIABILITIES</b>				
Due to Other Funds	\$ -	\$ 12,904	\$ -	\$ 7,668
Accounts Payable	3,844	4,848	1,315	-
Deferred Revenue	95,242	-	11,544	-
<b>TOTAL LIABILITIES</b>	<b>\$ 99,086</b>	<b>\$ 17,752</b>	<b>\$ 12,859</b>	<b>\$ 7,668</b>

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



STATE DIRECTED ACTIVITIES	IDEAL - NM	BIRTH TO TWO YEARS	NUTRITION	HEALTHIER SCHOOLS DOH	TOTAL NON MAJOR SPECIAL REVENUE FUNDS
\$ 6,557	\$ -	\$ -	\$ 2,627	\$ 83,159	\$ 205,555
-	8,840	12,337	-	-	173,000
-	-	-	-	-	-
<u>\$ 6,557</u>	<u>\$ 8,840</u>	<u>\$ 12,337</u>	<u>\$ 2,627</u>	<u>\$ 83,159</u>	<u>\$ 378,555</u>
\$ -	\$ 8,840	\$ 5,464	\$ -	\$ -	\$ 150,184
-	-	6,873	-	8,324	36,299
6,557	-	-	2,627	74,835	192,072
<u>\$ 6,557</u>	<u>\$ 8,840</u>	<u>\$ 12,337</u>	<u>\$ 2,627</u>	<u>\$ 83,159</u>	<u>\$ 378,555</u>

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



STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND BALANCE-SPECIAL REVENUE FUNDS  
 NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	ENTITLEMENT	PRESCHOOL	ENGLISH LANGUAGE ACQUISITION	TEACHER PRINCIPAL TRAINING	READING FIRST
<b>REVENUES</b>					
Federal Program	\$ -	\$ -	\$ 43,152	\$ -	\$ 351,541
State Program	-	-	-	-	-
Donations	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fees	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>43,152</b>	<b>-</b>	<b>351,541</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Instruction	-	-	-	-	-
Support Services-Students	-	-	33,305	-	-
Support Services-Instruction	-	-	9,362	-	321,171
Support Services-School Administration	-	-	-	-	-
Support Services-General Administration	-	-	485	-	30,370
Community Services Operations	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Central Services	-	-	-	-	-
Food Services - Operations	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>43,152</b>	<b>-</b>	<b>351,541</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	-	-	-	-	-
<b>Other Financing Sources</b>					
Transfers In (Out)	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>					
	-	-	-	-	-
<b>FUND BALANCE</b>					
June 30, 2009	-	-	-	-	-
<b>FUND BALANCE</b>					
June 30, 2010	\$ -	\$ -	\$ -	\$ -	\$ -

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



CARL PERKINS SPECIAL PROJECTS	CARL PERKINS SECONDARY - CURRENT	CARL PERKINS SECONDARY REDISTRIBUTION	CARL PERKINS SPECIAL HSTW - CURRENT	CARL PERKINS SPECIAL HSTW - REDISTRIBUTION	DROPOUT PREVENTION
\$ 514,834	\$ 73,155	\$ 8,144	\$ -	\$ 13,033	\$ 148,486
-	-	-	-	-	-
<u>514,834</u>	<u>73,155</u>	<u>8,144</u>	<u>-</u>	<u>13,033</u>	<u>148,486</u>
-	69,775	-	-	12,413	-
427,378	-	-	-	-	142,092
5,000	-	-	-	-	-
-	-	388	-	-	-
60,488	3,380	7,756	-	620	6,394
-	-	-	-	-	-
11,168	-	-	-	-	-
10,800	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>514,834</u>	<u>73,155</u>	<u>8,144</u>	<u>-</u>	<u>13,033</u>	<u>148,486</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND BALANCE-SPECIAL REVENUE FUNDS  
 NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	MEDICAID 3/21	WORKFORCE INVESTMENT ACT	TUPAC	ADVANCED PLACEMENT PROGRAM
<b>REVENUES</b>				
Federal Program	\$ 399,366	\$ 326,554	\$ 42,749	\$ -
State Program	-	-	-	8,359
Donations	-	-	-	-
Intergovernmental Fees	-	-	-	-
<b>TOTAL REVENUES</b>	<u>399,366</u>	<u>326,554</u>	<u>42,749</u>	<u>8,359</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	-	-	7,662
Support Services-Students	329,448	-	42,749	-
Support Services-Instruction	-	-	-	-
Support Services-School Administration	-	-	-	-
Support Services-General Administration	19,980	14,464	-	697
Community Services Operations	-	288,324	-	-
Operation & Maintenance of Plant	3,200	17,391	-	-
Central Services	46,738	6,375	-	-
Food Services - Operations	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>399,366</u>	<u>326,554</u>	<u>42,749</u>	<u>8,359</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	-	-	-	-
Other Financing Sources				
Transfers In (Out)	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	-	-
<b>FUND BALANCE</b>				
June 30, 2009	-	-	-	-
<b>FUND BALANCE</b>				
June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND BALANCE-SPECIAL REVENUE FUNDS  
NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	ADVANCED PLACEMENT PROGRAM	TUPAC	WORKFORCE INVESTMENT ACT	MEDICAID 3/21	REVENUES
Federal Program	-	42,749	326,554	399,366	\$ 399,366
State Program	8,359	-	-	-	8,359
Donations	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fees	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>8,359</b>	<b>42,749</b>	<b>326,554</b>	<b>399,366</b>	<b>399,366</b>
EXPENDITURES					
Current					
Instruction	7,662	-	-	-	-
Support Services-Students	-	42,749	-	329,448	329,448
Support Services-Instruction	-	-	-	-	-
Support Services-School Administration	-	-	-	-	-
Support Services-General Administration	697	-	14,464	19,980	19,980
Community Services Operations	-	-	288,324	-	288,324
Operation & Maintenance of Plant	-	-	17,391	3,200	3,200
Central Services	-	-	6,375	46,738	46,738
Food Services - Operations	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>8,359</b>	<b>42,749</b>	<b>326,554</b>	<b>399,366</b>	<b>399,366</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-
Other Financing Sources	-	-	-	-	-
Transfers In (Out)	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCE	-	-	-	-	-
June 30, 2009	-	-	-	-	-
FUND BALANCE	-	-	-	-	-
June 30, 2010	-	-	-	-	-

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

STATE DIRECTED ACTIVITIES	IDEAL - NM	BIRTH TO TWO YEARS	NUTRITION	HEALTHIER SCHOOLS DOH	TOTAL NON MAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,921,014
304,356	24,040	113,765	6,649	43,502	500,671
-	-	-	-	-	-
-	-	-	-	-	-
<u>304,356</u>	<u>24,040</u>	<u>113,765</u>	<u>6,649</u>	<u>43,502</u>	<u>2,421,685</u>
-	21,600	-	-	-	111,450
-	-	58,770	-	43,502	1,077,244
289,704	-	9,178	-	-	634,415
-	-	-	-	-	388
14,652	2,440	45,817	-	-	207,543
-	-	-	-	-	288,324
-	-	-	-	-	31,759
-	-	-	-	-	63,913
-	-	-	6,649	-	6,649
-	-	-	-	-	-
<u>304,356</u>	<u>24,040</u>	<u>113,765</u>	<u>6,649</u>	<u>43,502</u>	<u>2,421,685</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--ENGLISH LANGUAGE ACQUISITION

Year Ended June 30, 2010

	ORIGINAL ACTUAL	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 24,760	\$ 45,115	\$ 19,441	\$ (25,674)
TOTAL REVENUE	<u>24,760</u>	<u>45,115</u>	<u>\$ 19,441</u>	<u>\$ (25,674)</u>

BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>
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TOTAL REVENUE & CASH	<u>\$ 24,760</u>	<u>\$ 45,115</u>
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EXPENDITURES				
Current				
Instruction	\$ 24,275	\$ 35,181	\$ 33,305	\$ 1,876
Support Services-Instruction	-	9,449	9,362	87
Support Services-General Administration	485	485	485	-
TOTAL EXPENDITURES	<u>\$ 24,760</u>	<u>\$ 45,115</u>	<u>\$ 43,152</u>	<u>\$ 1,963</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 19,441
Differences-budget to GAAP		
Current Year Receivable		<u>23,711</u>
Total Revenues (GAAP Basis)		<u>\$ 43,152</u>
<b>Uses/outflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 43,152
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 43,152</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--READING FIRST

Year Ended June 30, 2010

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Program	\$ 449,195	\$ 449,195	\$ 335,327	\$ (113,868)
TOTAL REVENUE	<u>449,195</u>	<u>449,195</u>	<u>\$ 335,327</u>	<u>\$ (113,868)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 449,195</u>	<u>\$ 449,195</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Support Services - Instruction	\$ 409,992	\$ 409,992	\$ 321,171	\$ 88,821
Support Services - General Administration	39,203	39,203	30,370	8,833
TOTAL EXPENDITURES	<u>\$ 449,195</u>	<u>\$ 449,195</u>	<u>\$ 351,541</u>	<u>\$ 97,654</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 335,327
Differences-budget to GAAP	
Current Year Receivable	<u>16,214</u>
Total Revenues (GAAP Basis)	<u>\$ 335,327</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 351,541
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 351,541</u>

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



STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--CARL PERKINS SPECIAL PROJECTS

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Program	\$ 514,912	\$ 514,912	\$ 565,422	\$ 50,510
TOTAL REVENUE	<u>514,912</u>	<u>514,912</u>	<u>565,422</u>	<u>50,510</u>
BUDGETED CASH BALANCE		-		
TOTAL REVENUE & CASH	<u>\$ 514,912</u>	<u>\$ 514,912</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction				
Support Services-Students	423,764	427,379	427,378	1
Support Services-Instruction	5,000	5,000	5,000	-
Support Services-General Administration	64,107	60,492	60,488	4
Operation & Maintenance of Plant	11,217	11,217	11,169	48
Central Services	10,824	10,824	10,800	24
TOTAL EXPENDITURES	<u>\$ 514,912</u>	<u>\$ 514,912</u>	<u>\$ 514,835</u>	<u>\$ 76</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

<b>Sources/Inflows of Resources</b>	
Actual amounts (budgetary basis)	\$ 565,422
Differences-budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 514,835</u>
<b>Uses/outflows of Resources</b>	
Actual amounts (budgetary basis)	\$ 514,835
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 514,835</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND-CARL PERKINS SECONDARY

Year Ended June 30, 2010

	<u>ORIGINAL ACTUAL</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Federal Program	\$ 76,000	\$ 74,497	\$ 85,756	\$ 11,259
TOTAL REVENUE	<u>76,000</u>	<u>74,497</u>	<u>85,756</u>	<u>11,259</u>
BUDGETED CASH BALANCE	_____	-		
TOTAL REVENUE & CASH	<u>\$ 76,000</u>	<u>\$ 74,497</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 72,200	\$ 70,950	\$ 69,775	\$ 1,175
Support Services-General Administration	3,800	3,547	3,380	167
TOTAL EXPENDITURES	<u>\$ 76,000</u>	<u>\$ 74,497</u>	<u>\$ 73,155</u>	<u>\$ 1,342</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 85,756
Differences-budget to GAAP		
Current Year Receivable		3,710
Prior year Receivable		(16,310)
Total Revenues (GAAP Basis)		<u>\$ 73,156</u>
 <b>Uses/outflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 73,155
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 73,155</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--CARL PERKINS SECONDARY REDISTRIBUTION

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 9,641	\$ 18,420	\$ 8,613	\$ (9,807)
TOTAL REVENUE	<u>9,641</u>	<u>18,420</u>	<u>\$ 8,613</u>	<u>\$ (9,807)</u>

BUDGETED CASH BALANCE

          -                -

TOTAL REVENUE & CASH

\$ 9,641      \$ 18,420

EXPENDITURES

Current

Support Services-Instruction	\$ 9,182	\$ 7,756	\$ 7,756	\$ -
Support Services-School Administration	459	877	388	489

TOTAL EXPENDITURES

\$ 9,641      \$ 8,633      \$ 8,144      \$ 489

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 8,613
Differences-budget to GAAP	
Current Year Receivable	15,989
Prior Year Receivable	(16,458)
Total Revenues (GAAP Basis)	<u>\$ 8,144</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 8,144
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 8,144</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--HIGH SCHOOLS THAT WORK

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Program	\$ 13,326	\$ 13,033	\$ 13,033	\$ -
<b>TOTAL REVENUE</b>	<u>13,326</u>	<u>13,033</u>	<u>13,033</u>	<u>-</u>
BUDGETED CASH BALANCE	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 13,326</u>	<u>\$ 13,033</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 12,660	\$ 12,413	\$ 12,413	\$ -
Support Services-General Administration	666	620	620	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 13,326</u>	<u>\$ 13,033</u>	<u>\$ 13,033</u>	<u>-</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 13,033
Differences-budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 13,033</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 13,033
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,033</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--DROPOUT PREVENTION

Year Ended June 30, 2010

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Federal Program	\$ 391,819	\$ 391,819	\$ 138,746	\$ (253,073)
<b>TOTAL REVENUE</b>	<u>391,819</u>	<u>391,819</u>	<u>\$ 138,746</u>	<u>\$ (253,073)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 391,819</u>	<u>\$ 391,819</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Students	\$ 376,970	\$ 376,970	\$ 142,092	\$ 234,878
Support Services-General Administration	14,849	14,849	6,394	8,455
<b>TOTAL EXPENDITURES</b>	<u>\$ 391,819</u>	<u>\$ 391,819</u>	<u>\$ 148,486</u>	<u>\$ 243,333</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 138,746
Differences-budget to GAAP	
Current Year Receivable	9,740
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 148,486</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 148,486
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 148,486</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--MEDICAID 3/21 YEARS

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Program	\$ 250,000	\$ 400,000	\$ 188,057	\$ (211,943)
TOTAL REVENUE	<u>250,000</u>	<u>400,000</u>	<u>\$ 188,057</u>	<u>\$ (211,943)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 250,000</u>	<u>\$ 400,000</u>		

**EXPENDITURES**

Current

Support Services-Students	\$ 180,000	\$ 330,000	\$ 329,449	\$ 551
Support Services-General Administration	20,000	20,000	19,980	20
Operation & Maintenance of Plant	3,200	3,200	3,200	-
Central Services	46,800	46,800	46,738	62
TOTAL EXPENDITURES	<u>\$ 250,000</u>	<u>\$ 400,000</u>	<u>\$ 399,367</u>	<u>\$ 633</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 188,057
Differences-budget to GAAP	
Prior Year Deferral	(95,241)
Current Year Deferral	306,551
Total Revenues (GAAP Basis)	<u>\$ 399,367</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 399,367
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 399,367</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--WORKFORCE INVESTMENT ACT

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Program	\$ 143,852	\$ 336,401	\$ 338,618	\$ 2,217
TOTAL REVENUE	<u>143,852</u>	<u>336,401</u>	<u>338,618</u>	<u>2,217</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 143,852</u>	<u>\$ 336,401</u>		

**EXPENDITURES**

Current

Support Services-General Administration	\$ 5,122	\$ 14,655	\$ 14,464	\$ 191
Community Services Operations	126,600	296,718	288,324	8,394
Operation & Maintenance of Plant	12,130	18,653	13,191	5,462
Central Services	-	6,375	6,375	-
TOTAL EXPENDITURES	<u>\$ 143,852</u>	<u>\$ 336,401</u>	<u>\$ 322,354</u>	<u>\$ 14,047</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 338,618
Differences-budget to GAAP	
Current Year Receivable	17,752
Prior Year Receivable	(29,816)
Total Revenues (GAAP Basis)	<u>\$ 308,802</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 322,354
Differences-budget to GAAP	
Current Year Accounts Payable	4,200
Total Expenditures (GAAP Basis)	<u>\$ 326,554</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--TUPAC

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 62,700	\$ 62,700	\$ 62,075	\$ (625)
TOTAL REVENUE	<u>62,700</u>	<u>62,700</u>	<u>\$ 62,075</u>	<u>\$ (625)</u>

BUDGETED CASH BALANCE

\_\_\_\_\_ - \_\_\_\_\_

TOTAL REVENUE & CASH

\$ 62,700 \$ 62,700

EXPENDITURES

Current

    Support Services-Students

\$ 62,700 \$ 62,700 \$ 42,749 \$ 19,951

TOTAL EXPENDITURES

\$ 62,700 \$ 62,700 \$ 42,749 \$ 19,951

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 62,075
Differences-budget to GAAP	(7,782)
Prior Year Receivable	(11,544)
Current year Deferral	
Total Revenues (GAAP Basis)	<u>\$ 42,749</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 42,749
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 42,749</u>

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



STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--GENERAL FUND--ADVANCED PLACEMENT PROGRAM

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Program	\$ 9,000	\$ 9,000	\$ 12,000	\$ 3,000
TOTAL REVENUE	<u>9,000</u>	<u>9,000</u>	<u>12,000</u>	<u>3,000</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 9,000</u>	<u>\$ 9,000</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 8,100	\$ 8,100	\$ 7,662	\$ 438
Support Services-General Administration	900	900	697	203
TOTAL EXPENDITURES	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 8,359</u>	<u>\$ 641</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 12,000
Differences-budget to GAAP	
Current Year Receivable	7,668
Prior Year Receivable	(11,309)
Total Revenues (GAAP Basis)	<u>\$ 8,359</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 8,359
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 8,359</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--STATE DIRECTED ACTIVITIES

Year Ended June 30, 2010

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
State Program	\$ 304,356	\$ 362,667	\$ 375,228	\$ (12,561)
TOTAL REVENUE	<u>304,356</u>	<u>362,667</u>	<u>375,228</u>	<u>(12,561)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 304,356</u>	<u>\$ 362,667</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Support Services-Instruction	\$ 289,704	\$ 289,704	\$ 289,704	\$ -
Support Services-General Administration	14,652	14,652	14,652	-
TOTAL EXPENDITURES	<u>\$ 304,356</u>	<u>\$ 304,356</u>	<u>\$ 304,356</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 375,228
Differences-budget to GAAP	
Prior Year Receivable	(64,315)
Current Year Deferral	(6,557)
Total Revenues (GAAP Basis)	<u>\$ 304,356</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 304,356
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 304,356</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--GENERAL FUND--IDEAL - NM

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Program	\$ 20,000	\$ 24,400	\$ 15,200	\$ (9,200)
TOTAL REVENUE	<u>20,000</u>	<u>24,400</u>	<u>15,200</u>	<u>(9,200)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 20,000</u>	<u>\$ 24,400</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 18,000	\$ 21,960	\$ 21,600	\$ 360
Support Services-General Administration	2,000	2,440	2,440	-
TOTAL EXPENDITURES	<u>\$ 20,000</u>	<u>\$ 24,400</u>	<u>\$ 24,040</u>	<u>\$ 360</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 15,200
Differences-budget to GAAP	
Current Year Receivable	8,840
Total Revenues (GAAP Basis)	<u>\$ 24,040</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 24,040
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 24,040</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND-- BIRTH THRU 2 YEAR OLD

Year Ended June 30, 2010

	ORIGINAL ACTUAL	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Program	\$ 116,000	\$ 174,050	\$ 95,395	\$ (78,655)
TOTAL REVENUE	116,000	174,050	<u>95,395</u>	<u>(78,655)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 116,000</u>	<u>\$ 174,050</u>		

**EXPENDITURES**

Current

Instruction				
Support Services-Students	\$ 67,679	\$ 108,556	\$ 58,770	\$ 49,786
Support Services-Instruction	750	10,750	9,178	1,572
Support Services-General Administration	47,571	54,094	45,817	8,277
Operation & Maintenance of Plant	-	650	-	650
TOTAL EXPENDITURES	<u>\$ 116,000</u>	<u>\$ 174,050</u>	<u>\$ 113,765</u>	<u>\$ 60,285</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 95,395
Differences-budget to GAAP	
Prior Year Deferral	6,033
Total Revenues (GAAP Basis)	<u>\$ 101,428</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 113,765
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 113,765</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--NUTRITION

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Program	\$ 15,000	\$ 15,000	\$ 7,994	\$ (7,006)
TOTAL REVENUE	<u>15,000</u>	<u>15,000</u>	<u>7,994</u>	<u>(7,006)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 15,000</u>	<u>\$ 15,000</u>		
 EXPENDITURES				
Current				
Food Services	\$ 15,000	\$ 15,000	\$ 6,649	\$ 8,351
TOTAL EXPENDITURES	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>6,649</u>	<u>8,351</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 7,994
Differences-budget to GAAP	1,282
Prior Year Deferral	(2,627)
Current Year Deferral	<u>6,649</u>
Total Revenues (GAAP Basis)	<u>\$ 6,649</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 6,649
Differences-budget to GAAP	<u>6,649</u>
Total Expenditures (GAAP Basis)	<u>\$ 6,649</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--HEALTHIER SCHOOLS DOH

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Program	\$ 105,000	\$ 105,000	\$ 117,350	\$ 12,350
<b>TOTAL REVENUE</b>	<u>105,000</u>	<u>105,000</u>	<u>\$ 117,350</u>	<u>\$ 12,350</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 105,000</u>	<u>\$ 105,000</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Support Services-Students	\$ 105,000	\$ 105,000	\$ 43,502	\$ 61,498
<b>TOTAL EXPENDITURES</b>	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 43,502</u>	<u>\$ 61,498</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 117,350
Differences-budget to GAAP		
Prior Year Deferral		987
Current Year Deferral		(74,835)
<b>Total Revenues (GAAP Basis)</b>		<u>\$ 43,502</u>
 <b>Uses/outflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 43,502
Differences-budget to GAAP		
<b>Total Expenditures (GAAP Basis)</b>		<u>\$ 43,502</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE  
 COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2010

	REC DONATIONS	STATE DIRECTED ACTIVITIES	CONSOLIDATED EXPENSES	TOTALS
<b>ASSETS</b>				
Cash on Deposit	\$ 6,502	\$ -	\$ 554,191	\$ 560,693
Due from Other Funds	-	-	472,166	472,166
Due from other governments	-	132,429	-	132,429
<b>TOTAL ASSETS</b>	<u>\$ 6,502</u>	<u>\$ 132,429</u>	<u>\$ 1,026,357</u>	<u>\$ 1,165,288</u>
<b>LIABILITIES AND OTHER CREDITS</b>				
Accounts Payable	\$ -	\$ 10,080	\$ 110,559	\$ 120,639
Deferred Revenue	-	-	-	-
Due to Other Funds	-	125,651	-	125,651
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	-	135,731	110,559	246,290
<b>FUND BALANCE</b>				
Fund Balance				
Unreserved-Designated for Subsequent Years Expenditures	6,502	(3,302)	915,798	918,998
<b>TOTAL FUND BALANCE</b>	<u>6,502</u>	<u>(3,302)</u>	<u>915,798</u>	<u>918,998</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 6,502</u>	<u>\$ 132,429</u>	<u>\$ 1,026,357</u>	<u>\$ 1,165,288</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
 IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2010

	REC DONATIONS	STATE DIRECTED ACTIVITIES	CONSOLIDATED EXPENSES	TOTALS
<b>REVENUE</b>				
Intergovernmental	\$ -	\$ 1,326,529	\$ 2,543,702	\$ 3,870,231
Donations	2,655	-	-	2,655
<b>TOTAL REVENUES</b>	<u>2,655</u>	<u>1,326,529</u>	<u>2,543,702</u>	<u>3,872,886</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	-	-	-
Support Services-Students	-	-	920,046	920,046
Support Services-Instruction	-	1,032,503	417,335	1,449,838
Support Services-School Administration	-	-	-	-
Support Services-General Administration	-	191,388	113,882	305,270
Community Services Operations	3,339	-	10,363	13,702
Operation & Maintenance of Plant	-	37,052	113,150	150,202
Central Services	-	32,258	173,928	206,186
Food Services - Operations	-	35,300	-	35,300
Other Support Services	-	-	8,805	8,805
<b>TOTAL EXPENDITURES</b>	<u>3,339</u>	<u>1,328,501</u>	<u>1,757,509</u>	<u>3,089,349</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(684)</b>	<b>(1,972)</b>	<b>786,193</b>	<b>783,537</b>
Other Financial Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	-
<b>Total Other Financial Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<b>(684)</b>	<b>(1,972)</b>	<b>786,193</b>	<b>783,537</b>
<b>FUND BALANCE</b>				
June 30, 2009	7,186	(1,330)	129,243	135,099
Restatement	-	-	362	362
<b>FUND BALANCE June 30, 2010</b>	<u>\$ 6,502</u>	<u>\$ (3,302)</u>	<u>\$ 915,798</u>	<u>\$ 918,998</u>

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



STATE OF NEW MEXICO  
HIGH PLAINS REGIONAL EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--GENERAL FUND--REC DONATIONS

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Donations	\$ 12,500	\$ 12,500	\$ 2,655	\$ (9,845)
TOTAL REVENUE	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ 2,655</u>	<u>\$ (9,845)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 12,500</u>	<u>\$ 12,500</u>		
 EXPENDITURES				
Current				
Community Services Operations	\$ 12,500	\$ 12,500	\$ 3,339	9,161
TOTAL EXPENDITURES	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ 3,339</u>	<u>\$ 9,161</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 2,655
Differences-budget to GAAP		
Total Revenues (GAAP Basis)		<u>\$ 2,655</u>
<b>Uses/outflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 3,339
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 3,339</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--GENERAL FUND--STATE DIRECTED ACTIVITIES

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Intergovernmental	\$ 357,800	\$ 1,512,949	\$ 1,194,099	\$ (318,850)
TOTAL REVENUE	<u>357,800</u>	<u>1,512,949</u>	<u>\$ 1,194,099</u>	<u>\$ (318,850)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 357,800</u>	<u>\$ 1,512,949</u>		
 EXPENDITURES				
Current				
Support Services-Instruction	198,125	1,187,680	1,032,503	155,177
Support Services-General Administration	90,365	220,659	188,086	32,573
Operation & Maintenance of Plant	37,052	37,052	37,052	-
Central Services	32,258	32,258	32,258	-
Food Services - Operations	-	35,300	35,300	-
TOTAL EXPENDITURES	<u>\$ 357,800</u>	<u>\$ 1,512,949</u>	<u>\$ 1,325,199</u>	<u>\$ 187,750</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 1,194,099
Differences-budget to GAAP	
Current year Receivable	132,430
Total Revenues (GAAP Basis)	<u>\$ 1,326,529</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 1,325,199
Differences-budget to GAAP	
Current Year Accounts Payable	3,301
Total Expenditures (GAAP Basis)	<u>\$ 1,328,500</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--GENERAL FUND--CONSOLIDATED EXPENDITURES

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental	\$ 1,811,321	\$ 1,899,881	\$ 2,543,702	\$ 643,821
<b>TOTAL REVENUE</b>	<u>1,811,321</u>	<u>1,899,881</u>	<u>2,543,702</u>	<u>643,821</u>
BUDGETED CASH BALANCE	<u>16,028</u>	<u>16,028</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,827,349</u>	<u>\$ 1,915,909</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Students	\$ 912,008	\$ 993,008	\$ 920,046	\$ 72,962
Support Services-Instruction	439,025	439,025	417,335	21,690
Support Services-General Administration	230,524	127,284	113,882	13,402
Community Services Operations	16,028	41,428	10,363	31,065
Operation & Maintenance of Plant	112,452	118,452	113,150	5,302
Central Services	117,312	187,907	173,928	13,979
Other Support Services	-	8,805	8,805	-
<b>Total Expenditures</b>	<u>\$ 1,827,349</u>	<u>\$ 1,915,909</u>	<u>\$ 1,757,509</u>	<u>\$ 158,400</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 2,543,702
Differences-budget to GAAP	
Current Year Receivable	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 2,543,702</u>

**Uses/outflows of Resources**

Actual amounts (budgetary basis)	\$ 1,757,509
Differences-budget to GAAP	
Current Year Accounts Payable	-
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 1,757,509</u>

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

Schedule of Changes in Assets and Liabilities - Agency Fund

Year Ended June 30, 2010

		Balance 6/30/2009	Increase (Decrease) in value	Additions	Deletions	Balance 6/30/2010
CHARTER SCHOOL CONFERENCE	<2>	\$ 260	\$	\$	\$	\$ 260
E RATE	<1>	7,907		43,929	29,034	22,802
BPA		22,093	-	48,071	49,367	20,797
DECA		41,921	-	184,099	158,063	67,957
FCCLA		18,060	-	46,165	31,309	32,916
CTSO-TSA		10,580	-	11,157	5,716	16,021
Skills USA		56,287	-	114,607	104,923	65,971
TSA		2,176	-	7,465	5,413	4,228
Fall Conference		7,018		20,746	17,295	10,469
Employee Deferred Comp Plan		202,375	29,765	9,093	5,553	235,680
Total		\$ <u>368,677</u>	\$ <u>29,765</u>	\$ <u>485,332</u>	\$ <u>406,673</u>	\$ <u>477,101</u>

<1> REPORTED AS SPECIAL REVENUE IN PRIOR YEAR  
 <2> REPORTED AS GENERAL FUND IN PRIOR YEAR

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

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2010

	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
<u>US DEPARTMENT OF EDUCATION</u>			
Passed through the State Department of Education			
IDEA-B Discretionary	<1> 84.027	24107	496,766
English language Acquisition	84.365A	24153	43,152
Reading First	<1> 84.357	24167	351,541
Career/Technical Leadership	84.048	24171	514,834
Carl Perkins Secondary	84.048	24174	73,155
High School Redesign	84.048	24176	8,144
High Schools That Work-Redistribution	84.048	24182	13,033
Head Start	93.600	25127	952,567
Behavioral Health	84.215M	25139	148,486
Title XIX Medicaid 0 to 2	93.778	25152	416,089
Medicaid 3 to 21	93.778	25153	399,366
Workforce Investment Act	<1> 17.259	25220	326,554
TUPAC	93.283	25222	42,748
			<u>\$ 3,786,435</u>
TOTAL PASS-THROUGH GRANTS			<u>\$ 3,786,435</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 3,786,435</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 3,786,435</u>
Reconciliation to Federal Revenues In Financial Statements:			
Federal Revenues Per Financial Statements			<u>\$ 3,786,435</u>
			<u>\$ 3,786,435</u>

<1> Major Program

Note 1 This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non- Profit Organizations.

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2010

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL PLEGGED	SECURITY DEFICIT	UNINSURED & UNCOLLATERALIZED DEPOSITS
COMPASS BANK	\$ <u>1,490,215</u>	\$ <u>250,000</u>	\$ <u>1,240,215</u>	\$ <u>454,334</u>	\$ <u>(165,774)</u>	\$ <u>785,881</u>
<u>COLLATERAL</u>						
FNMA ARM 886344	454,334					
	\$ <u>454,334</u>	<u>MATURES</u>				
		7/1/2036				

COLLATERAL IS HELD BY FEDERAL RESERVE BANK IN DALLAS, TX

CITY BANK	\$ <u>222,179</u>	\$ <u>250,000</u>	\$ -	\$ -	\$ <u>0</u>	\$ <u>0</u>
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STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

BANK SUMMARY

JUNE 30, 2010

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	NET CASH BALANCE
Compass Bank	Checking	Operational/Agency	\$ 1,468,914	\$ 455,032	\$ 10,332	\$ 1,024,214
Compass Bank	Checking	Head Start	21,301	86,541	-	(65,240)
City Bank	Checking *	Agency	222,179	9,051	5,231	218,359
Total All Accounts			<u>\$ 1,712,394</u>	<u>\$ 550,624</u>	<u>\$ 15,563</u>	<u>\$ 1,177,333</u>

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE

BANK RECONCILIATION

June 30, 2010

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>AGENCY FUNDS</u>
Audited Net Cash			
JUNE 30, 2009	\$ 214,025	\$ 263,052	\$ 158,135
Prior Year Reconciliation Adjustment	(7,906)	7,906	
Less: Held Checks	(70,759)	(234,608)	-
Transfers To Other Funds	(260)	(7,906)	8,167
Interfund Loans	(122,058)	122,058	
Prior Year Void Check	362		
<b>ADJUSTED TOTAL CASH BALANCE</b>			
JUNE 30, 2009	13,404	150,502	166,302
Add:			
2009-2010 Revenue	3,740,456	4,224,436	476,239
Prior Year Void Check			-
Transfers In	-	-	
	-	-	-
<b>TOTAL AVAILABLE CASH</b>	3,753,860	4,374,938	642,541
			-
2009-2010 Expenditures	(3,086,047)	(4,276,503)	401,120
Add: Held Checks	117,337	52,088	
Current Year Interfund Loans	(346,515)	346,515	
Prior Year Interfund Loans	122,058	(122,058)	
Cash Adjustment	-	216	
	-	-	-
<b>TOTAL CASH, JUNE 30, 2010</b>	<u>\$ 560,693</u>	<u>\$ 375,220</u>	<u>\$ 241,421</u>



# Woodard, Cowen & Co.

Certified Public Accountants

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PO Box 1874, 116 E. Grand Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mr. Hector H. Balderas  
The Coordinating Council  
Region IX Education Cooperative  
Ruidoso, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Region IX Educational Cooperative as of and for the year ended June 30, 2010, and have issued our report thereon dated September 29, 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 Region IX Educational Cooperative'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 Region IX Education Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Region IX Education Cooperative's internal control over financial reporting.

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

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 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 will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies in internal control that is less severe than a material weakness, yet is important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned cost to be significant deficiencies. 09-01, 09-05, and 10-01

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

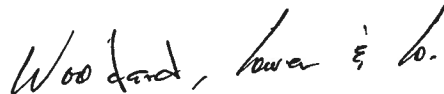
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify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

**Compliance and Other Matters**

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

Region IX Education Cooperative's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Region IX Education Cooperative's response and, accordingly, we express no opinion on it

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



Portales, New Mexico  
September 29, 2010

# Woodard, Cowen & Co.

Certified Public Accountants

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## Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Mr. Hector H. Balderas, State Auditor  
The Coordinating Council  
Region IX Education Cooperative

We have audited the compliance of Region IX Education Cooperative with the types of compliance requirement described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Region IX Education Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Region IX Education Cooperative's management. Our responsibility is to express an opinion on Region IX Education Cooperative's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Region IX Education Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Region IX Education Cooperative's compliance with those requirements.

In our opinion, Region IX Education Cooperative complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of Region IX Education Cooperative is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Region IX Education Cooperative's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Region IX Education Cooperative's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund This report is intended solely for the information and use of Management, Coordinating Council, others within the entity, the Office of the State Auditor, the New Mexico Public Education Department, the New Mexico State Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Portales, New Mexico  
September 29, 2010

Woodard, Cowen & Co.

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

JUNE 30, 2010

PRIOR YEAR AUDIT FINDINGS

**Reconciled Bank Statements did not tie to General Ledger 08-01**

Statement of Condition: The reconciled balance of the main operating bank account did not tie to the balance recorded on the Cooperative's general ledger. The operating account reconciliation was off by \$32.26 from the general ledger.

Recommendation: The bank statements should be reconciled upon receipt from the bank and all bank transactions should be recorded in the month in which they occur. The Cooperative should also consider realignment of work duties so that the employee charged with reconciling the bank statement has adequate time and expertise to complete the task accurately.

Status: Resolved.

**Capital Assets and depreciation not recorded on capital asset inventory 09-01**

Statement of Condition: The Cooperative had a vehicle with a cost of \$19,395 not recorded on the fixed asset inventory. In addition there was \$70,350 of previously unrecorded depreciation.

Recommendation: The Cooperative staff must review the capital asset inventory for completeness and examine additions and deletions for proper treatment. If there is an issue of unfamiliarity of the software, adequate training must be obtained.

Status: Revised and Repeated.

**Actual expenditures exceed adjusted budgeted expenditures 09-02**

Statement of Condition: The Cooperative had the following funds with these over expended functions: English Language Acquisition – Support Services General Administration \$388, Workforce Investment Act – Support Services Student Services \$211, Birth to Two Years – Support Services – General Administration \$1,542, State Directed Activities – Operation and Maintenance of Plant \$6,383, Consolidated Expenditures – Support Services Student Services \$44,378, and Consolidated Expenditures – Support Services Instruction \$19,714. Three to 21 Years – Support Services – Students \$3,228 and Central Services \$1,323

Recommendation: Those charged with budget maintenance should monitor spending versus the budget balance. Budget adjustment request should be made where possible. When funding runs out in a function, spending should cease out of that function.

Status: Resolved.

**Funds without budgets 09-03**

Statement of Condition: The Cooperative had the following funds with no budget: Charter School Conference and HeadStart Donations.

Recommendation: Those charged with budget maintenance should record authorized adjustments to both the revenue accounts and effected expenditure accounts. Additionally, budget amounts should be reviewed to ensure that a fund is not overspent in its budget.

Response: Resolved.

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

JUNE 30, 2010

PRIOR YEAR AUDIT FINDINGS (continued)

**Preparation of financial statements 09-04**

Statement of Condition: The financial statements and related disclosures are not being prepared by the Cooperative, but by the auditor.

Recommendation: Cooperative personnel should receive the training necessary to gain an understanding of the elements of external reporting. Not only should Cooperative personnel receive training in financial statement preparation and footnote disclosure, but in addition gain an understanding of the pronouncement produced by GASB, GAAS, and FASB and the requirements of the Office of the State Auditor and PED.

Response: Resolved.

**LATE REPORT – 09-05**

Statement of Condition: The audit report for the Cooperative's fiscal year ended June 30, 2009 was not submitted by the September 30, 2009 due date. The audit report was submitted October 19, 2009.

Recommendation: Cooperative staff must diligently reconcile the general ledger on a timely basis and not wait until year end to make corrections. Delays in action only add to the confusion and make corrections more difficult to make as many times they are compounded.

Response: Revised and Repeated.

STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	None
Material Weakness involving Significant Deficiency	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Programs	IDEA B Discretionary Reading First Workforce Investment Act
Significant Deficiencies on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unqualified

II. FEDERAL PROGRAM FINDINGS: None

III. FINANCIAL STATEMENT FINDINGS:

**Capital Assets and depreciation not recorded on capital asset inventory 09-01 repeated and revised**

Statement of Condition: The Cooperative had land with a cost of \$20,494 not recorded on the fixed asset inventory. A piece of equipment with the cost of \$3,866, which was retired in a prior period, was removed during the current year. A second piece of equipment with a cost of \$1,122 was excluded from prior years capital asset listing was properly included this year. The equipment adjustments resulted in an adjustment to accumulated depreciation for an increase of \$6,303.

Criteria: GASB 34 sets a standard that governmental entities are to record and depreciate capital assets with cost greater than \$5,000.

Cause: According to Cooperative staff the asset and depreciation were not reflected due to input errors of codes in the software.

Effect: Total capital assets were understated by \$17,750 and accumulated depreciation was understated by \$6,303. Net assets for governmental activities had a restatement of (\$11,447).

Recommendation: The Cooperative staff must review the capital asset inventory for completeness and examine additions and deletions for proper treatment. If there is an issue of unfamiliarity of the software, adequate training must be obtained.

Response: Management concurs with the recommendation.

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

JUNE 30, 2010

**LATE REPORT – 09-05**

Statement of Condition:

The audit report for the Cooperative's fiscal year ended June 30, 2010 was not submitted by the September 30, 2010 due date. The audit report was not accepted by the due date.

Criteria:

SAO Rule 2.2.2.9.A.1(a) establishes a due date of September 30, 2010 for submission of this audit report to the Office of the State Auditor.

Cause:

The audit report was submitted by the due date. However, the report was rejected by the Office of the State Auditor. The rejection notice was received by the auditors on October 8 with correction submitted on October 12.

Effect:

The report was not submitted as required. Without the audit report being delivered on time, funding and regulatory agencies as well as legislative committees do not have the financial data available to make funding decisions.

Recommendation:

Audit firm should submit the audit report with enough time to make any corrections.

Response:

Management concurs with recommendation.

**Under Collateralized Funds – 10-01**

Statement of Condition:

Funds held by financial institution (Compass Bank) were under collateralized. The account was under collateralized by \$165,774.

Recommendation:

Review pledged collateral at least monthly and compare to bank balance.

Response:

The bank and management are aware of collateral required.

Cause:

During the year the Cooperative's bank balance exceeded the maximum collateralized and adjustments were not made to cover the increase.

Effect:

Risk of loss if bank fails.

Recommendation:

Review pledged collateral at least monthly and compare to bank balance.

Response:

Management concurs with the recommendation.

STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE

Year Ended JUNE 30, 2010

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the Cooperative's internal control, thus the preparation of the report is not a substitute for managements internal control and is not considered in the auditors evaluation of the severity of the internal control deficiency.

We prepared the draft financial statements based on management's chart of accounts and trial balances and any adjusting, correcting, and closing entries have been approved by management. We also have prepared the draft footnotes based on the information determined and approved by management. These services are allowable under SAS 112.

EXIT CONFERENCE

An exit conference to discuss the contents of this report was held on September 29, 2010. Those in attendance were Cathy Jones, Executive Director for the Region IX Education Cooperative; Jay Chase, Finance Director; Fred Romero, Human Resource Manager; Donna Skelley, OTSO Secretary; April Stirman, Business Manager Assistant; and Travis Lightfoot, Member Council of Superintendents. Gayland Cowen, C.P.A. represented our firm.