

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

FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2013

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

Directory of Officials  
June 30, 2013

***COORDINATING COUNCIL***

<u>Member</u>	<u>Position</u>	<u>School Represented</u>
Travis Lightfoot	Chairman	Corona
Brenda Vigil	Vice-Chairman	Tularosa
Shirley Crawford	Member	Capitan
Travis Dempsey	Member	Cloudcroft
Patti Nesbitt	Member	Carrizozo
Andrea Nieto	Member	Hondo Valley
Patty White	Member	Ruidoso

***ADMINISTRATIVE STAFF***

Cathy Jones	Executive Director
Jay Chase	Business Manager

**Ed Fierro, CPA • Rose Fierro, CPA**527 Brown Road • Las Cruces, NM 88005  
Bus: (575) 525-0313 • Fax: (575) 525-9708  
[www.fierrocpa.com](http://www.fierrocpa.com)Independent Auditors' Report

Hector H. Balderas, State Auditor  
and  
Coordinating Council  
Region IX Education Cooperative  
Ruidoso, New Mexico

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Region IX Education Cooperative (Cooperative), as of and for the year ended June 30, 2013, and the related notes to the financial statements 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 the Cooperative's nonmajor governmental funds, and the budgetary comparisons for the nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## 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, 2013, and the respective changes in financial position thereof for the year then ended in accordance 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 nonmajor governmental funds of the Cooperative as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the general fund, major special revenue funds and all nonmajor governmental funds referred to above present fairly, in all material respects, the budgetary comparison for each fund of the Cooperative for the year ended June 30, 2013, in conformity with the budgetary basis of accounting more fully described in Note 1D, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Cooperative's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2013 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

*Fierro + Fierro, P.A.*

Fierro & Fierro, P.A.  
Las Cruces, New Mexico

September 24, 2013

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Receivables, net	\$ 2,447,660
Capital assets:	
Land	20,494
Other capital assets, net of depreciation	<u>376,957</u>
Total capital assets	<u>397,451</u>
Total assets	<u><u>\$ 2,845,111</u></u>
<b>LIABILITIES</b>	
Bank overdraft	\$ 112,988
Accounts payable	<u>41,187</u>
Total liabilities	154,175
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenues	181,918
<b>NET POSITION</b>	
Invested in capital assets	397,451
Unrestricted	<u>2,111,567</u>
Total net position	<u>2,509,018</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 2,845,111</u></u>

The accompanying notes 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, 2013**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
Instruction	\$ 554,614	\$ -	\$ 446,916	\$ -	\$ (107,698)
Support services:					
Students	2,731,683	-	2,708,680	-	(23,003)
Instruction	3,490,369	-	3,935,735	239,969	685,335
General administration	2,141,307	-	2,537,300	-	395,993
Central services	544,929	-	465,943	-	(78,986)
Operation of plant	162,683	-	139,390	-	(23,293)
Student transportation	51,605	-	57,362	-	5,757
Other	26,544	-	-	-	(26,544)
Operation services:					
Food	235,796	-	140,897	-	(94,899)
Community	500,937	-	494,821	-	(6,116)
Total governmental activities	<u>\$ 10,440,467</u>	<u>\$ -</u>	<u>\$ 10,927,044</u>	<u>\$ 239,969</u>	726,546
General Revenues:					
Interest income					346
Donations					10,630
Total general revenues					<u>10,976</u>
Change in net position					737,522
Net position, beginning of year					<u>1,771,496</u>
Net position, end of year					<u>\$ 2,509,018</u>

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

**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	General Fund	IDEA-B Discretionary Fund	State Directed Activities Fund	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>					
Cash	\$ -	\$ -	\$ -	\$ 86,992	\$ 86,992
Receivables, net	1,427,810	198,654	326,393	494,803	2,447,660
Due from other funds	907,041	-	-	-	907,041
	<u>2,334,851</u>	<u>198,654</u>	<u>326,393</u>	<u>581,795</u>	<u>3,441,693</u>
Total assets	<u>\$ 2,334,851</u>	<u>\$ 198,654</u>	<u>\$ 326,393</u>	<u>\$ 581,795</u>	<u>\$ 3,441,693</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Bank overdraft	\$ 199,980	\$ -	\$ -	\$ -	\$ 199,980
Accounts payable	23,304	-	-	17,883	41,187
Due to other funds	-	198,654	326,393	381,994	907,041
Deferred revenues	-	-	-	181,918	181,918
	<u>223,284</u>	<u>198,654</u>	<u>326,393</u>	<u>581,795</u>	<u>1,330,126</u>
Total liabilities	223,284	198,654	326,393	581,795	1,330,126
Fund Balances:					
Unassigned	<u>2,111,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,111,567</u>
Total liabilities and fund balances	<u>\$ 2,334,851</u>	<u>\$ 198,654</u>	<u>\$ 326,393</u>	<u>\$ 581,795</u>	<u>\$ 3,441,693</u>

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013

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

Total fund balance governmental funds (page six)	\$ 2,111,567
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>397,451</u>
Net position of governmental activities (page four)	<u><u>\$ 2,509,018</u></u>

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	IDEA-B Discretionary Fund	State Directed Activities Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental:					
Federal	\$ 52,465	\$ 397,839	\$ -	\$ 3,159,153	\$ 3,609,457
State	7,062,132	-	328,178	167,230	7,557,540
Interest	346	-	-	-	346
Miscellaneous	10,646	-	-	-	10,646
Total revenues	7,125,589	397,839	328,178	3,326,383	11,177,989
Expenditures:					
Current:					
Instruction	87,100	-	20,000	430,242	537,342
Support services:					
Students	1,295,849	-	246,154	1,184,409	2,726,412
Instruction	2,525,614	382,366	62,024	479,134	3,449,138
General administration	1,891,801	15,473	-	234,033	2,141,307
Central services	334,286	-	-	208,360	542,646
Operation of plant	120,077	-	-	40,936	161,013
Student transportation	-	-	-	47,216	47,216
Other	26,544	-	-	-	26,544
Operation services:					
Food	222,050	-	-	12,157	234,207
Community	2,101	-	-	493,777	495,878
Capital outlay	-	-	-	239,969	239,969
Total expenditures	6,505,422	397,839	328,178	3,370,233	10,601,672
Net change	620,167	-	-	(43,850)	576,317
Fund balance, beginning of year	1,491,400	-	-	43,850	1,535,250
Fund balance, end of year	\$ 2,111,567	\$ -	\$ -	\$ -	\$ 2,111,567

The accompanying notes 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 BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

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

Net change in fund balances total governmental funds (page eight)	\$ 576,317
Governmental funds report capital outlay as expenditures in the amount of \$239,969; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the amount of \$78,764. The net adjustment is \$161,205.	<u>161,205</u>
Net change in net position - government-wide financial statements (page five)	<u><u>\$ 737,522</u></u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
<b>Revenues:</b>						
Intergovernmental:						
Federal	\$ -	\$ -	\$ 52,465	\$ -	\$ 52,465	\$ 52,465
State	1,950,000	7,599,089	5,639,322	1,422,810	7,062,132	(1,959,767)
Interest	-	-	346	-	346	346
Miscellaneous	7,500	7,500	5,646	5,000	10,646	(1,854)
<b>Total revenues</b>	<b>1,957,500</b>	<b>7,606,589</b>	<b>5,697,779</b>	<b>1,427,810</b>	<b>7,125,589</b>	<b>(1,908,810)</b>
<b>Expenditures:</b>						
Current:						
Instruction	-	87,100	87,100	-	87,100	-
Support services:						
Students	816,680	1,265,780	1,292,424	3,425	1,295,849	(26,644)
Instruction	431,580	3,282,790	2,519,783	5,831	2,525,614	763,007
General administration	329,205	2,292,157	1,896,835	(5,034)	1,891,801	395,322
Central services	234,345	260,686	333,942	344	334,286	(73,256)
Operation of plant	138,940	172,263	120,021	56	120,077	52,242
Other	-	-	15,812	10,732	26,544	(15,812)
Operation services:						
Food	-	222,050	222,050	-	222,050	-
Community	6,750	6,750	2,101	-	2,101	4,649
<b>Total expenditures</b>	<b>1,957,500</b>	<b>7,589,576</b>	<b>6,490,068</b>	<b>15,354</b>	<b>6,505,422</b>	<b>1,099,508</b>
<b>Net change</b>	<b>-</b>	<b>17,013</b>	<b>(792,289)</b>	<b>\$ 1,412,456</b>	<b>\$ 620,167</b>	<b>(809,302)</b>
Cash balance, beginning of year	685,353	685,353	685,353			-
Cash repaid from other funds	-	-	813,997			813,997
Cash advanced from other funds	-	-	(907,041)			(907,041)
<b>Cash balance, end of year</b>	<b>\$ 685,353</b>	<b>\$ 702,366</b>	<b>\$ (199,980)</b>			<b>\$ (902,346)</b>

**Explanation of Differences:**

Change in receivables	\$ 1,427,810
Change in accounts payable	(15,354)
	<u>\$ 1,412,456</u>

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



**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**IDEA-B DISCRETIONARY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ 576,900	\$ 576,900	\$ 283,742	\$ 114,097	\$ 397,839	\$ (293,158)
Expenditures:						
Current:						
Support services:						
Instruction	540,827	540,827	382,366	-	382,366	158,461
General administration	36,073	36,073	15,473	-	15,473	20,600
Total expenditures	576,900	576,900	397,839	-	397,839	179,061
Net change	-	-	(114,097)	\$ 114,097	\$ -	(114,097)
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(84,557)			(84,557)
Cash advanced from the general fund	-	-	198,654			198,654
Cash balance, end of year	\$ -	\$ -	\$ -			\$ -
<b>Explanation of Differences:</b>						
Change in receivables				\$ 114,097		

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**STATE DIRECTED ACTIVITIES FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 328,178	\$ 328,178	\$ 170,560	\$ 157,618	\$ 328,178	\$ (157,618)
Expenditures:						
Current:						
Instruction	20,000	20,000	20,000	-	20,000	-
Support services:						
Instruction	246,154	246,154	246,154	-	246,154	-
General administration	62,024	62,024	62,024	-	62,024	-
Total expenditures	328,178	328,178	328,178	-	328,178	-
Net change	-	-	(157,618)	\$ 157,618	\$ -	(157,618)
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(168,775)			(168,775)
Cash advanced from the general fund	-	-	326,393			326,393
Cash balance, end of year	\$ -	\$ -	\$ -			\$ -
<b>Explanation of Differences:</b>						
Change in receivables				\$ 157,618		

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

## **FIDUCIARY FINANCIAL STATEMENT**

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2013

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash	<u>\$ 272,627</u>
<b>Liabilities:</b>	
Deposits held for others	<u>\$ 272,627</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Region IX Education Cooperative (Cooperative) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**A. Reporting Entity**

Regional Educational Cooperatives (RECs) are established by Regional Cooperative Education Act, 22-2B-1 to 22-2B-6, NMSA 1978.

In 1984, the New Mexico State Board of Education (SBE) established ten Regional Center Cooperatives (RCCs) under SBE Regulation No. 84-6. The purpose of the RCCs is to provide services for local education agencies and eligible state supported schools under Public Law 94-142, the Individuals with Disabilities Education Act (IDEA-B). SBE Regulation No. 84.6 permits districts to submit consolidated applications to the SBE for certain entitlement and discretionary funds under IDEA-B. Since 1984, RCCs have also established cooperative programs of education services with funds other than IDEA-B entitlement or discretionary funds, including Drug Free School and Communities Act of 1986, Title II-Critical Skills Improvement, Medicaid in the Schools, and the Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as well as other direct federal and state/local funding sources. The Cooperative's basic financial statements include all activities and accounts of the Cooperative's *financial reporting entity*.

The financial reporting entity consists of the primary government, and any other organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization.

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

A. Reporting Entity (continued)

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Based on the application of these criteria, there are no component units of the Cooperative.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Cooperative as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. The Cooperative has no business-type activities.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (instruction, support services, operation services, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. 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 activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function of governmental-type activity) is normally covered by general revenues (taxes, intergovernmental revenues, interest income, etc.). The Cooperative does not allocate indirect costs. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the government) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

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

**B. Government-Wide and Fund Financial Statements (continued)**

The Cooperative's fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party (other governmental entities and individuals) and cannot be used to address or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the Cooperative as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**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. Non-exchange transactions, in which the Cooperative gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The focus of the governmental funds' measurement (in the fund statements), is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. 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. For this purpose, the Cooperative considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. 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 made.

Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance should be reported as deferred revenues (liabilities) until the period of the exchange. Charges for services, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial.



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

Measurement Focus, Basis of Accounting,  
C. and Financial Statement Presentation (continued)

Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Cooperative; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

When both restricted and unrestricted resources are available for use, it is the Cooperative's policy to use restricted resources first, and then unrestricted revenues as they are needed.

The Cooperative reports the following major governmental funds:

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

The *IDEA-B discretionary fund* accounts for the federal revenues and expenditures to provide special education for handicapped children. The creation of this fund was authorized by the Individuals with Disabilities Education Act (IDEA), Part B, Section 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 15-17.

The *State Directed Activities fund* accounts for the state revenues and expenditures to assist the Cooperative in providing free appropriate public education to all handicapped children. The creation of this fund was authorized by the New Mexico Public Education Department.

The Region maintains fourteen individual governmental funds that are considered nonmajor funds; all of which are classified as special revenue funds. A description of each fund is as follows:

The *English Language Acquisition fund* accounts for the federal revenues and expenditures 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 creation of this fund was authorized by the Elementary and Secondary Education Act, as amended, Title III, Part A, Sections 3101 and 3129.

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

Measurement Focus, Basis of Accounting,  
C. and Financial Statement Presentation (continued)

The *Carl Perkins fund* accounts for the federal revenues and expenditures 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. The creation of this fund was authorized by the Carl D. Perkins Career Technical Education Act of 2006, Title I.

The *Carl Perkins Secondary fund* accounts for the federal revenues and expenditures to develop more fully the academic, vocational, and technical skills of secondary and post-secondary students who elect to enroll in vocational and technical programs. The creation of this fund was authorized by the Carl D. Perkins Vocational and Technical Education Act of 1998, Title I.

The *Carl Perkins Secondary Redistribution fund* accounts for the federal revenues and expenditures to develop more fully the academic, career, and technical skills of secondary and post-secondary students who elect to enroll in career and technical educational programs. The creation of this fund was authorized by the Carl D. Perkins Career Technical Education Act of 2006, Title I.

The *Head Start fund* accounts for the federal revenues and expenditures to provide comprehensive preschool education for educationally deprived students in low-income areas. The creation of this fund was authorized by the federal government under P.L. 105285.

The *Schools with Solar fund* accounts for the federal revenues and expenditures to provide solar energy education opportunities to school children. The creation of this fund was authorized by a grant agreement with the U.S. Department of Energy.

The *Title XIX Medicaid (Birth to Two) fund* accounts for the federal revenues and expenditures to provide services to developmentally disabled children between birth and two years old. The creation of this fund was authorized by Title XIX of the Social Security Act.

The *Title XIX Medicaid (3 to 21) fund* accounts for the federal revenues and expenditures to provide services to developmentally disabled children between three years old and young adults twenty-one years old. The creation of this fund was authorized by Title XIX of the Social Security Act.

The *Long Distance Learning fund* accounts for the federal revenues and expenditures to provide distance learning capabilities in rural areas. The creation of this fund was authorized by the U.S. Department of Agriculture Rural Utility Services' Distance Learning and Telemedicine loan and grant program.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

The *Workforce Investment Act fund* accounts for the federal revenues and expenditures for training to increase the attainment of basic skills, work readiness or occupational skills, including secondary diplomas or other credentials. The creation of this fund was authorized by Workforce Investment Act of 1998, Title I.

The *TUPAC fund* accounts for the federal grant revenues and expenditures to improve school policies on tobacco and implement prevention curricula and tobacco cessation programs in school districts. The creation of this fund was authorized by the grant provisions.

The *Hubbard Foundation fund* accounts for the revenues and expenditures awarded by the Hubbard Foundation, a private foundation. The creation of this fund was authorized by the coordinating council.

The *Birth to Two Year fund* accounts for the state grant revenues and expenditures for the operation and maintenance of delivering services to developmentally disabled children between birth and two years old. The creation of this fund was authorized by the grant provisions.

The *DOH Healthier Schools fund* accounts for state revenues and expenditures for School Based Health Clinics in the Ruidoso and Hondo Valley school districts. Authority for the creation of the fund is the New Mexico Public Education Department's *Manual of Procedures for School Districts*.

D. Budgets

Budgets for all funds are prepared by management and approved by the coordinating council. The proposed budget is then submitted by May 31<sup>st</sup> to the planning unit of the New Mexico Public Education Department (PED). PED certifies the budget by July 1<sup>st</sup>. The expenditure section of the budget, once adopted, is legally binding. These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds are 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 utilized to fund deficit budgets 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 fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local board approval. If a transfer between "funds" or a budget increase is required, approval must be obtained from the PED. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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**REGION IX EDUCATION COOPERATIVE**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. Assets, Liabilities, and Net Assets or Equity

**1. Deposits and Investments**

Investments in the Cooperative's cash and certificates of deposit are stated at cost, which approximates fair value. All other investments are carried at fair market value using quoted market prices. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

**2. Interfund 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 interfund balance. Long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Interfund Activity**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund balance as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**5. Capital Assets**

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated cost. Contributed capital assets are recorded at estimated fair market value at the time received. Purchased computer software is recorded at historical cost. The Cooperative defines capital assets as assets with an initial, individual cost or donated value of more than \$5,000 and an estimated useful life in excess of one year.

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**E. Assets, Liabilities, and Net Assets or Equity (continued)**

**5. Capital Assets (continued)**

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	50
Computers and electronics	5-10
Equipment	5-10
Vehicles	12

**7. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Cooperative has one type of item that qualifies for reporting in this category. Accordingly, the item, *deferred revenue*, is reported only in the statement of financial position. The governmental funds report unavailable revenues from unearned grant revenues as deferred revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**8. Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

*Investment in capital assets* – This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

*Restricted net position* – This category reflects the portion of net position that has third party limitations on their use.

*Unrestricted net position* – This category reflects net position of the Cooperative, not restricted for any project or other purpose.

**9. Fund Equity Reservation and Designations**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
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JUNE 30, 2013

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

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

**9. Fund Equity Reservation and Designations (continued)**

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provision or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the coordinating council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the coordinating council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* – This classification reflects the amounts constrained by the Cooperative's "intent" to be used for specific purposes, but are neither restricted nor committed. The coordinating council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Cooperative's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

F. Other Matters

**1. Presentation**

Certain reclassifications of prior year information have been made to conform to current year presentation.

**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

F. Other Matters (continued)

**2. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

Cash

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more bank or savings and loan associations within the geographical boundaries of the Region. Deposits may be made to the extent that they are insured by an agency of the United States of America 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.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool, or 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.

Cash Deposited With Financial Institutions

The Cooperative maintains cash in three financial institutions within Ruidoso, New Mexico. The Cooperative's deposits are carried at cost.

As of June 30, 2013, the amount of cash reported on the financial statements differs from the amount on deposit with the financial institution because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	<u>Per Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
BBVA Compass	\$ 7,913	\$ -	\$ 7,913
City Bank New Mexico	172,131	(4,750)	167,381
First Savings Bank	<u>1,193,475</u>	<u>(1,209,130)</u>	<u>(15,655)</u>
	<u>\$ 1,373,519</u>	<u>\$ (1,213,880)</u>	<u>\$ 159,639</u>

**STATE OF NEW MEXICO  
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JUNE 30, 2013**

**2. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)**

*Cash Deposited With Financial Institutions (continued)*

The amounts reported as cash for the primary government within the financial statement is displayed as:

Statement of Net Position:		
Bank overdraft	\$	(112,988)
Statement of Fiduciary Assets and Liabilities		272,627
	\$	159,639

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the Cooperative. All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the Cooperative carrying value of the deposits (demand and certificates of deposit). Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

	BBVA Compass	City Bank New Mexico	First Savings Bank
Total deposits in bank	\$ 7,913	\$ 172,131	\$ 1,193,475
Less FDIC coverage	(7,913)	(172,131)	(250,000)
Uninsured public funds	-	-	943,475
Pledged collateral held by pledging bank's trust, but not in the cooperative's name	71,250	-	889,996
Uninsured and uncollateralized	\$ -	\$ -	\$ 53,479
Total pledged collateral	\$ 71,250	\$ -	\$ 889,996
50% pledged collateral requirement per state statute	-	-	471,738
Pledged collateral (under) over the requirement	\$ 71,250	\$ -	\$ 418,258

A detailed listing of the pledged collateral is contained in the supplemental financial information section of this report. According to the Federal Deposit Insurance Corporation, public unit deposits, time deposits, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$250,000.

*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 returned to it. The Cooperative does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$943,475 of the Cooperative's bank balance of \$1,373,519 was exposed to custodial credit risk as follows:



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JUNE 30, 2013**

**2. CASH AND INVESTMENTS (continued)**

*Cash Deposited With Financial Institutions (continued)*

	BBVA Compass	City Bank New Mexico	First Savings Bank	Total
Uninsured and collateral held by pledging bank's trust dept. or agent, not in the Cooperative's name.	\$ -	\$ -	\$ 943,475	\$ 943,475

**3. RECEIVABLES, NET**

Receivables, net of allowance for doubtful accounts, at June 30, 2013, consisted of the following:

Intergovernmental receivables:	
Operating grants	<u>\$ 2,447,660</u>

No allowance for doubtful accounts has been recorded as the Cooperative anticipates all receivables will be collected.

**4. CAPITAL ASSETS**

Capital assets for the fiscal year ended June 30, 2013:

	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 20,494	\$ -	\$ -	\$ 20,494
Other capital assets, being depreciated:				
Buildings	217,195	-	-	217,195
Equipment	1,115,679	239,969	-	1,355,648
Total other capital assets, being depreciated	1,332,874	239,969	-	1,572,843
Less accumulated depreciation for:				
Buildings	(81,882)	(9,094)	-	(90,976)
Equipment	(1,035,240)	(69,670)	-	(1,104,910)
Total accumulated depreciation	(1,117,122)	(78,764)	-	(1,195,886)
Other capital assets, net	215,752	161,205	-	376,957
Total capital assets, net	<u>\$ 236,246</u>	<u>\$ 161,205</u>	<u>\$ -</u>	<u>\$ 397,451</u>

**STATE OF NEW MEXICO  
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**4. CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions (programs) as follows:

Instruction	\$	4,107
Support services:		
Student		5,271
Instruction		54,396
General administration		2,283
Central services		1,670
Operation of plant		4,389
Operation services:		
Food		1,589
Community		5,059
		\$ 78,764

**5. INTERFUND BALANCES**

*Interfund Balances*

Receivable Fund	Payable Fund	Amount
General Fund	IDEA-B Discretionary Fund	\$ 198,654
General Fund	State Directed Activities Fund	326,393
General Fund	English Language Acquisition Fund	4,006
General Fund	Carl Perkins Fund	127,320
General Fund	Carl Perkins Secondary Fund	52,116
General Fund	Carl Perkins Secondary Redistribution Fund	1,638
General Fund	Head Start Fund	57,915
General Fund	Schools with Solar Fund	22,683
General Fund	Workforce Investment Act	116,316
		\$ 907,041

Interfund balances represent short-term advances for funds that receive grants on a reimbursement basis.

**6. RETIREMENT PLAN – EDUCATIONAL RETIREMENT BOARD**

***Plan Description***

Substantially all of the Cooperative's full-time employees participate in an educational 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 adjustment to plan members (certified teachers, and other employees of state public school districts, colleges, and universities and some state agency employees) 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, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

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**6. RETIREMENT PLAN – EDUCATIONAL RETIREMENT BOARD (continued)**

***Funding Policy***

Members Contributions

Plan members, whose annual salary is \$20,000 or less annually, are required by statute to contribute 7.90% of their gross salary. Plan members, whose salary is over \$20,000, are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

In fiscal year 2013, the Cooperative was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, the Cooperative will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015.

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, 2013, 2012, and 2011 were \$265,120, \$261,162, and \$291,768, respectively, which equal the amount of the required contributions for each year.

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

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**7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)**

***Plan Description (continued)***

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment 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, New Mexico 87107.

***Funding Policy***

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4, 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)**

***Funding Policy (continued)***

For employees that were not members of an enhanced retirement plan during the fiscal year ended **June 30, 2013**, the statute required each participating employer to contribute **2.0%** of each participating employee's annual salary; each participating employee was required to contribute **1.0%** of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Cooperative's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$47,299, \$39,126 and \$34,642, respectively, which equal the required contributions for each year.

**8. RISK MANAGEMENT**

The Cooperative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Cooperative to purchase insurance for the risks of losses to which it is exposed through the General Services Administration risk management insurance. The risk management insurance includes coverage for general liability, property, casualty, employee health and accident.

**9. CONTINGENT LIABILITES**

Amounts received or receivable from grantor 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 amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Cooperative expects such amounts, if any, to be immaterial.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Special Revenue Funds							
	English Language Acquisition Fund	Carl Perkins Fund	Carl Perkins Secondary Fund	Carl Perkins Secondary Redistribution Fund	Head Start Fund	Schools with Solar Fund	Title XIX Medicaid (Birth to Two) Fund	Title XIX Medicaid (3 to 21) Fund
<b><u>ASSETS</u></b>								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,762	\$ 42,047
Receivables, net	4,006	127,989	52,116	6,696	58,072	24,376	45,878	35,537
Total assets	<u>\$ 4,006</u>	<u>\$ 127,989</u>	<u>\$ 52,116</u>	<u>\$ 6,696</u>	<u>\$ 58,072</u>	<u>\$ 24,376</u>	<u>\$ 52,640</u>	<u>\$ 77,584</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>								
Liabilities:								
Accounts payable	\$ -	\$ 669	\$ -	\$ 5,058	\$ 157	\$ 1,693	\$ 5,526	\$ -
Due to other funds	4,006	127,320	52,116	1,638	57,915	22,683	-	-
Deferred revenues	-	-	-	-	-	-	47,114	77,584
Total liabilities	4,006	127,989	52,116	6,696	58,072	24,376	52,640	77,584
Fund Balances:								
Assigned	-	-	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 4,006</u>	<u>\$ 127,989</u>	<u>\$ 52,116</u>	<u>\$ 6,696</u>	<u>\$ 58,072</u>	<u>\$ 24,376</u>	<u>\$ 52,640</u>	<u>\$ 77,584</u>

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

**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Special Revenue Funds							
	Long Distance Learning Fund	Workforce Investment Act Fund	TUPAC Fund	Hubbard Foundation Fund	Birth to Two Year Fund	DOH Healthier Schools Fund	Total Special Revenue Funds	Total Other Governmental Funds
<b><u>ASSETS</u></b>								
Cash	\$ -	\$ -	\$ 100	\$ 4,151	\$ 6,974	\$ 26,958	\$ 86,992	\$ 86,992
Receivables, net	-	120,594	-	-	3,939	15,600	494,803	494,803
Total assets	<u>\$ -</u>	<u>\$ 120,594</u>	<u>\$ 100</u>	<u>\$ 4,151</u>	<u>\$ 10,913</u>	<u>\$ 42,558</u>	<u>\$ 581,795</u>	<u>\$ 581,795</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>								
Liabilities:								
Accounts payable	\$ -	\$ 4,278	\$ -	\$ -	\$ 502	\$ -	\$ 17,883	\$ 17,883
Due to other funds	-	116,316	-	-	-	-	381,994	381,994
Deferred revenues	-	-	100	4,151	10,411	42,558	181,918	181,918
Total liabilities	-	120,594	100	4,151	10,913	42,558	581,795	581,795
Fund Balances:								
Assigned	-	-	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 120,594</u>	<u>\$ 100</u>	<u>\$ 4,151</u>	<u>\$ 10,913</u>	<u>\$ 42,558</u>	<u>\$ 581,795</u>	<u>\$ 581,795</u>

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



**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds							
	English Language Acquisition Fund	Carl Perkins Fund	Carl Perkins Secondary Fund	Carl Perkins Secondary Redistribution Fund	Head Start Fund	Schools with Solar Fund	Title XIX Medicaid (Birth to Two) Fund	Title XIX Medicaid (3 to 21) Fund
Revenues:								
Intergovernmental:								
Federal	\$ 4,279	\$ 445,155	\$ 52,116	\$ 13,575	\$ 837,274	\$ 82,722	\$ 328,781	\$ 283,597
State sources	-	-	-	-	-	-	-	-
Total revenues	4,279	445,155	52,116	13,575	837,274	82,722	328,781	283,597
Expenditures:								
Current:								
Instruction	4,195	-	49,634	-	376,413	-	-	-
Support services:								
Students	-	232,162	-	-	210,602	79,240	315,715	208,967
Instruction	-	135,715	-	13,165	70,862	-	-	-
General administration	84	29,294	2,482	410	77,958	3,482	-	16,819
Central services	-	37,439	-	-	58,065	-	12,706	57,811
Operation of plant	-	10,545	-	-	25,701	-	360	-
Student transportation	-	-	-	-	47,216	-	-	-
Operation services:								
Food	-	-	-	-	12,157	-	-	-
Community	-	-	-	-	2,150	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	4,279	445,155	52,116	13,575	881,124	82,722	328,781	283,597
Net change	-	-	-	-	(43,850)	-	-	-
Fund balances, beginning of year	-	-	-	-	43,850	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds							
	Long Distance Learning Fund	Workforce Investment Act Fund	TUPAC Fund	Hubbard Foundation Fund	Birth to Two Year Fund	DOH Healthier Schools Fund	Total Special Revenue Funds	Total Other Governmental Funds
Revenues:								
Intergovernmental:								
Federal	\$ 499,361	\$ 612,293	\$ -	\$ -	\$ -	\$ -	\$ 3,159,153	\$ 3,159,153
State sources	-	-	-	-	89,980	77,250	167,230	167,230
Total revenues	499,361	612,293	-	-	89,980	77,250	3,326,383	3,326,383
Expenditures:								
Current:								
Instruction	-	-	-	-	-	-	430,242	430,242
Support services:								
Students	-	-	-	-	60,473	77,250	1,184,409	1,184,409
Instruction	259,392	-	-	-	-	-	479,134	479,134
General administration	-	73,997	-	-	29,507	-	234,033	234,033
Central services	-	42,339	-	-	-	-	208,360	208,360
Operation of plant	-	4,330	-	-	-	-	40,936	40,936
Student transportation	-	-	-	-	-	-	47,216	47,216
Operation services:								
Food	-	-	-	-	-	-	12,157	12,157
Community	-	491,627	-	-	-	-	493,777	493,777
Capital outlay	239,969	-	-	-	-	-	239,969	239,969
Total expenditures	499,361	612,293	-	-	89,980	77,250	3,370,233	3,370,233
Net change	-	-	-	-	-	-	(43,850)	(43,850)
Fund balances, beginning of year	-	-	-	-	-	-	43,850	43,850
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**ENGLISH LANGUAGE ACQUISITION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 23,272	\$ 23,272	\$ 9,535	\$ (5,256)	\$ 4,279	\$ (13,737)
Expenditures:						
Current:						
Instruction	19,816	19,816	4,195	-	4,195	15,621
Support services:						
General administration	456	456	84	-	84	372
Total expenditures	<u>20,272</u>	<u>20,272</u>	<u>4,279</u>	<u>-</u>	<u>4,279</u>	<u>15,993</u>
Net change	3,000	3,000	5,256	<u>\$ (5,256)</u>	<u>\$ -</u>	2,256
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(9,262)			(9,262)
Cash advanced from the general fund	-	-	4,006			4,006
Cash balance, end of year	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>			<u>\$ (3,000)</u>
<b>Explanation of Differences:</b>						
Change in receivables				<u>\$ (5,256)</u>		

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**CARL PERKINS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ 449,264	\$ 449,264	\$ 475,623	\$ (30,468)	\$ 445,155	\$ 26,359
Expenditures:						
Current:						
Support services:						
Students	234,515	234,515	231,574	588	232,162	2,941
Instruction	135,805	135,805	135,715	-	135,715	90
General administration	30,005	30,005	29,294	-	29,294	711
Central services	37,439	37,439	37,439	-	37,439	-
Operation of plant	11,500	11,500	10,464	81	10,545	1,036
Total expenditures	449,264	449,264	444,486	669	445,155	4,778
Net change	-	-	31,137	\$ (31,137)	\$ -	31,137
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(158,457)			(158,457)
Cash advanced from the general fund	-	-	127,320			127,320
Cash balance, end of year	\$ -	\$ -	\$ -			\$ -

**Explanation of Differences:**

Change in receivables	\$ (30,468)
Change in accounts payable	(669)
	<u>\$ (31,137)</u>

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**CARL PERKINS SECONDARY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 54,800	\$ 65,294	\$ 12,353	\$ 39,763	\$ 52,116	\$ (52,941)
Expenditures:						
Current:						
Instruction	52,191	62,186	49,634	-	49,634	12,552
Support services:						
General administration	<u>2,609</u>	<u>3,108</u>	<u>2,482</u>	<u>-</u>	<u>2,482</u>	<u>626</u>
Total expenditures	<u>54,800</u>	<u>65,294</u>	<u>52,116</u>	<u>-</u>	<u>52,116</u>	<u>13,178</u>
Net change	-	-	(39,763)	<u>\$ 39,763</u>	<u>\$ -</u>	(39,763)
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(12,353)			(12,353)
Cash advanced from the general fund	<u>-</u>	<u>-</u>	<u>52,116</u>			<u>52,116</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
<b>Explanation of Differences:</b>						
Change in receivables				<u>\$ 39,763</u>		

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**CARL PERKINS SECONDARY REDISTRIBUTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 8,022	\$ 20,035	\$ 10,767	\$ 2,808	\$ 13,575	\$ (9,268)
Expenditures:						
Current:						
Support services:						
Instruction	-	8,505	8,107	5,058	13,165	398
General administration	382	954	410	-	410	544
Total expenditures	<u>382</u>	<u>9,459</u>	<u>8,517</u>	<u>5,058</u>	<u>13,575</u>	<u>942</u>
Net change	7,640	10,576	2,250	<u>\$ (2,250)</u>	<u>\$ -</u>	(8,326)
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(3,888)			(3,888)
Cash advanced from the general fund	<u>-</u>	<u>-</u>	<u>1,638</u>			<u>1,638</u>
Cash balance, end of year	<u>\$ 7,640</u>	<u>\$ 10,576</u>	<u>\$ -</u>			<u>\$ (10,576)</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ 2,808		
Change in accounts payable				<u>(5,058)</u>		
				<u>\$ (2,250)</u>		

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

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

**HEAD START FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
<b>Revenues:</b>						
Intergovernmental:						
Federal	\$ 484,118	\$ 1,196,812	\$ 894,652	\$ (57,378)	\$ 837,274	\$ (302,160)
<b>Expenditures:</b>						
Current:						
Instruction	181,281	479,212	376,413	-	376,413	102,799
Support services:						
Students	103,106	239,034	210,602	-	210,602	28,432
Instruction	42,772	143,257	70,862	-	70,862	72,395
General administration	47,447	132,303	78,060	(102)	77,958	54,243
Central services	53,030	56,197	58,065	-	58,065	(1,868)
Operation of plant	10,081	37,331	25,544	157	25,701	11,787
Student transportation	37,379	90,623	47,216	-	47,216	43,407
Operation services:						
Food	9,022	16,234	12,157	-	12,157	4,077
Community	-	2,621	2,150	-	2,150	471
Total expenditures	484,118	1,196,812	881,069	55	881,124	315,743
Net change	-	-	13,583	\$ (57,433)	\$ (43,850)	13,583
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(71,498)			(71,498)
Cash advanced from the general fund	-	-	57,915			57,915
Cash balance, end of year	\$ -	\$ -	\$ -			\$ -
<b>Explanation of Differences:</b>						
Change in receivables				\$ (57,378)		
Change in accounts payable				(55)		
				\$ (57,433)		

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**SCHOOLS WITH SOLAR FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 99,814	\$ 99,814	\$ 249,187	\$ (166,465)	\$ 82,722	\$ 149,373
Expenditures:						
Current:						
Support services:						
Students	95,516	95,516	77,547	1,693	79,240	17,969
General administration	<u>4,298</u>	<u>4,298</u>	<u>3,482</u>	<u>-</u>	<u>3,482</u>	<u>816</u>
Total expenditures	<u>99,814</u>	<u>99,814</u>	<u>81,029</u>	<u>1,693</u>	<u>82,722</u>	<u>18,785</u>
Net change	-	-	168,158	<u>\$ (164,772)</u>	<u>\$ -</u>	168,158
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(190,841)			(190,841)
Cash advanced from the general fund	<u>-</u>	<u>-</u>	<u>22,683</u>			<u>22,683</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (166,465)		
Change in accounts payable				<u>(1,693)</u>		
				<u>\$ (168,158)</u>		

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



**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**TITLE XIX MEDICAID (BIRTH TO TWO) FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 500,000	\$ 500,000	\$ 286,099	\$ 42,682	\$ 328,781	\$ (213,901)
Expenditures:						
Current:						
Support services:						
Students	485,735	485,735	310,189	5,526	315,715	175,546
Central services	13,905	13,905	12,706	-	12,706	1,199
Operation of plant	360	360	360	-	360	-
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>323,255</u>	<u>5,526</u>	<u>328,781</u>	<u>176,745</u>
Net change	-	-	(37,156)	<u>\$ 37,156</u>	<u>\$ -</u>	(37,156)
Cash balance, beginning of year	<u>43,918</u>	<u>43,918</u>	<u>43,918</u>			-
Cash balance, end of year	<u>\$ 43,918</u>	<u>\$ 43,918</u>	<u>\$ 6,762</u>			<u>\$ (37,156)</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ 45,878		
Change in accounts payable				(5,526)		
Change in deferred revenues				(3,196)		
				<u>\$ 37,156</u>		

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**TITLE XIX MEDICAID (3 TO 21) FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 350,000	\$ 350,000	\$ 247,196	\$ 36,401	\$ 283,597	\$ (102,804)
Expenditures:						
Current:						
Support services:						
Students	262,709	262,709	208,967	-	208,967	53,742
General administration	21,880	21,880	16,819	-	16,819	5,061
Central services	63,547	63,547	57,811	-	57,811	5,736
Operation of plant	1,864	1,864	-	-	-	1,864
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>283,597</u>	<u>-</u>	<u>283,597</u>	<u>66,403</u>
Net change	-	-	(36,401)	<u>\$ 36,401</u>	<u>\$ -</u>	(36,401)
Cash balance, beginning of year	<u>78,448</u>	<u>78,448</u>	<u>78,448</u>			<u>-</u>
Cash balance, end of year	<u>\$ 78,448</u>	<u>\$ 78,448</u>	<u>\$ 42,047</u>			<u>\$ (36,401)</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ 35,537		
Change in accounts payable				<u>864</u>		
				<u>\$ 36,401</u>		

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
LONG DISTANCE LEARNING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ 499,361	\$ 499,361	\$ 499,361	\$ -	\$ 499,361	\$ -
Expenditures:						
Current:						
Support services:						
Instruction	264,700	264,700	264,700	(5,308)	259,392	-
Capital outlay	234,661	234,661	234,661	5,308	239,969	-
Total expenditures	<u>499,361</u>	<u>499,361</u>	<u>499,361</u>	<u>-</u>	<u>499,361</u>	<u>-</u>
Net change	-	-	-	<u>\$ -</u>	<u>\$ -</u>	-
Cash balance, beginning of year	-	-	-			-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>

**Explanation of Differences:**  
None.

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**WORKFORCE INVESTMENT ACT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ 558,328	\$ 736,637	\$ 613,034	\$ (741)	\$ 612,293	\$ (123,603)
Expenditures:						
Current:						
Support services:						
General administration	73,401	77,971	73,553	444	73,997	4,418
Central services	39,189	43,758	42,339	-	42,339	1,419
Operation of plant	7,000	9,000	3,908	422	4,330	5,092
Operation services:						
Community	438,738	605,908	495,019	(3,392)	491,627	110,889
Total expenditures	558,328	736,637	614,819	(2,526)	612,293	121,818
Net change	-	-	(1,785)	\$ 1,785	\$ -	(1,785)
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(114,531)			(114,531)
Cash advanced from the general fund	-	-	116,316			116,316
Cash balance, end of year	\$ -	\$ -	\$ -			\$ -

**Explanation of Differences:**

Change in receivables	\$ (741)
Change in accounts payable	2,526
	\$ 1,785

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:						
Current:						
Support services:						
Instruction	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Net change	-	-	-	\$ -	\$ -	-
Cash balance, beginning of year	100	100	100			-
Cash balance, end of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>			<u>\$ -</u>

**Explanation of Differences:**  
None.

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**HUBBARD FOUNDATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:						
Current:						
Support services:						
Students	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Net change	-	-	-	\$ -	\$ -	-
Cash balance, beginning of year	4,151	4,151	4,151			-
Cash balance, end of year	<u>\$ 4,151</u>	<u>\$ 4,151</u>	<u>\$ 4,151</u>			<u>\$ -</u>

**Explanation of Differences:**  
None.

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**BIRTH TO TWO YEAR FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
State	\$ 158,957	\$ 158,957	\$ 63,777	\$ 26,203	\$ 89,980	\$ (95,180)
Expenditures:						
Current:						
Support services:						
Students	95,219	95,219	59,971	502	60,473	35,248
General administration	<u>47,738</u>	<u>47,738</u>	<u>29,507</u>	<u>-</u>	<u>29,507</u>	<u>18,231</u>
Total expenditures	<u>142,957</u>	<u>142,957</u>	<u>89,478</u>	<u>502</u>	<u>89,980</u>	<u>53,479</u>
Net change	16,000	16,000	(25,701)	<u>\$ 25,701</u>	<u>\$ -</u>	(41,701)
Cash balance, beginning of year	<u>32,675</u>	<u>32,675</u>	<u>32,675</u>			<u>-</u>
Cash balance, end of year	<u>\$ 48,675</u>	<u>\$ 48,675</u>	<u>\$ 6,974</u>			<u>\$ (41,701)</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ 26,203		
Change in accounts payable				<u>(502)</u>		
				<u>\$ 25,701</u>		

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

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**DOH HEALTHIER SCHOOLS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
State	\$ 77,250	\$ 77,250	\$ 61,650	\$ 15,600	\$ 77,250	\$ (15,600)
Expenditures:						
Current:						
Support services:						
Students	<u>77,250</u>	<u>77,250</u>	<u>77,250</u>	<u>-</u>	<u>77,250</u>	<u>-</u>
Total expenditures	<u>77,250</u>	<u>77,250</u>	<u>77,250</u>	<u>-</u>	<u>77,250</u>	<u>-</u>
Net change	-	-	(15,600)	<u>\$ 15,600</u>	<u>\$ -</u>	(15,600)
Cash balance, beginning of year	<u>42,558</u>	<u>42,558</u>	<u>42,558</u>			<u>-</u>
Cash balance, end of year	<u>\$ 42,558</u>	<u>\$ 42,558</u>	<u>\$ 26,958</u>			<u>\$ (15,600)</u>
<b>Explanation of Differences:</b>						
Change in receivables				<u>\$ 15,600</u>		

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



**OTHER SCHEDULES REQUIRED BY 2.2.2 NMAC**

**STATE OF NEW MEXICO  
 REGION IX EDUCATION COOPERATIVE  
 SCHEDULE OF CASH ACCOUNTS  
 JUNE 30, 2013**

<u>Financial Institution/Account Description</u>	<u>Type of Account</u>	<u>Financial Institution Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
BBVA Compass 70 Mechem Dr., Suite 1 Ruidoso, New Mexico 88345				
Operating Fund	Checking	<u>\$ 7,913</u>	<u>\$ -</u>	<u>\$ 7,913</u>
City Bank New Mexico 1096 Mechem Dr., Suite 103 Ruidoso, New Mexico 88345				
CTSO Fund	Checking	<u>\$ 172,131</u>	<u>\$ (4,750)</u>	<u>\$ 167,381</u>
First Savings Bank 2713 Sudderth Drive Ruidoso, New Mexico 88345				
General Fund	Checking	\$ 1,092,832	\$ (1,143,122)	\$ (50,290)
Lincoln County Head Start Fund	Checking	3,687	(62,509)	(58,822)
DEAC Fund	Checking	<u>96,956</u>	<u>(3,499)</u>	<u>93,457</u>
Total checking accounts		<u>\$ 1,193,475</u>	<u>\$ (1,209,130)</u>	<u>\$ (15,655)</u>

**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
SCHEDULE OF PLEDGED COLLATERAL  
JUNE 30, 2013**

BBVA Compass  
70 Mechem Dr., Suite 1  
Ruidoso, New Mexico 88345

Security	CUSIP	Maturity	Market Value
FNMA 190373	31368HMW0	07/01/36	\$ 71,250

The holder of the security pledged by BBVA Compass Bank, N.A. is the Federal Home Loan Bank of Atlanta, 1475 Peachtree St., NE, Atlanta, GA 30309.

First Savings Bank  
2713 Sudderth Drive  
Ruidoso, New Mexico 88345

Security	CUSIP	Maturity	Market Value
MBS FHLMC Gold 15 YR	31294MN72	04/01/22	\$ 242,770
GNR 2011-4 MD	38377TBL4	11/20/38	287,656
GNR 2011-4 MD	38377TBL4	11/20/38	287,656
GNR 2011-4 MD	38377TBL4	11/20/38	71,914
			<u>\$ 889,996</u>

The holder of the security pledged by First Savings Bank is the First National Bank Pierre, 125 W. Sioux Avenue, Pierre, SD 57501.

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**ALL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Fund	Audited Cash Balance 06/30/12	Current Year Receipts	Current Year Expenditures	Net Transfers In/(Out)	Interfund Advance/ Repayment	Audited Cash Balance 06/30/13
General	\$ 685,353	\$ 5,697,779	\$ 6,490,068	\$ -	\$ (93,044)	\$ (199,980)
IDEA-B Discretionary	-	283,742	397,839	-	114,097	-
State Directed Activities	-	170,560	328,178	-	157,618	-
English Language Acquisition	-	9,535	4,279	-	(5,256)	-
Carl Perkins	-	475,623	444,486	-	(31,137)	-
Carl Perkins Secondary	-	12,353	52,116	-	39,763	-
Carl Perkins Secondary Redist.	-	10,767	8,517	-	(2,250)	-
Head Start	-	894,652	881,069	-	(13,583)	-
Schools with Solar	-	249,187	81,029	-	(168,158)	-
Title XIX Medicaid (Birth to Two)	43,918	286,099	323,255	-	-	6,762
Title XIX Medicaid (3 to 21)	78,448	247,196	283,597	-	-	42,047
Long Distance Learning	-	499,361	499,361	-	-	-
Workforce Investments Act	-	613,034	614,819	-	1,785	-
TUPAC	100	-	-	-	-	100
Hubbard Foundation	4,151	-	-	-	-	4,151
Birth to Two Year	32,675	63,777	89,478	-	-	6,974
DOH Healthier Schools	42,558	61,650	77,250	-	-	26,958
	<u>\$ 887,203</u>	<u>\$ 9,575,315</u>	<u>\$ 10,575,341</u>	<u>\$ -</u>	<u>\$ (165)</u>	<u>\$ (112,988)</u>

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
COMBINING SCHEDULE OF CHANGES IN ASSETS  
AND LIABILITIES FOR THE AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance 06/30/12</u>	<u>Increases/ Receipts</u>	<u>Decreases/ Disbursements</u>	<u>Balance 06/30/13</u>
<b>E-Rate Fund</b>				
Assets:				
Cash	<u>\$ 26,431</u>	<u>\$ 24,418</u>	<u>\$ 39,060</u>	<u>\$ 11,789</u>
Liabilities:				
Deposits held for others	<u>\$ 26,431</u>	<u>\$ 24,418</u>	<u>\$ 39,060</u>	<u>\$ 11,789</u>
<b>BPA Fund</b>				
Assets:				
Cash	<u>\$ 28,107</u>	<u>\$ 45,035</u>	<u>\$ 44,336</u>	<u>\$ 28,806</u>
Liabilities:				
Deposits held for others	<u>\$ 28,107</u>	<u>\$ 45,035</u>	<u>\$ 44,336</u>	<u>\$ 28,806</u>
<b>DECA Fund</b>				
Assets:				
Cash	<u>\$ 103,203</u>	<u>\$ 239,051</u>	<u>\$ 248,513</u>	<u>\$ 93,741</u>
Liabilities:				
Deposits held for others	<u>\$ 103,203</u>	<u>\$ 239,051</u>	<u>\$ 248,513</u>	<u>\$ 93,741</u>
<b>FCCLA Fund</b>				
Assets:				
Cash	<u>\$ 43,300</u>	<u>\$ 43,718</u>	<u>\$ 43,710</u>	<u>\$ 43,308</u>
Liabilities:				
Deposits held for others	<u>\$ 43,300</u>	<u>\$ 43,718</u>	<u>\$ 43,710</u>	<u>\$ 43,308</u>
<b>HOSA Fund</b>				
Assets:				
Cash	<u>\$ 20,254</u>	<u>\$ 14,700</u>	<u>\$ 14,541</u>	<u>\$ 20,413</u>
Liabilities:				
Deposits held for others	<u>\$ 20,254</u>	<u>\$ 14,700</u>	<u>\$ 14,541</u>	<u>\$ 20,413</u>
<b>Skills USA Fund</b>				
Assets:				
Cash	<u>\$ 76,459</u>	<u>\$ 229,559</u>	<u>\$ 246,215</u>	<u>\$ 59,803</u>
Liabilities:				
Deposits held for others	<u>\$ 76,459</u>	<u>\$ 229,559</u>	<u>\$ 246,215</u>	<u>\$ 59,803</u>

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
 COMBINING SCHEDULE OF CHANGES IN ASSETS  
 AND LIABILITIES FOR THE AGENCY FUNDS (CONCLUDED)  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>06/30/12</u>	<u>Increases/</u> <u>Receipts</u>	<u>Decreases/</u> <u>Disbursements</u>	<u>Balance</u> <u>06/30/13</u>
<b>TSA Fund</b>				
Assets:				
Cash	<u>\$ 9,927</u>	<u>\$ 8,549</u>	<u>\$ 5,007</u>	<u>\$ 13,469</u>
Liabilities:				
Deposits held for others	<u>\$ 9,927</u>	<u>\$ 8,549</u>	<u>\$ 5,007</u>	<u>\$ 13,469</u>
<b>Fall Conference Fund</b>				
Assets:				
Cash	<u>\$ 774</u>	<u>\$ 13,988</u>	<u>\$ 13,464</u>	<u>\$ 1,298</u>
Liabilities:				
Deposits held for others	<u>\$ 774</u>	<u>\$ 13,988</u>	<u>\$ 13,464</u>	<u>\$ 1,298</u>

**SUPPLEMENTAL FEDERAL FINANCIAL INFORMATION**

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Grant Number	Award Amount	Expenditures
U.S. Department of Agriculture/Passed through Rural Utilities Services				
Distance Learning & Telemedicine	10.855	NM 714-B16	\$ 499,361	\$ 499,361
U.S. Department of Labor				
Workforce Investment Act	17.259	CYP12/13-Region IX	708,328	612,293
U.S. Department of Education/Passed through NM Public Education Department				
Discretionary IDEA-B	84.027	13-924-00140	905,078	397,839
Carl D. Perkins	84.048	13-924-00004	449,264	445,155
Carl D. Perkins Secondary	84.048	V048A120031-12A	65,294	52,116
Carl D. Perkins Secondary Redistribution	84.048	V048A110031A	13,575	13,575
English Language Acquisition	84.365	S365A110031	23,272	4,279
Total U.S. Department of Education				912,964
U.S. Department of Health and Human Services				
Abuse and Mental Health Issues	93.243	5U79SM060305-03	99,814	82,722
Head Start	93.600	06CH0406/20	345,498	333,460
Head Start	93.600	06CH0406/21	706,497	503,814
Total U.S. Department of Health and Human Services				919,996
U.S. Department of Health and Human Services/ Passed through NM Human Services Department				
Medicaid	93.778	1750418281	500,000	328,781
Medicaid	93.778		300,000	283,597
Total U.S. Department of Health and Human Services				612,378
Total Expenditures of Federal Awards				<u>\$ 3,556,992</u>



**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the Region IX Education Cooperative (Cooperative). The Cooperative is defined in Note 1 of the Cooperative's financial statements. All federal awards received are included in the schedule.

**2. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using both modified accrual basis of accounting, which is described in Note 1, to the Cooperative's financial statements, and the full accrual basis of accounting. All governmental expenditures of Region IX Education Cooperative are presented in accordance with the modified accrual basis of accounting.

**3. FEDERAL EXPENDITURES**

The accompanying schedule of expenditures of federal awards includes all federal expenditures including the value of federal awards expended in the form of noncash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end.

**4. RECONCILIATION OF FINANCIAL STATEMENTS TO FEDERAL AWARDS**

Federal expenditures on the schedule of expenditures of federal awards amount to \$3,556,992. The amount of expenditures within the funds is reflected within the financial statements as follows:

<b>Special Revenue Funds</b>		
IDEA-B Discretionary Fund	\$	397,839
English Language Acquisition Fund		4,279
Carl Perkins Fund		445,155
Carl Perkins Secondary Fund		52,116
Carl Perkins Secondary Redistribution Fund		13,575
Head Start Fund		837,274
Schools with Solar Fund		82,722
Title XIX Medicaid (Birth to Two) Fund		328,781
Title XIX Medicaid (3 to 21) Fund		283,597
Long Distance Learning Fund		499,361
Workforce Investment Act Fund		612,293
		\$ 3,556,992

**ADDITIONAL INDEPENDENT AUDITORS' REPORTS**

**Ed Fierro, CPA • Rose Fierro, CPA**527 Brown Road • Las Cruces, NM 88005  
Bus: (575) 525-0313 • Fax: (575) 525-9708  
www.fierrocpa.com

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

Hector H. Balderas, State Auditor  
and  
Coordinating Council  
Region IX Education Cooperative  
Ruidoso, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Region IX Education Cooperative (Cooperative), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Cooperative, presented as supplemental information, and have issued our report thereon dated September 24, 2013.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 test disclosed instances of noncompliance or other matters that are described in the accompanying schedule of findings and questioned costs as items 2012-02, 2013-01, 2013-02, 2013-03, and 2013-04.

## **The Cooperative's Responses to Findings**

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

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Fierro + Fierro, P.A.".

Fierro & Fierro, P.A.  
Las Cruces, New Mexico

September 24, 2013

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Report on Compliance for Each Major Federal Program; Report  
on Internal Control Over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditors' Report

Hector H. Balderas, State Auditor  
and  
Coordinating Council  
Region IX Education Cooperative  
Ruidoso, New Mexico

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Region IX Education Cooperative (Cooperative), 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 the Cooperative's major federal programs for the year ended June 30, 2013. The Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Cooperative's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Cooperative's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Cooperative complied, in all material respects, with the types of 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, 2013.

## **Report on Internal Control over Compliance**

Management of the Cooperative is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cooperative's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the 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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Fierro + Fierro, P.A.*

Fierro & Fierro, P.A.  
Las Cruces, New Mexico

September 24, 2013

**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SECTION I – SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified?  Yes  No
- Significant deficiency (ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified?  Yes  No
- Significant deficiency (ies) identified?  Yes  None reported

Type of auditors' report issued on  
Compliance with major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133  Yes  No

Program tested as major programs include:

Program	CFDA No.
Distance Learning & Telemedicine Loans & Grants	10.855
Workforce Investment Act	17.259
Individuals with Disabilities Education Act	84.027

- The threshold for distinguishing Types A and B programs was \$300,000.
- Auditee qualified as low-risk auditee?  Yes  No

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**SECTION II – FINDINGS – FINANCIAL STATEMENTS**

*Item 2012-02 – Other – Cash Receipts*

**Statement of Condition** – During our testing of sixty deposits which contained ninety-eight cash receipts received and recorded by the Cooperative, we discovered the Cooperative does not timely deposit money received. We noted forty-five instances where money was received, by the Cooperative, and not timely deposited.

**Criteria** – Section 6.20.2.14A of the New Mexico Administrative Code states, “*School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular A-102, and applicable state and federal laws and regulations.*”

Furthermore, Section 6.20.2.14C of the New Mexico Administrative Code states, “*Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.*”

**Effect** – By the Cooperative not depositing money within twenty-four hours of receipt, the money could be lost, stolen or misappropriated.

**Cause** – The Cooperative’s finance department failed to deposit any monies recorded and deposit any monies received within twenty-four hours period.

**Recommendation** – We recommend the Cooperative’s finance department to review the accounting procedures concerning all money received and deposited. Furthermore, we recommend the Cooperative implement the necessary changes to their accounting procedures to ensure all money received and receipted shall be deposited in their checking accounts within twenty-four hours.

**Views of Responsible Officials and Planned Corrective Actions** – The Cooperative’s finance department will review the accounting procedures related to all monies received and deposited. Necessary changes in procedures will be implemented to ensure that timely deposits are made. Staff will be provided training on procedures related to cash receipts. This will be completed no later than November 1, 2013.

*Item 2013-01 – Other – Per Diem and Mileage Act*

**Statement of Condition** – During the course of the audit, we performed tests of travel and per diem expenditures. Our sample size was sixty transactions, which were selected throughout the fiscal year, and contained the following discrepancies:

- There were thirty-four instances where the travel request form was not complete. The travel requests totaled \$23,943.95.
- There were ten instances where no documentation for purpose of trip was attached to the travel request form. The travel requests totaled \$5,590.97.



**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-01 – Other – Per Diem and Mileage Act (continued)*

**Statement of Condition (continued) –**

- There were thirty-two instances where the travel request was not signed and approved by the employee's program manager. The travel requests totaled \$20,949.62.
- There were two instances where the travel request form was not signed by the REC Director. The travel requests totaled \$3,040.07.
- There were three instances where the form lacked certification by the employee upon their return from travel. The travel requests totaled \$3,262.27.
- There three instances where employees received 100% advance for conference fee registration and airfare costs. The travel requests totaled \$5,810.51.
- There were forty-eight instances, which required mileage reimbursement, that were calculated incorrectly. The REC applied at rate of \$0.40 rather than the correct rate of \$0.444. In total, the employees were underpaid by \$1,008.10.
- There were three instances where an addition error caused an underpayment of \$0.40.
- There were twenty instances where employees were not paid for partial day. The employees were unpaid by a total of \$400.
- There were five instances where employees were reimbursed for per diem rates and for actual receipt costs. The amount overpaid to the employees totaled \$720.
- There were three instances where hotel receipts exceeded limit allowed by Travel and Per Diem Act. The employees were overpaid by \$180.18.
- There were five instances where meal receipts exceeded the limit allowed by Travel and Per Diem Act. The employees were overpaid by \$69.09.

**Criteria** – The New Mexico Department of Finance and Administration (DFA) has issued regulations in the form of Title 2, Chapter 42, Part 2, *Travel and Per Diem Regulations Governing the Per Diem and Mileage Act* of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978.

Section 2.42.2.10(A) of the Travel and Per Diem regulations states, “*Employee’s (travel) request to be advanced up to 80 percent of per diem rates and mileage cost or for the actual cost of lodging and meals.*”

Section 2.42.2.11(B) of the Travel and Per Diem regulations states, “*80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle.*” The Internal Revenue Service rate for the fiscal year was \$0.555, which 80% is \$0.444.

**STATE OF NEW MEXICO**  
**REGION IX EDUCATION COOPERATIVE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-01 – Other – Per Diem and Mileage Act (continued)*

**Criteria (continued)** – Section 2.42.2.8C of the Travel and Per Diem regulations states, “*On the late day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed. Divide the number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:*

- a. *For less than 2 hours, none;*
- b. *For 2 hours, but less than 6 hours, \$12.00;*
- c. *For 6 hours or more, but less than 12 hours, \$20.00;*
- d. *For 12 hours or more, \$30.00.*

Section 2.42.2.9A of the Travel and Per Diem regulations states, “*Upon written request of a public officer or an employee, agency heads may grant written approval for a public officer or employee of that agency or local public body to be reimbursed actual expenses in lieu of the per diem rate where overnight travel is required.*”

Section 2.42.2.9B(1) of the Travel and Per Diem regulations states, “*A public officer or an employee may elect to be reimbursed actual expenses for lodging not exceeding the single occupancy room charge (including tax) in lieu of the per diem rate set forth in this Section. Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers or employees who incur lodging expenses in excess of \$215.00 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement.*”

Furthermore, Section 2.42.2.9B(2) of the Travel and Per Diem regulations states, “*Actual expenses for meals are limited to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period.*”

**Effect** – Non-compliance with the state of New Mexico Travel and Per Diem Act subjects officials and employees to penalties as required by state statutes.

**Cause** – The REC staff lacks a complete understanding of the Per Diem and Mileage Act in order to process the travel forms correctly.

**Recommendation** – We recommend the REC staff review the Per Diem and Mileage Act to ensure compliance with the Act. We recommend the REC to provide training to their employees concerning the Per Diem and Mileage Act.

**Views of Responsible Officials and Planned Corrective Actions** – All REC staff will be provided training on the requirements of the Per Diem and Mileage Act and how to complete the required forms related to reimbursement of travel expenses. This is currently schedule and will be completed by November 1, 2013. Additionally, the process for the approval of travel will be refined to include training for supervisors and revision of all forms related to travel. The Executive Director will ensure that travel reimbursements are correct and ensure that correct signatures are on the forms.

**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-02 – Other – Cash Disbursements*

**Statement of Condition** – During our testing of the documentation retained in regards to the purchase of goods and services, we tested sixty transactions. We noted one instance where the reimbursement for services rendered was overpaid by \$30.00. The calculation of hours worked was over by 0.50 hours.

**Criteria** – Section 6-6-3(A) NMSA 1978 requires every local public body shall “*keep all the books, records and accounts in their respective offices in the form prescribed by the local government division*” of the New Mexico Department of Finance and Administration. This would require the Cooperative to design accounting records such as properly completed purchase orders, requisitions and vouchers that would enable the accounting staff to record and process accounting data consistent with New Mexico state statutes.

**Effect** – If the Cooperative does not review invoices, it runs the risk of overpayment to vendors.

**Cause** – The Cooperative staff failed to ensure that all hours worked were calculated correctly.

**Recommendation** – We recommend the Cooperative review its policies and procedures concerning cash disbursements, including the reviewing of vendor invoices and statements for math accuracy.

**Views of Responsible Officials and Planned Corrective Actions** – Policies and procedures related to cash disbursements, including review of vendor invoices and statements are under review. The fiscal staff has been directed to review, in detail, all invoices to ensure they are calculated accurately. The directive was to do this immediately.

*Item 2013-03 – Other – Credit Card Transactions*

**Statement of Condition** – During our testing of the documentation regarding the purchase of goods with a credit card, we discovered the Cooperative failed to properly maintain documentation to support the transactions. Our audit sample was twelve credit card payments, which contained thirty-eight transactions that totaled \$2,053.26. We discovered the following deviations:

- There were twelve instances where no vendor invoice or receipt was attached to the monthly credit card statement. The total dollar amount of the missing invoices or receipts amounted to \$554.51.
- There was one instance where fuel credit card was used to purchase food for an employee. The total dollar amount was \$6.00.

**Criteria** – Section 6-6-3(A) NMSA 1978 requires every local public body shall “*keep all the books, records and accounts in their respective offices in the form prescribed by the local government division*” of the New Mexico Department of Finance and Administration. This would require the Cooperative to maintain accounting records such as cancelled invoices or receipts which provides substantiation for the expenditure of public funds in order to be in compliance with New Mexico state statutes.

**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-03 – Other – Credit Card Transactions (continued)*

**Effect** – Not maintaining vendor invoices or receipts to support the purchase could call into question the validity of the purchase.

**Cause** – The Cooperative staff assumed the credit card statement would provide sufficient supporting documentation to support the purchase.

**Recommendation** – We recommend the Cooperative retain all original invoices and receipts paid with a credit card. For the Cooperative vehicle gasoline purchases, we recommend that a description of the vehicle in which the fuel was purchased, and the mileage, be recorded on the purchase invoice or receipt. Further, we recommend the maintenance of separate logs to indicate when gasoline was purchased for each vehicle, along with the odometer reading, thereby allowing management to monitor potential misuse of the fuel purchases.

**Views of Responsible Officials and Planned Corrective Actions** – The procedures relating to vehicle gasoline purchases have been clarified to staff. Additionally, training was provided to staff on the requirements related to the purchase of gas, the limitation of only purchasing gasoline, and the need to provide a receipt after the purchase. The procedure includes the employee signing the receipt and noting the purpose of the travel. All receipts will be sent to the fiscal office monthly. The Director of Head Start will ensure that that gasoline card is used properly. Please note that there is only one vehicle and it is the property of Head Start.

*Item 2013-04 – Other – FY 2011 – 2012 Audit Report Presentation*

**Statement of Condition** – During the review of the Coordinating Council's board minutes, it was discovered that the audit report for the fiscal year ended June 30, 2012 was presented during the December 20, 2012 meeting; however, there were no auditing firm personnel present at the meeting to present the audit report.

**Criteria** – New Mexico Administrative Code Title 2, Chapter 2, Part 2, *Audits of Governmental Entities Requirements for Contracting and Conducting Audits of Agencies* Section 10 J (3) (d) states, 'Once the audit report is officially released to the agency the by State Auditor (by an authorizing letter) and the required waiting period of five calendar days has passed, unless waived, the audit report shall be presented by the IPA, to a quorum of the governing authority of the agency at a meeting held in accordance with the Open Meetings Act, if applicable. The presentation of the audit report should be documented in the minutes of the meeting.'

**Effect** – By the auditing firm not being present during the presentation of the audit report, to the Coordinating Council, during a public meeting, the insight to the audit report as well as the discussion of the audit findings and recommendations are not communicated to those charged with governance. Discussing the audit findings with the Council, and answering any questions the Council or staff may have, can help ensure creation and implementation of a corrective action plan; thus, a less likelihood of repeat findings in subsequent years. Finally, Cooperative officials and personnel are subject to penalties and fines as defined in the New Mexico Administrative Code 2.2.2 and the New Mexico State Statutes.

**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-04 – Other – FY 2011 – 2012 Audit Report Presentation (continued)*

**Cause** – The Coordinating council and the executive director were unaware of the requirements of the Administrative Code and the State Auditor’s office concerning the presentation of the audit report by the auditing firm, in a public meeting, after the report is released by the State Auditor’s Office.

**Recommendation** – We recommend Cooperative officials and staff reviews the New Mexico Administrative Code 2.2.2 and establish procedures to provide assurance of compliance with laws and regulations.

**View of Responsible Officials and Planned Corrective Actions** – Cooperative officials and staff will review the New Mexico Administrative Code 2.2.2 and establish procedures to provide assurance of compliance with laws and regulations. This will be done not later than the Coordinating Council’s meeting in November. Additionally, this will be addressed in the procedure manual.

**SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS –  
DISTANCE LEARNING & TELEMEDICINE LOANS & GRANTS – CFDA #10.885,  
WORKFORCE INVESTMENT ACT – CFDA #17.759, AND  
INDIVIDUALS WITH DISABILITIES EDUCATION ACT – CFDA #84.027**

None.

**SECTION IV – PRIOR YEAR’S AUDIT FINDINGS**

*Item 2009-05 – Late Audit Report* – In the prior year’s audit, it was noted that the audit report for the fiscal year ended June 30, 2012 was not submitted by the due date as per the State Auditor’s office. During the current year, the audit report was submitted timely. The finding has been resolved.

*Item 2012-01 – Expenditures Exceed Budget* – In the prior year’s audit, it was noted that there were ten instances where the expenditures exceeded the budgeted amount. During the current year, the Cooperative’s staff continued to monitor their expenditures to ensure they did not spend in excess of their budgeted amounts. The finding has been resolved.

*Item 2012-02 – Violation of the 24-Hour Rule* – In the prior year’s audit, it was noted that there were instances where the Cooperative did not deposit any monies received within the required twenty-four hour period. During the current year, the Cooperative continued to not deposit monies timely. The finding has not been resolved and is updated and repeated.

**STATE OF NEW MEXICO  
REGION IX EDUCATION COOPERATIVE  
EXIT CONFERENCE AND  
PREPARATION OF FINANCIAL STATEMENTS  
JUNE 30, 2013**

**EXIT CONFERENCE**

The audit report for the fiscal year ended June 30, 2013, was discussed during the exit conference held on September 27, 2013. Present for the Cooperative were Travis Lightfoot, chairman; Mary Reeve, executive director; Bryan Dooley, internal supports director; Dahn Freed, educational services manager; Melissa Gebhardt, school health services manager; Likis Vuicich, developmental services manager; Jay Chase, business manager; Fred Romero, human resources manager; Teresa Barnett, human resources quality assurance; Kim King, accounts payable clerk; and April Stirman, business and technology assistant. Present for the auditing firm was Dominic Fierro, audit manager.

**FINANCIAL STATEMENT PREPARATION**

The business manager and the accounting staff prepared the financial statements of Region IX Education Cooperative for the fiscal year ended June 30, 2013. The auditing firm assisted in the preparation of the footnotes to the statements, along with preparing the document that contains all the financial statements, notes to the financial statements and other supplemental financial information.