

STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 JUNE 30, 2012

TABLE OF CONTENTS

Table of Contents	i - iii
Official Roster	iv
Independent Auditor's Report	v - vi
FINANCIAL SECTION	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3 - 4
Reconciliation of the Balance Sheet – All Governmental Funds to The Statement of Net Assets	5
Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds	6 - 7
Reconciliation of the Statement of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities	8
Major Funds:	
Statement of Revenue & Expenditures - Budget (Non-GAAP) And Actual – Special Revenue Fund – Carl Perkins Special Projects	9
Statement of Revenue & Expenditures - Budget (Non-GAAP) and Actual- Special Revenue Fund – Head Start	10
Statement of Revenue & Expenditures - Budget (Non-GAAP) and Actual- Special Revenue Fund – Schools With Sol	11
Statement of Revenue & Expenditures - Budget (Non-GAAP) and Actual- Special Revenue Fund – Workforce Investment Act	12
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund—State Directed Activities	13
Statement of Revenue & Expenditures—Budget (Non GAAP) and Actual- Combined General Fund	14
Statement of Fudiciary Net Assets	15
NOTES TO FINANCIAL STATEMENTS	16 - 25
NON-MAJOR FUNDS	
Special Revenue Funds – Fund Descriptions	26
Combining Balance Sheet –Non-Major Governmental Funds— <i>Special Revenue Funds</i>	27 - 29
Combining Statement of Revenues, Expenses and Changes in Fund Balance Special Revenue Funds Non-Major Governmental Funds	30 – 32
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Discretionary	33
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – English Language Acquisition	34
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Carl Perkins Secondary	35
Statement of Revenue& Expenditures—Budget (Non GAPP) and Actual Special Revenue Fund – Carl Perkins Secondary PY Unliq. Obligations	36
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Carl Perkins Secondary Redistribution	37

STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 JUNE 30, 2012

TABLE OF CONTENTS – Continued

FINANCIAL SECTION – Continued

Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Dropout Prevention	38
Statement of Revenue & Expenditures – Budget (Non GAPP) and Actual Special Revenue Fund – medicaid 0/2 Years	39
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Medicaid 3/21 Years	40
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – TUPAC	41
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Hubbard Foundation	42
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Graduate NM	43
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Birth Thru 2 Year Old	44
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Nutrition	45
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual Special Revenue Fund – Healthier Schools DOH	46

SUPPLEMENTAL INFORMATION

Combining Balance Sheet – General Fund	47
Combining Statement of Revenue, Expenditure and Changes in Fund Balance – General Fund	48
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual General Fund – REC Donations	49
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual General Fund – REC Operating Funds	50
Statement of Changes in Assets and Liabilities – Agency Fund	51
Schedule of Expenditures of Federal Awards	52
Schedule of Pledged Collateral	53
Bank Summary	54
Bank Reconciliation	55

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
JUNE 30, 2012

TABLE OF CONTENTS – Continued

FINANCIAL SECTION – Continued

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56 - 57
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	58 - 59
Prior Year Audit Findings	60
Schedule of Findings and Questioned Costs	61 - 62
Other Disclosures	63

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
JUNE 30, 2011

OFFICIAL ROSTER

COORDINATING COUNCIL

Travis Lightfoot	Chairman
Brenda Vigil	Vice Chairman
Shirley Crawford	Member
Jim Nesbitt	Member
Andrea Nieto	Member
Patty White	Member
Tommy Hancock	Member

COOPERATIVE OFFICIALS

Cathy Jones	Executive Director
Jay Chase	Finance Director

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H Balderas
New Mexico State Auditor
The Coordinating Council
Regional Educational Cooperative #6

We have audited the accompanying financial statements of the governmental activities, each major fund, aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of Region IX Educational Cooperative (the Cooperative), as of and for the year ended June 30, 2012, 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 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, 2012, 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 the Cooperative, as of June 30, 2012, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund, 21st Century Community, Teacher/Principal Training, State Directed Activities, and Medicaid, 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 the Cooperative as of June 30, 2012, 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 26, 2012, on our consideration of Regional Educational Cooperative #6'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.

Portales: PO Box 445, 118 E. 2nd Street Portales NM, 88130 Phone: 575-356-8564 Fax: 575-356-2453
Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

The Cooperative has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 the Cooperative. This information and the statement of expenditures of federal awards are not a required part of the basic financial statements of the Cooperative. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

Woodward, Lewis & Co.

September 26, 2012
Portales, New Mexico

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

June 30, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 887,203
Due from other governments	865,178
Non-current: Capital Assets-Net	<u>236,246</u>
Total Assets	<u>1,988,627</u>
<u>LIABILITIES</u>	
Current: Deferred Revenue	\$ 201,850
Accounts Payable	15,281
Total Liabilities	<u>217,131</u>
<u>NET ASSETS</u>	
Invested in capital assets	236,246
Unassigned	<u>1,535,250</u>
Total Net Assets	<u>\$ 1,771,496</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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
					Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 412,079	\$ -	\$ 412,079	\$ -	\$ -
Support Services-Students	2,217,062	-	2,217,062	-	-
Support Services-Instruction	1,969,779	-	1,969,779	-	-
Support Services-School Administration	-	-	-	-	-
Support Services-General Administration	743,236	-	743,236	-	-
Central Services	395,621	-	395,621	-	-
Operation & Maintenance of plant	155,995	-	169,476	-	13,481
Student Transportation	68,339	-	68,339	-	-
Food Service Operations	80,685	-	80,685	-	-
Community Services	325,557	-	321,669	-	(3,888)
Other Support Services	-	-	-	-	-
Depreciation	117,548	-	-	-	(117,548)
Unallocated	-	-	432,159	-	432,159
Total governmental activities	\$ 6,485,901	\$ -	\$ 6,810,105	\$ -	\$ 324,204

General revenues:

Donations	2,045
Intergovernmental	-
Total general revenues	<u>2,045</u>
Change in net assets	326,249
Net Assets beginning	1,445,247
Restatement of net Assets	-
Net assets - beginning Restated	<u>1,445,247</u>
Net assets - ending	<u>\$ 1,771,496</u>

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, 2012

		24171	25127	25128
	GENERAL FUND	CARL PERKINS SPECIAL PROJECTS	HEADSTART	SCHOOLS WITH SOL
ASSETS				
Cash on Deposit	\$ 685,353	\$ -	\$ -	\$ -
Due from other Governments	-	158,457	115,450	190,841
Due From Other Funds	814,524	-	-	-
TOTAL ASSETS	\$ 1,499,877	\$ 158,457	\$ 115,450	\$ 190,841
LIABILITIES AND FUND BALANCE				
Due to Other Funds	\$ -	\$ 158,457	\$ 71,600	\$ 190,841
Accounts Payable	8,477	-	-	-
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	8,477	158,457	71,600	-
FUND BALANCE				
Fund Balance				
Unassigned	1,491,400	-	43,850	-
TOTAL FUND BALANCE	1,491,400	-	43,850	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,499,877	\$ 158,457	\$ 115,450	\$ -

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

25220	27200		
WORKFORCE INVESTMENT ACT	STATE DIRECTED ACTIVITIES	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 201,850	\$ 887,203
121,335	168,775	110,320	865,178
-	-	-	814,524
<u>121,335</u>	<u>168,775</u>	<u>312,170</u>	<u>2,566,905</u>
\$ 114,531	\$ 168,775	\$ 110,320	\$ 814,524
6,804	-	-	15,281
-	-	201,850	201,850
121,335	168,775	312,170	1,031,655
-	-	-	1,535,250
-	-	-	1,535,250
<u>\$ 121,335</u>	<u>\$ 168,775</u>	<u>\$ 312,170</u>	<u>\$ 2,566,905</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, 2012

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

Fund Balance - total governmental funds	\$	1,535,250
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		236,246
Net assets of governmental activities	\$	<u>1,771,496</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, 2012

		24171	25127
	GENERAL FUND	CARL PERKINS SPECIAL PROJECTS	HEADSTART
REVENUE			
Federal Program	\$ -	\$ 428,727	\$ 945,758
State Program	-	-	-
Intergovernmental	3,191,741	-	-
Donations	2,045	-	-
Sale of Equipment	-	-	-
Local Grants	-	-	-
TOTAL REVENUES	<u>3,193,786</u>	<u>428,727</u>	<u>945,758</u>
EXPENDITURES			
Current			
Instruction	-	-	346,987
Support Services-Students	859,373	218,075	203,362
Support Services-Instruction	1,005,051	136,142	164,670
Support Services-School Administration	-	-	-
Support Services-General Administration	453,376	27,756	65,244
Central Services	236,892	35,681	60,538
Operation & Maintenance of Plant	124,290	11,073	25,539
Student Transportation	-	-	68,339
Food Services - Operations	67,640	-	6,888
Community Services - Operations	16,848	-	4,191
Other Support Services	-	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	<u>2,763,470</u>	<u>428,727</u>	<u>945,758</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>430,316</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers In/Out	(43,850)	-	43,850
Net Change In Fund Balances	386,466	-	43,850
FUND BALANCE			
June 30, 2011	1,104,934	-	-
Restatement	-	-	-
Restated Fund Balance	<u>1,104,934</u>	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2012	<u>\$ 1,491,400</u>	<u>\$ -</u>	<u>\$ 43,850</u>

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

	25128	25220	27200		
	SCHOOLS WITH SOL	WORKFORCE INVESTMENT ACT	STATE DIRECTED ACTIVITIES	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$	92,161	377,787	\$ -	\$ 1,316,424	\$ 3,160,857
	-	-	324,672	154,795	479,467
	-	-	-	-	3,191,741
	-	-	-	-	2,045
	-	-	-	-	-
	<u>92,161</u>	<u>377,787</u>	<u>324,672</u>	<u>1,471,219</u>	<u>6,834,110</u>
	-	-	-	87,052	434,039
	88,193	-	158,593	689,466	2,217,062
	-	-	121,002	542,914	1,969,779
	-	-	-	-	-
	3,968	66,284	45,077	81,531	743,236
	-	4,753	-	57,757	395,621
	-	2,232	-	6,342	169,476
	-	-	-	-	68,339
	-	-	-	6,157	80,685
	-	304,518	-	-	325,557
	-	-	-	-	-
	<u>92,161</u>	<u>377,787</u>	<u>324,672</u>	<u>1,471,219</u>	<u>6,403,794</u>
	-	-	-	-	430,316
	-	-	-	-	-
	-	-	-	-	430,316
	-	-	-	-	1,104,934
	-	-	-	-	-
	-	-	-	-	1,104,934
	-	-	-	-	-
\$	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,535,250</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, 2012

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

Net change in fund balance - total governmental funds	\$	430,316
---	----	---------

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		(104,067)
---	--	-----------

Change In Net Assets	\$	<u>326,249</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 450,413	\$ 450,413	\$ 468,856	\$ 18,443
TOTAL REVENUE	<u>450,413</u>	<u>450,413</u>	<u>\$ 468,856</u>	<u>\$ 18,443</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 450,413</u>	<u>\$ 450,413</u>		

EXPENDITURES

Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	232,274	232,274	218,076	14,198
Support Services-Instruction	136,142	136,142	136,142	-
Support Services-General Administration	29,927	29,927	27,755	2,172
Central Services	40,570	40,570	35,681	4,889
TOTAL EXPENDITURES	<u>\$ 450,413</u>	<u>\$ 450,413</u>	<u>\$ 428,727</u>	<u>\$ 21,686</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 468,856
Differences-budget to GAAP	
Current Year Receivable	158,457
Prior year Receivable	(198,586)
Total Revenues (GAAP Basis)	<u>\$ 428,727</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 428,727
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 428,727</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 876,924	\$ 876,924	\$ 925,677	\$ 48,753
TOTAL REVENUE	<u>876,924</u>	<u>876,924</u>	<u>925,677</u>	<u>48,753</u>
 BUDGETED CASH BALANCE	 -	 -		
 TOTAL REVENUE & CASH	 <u>\$ 876,924</u>	 <u>\$ 876,924</u>		

EXPENDITURES

Current				
Instruction	\$ 359,608	\$ 359,608	\$ 346,987	\$ 12,621
Support Services-Students	201,407	201,407	203,362	(1,955)
Support Services-Instruction	70,066	70,066	164,670	(94,604)
Support Services-General Administration	86,848	86,848	65,244	21,604
Central Services	56,692	56,692	60,538	(3,846)
Operation & Maintenance of Plant	19,053	19,053	25,539	(6,486)
Student Transportation	69,934	69,934	68,339	1,595
Food Services - Operations	10,926	10,926	6,888	4,038
Community Services Operations	2,390	2,390	4,191	(1,801)
TOTAL EXPENDITURES	<u>\$ 876,924</u>	<u>\$ 876,924</u>	<u>\$ 945,758</u>	<u>\$ (68,834)</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 925,677
Differences-budget to GAAP	115,450
Current Year Receivable	(95,369)
Prior Year Receivable	
Total Revenues (GAAP Basis)	<u>\$ 945,758</u>
 Uses/outflows of Resources	
Actual amounts (budgetary basis)	\$ 945,758
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 945,758</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--SCHOOLS WITH SOL

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 99,814	\$ 99,814	\$ -	\$ (99,814)
TOTAL REVENUE	<u>99,814</u>	<u>99,814</u>	<u>\$ -</u>	<u>\$ (99,814)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 99,814</u>	<u>\$ 99,814</u>		

EXPENDITURES

Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	95,516	95,516	88,193	7,323
Support Services-General Administration	4,298	4,298	3,969	329
TOTAL EXPENDITURES	<u>\$ 99,814</u>	<u>\$ 99,814</u>	<u>\$ 92,162</u>	<u>\$ 7,652</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	
Current Year Receivable	190,841
Prior Year Receivable	(98,679)
Total Revenues (GAAP Basis)	<u>\$ 92,162</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 92,162
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 92,162</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 460,000	\$ 460,000	\$ 301,906	\$ (158,094)
TOTAL REVENUE	<u>460,000</u>	<u>460,000</u>	<u>\$ 301,906</u>	<u>\$ (158,094)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 460,000</u>	<u>\$ 460,000</u>		

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-General Administration	82,202	82,202	66,283	15,919
Central Services	26,000	26,000	4,754	21,246
Operation & Maintenance of Plant	8,000	8,000	2,232	5,768
Community Services Operations	343,798	343,798	299,898	43,900
TOTAL EXPENDITURES	<u>\$ 460,000</u>	<u>\$ 460,000</u>	<u>\$ 373,167</u>	<u>\$ 86,833</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 301,906
Differences-budget to GAAP	
Current Year Receivable	121,335
Prior Year Receivable	(45,454)
Total Revenues (GAAP Basis)	<u>\$ 377,787</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 373,167
Differences-budget to GAAP	
Current Year Accounts Payable	6,804
Prior Year Accounts Payable	(2,184)
Total Expenditures (GAAP Basis)	<u>\$ 377,787</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Program	\$ 326,457	\$ 326,457	\$ 450,626	\$ (124,169)
TOTAL REVENUE	<u>326,457</u>	<u>326,457</u>	<u>\$ 450,626</u>	<u>\$ (124,169)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 326,457</u>	<u>\$ 326,457</u>		

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	158,831	158,831	158,592	239
Support Services-Instruction	122,549	122,549	121,003	1,546
Support Services-General Administration	45,077	45,077	45,077	-
TOTAL EXPENDITURES	<u>\$ 326,457</u>	<u>\$ 326,457</u>	<u>\$ 324,672</u>	<u>\$ 1,785</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 450,626
Differences-budget to GAAP	
Current Year Receivable	168,775
Prior Year Receivable	(294,729)
Prior Year Deferral	
Current Year Deferral	
Total Revenues (GAAP Basis)	<u>\$ 324,672</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 324,672
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 324,672</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Program	\$ 1,950,000	\$ 3,175,000	\$ 3,191,741	\$ 16,741
Donations	7,500	7,500	2,045	(5,455)
TOTAL REVENUE	<u>\$ 1,957,500</u>	<u>\$ 3,182,500</u>	<u>\$ 3,193,786</u>	<u>\$ 11,286</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL REVENUE & CASH	 <u>\$ 1,957,500</u>	 <u>\$ 3,182,500</u>		

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	815,930	898,196	859,373	38,823
Support Services-Instruction	431,580	1,243,814	1,005,051	238,763
Support Services-General Administration	329,205	547,567	444,899	102,668
Central Services	234,345	234,595	278,798	(44,203)
Operation & Maintenance of Plant	138,940	140,140	124,290	15,850
Food Services - Operations	-	110,688	70,090	40,598
Community Services Operations	7,500	7,500	16,848	(9,348)
TOTAL EXPENDITURES	<u>\$ 1,957,500</u>	<u>\$ 3,182,500</u>	<u>\$ 2,799,349</u>	<u>\$ 383,151</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 3,193,786
Differences-budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 3,193,786</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 2,799,349
Differences-budget to GAAP	
Current Year Payables	(40,468)
Total Expenditures (GAAP Basis)	<u>\$ 2,758,881</u>

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2012

	<u>AGENCY FUNDS</u>
ASSETS	
Cash in Bank	\$ 308,455
Investments, at fair value	
TOTAL ASSETS	<u>\$ 308,455</u>
Net Assets	
Cash Held for other Entities	\$ 308,455
Held in trust for benefits	
TOTAL NET ASSETS	<u>\$ 308,455</u>

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, 2012

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 coordinating 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, 2012

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.

Career/Technical Leadership Program (Special Revenue Fund) – 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.

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.

Schools With Sol (Special Revenue) – This fund was created to account for a program designed to provide solar energy education opportunities to school children. This fund was created under the authority of the grant agreement and funding provided through the Department of Energy.

Workforce Investment Act (Special Revenue) – 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.

State Directed Activities (Special Revenue) – The purpose of this fund is used to account for a program funded by a State grant to assist the REC in providing free appropriate public education to all handicapped children. Funding authorized by the individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 936-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420. The fund was created by the authority of federal grant provisions.

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.

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, 2012

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity

Deposits and investments

The Cooperative'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, 2012

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, 2012, 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, 2012

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 \$(104,067) difference are as follows:

Capital Outlay	\$	13,481
Depreciation expense		<u>(117,548)</u>
Net adjustment to increase net changes in fund balances — total government funds to arrive at changes in net assets of Governmental activities	\$	<u>(104,067)</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, 2012

III. Stewardship, Compliance, and Accountability

A. Budgetary Information (continued)

In April or May, the director submits to the Coordinating Council 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 council 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, 2012 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	\$3,509,738	\$3,594,300	\$3,325,097
General Fund	\$1,957,500	\$3,182,500	\$2,799,349

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

JUNE 30, 2012

IV. Detailed Notes on all Funds

A. Cash and temporary investments

At June 30, 2012, the carrying amount of the Cooperative's deposits was \$1,224,233 and the bank balance was \$1,892,022. Of this balance \$1,026,346 was covered by federal depository insurance and \$230,686 was uninsured and uncollateralized.

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, 2012, \$230,686 of the government's bank balance was exposed to custodial credit risk as follows:

Uninsured	\$ 230,686
Collateralized by bank, held in entity's name	<u>0</u>
Amount Exposed	<u>\$ 230,686</u>

B. 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
Drawdowns prior to meeting all eligibility requirements	\$ <u>201,850</u>
Total deferred/unearned revenue for governmental funds	\$ <u>201,850</u>

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

JUNE 30, 2012

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

REGION IX EDUCATION COOPERATIVE

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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	217,195	-	-	217,195
Equipment	<u>1,102,198</u>	<u>13,481</u>	<u>1,979</u>	<u>1,113,700</u>
Total Capital Assets, being depreciated	1,319,393	13,481	1,979	1,330,895
Less: accumulated depreciation for				
Buildings	72,787	9,095	-	81,882
Equipment	<u>926,787</u>	<u>108,453</u>	<u>1,979</u>	<u>1,033,261</u>
Total accumulated depreciation	<u>999,574</u>	<u>117,548</u>	<u>1,979</u>	<u>1,115,143</u>
Capital Assets, Net	319,819	(104,067)	-	215,752
Total Capital Assets, Net	<u>\$ 340,313</u>	<u>\$ (104,067)</u>	<u>\$ -</u>	<u>\$ 236,246</u>

D. Long-Term Debt

For the fiscal year ended June 30, 2012, the Cooperative had neither long-term debt nor compensated absences.

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

JUNE 30, 2012

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.

Note C – Pension Plan – Educational Retirement Board

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.

Funding Policy. Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The Cooperative has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the Cooperative contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the Cooperative will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. 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 Cooperative's contributions to ERB for the fiscal years ending June 30, 2012, 2011, and 2010, were \$204,473, \$261,162, and \$291,768, respectively, which equal the amount of the required contributions for each fiscal year.

Note D – Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. The Cooperative 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, 2012

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.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending 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
FY13	2.000%	1.000%

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

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

The Cooperative's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$39,126, \$34,642 and \$33,108, respectively, which equal the required contributions for each year.

E. Interfund Balances

Due to	Due from	
State Funded Programs	English Language Acquisition	\$ 9,262
	Carl Perkins Secondary Redistribution	3,888
	Carl Perkins Special Projects	158,457
	Carl Perkins Secondary	12,353
	Drop Out Prevention	116,573
	Workforce Investment Act	114,531
	GBG Schools With Sol	190,841
	Discretionary	84,557
	Head Start	71,600
	State Directed Activities	168,775
	Nutrition	260
Total due to State Funded Programs		<u>814,524</u>

The balance of \$814,524 resulted from loans made to establish working capital for the individual funds. All loans are considered to be repaid within one year.

SPECIAL REVENUE FUNDS

IDEA B-Discretionary - 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.

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.

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.

Carl Perkins Secondary - Redistribution – 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.

Drop Out Prevention – 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.

Medicaid Title XIX (0-2) – 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.

Medicaid Title XIX (3-21) – 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.

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.

HUBBARD FOUNDATION – To account for funds awarded by the Hubbard Foundation, a private foundation (to non-profit organizations).

Graduate New Mexico – Fund was created to account for the program design to recruit drop outs back into high school so that they may earn their diploma. This fund was created under the authority of the Graduate New Mexico grant provisions.

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.

28155 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, 2012

	24107	24153	24174	24175
	IDEA - B DISCRETIONARY	ENGLISH LANGUAGE ACQUISITION	CARL PERKINS SECONDARY	CARL PERKINS PRIOR YEAR
ASSETS				
Cash on Deposit	\$ -	\$ -	\$ -	\$ -
Due from other Governments	84,557	9,262	12,353	-
Due from other Funds	-	-	-	-
TOTAL ASSETS	\$ 84,557	\$ 9,262	\$ 12,353	\$ -
LIABILITIES				
Due to Other Funds	\$ 84,557	\$ 9,262	\$ 12,353	\$ -
Accounts Payable	-	-	-	-
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	\$ 84,557	\$ 9,262	\$ 12,353	\$ -

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

24176	25139	25152	25153	25222	26146
CARL PERKINS SECONDARY - REDISTRIBUTION	DROPOUT PREVENTION	TITLE XIX MEDICAID 0/2	TITLE XIX MEDICAID 3/21	TUPAC	HUBBARD FOUNDATION
\$ -	\$ -	\$ 43,918	\$ 78,448	\$ 100	\$ 4,151
3,888	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,888</u>	<u>\$ -</u>	<u>\$ 43,918</u>	<u>\$ 78,448</u>	<u>\$ 100</u>	<u>\$ 4,151</u>
\$ 3,888	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	43,918	78,448	100	4,151
<u>\$ 3,888</u>	<u>\$ -</u>	<u>\$ 43,918</u>	<u>\$ 78,448</u>	<u>\$ 100</u>	<u>\$ 4,151</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, 2012

	27151	28105	28127	28155	TOTAL NON MAJOR SPECIAL REVENUE FUNDS
	GRADUATE NEW MEXICO	BIRTH TO TWO YEARS	NUTRITION	HEALTHIER SCHOOLS DOH	
ASSETS					
Cash on Deposit	\$ -	\$ 32,675	\$ -	\$ 42,558	\$ 201,850
Due from other Governments	-	-	260	-	110,320
Due from other Funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 32,675</u>	<u>\$ 260</u>	<u>\$ 42,558</u>	<u>\$ 312,170</u>
LIABILITIES					
Due to Other Funds	\$ -	\$ -	\$ 260	\$ -	\$ 110,320
Accounts Payable	-	-	-	-	-
Deferred Revenue	-	32,675	-	42,558	201,850
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 32,675</u>	<u>\$ 260</u>	<u>\$ 42,558</u>	<u>\$ 312,170</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, 2012

	24107	24153	24174	24175
	IDEA - B DISCRETIONARY	ENGLISH LANGUAGE ACQUISITION	CARL PERKINS SECONDARY	CARL PERKINS PRIOR YEAR
REVENUES				
Federal Program	\$ 553,096	\$ 9,786	\$ 48,111	\$ 21,960
State Program	-	-	-	-
Donations	-	-	-	-
Intergovernmental	-	-	-	-
Local Grants	-	-	-	-
TOTAL REVENUES	<u>553,096</u>	<u>9,786</u>	<u>48,111</u>	<u>21,960</u>
EXPENDITURES				
Current				
Instruction	-	7,027	45,602	21,960
Support Services-Students	-	-	-	-
Support Services-Instruction	518,463	2,481	-	-
Support Services-School Administration	-	-	-	-
Support Services-General Administration	34,633	278	2,509	-
Community Services Operations	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Central Services	-	-	-	-
Food Services - Operations	-	-	-	-
TOTAL EXPENDITURES	<u>553,096</u>	<u>9,786</u>	<u>48,111</u>	<u>21,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
Other Financing Sources				
Transfers In (Out)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE				
June 30, 2011	-	-	-	-
Restatement	-	-	-	-
RESTATED FUND BALANCE	-	-	-	-
June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

24176	25139	25152	25153	25222	26146
CARL PERKINS SECONDARY - REDISTRIBUTION	DROPOUT PREVENTION	TITLE XIX MEDICAID 0/2	TITLE XIX MEDICAID 3/21	TUPAC	HUBBARD FOUNDATION
\$ 13,089	\$ 557	\$ 378,869	\$ 278,927	\$ 12,029	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,089</u>	<u>557</u>	<u>378,869</u>	<u>278,927</u>	<u>12,029</u>	<u>-</u>
12,463	-	-	-	-	-
-	557	329,006	220,000	12,029	-
-	-	20,871	-	-	-
-	-	-	-	-	-
626	-	24,168	-	-	-
-	-	-	-	-	-
-	-	4,224	1,770	-	-
-	-	600	57,157	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,089</u>	<u>557</u>	<u>378,869</u>	<u>278,927</u>	<u>12,029</u>	<u>-</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, 2012

	27151	28105	28127	28155	TOTAL NON MAJOR SPECIAL REVENUE FUNDS
	GRADUATE NEW MEXICO	BIRTH TO TWO YEARS	NUTRITION	HEALTHIER SCHOOLS DOH	
REVENUES					
Federal Program	\$ -	\$ -	\$ -	\$ -	\$ 1,316,424
State Program	588	68,346	6,157	79,704	154,795
Donations	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Local Grants	-	-	-	-	-
TOTAL REVENUES	<u>588</u>	<u>68,346</u>	<u>6,157</u>	<u>79,704</u>	<u>1,471,219</u>
EXPENDITURES					
Current					
Instruction	-	-	-	-	87,052
Support Services-Students	-	48,518	-	79,356	689,466
Support Services-Instruction	588	511	-	-	542,914
Support Services-School Administration	-	-	-	-	-
Support Services-General Administration	-	19,317	-	-	81,531
Community Services Operations	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	348	6,342
Central Services	-	-	-	-	57,757
Food Services - Operations	-	-	6,157	-	6,157
	-	-	-	-	-
TOTAL EXPENDITURES	<u>588</u>	<u>68,346</u>	<u>6,157</u>	<u>79,704</u>	<u>1,471,219</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-
Other Financing Sources					-
Transfers In (Out)	-	-	-	-	-
					-
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE					
June 30, 2011	-	-	-	-	-
Restatement	-	-	-	-	-
RESTATED FUND BALANCE					
June 30, 2012	<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--DISCRETIONARY

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Federal Program	\$ 540,000	\$ 540,000	\$ 721,939	\$ 181,939
TOTAL REVENUE	<u>\$ 540,000</u>	<u>\$ 540,000</u>	<u>\$ 721,939</u>	<u>\$ 181,939</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 540,000</u>	<u>\$ 540,000</u>		

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Instruction	506,187	506,187	518,463	(12,276)
Support Services - General Administration	33,813	33,813	34,633	(820)
TOTAL EXPENDITURES	<u>\$ 540,000</u>	<u>\$ 540,000</u>	<u>\$ 553,096</u>	<u>\$ (13,096)</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 721,939
Differences-budget to GAAP	
Current Year Receivable	84,557
Prior Year Receivable	(253,400)
Total Revenues (GAAP Basis)	<u>\$ 553,096</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 553,096
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 553,096</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, 2012

	ORIGINAL ACTUAL	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 21,353	\$ 27,451	\$ 7,067	\$ (20,384)
TOTAL REVENUE	<u>21,353</u>	<u>27,451</u>	<u>\$ 7,067</u>	<u>\$ (20,384)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 21,353</u>	<u>\$ 27,451</u>		

EXPENDITURES

Current

Instruction	\$ 17,892	\$ 23,386	\$ 7,027	\$ 16,359
Support Services-Instruction	3,034	3,034	2,481	553
Support Services - General Administration	427	1,031	278	753
TOTAL EXPENDITURES	<u>\$ 21,353</u>	<u>\$ 27,451</u>	<u>\$ 9,786</u>	<u>\$ 17,665</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 7,067
Differences-budget to GAAP	
Current Year Receivable	9,262
Prior Year Receivable	(6,543)
Total Revenues (GAAP Basis)	<u>\$ 9,786</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 9,786
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 9,786</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, 2012

	ORIGINAL ACTUAL	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 54,847	\$ 66,401	\$ 52,866	\$ (13,535)
TOTAL REVENUE	<u>54,847</u>	<u>66,401</u>	<u>52,866</u>	<u>(13,535)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 54,847</u>	<u>\$ 66,401</u>		

EXPENDITURES

Current

Instruction	\$ 52,677	\$ 63,681	\$ 50,178	\$ 13,503
Support Services-General Administration	2,170	2,720	2,509	211
TOTAL EXPENDITURES	<u>\$ 54,847</u>	<u>\$ 66,401</u>	<u>\$ 52,687</u>	<u>\$ 13,714</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 52,866
Differences-budget to GAAP	
Current Year Receivable	12,353
Prior year Receivable	(17,108)
Total Revenues (GAAP Basis)	<u>\$ 48,111</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 52,687
Differences-budget to GAAP	
Current Year Accounts Payable	(4,576)
Total Expenditures (GAAP Basis)	<u>\$ 48,111</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 PY UNLIQ. OBLIGATIONS

Year Ended June 30, 2012

	<u>ORIGINAL ACTUAL</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 21,960	\$ 21,960	\$ 21,960	\$ -
TOTAL REVENUE	<u>21,960</u>	<u>21,960</u>	<u>21,960</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 21,960</u>	<u>\$ 21,960</u>		

EXPENDITURES

Current

Instruction	\$ 21,960	\$ 21,960	\$ 21,960	\$ -
TOTAL EXPENDITURES	<u>21,960</u>	<u>21,960</u>	<u>21,960</u>	<u>-</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 21,960
Differences-budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 21,960</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 21,960
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 21,960</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 9,268	\$ 21,178	\$ 9,201	\$ (11,977)
TOTAL REVENUE	<u>9,268</u>	<u>21,178</u>	<u>\$ 9,201</u>	<u>\$ (11,977)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 9,268</u>	<u>\$ 21,178</u>		

EXPENDITURES

Current

Instruction	\$ 8,827	\$ 20,170	\$ 12,463	\$ 7,707
Support Services-General Administration	441	1,008	626	382
TOTAL EXPENDITURES	<u>\$ 9,268</u>	<u>\$ 21,178</u>	<u>\$ 13,089</u>	<u>\$ 8,089</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 9,201
Differences-budget to GAAP	
Current Year Receivable	3,888
Total Revenues (GAAP Basis)	<u>\$ 13,089</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 13,089
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,089</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--SPECIAL REVENUE FUND--DROPOUT PREVENTION

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ -	\$ -	\$ 117,130	\$ 117,130
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 117,130</u>	<u>\$ 117,130</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	<u>-</u>	<u>-</u>	<u>557</u>	<u>(557)</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557</u>	<u>\$ (557)</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 117,130
Differences-budget to GAAP	
Prior Year Receivable	<u>(116,573)</u>
Total Revenues (GAAP Basis)	<u>\$ 557</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 557
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 557</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 500,000	\$ 500,000	\$ 295,070	\$ (204,930)
TOTAL REVENUE	<u>500,000</u>	<u>500,000</u>	<u>\$ 295,070</u>	<u>\$ (204,930)</u>

BUDGETED CASH BALANCE

	<u>-</u>	<u>-</u>
--	----------	----------

TOTAL REVENUE & CASH

	<u>\$ 500,000</u>	<u>\$ 500,000</u>
--	-------------------	-------------------

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	437,645	437,645	336,098	101,547
Support Services-Instruction	23,026	23,026	20,871	2,155
Support Services-General Administration	31,309	31,309	24,168	7,141
Central Services	1,200	1,200	600	600
Operation & Maintenance of Plant	6,820	6,820	4,224	2,596
TOTAL EXPENDITURES	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 385,961</u>	<u>\$ 114,039</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 295,070
Differences-budget to GAAP	
Current Year Receivable	86,858
Prior Year Receivable	(46,977)
Prior Year Deferral	
Current Year Deferral	43,918
Total Revenues (GAAP Basis)	<u>\$ 378,869</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 385,961
Differences-budget to GAAP	
Current Year Accounts Payable	(7,092)
Total Expenditures (GAAP Basis)	<u>\$ 378,869</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 300,000	\$ 355,000	\$ 296,116	\$ (58,884)
TOTAL REVENUE	<u>300,000</u>	<u>355,000</u>	<u>\$ 296,116</u>	<u>\$ (58,884)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 300,000</u>	<u>\$ 355,000</u>		

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	192,000	243,500	220,000	23,500
Support Services-General Administration	18,785	22,285	-	22,285
Central Services	86,215	86,215	57,157	29,058
Operation & Maintenance of Plant	3,000	3,000	1,770	1,230
TOTAL EXPENDITURES	<u>\$ 300,000</u>	<u>\$ 355,000</u>	<u>\$ 278,927</u>	<u>\$ 76,073</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 296,116
Differences-budget to GAAP	
Prior Year Receivable	(17,189)
Total Revenues (GAAP Basis)	<u>\$ 278,927</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 278,927
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 278,927</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ 12,069	\$ 12,069	\$ 100	\$ (11,969)
TOTAL REVENUE	<u>12,069</u>	<u>12,069</u>	<u>\$ 100</u>	<u>\$ (11,969)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 12,069</u>	<u>\$ 12,069</u>		

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	12,029	12,029	12,029	-
TOTAL EXPENDITURES	<u>\$ 12,029</u>	<u>\$ 12,029</u>	<u>\$ 12,029</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 100
Differences-budget to GAAP	
Prior Year Deferral	12,029
Current year Deferral	(100)
Total Revenues (GAAP Basis)	<u>\$ 12,029</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 12,029
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 12,029</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--HUBBARD FOUNDATION

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Program	\$ -	\$ -	\$ 4,000	\$ 4,000
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 4,000
Differences-budget to GAAP	
Current year Deferral	(4,000)
Total Revenues (GAAP Basis)	<u>\$ -</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<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--GRADUATE NM

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Program	\$ -	\$ -	\$ 53,978	\$ 53,978
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>53,978</u>	<u>53,978</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL REVENUE & CASH	 <u>\$ -</u>	 <u>\$ -</u>		

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Instruction	-	-	588	(588)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>588</u>	<u>(588)</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 53,978
Differences-budget to GAAP	
Prior Year Receivable	(53,390)
Total Revenues (GAAP Basis)	<u>\$ 588</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 588
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 588</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, 2012

	ORIGINAL ACTUAL	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Program	\$ 72,630	\$ 72,630	\$ 147,998	\$ 75,368
TOTAL REVENUE	<u>72,630</u>	<u>72,630</u>	<u>\$ 147,998</u>	<u>\$ 75,368</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 72,630</u>	<u>\$ 72,630</u>		

EXPENDITURES

Current

Instruction

Support Services-Students

\$ 51,477 \$ 51,477 \$ 50,914 \$ 563

Support Services-Instruction

1,218 1,218 511 707

Support Services-General Administration

19,435 19,435 19,317 118

Central Services

500 500 - 500

TOTAL EXPENDITURES

\$ 72,630 \$ 72,630 \$ 70,742 \$ 1,888

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 147,998
Differences-budget to GAAP	
Current Year Receivable	
Prior Year Receivable	(46,977)
Current Year Deferral	(32,675)
Total Revenues (GAAP Basis)	<u>\$ 68,346</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 70,742
Differences-budget to GAAP	
Current Year Accounts Payable	(2,396)
Total Expenditures (GAAP Basis)	<u>\$ 68,346</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Program	\$ 10,500	\$ 10,500	\$ 2,335	\$ (8,165)
TOTAL REVENUE	<u>10,500</u>	<u>10,500</u>	<u>2,335</u>	<u>(8,165)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 10,500</u>	<u>\$ 10,500</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-General Administration	210	210	-	210
Food Services	10,290	10,290	6,157	4,133
TOTAL EXPENDITURES	<u>\$ 10,500</u>	<u>\$ 10,500</u>	<u>6,157</u>	<u>4,343</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 2,335
Differences-budget to GAAP	
Current Year Receivable	260
Prior Year Deferral	3,562
Total Revenues (GAAP Basis)	<u>\$ 6,157</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 6,157
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,157</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Program	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
TOTAL REVENUE	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 80,000</u>	<u>\$ 80,000</u>		

EXPENDITURES

Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	73,641	73,641	79,356	(5,715)
Support Services-General Administration	5,009	5,009	-	5,009
Operation & Maintenance of Plant	1,350	1,350	348	1,002
TOTAL EXPENDITURES	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 79,704</u>	<u>\$ 296</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 80,000
Differences-budget to GAAP	
Prior Year Deferral	42,262
Current Year Deferral	(42,558)
Total Revenues (GAAP Basis)	<u>\$ 79,704</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 79,704
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 79,704</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, 2012

	29101 REC DONATIONS	27101 REC OPERATING FUNDS	TOTALS
ASSETS			
Cash on Deposit	\$ 3,941	\$ 709,987	\$ 713,928
Due from Other Funds	-	814,524	814,524
Due from other governments	-	-	-
TOTAL ASSETS	\$ 3,941	\$ 1,524,511	\$ 1,528,452
LIABILITIES AND OTHER CREDITS			
Accounts Payable	\$ -	\$ 37,052	\$ 37,052
Deferred Revenue	-	-	-
Due to Other Funds	-	-	-
TOTAL LIABILITIES AND OTHER CREDITS	-	37,052	37,052
FUND BALANCE			
Unassigned	3,941	1,487,459	1,491,400
TOTAL FUND BALANCE	3,941	1,487,459	1,491,400
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,941	\$ 1,524,511	\$ 1,528,452

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, 2012

	29101 REC DONATIONS	27101 REC OPERATING FUNDS	TOTALS
REVENUE			
Intergovernmental	\$ -	\$ 3,191,741	\$ 3,191,741
Donations	2,045	-	2,045
TOTAL REVENUES	<u>2,045</u>	<u>3,191,741</u>	<u>3,193,786</u>
EXPENDITURES			
Current			
Instruction	-	-	-
Support Services-Students	-	859,373	859,373
Support Services-Instruction	-	1,005,051	1,005,051
Support Services-School Administration	-	-	-
Support Services-General Administration	-	453,376	453,376
Community Services Operations	3,888	12,960	16,848
Operation & Maintenance of Plant	-	124,290	124,290
Central Services	-	236,892	236,892
Food Services - Operations	-	67,640	67,640
Other Support Services	-	-	-
TOTAL EXPENDITURES	<u>3,888</u>	<u>2,759,582</u>	<u>2,763,470</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,843)	432,159	430,316
Other Financial Sources (Uses)			
Transfer In/Transfers (Out)	-	(43,850)	(43,850)
Total Other Financial Sources	<u>-</u>	<u>(43,850)</u>	<u>(43,850)</u>
Net Change in Fund Balance	(1,843)	388,309	386,466
FUND BALANCE			
June 30, 2011	<u>5,784</u>	<u>1,099,150</u>	<u>1,104,934</u>
FUND BALANCE			
June 30, 2012	<u>\$ 3,941</u>	<u>\$ 1,487,459</u>	<u>\$ 1,491,400</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, 2012

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Donations	\$ 7,500	\$ 7,500	\$ 2,045	\$ (5,455)
TOTAL REVENUE	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 2,045</u>	<u>\$ (5,455)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 7,500</u>	<u>\$ 7,500</u>		

EXPENDITURES

Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Community Services Operations	<u>7,500</u>	<u>7,500</u>	<u>3,888</u>	<u>3,612</u>
TOTAL EXPENDITURES	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 3,888</u>	<u>\$ 3,612</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 2,045
Differences-budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 2,045</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 3,888
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,888</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--REC OPERATING FUNDS

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Federal Program				
State Program	\$ 1,950,000	\$ 3,175,000	\$ 3,191,741	\$ (16,741)
Intergovernmental	-	-	-	-
Donation				
Sale of Equipment				
TOTAL REVENUE	<u>1,950,000</u>	<u>3,175,000</u>	<u>\$ 3,191,741</u>	<u>\$ (16,741)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 1,950,000</u>	<u>\$ 3,175,000</u>		

EXPENDITURES

Current

Instruction	\$ -	\$ -	\$ -	\$ -
Support Services-Students	815,930	898,196	859,373	38,823
Support Services-Instruction	431,580	1,243,814	1,005,051	238,763
Support Services-General Administration	329,205	547,567	444,899	102,668
Central Services	234,345	234,595	278,798	(44,203)
Operation & Maintenance of Plant	138,940	140,140	124,290	15,850
Food Services - Operations	-	110,688	70,090	40,598
Community Services Operations	-	-	12,960	(12,960)
TOTAL EXPENDITURES	<u>\$ 1,950,000</u>	<u>\$ 3,175,000</u>	<u>\$ 2,795,461</u>	<u>\$ 379,539</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 3,191,741
Differences-budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 3,191,741</u>

Uses/outflows of Resources

Actual amounts (budgetary basis)	\$ 2,795,461
Differences-budget to GAAP	
Current Year Accounts Payable	8,477
Prior Year Accounts Payable	(44,356)
Total Expenditures (GAAP Basis)	<u>\$ 2,759,582</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, 2012

	Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012
	\$ -	\$ -	\$ -	\$ -
E RATE	52,490	26,431	52,490	26,431
BPA	21,985	51,330	45,208	28,107
DECA	101,558	193,251	191,606	103,203
FCCLA	40,127	47,624	44,451	43,300
CTSO-TSA	20,804	10,865	11,415	20,254
Skills USA	76,898	204,852	205,291	76,459
TSA	5,238	10,198	5,509	9,927
Fall Conference	9,854	25,465	34,545	774
Total	\$ <u>328,954</u>	\$ <u>570,016</u>	\$ <u>590,515</u>	\$ <u>308,455</u>

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, 2012

	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
<u>Department of Health and Human Services Direct Programs</u>			
Head Start	93.600	25127	\$ 945,758
Title XIX Medicaid 0 to 2	<1> 93.788	25152	378,869
Title XIX Medicaid 3 to 21	<1> 93.788	25153	278,927
Total Title XIX Medicaid			<u>657,796</u>
TUPAC	93.283	25222	12,029
Total Department of Health and Human Services Direct Programs			<u>1,615,583</u>
<u>Department of Education Direct Programs</u>			
Behavioral Health - Drop Out Prevention	84.215M	25139	557
<u>Department of Labor Direct Programs</u>			
Workforce Investment Act	17.759	25220	377,787
<u>Department of Energy Direct Programs</u>			
Schools With Sol	81.141	25128	<u>92,161</u>
Total Federal Direct Programs			2,086,088
<u>Passed Through the State of New Mexico Public Education Department</u>			
IDEA-B Discretionary	84.027	24107	553,096
Carl D Perkins Secondary - Current	<1> 84.048	24174	48,111
Carl D Perkins Secondary - P/Y Unliquidated Oblg.	<1> 84.048	24175	21,960
Carl D Perkins Secondary - Redistribution	<1> 84.048	24176	13,089
Carl D Perkins Special Projects	<1> 84.048	24171	428,727
English Language Acquisition	84.365	24153	<u>9,786</u>
Total Passed Through the State of New Mexico Public Education Department			<u>1,074,769</u>
Total Federal Program Expenditures			<u>\$ 3,160,857</u>
Reconciliation to Federal Revenues In Financial Statements:			
Federal Revenues Per Financial Statements			<u>\$ 3,160,857</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, 2012

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEDGED	SECURITY DEFICIT	UNINSURED & UNCOLLATERALIZED DEPOSITS
COMPASS BANK	\$ 243,688	\$ 243,688	\$ -				
1ST SAVINGS	1,455,697	429,351	1,026,346	513,173	795,660		230,686
CITY BANK	192,637	192,637	-				
	<u>\$ 1,892,022</u>	<u>\$ 865,676</u>	<u>\$ 1,026,346</u>	<u>\$ 513,173</u>	<u>\$ 795,660</u>	<u>\$ -</u>	<u>\$ 230,686</u>

Compass Bank extended the FDIC's TAG Program. All non interest bearing accounts continue to be fully insured under the Dodd-Frank Wall Street Reform and Consumer Protection Act through December 31, 2012.

COLLATERAL PLEDGED

1ST SAVINGS

COLLATERAL	CUSIP#	MATURITY DATE	MARKET VALUE	
FEDERAL RESERVE	38377TBL4	11/20/38	353,627	Treasury Bill
FEDERAL RESERVE	38377TBL4	11/20/38	353,627	Treasury Bill
FEDERAL RESERVE	38377TBL4	11/20/38	88,406	Treasury Bill
			<u>795,660</u>	

Held in safekeeping at 1st National Bank, Pierre, SD

STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE

BANK SUMMARY

JUNE 30, 2012

Bank	ACCT- TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	HELD CHECKS	OUTSTANDING DEPOSIT	NET CASH BALANCE
Compass Bank	Checking	Operational/Agency	\$ 243,262	\$ 48	\$ -	\$ -	\$ 243,214
Compass Bank	Checking	Head Start	426	-	-	-	426
1st Savings	Checking *	Agency	105,999	44	-	-	105,955
1st Savings	Checking	Operating	179,351	3,285	-	-	176,066
1st Savings	Checking *	Operating	1,170,347	605,744	28,575	1,350	594,528
1st Savings	Checking	Headstart		72,025	-	-	(72,025)
City Bank	Checking *	Agency	192,637	16,568	-	-	176,069
Total All Accounts			<u>\$ 1,892,022</u>	<u>\$ 697,714</u>	<u>\$ 28,575</u>	<u>\$ 1,350</u>	<u>\$ 1,224,233</u>

* Interest Bearing

STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE

BANK RECONCILIATION

June 30, 2012

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>AGENCY FUNDS</u>
Audited Net Cash			
JUNE 30, 2011	\$ 153,769	\$ 335,383	\$ 328,954
Prior Year Reconciliation Adjustment	-	-	-
Less: Held Checks	(153,769)	(145,305)	-
Transfers To Other Funds	-	-	-
Interfund Loans	1,149,290	(1,149,290)	-
Prior Year Void Check	-	-	-
ADJUSTED TOTAL CASH BALANCE	1,149,290	(959,212)	328,954
JUNE 30, 2011			
Add:			
2011-2012 Revenue	3,193,787	3,956,826	560,161
Prior Year Void Check	-	-	-
Transfers In	-	43,850	-
TOTAL AVAILABLE CASH	4,343,077	3,041,464	889,115
2011-2012 Expenditures	2,799,217	3,654,271	580,660
Add: Held Checks	-	28,575	-
Transfers Out	(43,850)	-	-
Current Year Interfund Loans	-	-	-
Prior Year Interfund Loans	-	-	-
Cash Adjustment	-	-	-
TOTAL CASH, JUNE 30, 2012	\$ 1,500,010	\$ (584,232)	\$ 308,455

Woodard, Cowen & Co.

Certified Public Accountants

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

To the Coordinating Council
Region IX Educational Cooperative

We have audited the financial statements of the governmental activities, each major fund, aggregate remaining fund information, 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 Region IX Educational Cooperative, as of and for the year ended June 30, 2012, which collectively comprise the Region IX Educational Cooperative's basic financial statements and have issued our report thereon dated September 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Region IX Educational Cooperative is responsible for establishing and maintaining effective 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 Region IX Educational Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Region IX Educational Cooperative's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, 12-01 and 12-02. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region IX Educational 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 results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 09-05.

Portales: PO Box 445, 118 E. 2nd Street Portales NM, 88130 Phone: 575-356-8564 Fax: 575-356-2453
Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

Region IX Educational 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 Educational 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.

Woodward, Lawen & Co.

Portales, New Mexico
September 25, 2012

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Coordinating Council
Region IX Education Cooperative

Compliance

We have audited Region IX Education Cooperative's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Region IX Education Cooperative's major federal programs for the year ended June 30, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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 to determine the 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.

Portales: PO Box 445, 118 E. 2nd Street Portales NM, 88130 Phone: 575-356-8564 Fax: 575-356-2453
Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

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.

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

This report is intended solely for the information and use of management, others within Region IX Educational 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.

Woodard, Lewis & Co.

Portales, New Mexico
September 25, 2012

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

JUNE 30, 2012

PRIOR YEAR AUDIT FINDINGS

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.

Recommendation:

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

Status:

Revised and Repeated.

Under Collateralized Funds – 10-01

Statement of Condition:

Funds held by financial institution (Compass Bank) were under collateralized. The account was under collateralized by \$21,113. Review pledged collateral at least monthly and compare to bank balance.

Recommendation:

Status:

Resolved.

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

JUNE 30, 2012

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	12-01 & 12-02
Material Weakness involving Significant Deficiency	None
Material Noncompliance	09-05
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Programs	Carl Perkins Cluster Medicaid
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:

LATE REPORT – 09-05 (revised and repeated) – Non-compliance

Statement of Condition:	The audit report for the Cooperative's fiscal year ended June 30, 2011 was not submitted by the September 30, 2011 due date. The audit report was not accepted by the due date.
Criteria:	SAO Rule 2.2.2.9.A.I(a) establishes a due date of September 30, 2011 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 due to changes that the Office of the State Auditor used to determine that the original report was excessively deficient. The rejection notice was received by the auditors on October 12 with correction submitted on October 16.
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.

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

JUNE 30, 2012

III. FINANCIAL STATEMENT FINDINGS (continued):

EXPENDITURES EXCEED BUDGET 12-01 (Repeated & Revised) – Significant Deficiency

Statement of Condition: The following funds and function lines had expenditures that exceed the budget for that function. State REC Funding Central Service \$44,203, State REC Funding Community Services \$12,960, Head Start Support Services \$74,955, Head Start Central Services \$3,846 Head Start Operation and Maintenance of Plant \$6,486, and Head Start Community Services \$1,801 IDEA-B Discretionary Support Services \$13,096 Dropout Prevention Support Services \$557 Graduate NM Support Services \$588 Healthier Schools DOH Support Services \$706.

Criteria: According to 6.20.2.10 NMAC and the manual of procedures of the Public Education Department a REC is to control expenditures from the budget function level.

Cause: Budget line items were not adjusted to reflect funding and program needs.

Effect: The REC exceeded budgeted expenditures though the revenue was available for program use.

Recommendation: REC personnel in charge of maintaining budget data should ensure that appropriate budget amounts are maintained at each function level.

Response: Management concurs and will diligently work to correct its procedures.

VIOLATION OF THE 24-HOUR RULE – 12-02 (Repeated and revised) – Significant Deficiency

Statement of Condition: Upon review of Agency Funds deposits randomly selected we found 3 instances where deposits were not deposited within the required 24-hour period.

Criteria: NMAC 6.20.2.14 Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.

Cause: The deposits were not deposited within 24 hours of receipt.

Effect: Holding money subjects the money to loss, theft, or misappropriation.

Recommendation: Any funds received should be deposited within 24 hours of receipt

Response: The REC will ensure all funds are deposited with the 24 hours required.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE

Year Ended JUNE 30, 2012

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 25, 2012. Those in attendance were Cathy Jones, Executive Director for the Region IX Education Cooperative; Jay Chase, Finance Director; and Travis Lightfoot, Chair Council of Superintendents. Gayland Cowen, C.P.A. represented our firm.