

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

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2014

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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, 2014

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

Mary Reeve	Executive Director
Carmen Spann	Business Manager

Ed Fierro, CPA • Rose Fierro, CPA527 Brown Road • Las Cruces, NM 88005
Bus: (575) 525-0313 • Fax: (575) 525-9708
www.fierrocpa.comIndependent 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, 2014, 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, 2014, 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.

Auditors' 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, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and the major special revenue funds 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 fund of the Cooperative as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America 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 Section 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 Section 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 Section 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, 2014 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.
Las Cruces, New Mexico

September 24, 2014

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Receivables, net	\$ 4,559,885
Capital assets:	
Land	20,494
Other capital assets, net of depreciation	<u>303,470</u>
Total capital assets	<u>323,964</u>
Total assets	<u><u>\$ 4,883,849</u></u>
LIABILITIES	
Bank overdraft	\$ 1,042,044
Accounts payable	<u>56,727</u>
Total liabilities	1,098,771
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	241,341
NET POSITION	
Invested in capital assets	323,964
Unrestricted	<u>3,219,773</u>
Total net position	<u>3,543,737</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 4,883,849</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, 2014**

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	\$ 676,072	\$ -	\$ 752,107	\$ -	\$ 76,035
Support services:					
Students	2,804,307	-	3,129,508	-	325,201
Instruction	3,482,831	-	3,839,153	-	356,322
General administration	2,840,911	-	3,175,667	-	334,756
Central services	521,565	-	581,173	-	59,608
Operation of plant	253,787	-	281,825	-	28,038
Student transportation	4,669	-	313	-	(4,356)
Other	41,836	-	46,766	-	4,930
Operation services:					
Food	115,207	-	109,980	-	(5,227)
Community	1,662,472	-	1,523,855	-	(138,617)
Total governmental activities	<u>\$ 12,403,657</u>	<u>\$ -</u>	<u>\$ 13,440,347</u>	<u>\$ -</u>	1,036,690
General Revenues:					
Interest income					343
Donations					500
Special Item - Loss on disposal of assets					<u>(2,814)</u>
Total general revenues and special item					<u>(1,971)</u>
Change in net position					1,034,719
Net position, beginning of year					<u>2,509,018</u>
Net position, end of year					<u>\$ 3,543,737</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, 2014

	<u>General Fund</u>	<u>IDEA-B Discretionary Fund</u>	<u>Carl Perkins Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash	\$ -	\$ -	\$ -	\$ 156,130	\$ 156,130
Receivables, net	3,782,028	221,903	258,059	297,895	4,559,885
Due from other funds	689,208	-	-	-	689,208
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,471,236</u>	<u>\$ 221,903</u>	<u>\$ 258,059</u>	<u>\$ 454,025</u>	<u>\$ 5,405,223</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Bank overdraft	\$ 1,198,174	\$ -	\$ -	\$ -	\$ 1,198,174
Accounts payable	53,289	-	-	3,438	56,727
Due to other funds	-	183,290	258,059	247,859	689,208
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,251,463	183,290	258,059	251,297	1,944,109
Deferred Inflows of Resources:					
Unavailable revenues	-	38,613	-	202,728	241,341
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:					
Unassigned	3,219,773	-	-	-	3,219,773
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,471,236</u>	<u>\$ 221,903</u>	<u>\$ 258,059</u>	<u>\$ 454,025</u>	<u>\$ 5,405,223</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, 2014

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

Total fund balance governmental funds (page six)	\$ 3,219,773
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>323,964</u>
Net position of governmental activities (page four)	<u><u>\$ 3,543,737</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, 2014

	General Fund	IDEA-B Discretionary Fund	Carl Perkins Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental:					
Federal	\$ -	\$ 434,505	\$ 506,557	\$ 2,020,958	\$ 2,962,020
State	10,108,547	-	-	366,426	10,474,973
Interest	343	-	-	-	343
Miscellaneous	3,719	5	-	130	3,854
Total revenues	10,112,609	434,510	506,557	2,387,514	13,441,190
Expenditures:					
Current:					
Instruction	218,776	-	-	459,107	677,883
Support services:					
Students	1,447,621	78	243,096	1,108,822	2,799,617
Instruction	2,755,625	434,432	179,646	59,696	3,429,399
General administration	2,539,192	-	25,744	275,975	2,840,911
Central services	362,358	-	50,705	106,847	519,910
Operation of plant	177,487	-	7,366	67,264	252,117
Student transportation	-	-	-	280	280
Other	41,836	-	-	-	41,836
Operation services:					
Food	98,387	-	-	9,992	108,379
Community	1,363,221	-	-	299,431	1,662,652
Total expenditures	9,004,503	434,510	506,557	2,387,414	12,332,984
Excess of revenues over expenditures	1,108,106	-	-	100	1,108,206
Other Financing Sources (Uses):					
Transfers in	100	-	-	-	100
Transfers (out)	-	-	-	(100)	(100)
Total other financing sources (uses)	100	-	-	(100)	-
Net change	1,108,206	-	-	-	1,108,206
Fund balance, beginning of year	2,111,567	-	-	-	2,111,567
Fund balance, end of year	\$ 3,219,773	\$ -	\$ -	\$ -	\$ 3,219,773

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, 2014

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

Net change in fund balances total governmental funds (page eight)	\$ 1,108,206
In the statement of activities, the costs of the capital assets is allocated over their estimated useful lives and reported as depreciation expense in the amount of \$70,673.	(70,673)
Within the statement of activities, the basis of capital assets disposed of are netted with the gross proceeds to produce a gain or loss. The disposal of capital assets does not use current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(2,814)</u>
Net change in net position - government-wide financial statements (page five)	<u><u>\$ 1,034,719</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 3,576,412	\$ 10,271,218	\$ 7,749,329	\$ 2,359,218	\$ 10,108,547	\$ (2,521,889)
Interest	-	-	343	-	343	343
Miscellaneous	-	2,935	5,400	(1,681)	3,719	2,465
Total revenues	3,576,412	10,274,153	7,755,072	2,357,537	10,112,609	(2,519,081)
Expenditures:						
Current:						
Instruction	73,650	291,948	218,776	-	218,776	73,172
Support services:						
Students	815,930	1,513,101	1,446,084	1,537	1,447,621	67,017
Instruction	1,413,002	2,999,550	2,759,809	(4,184)	2,755,625	239,741
General administration	859,560	3,025,072	2,512,885	26,307	2,539,192	512,187
Central services	261,092	354,552	362,702	(344)	362,358	(8,150)
Operation of plant	153,178	234,885	174,019	3,468	177,487	60,866
Other	-	40,585	40,585	1,251	41,836	-
Operation services:						
Food	-	321,233	96,437	1,950	98,387	224,796
Community	-	1,483,227	1,363,221	-	1,363,221	120,006
Total expenditures	3,576,412	10,264,153	8,974,518	29,985	9,004,503	1,289,635
Excess (deficiency) of revenues over expenditures	-	10,000	(1,219,446)	2,327,552	1,108,106	(1,229,446)
Other Financing Sources (Uses):						
Transfer in	-	-	100	-	100	100
Net change	-	10,000	(1,219,346)	\$ 2,327,552	\$ 1,108,206	(1,229,346)
Cash balance, beginning of year	(199,980)	(199,980)	(199,980)			-
Cash repaid from other funds	-	-	910,360			910,360
Cash advanced from other funds	-	-	(689,208)			(689,208)
Cash balance, end of year	\$ (199,980)	\$ (189,980)	\$ (1,198,174)			\$ (1,008,194)
Explanation of Differences:						
Change in receivables				\$ 2,357,537		
Change in accounts payable				(29,985)		
				\$ 2,327,552		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 496,500	\$ 611,500	\$ 449,869	\$ (15,364)	\$ 434,505	\$ (161,631)
Expenditures:						
Current:						
Support services:						
Instruction	496,500	-	78	-	78	(78)
General administration	-	611,500	434,432	-	434,432	177,068
Total expenditures	<u>496,500</u>	<u>611,500</u>	<u>434,510</u>	<u>-</u>	<u>434,510</u>	<u>176,990</u>
Net change	-	-	15,359	<u>\$ (15,364)</u>	<u>\$ (5)</u>	15,359
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(198,649)			(198,649)
Cash advanced from the general fund	-	-	183,290			183,290
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				<u>\$ (15,364)</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, 2014

	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 501,766	\$ 553,407	\$ 376,487	\$ 130,070	\$ 506,557	\$ (176,920)
Expenditures:						
Current:						
Support services:						
Students	254,259	251,259	243,684	(588)	243,096	7,575
Instruction	165,805	212,453	179,646	-	179,646	32,807
General administration	33,415	27,873	25,744	-	25,744	2,129
Central services	37,187	50,722	50,705	-	50,705	17
Operations of plant	11,100	11,100	7,447	(81)	7,366	3,653
Total expenditures	<u>501,766</u>	<u>553,407</u>	<u>507,226</u>	<u>(669)</u>	<u>506,557</u>	<u>46,181</u>
Net change	-	-	(130,739)	<u>\$ 130,739</u>	<u>\$ -</u>	(130,739)
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(127,320)			(127,320)
Cash advanced from the general fund	-	-	<u>258,059</u>			<u>258,059</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				\$ 130,070		
Change in accounts receivable				<u>669</u>		
				<u>\$ 130,739</u>		

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, 2014

	<u>Agency Funds</u>
Assets:	
Cash	<u>\$ 51,067</u>
Liabilities:	
Deposits held for others	<u>\$ 51,067</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, 2014

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, 2014

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.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 *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 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.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 *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 *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.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

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 31st to the planning unit of the New Mexico Public Education Department (PED). PED certifies the budget by July 1st. 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.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

6. 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.

7. 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.

8. 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. 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
JUNE 30, 2014**

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 Cooperative. 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, 2014, 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>
City Bank New Mexico	\$ 213,356	\$ (181,472)	\$ 31,884
First Savings Bank	1,800,190	(2,823,051)	(1,022,861)
	<u>\$ 2,013,546</u>	<u>\$ (3,004,523)</u>	<u>\$ (990,977)</u>

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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	\$ (1,042,044)
Statement of Fiduciary Assets and Liabilities	<u>51,067</u>
	<u><u>\$ (990,977)</u></u>

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.

	<u>BBVA Compass</u>	<u>City Bank New Mexico</u>	<u>First Savings Bank</u>
Total deposits in bank	\$ -	\$ 213,356	\$ 1,800,190
Less FDIC coverage	<u>-</u>	<u>(213,356)</u>	<u>(250,000)</u>
Uninsured public funds	<u>-</u>	<u>-</u>	<u>1,550,190</u>
Pledged collateral held by pledging bank's trust, but not in the cooperative's name	<u>51,711</u>	<u>-</u>	<u>1,127,412</u>
Uninsured and uncollateralized	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 422,778</u></u>
Total pledged collateral	\$ 51,711	\$ -	\$ 1,127,412
50% pledged collateral requirement per state statute	<u>-</u>	<u>-</u>	<u>775,095</u>
Pledged collateral (under) over the requirement	<u><u>\$ 51,711</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 352,317</u></u>

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, 2014, \$1,550,190 of the Cooperative's bank balance of \$2,013,546 was exposed to custodial credit risk as follows:

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,550,190</u>	<u>\$ 1,550,190</u>

3. RECEIVABLES, NET

Receivables, net of allowance for doubtful accounts, at June 30, 2014, consisted of the following:

Intergovernmental receivables:	
Operating grants	<u>\$ 4,559,885</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, 2014:

	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 20,494	\$ -	\$ -	\$ 20,494
Other capital assets, being depreciated:				
Buildings	217,195	-	-	217,195
Equipment	<u>1,355,648</u>	<u>-</u>	<u>(49,781)</u>	<u>1,305,867</u>
Total other capital assets, being depreciated	1,572,843	-	(49,781)	1,523,062
Less accumulated depreciation for:				
Buildings	(90,976)	(9,094)	-	(100,070)
Equipment	<u>(1,104,910)</u>	<u>(61,579)</u>	<u>46,967</u>	<u>(1,119,522)</u>
Total accumulated depreciation	<u>(1,195,886)</u>	<u>(70,673)</u>	<u>46,967</u>	<u>(1,219,592)</u>
Other capital assets, net	<u>376,957</u>	<u>(70,673)</u>	<u>(2,814)</u>	<u>303,470</u>
Total capital assets, net	<u>\$ 397,451</u>	<u>\$ (70,673)</u>	<u>\$ (2,814)</u>	<u>\$ 323,964</u>

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

4. CAPITAL ASSETS (continued)

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

Instruction	\$ 3,248
Support services:	
Student	4,690
Instruction	48,374
Central services	1,654
Operation of plant	1,670
Student transportation	4,389
Operation services:	
Food	1,589
Community	5,059
	<u>\$ 70,673</u>

5. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	IDEA-B Discretionary Fund	\$ 183,290
General Fund	Carl Perkins Fund	258,059
General Fund	English Language Acquisition Fund	12,842
General Fund	State Directed Activities Fund	52,584
General Fund	Carl Perkins Secondary Fund	48,258
General Fund	Carl Perkins Secondary Redistribution Fund	8,541
General Fund	Head Start Fund	64,614
General Fund	Schools with Solar Fund	2,254
General Fund	Workforce Investment Act Fund	58,766
		<u>\$ 689,208</u>

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

Transfers

	<u>Transfers In</u>
	General Fund
Transfers (Out):	<u> </u>
TUPAC Fund	<u>\$ 100</u>

Transfers are used to move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

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: 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 2014, the Cooperative was required to contribute 13.15% 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: 13.9% 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, 2014, 2013, and 2012 were \$317,193, \$265,120, and \$261,162, 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.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Plan Description (continued)

The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the 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.

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

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

Funding Policy (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4, 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, 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.

For employees that were not members of an enhanced retirement plan during the fiscal year ended **June 30, 2014**, 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, 2014, 2013 and 2012 were \$51,015, \$47,299 and \$39,126, respectively, which equal the required contributions for each year.

8. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2014, the Cooperative incurred expenditures over appropriations of the following amounts and funds:

<u>Fund</u>	<u>Amount</u>
Schools with Solar	\$ 590
DOH Healthier Schools	5,911

The Cooperative will establish a procedure to ensure appropriate controls over the purchase process, including timely budget adjustments where required.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

9. 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.

10. 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.

11. SUBSEQUENT EVENTS

During the fiscal year ending June 30, 2015, the Cooperative will transfer seven of the eight fiduciary funds to Eastern New Mexico University. The only remaining fiduciary fund remaining with the Cooperative will be the E-Rate Fund.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Special Revenue Funds							
	English Language Acquisition Fund	State Directed Activities 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
<u>ASSETS</u>								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,421	\$ 78,934
Receivables, net	13,115	99,307	48,258	8,541	64,710	2,254	-	-
Total assets	<u>\$ 13,115</u>	<u>\$ 99,307</u>	<u>\$ 48,258</u>	<u>\$ 8,541</u>	<u>\$ 64,710</u>	<u>\$ 2,254</u>	<u>\$ 35,421</u>	<u>\$ 78,934</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 96	\$ -	\$ -	\$ -
Due to other funds	12,842	52,584	48,258	8,541	64,614	2,254	-	-
Total liabilities	12,842	52,584	48,258	8,541	64,710	2,254	-	-
Deferred Inflows of Resources:								
Unavailable revenues	273	46,723	-	-	-	-	35,421	78,934
Fund Balances:								
Assigned	-	-	-	-	-	-	-	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,115</u>	<u>\$ 99,307</u>	<u>\$ 48,258</u>	<u>\$ 8,541</u>	<u>\$ 64,710</u>	<u>\$ 2,254</u>	<u>\$ 35,421</u>	<u>\$ 78,934</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, 2014**

	Special Revenue Funds						Total Other Governmental Funds
	Workforce Investment Act Fund	TUPAC Fund	Hubbard Foundation Fund	Birth to Two Year Fund	DOH Healthier Schools Fund	Total Special Revenue Funds	
<u>ASSETS</u>							
Cash	\$ -	\$ -	\$ 4,151	\$ 14,856	\$ 22,768	\$ 156,130	\$ 156,130
Receivables, net	61,710	-	-	-	-	297,895	297,895
Total assets	<u>\$ 61,710</u>	<u>\$ -</u>	<u>\$ 4,151</u>	<u>\$ 14,856</u>	<u>\$ 22,768</u>	<u>\$ 454,025</u>	<u>\$ 454,025</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 2,944	\$ -	\$ -	\$ -	\$ 398	\$ 3,438	\$ 3,438
Due to other funds	58,766	-	-	-	-	247,859	247,859
Total liabilities	61,710	-	-	-	398	251,297	251,297
Deferred Inflows of Resources:							
Unavailable revenues	-	-	4,151	14,856	22,370	202,728	202,728
Fund Balances:							
Assigned	-	-	-	-	-	-	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,710</u>	<u>\$ -</u>	<u>\$ 4,151</u>	<u>\$ 14,856</u>	<u>\$ 22,768</u>	<u>\$ 454,025</u>	<u>\$ 454,025</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, 2014

	Special Revenue Funds							
	English Language Acquisition Fund	State Directed Activities 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	\$ 13,116	\$ -	\$ 57,923	\$ 3,483	\$ 894,837	\$ 118,896	\$ 314,579	\$ 187,943
State	-	219,271	-	-	-	-	-	-
Miscellaneous	-	-	50	-	-	-	-	-
Total revenues	<u>13,116</u>	<u>219,271</u>	<u>57,973</u>	<u>3,483</u>	<u>894,837</u>	<u>118,896</u>	<u>314,579</u>	<u>187,943</u>
Expenditures:								
Current:								
Instruction	9,157	-	55,212	317	389,363	-	-	-
Support services:								
Students	-	215,938	-	3,000	201,100	118,896	304,133	119,186
Instruction	3,702	3,333	-	-	57,719	-	-	-
General administration	257	-	2,761	166	188,534	-	-	12,442
Central services	-	-	-	-	4,592	-	10,446	56,315
Operation of plant	-	-	-	-	40,736	-	-	-
Student transportation	-	-	-	-	280	-	-	-
Operation services:								
Food	-	-	-	-	9,992	-	-	-
Community	-	-	-	-	2,521	-	-	-
Total expenditures	<u>13,116</u>	<u>219,271</u>	<u>57,973</u>	<u>3,483</u>	<u>894,837</u>	<u>118,896</u>	<u>314,579</u>	<u>187,943</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-
Other Financing Sources (Uses):								
Transfers (out)	-	-	-	-	-	-	-	-
Net change	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014

	Special Revenue Funds						Total Other Governmental Funds
	Workforce Investment Act Fund	TUPAC Fund	Hubbard Foundation Fund	Birth to Two Year Fund	DOH Healthier Schools Fund	Total Special Revenue Funds	
Revenues:							
Intergovernmental:							
Federal	\$ 430,081	\$ 100	\$ -	\$ -	\$ -	\$ 2,020,958	\$ 2,020,958
State	-	-	-	36,631	110,524	366,426	366,426
Miscellaneous	-	-	-	-	80	130	130
Total revenues	430,081	100	-	36,631	110,604	2,387,514	2,387,514
Expenditures:							
Current:							
Instruction	-	-	-	-	-	459,107	459,107
Support services:							
Students	-	-	-	36,180	110,389	1,108,822	1,108,822
Instruction	-	-	-	-	-	59,696	59,696
General administration	71,516	-	-	194	105	275,975	275,975
Central services	35,494	-	-	-	-	106,847	106,847
Operation of plant	26,161	-	-	257	110	67,264	67,264
Student transportation	-	-	-	-	-	280	280
Operation services:							
Food	-	-	-	-	-	9,992	9,992
Community	296,910	-	-	-	-	299,431	299,431
Total expenditures	430,081	-	-	36,631	110,604	2,387,414	2,387,414
Excess (deficiency) of revenues over expenditures	-	100	-	-	-	100	100
Other Financing Sources (Uses):							
Transfers (out)	-	(100)	-	-	-	(100)	(100)
Net change	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-
Fund balance, 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, 2014

	<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	\$ 26,028	\$ 25,606	\$ 4,280	\$ 8,836	\$ 13,116	\$ (21,326)
Expenditures:						
Current:						
Instruction	20,518	20,096	9,157	-	9,157	10,939
Support services:						
Instruction	5,000	5,000	3,702	-	3,702	1,298
General administration	510	510	257	-	257	253
Total expenditures	<u>26,028</u>	<u>25,606</u>	<u>13,116</u>	<u>-</u>	<u>13,116</u>	<u>12,490</u>
Net change	-	-	(8,836)	<u>\$ 8,836</u>	<u>\$ -</u>	(8,836)
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(4,006)			(4,006)
Cash advanced from the general fund	-	-	12,842			12,842
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				<u>\$ 8,836</u>		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 102,183	\$ 296,343	\$ 493,080	\$ (273,809)	\$ 219,271	\$ 196,737
Expenditures:						
Current:						
Support services:						
Students	95,020	292,936	215,938	-	215,938	76,998
Instruction	-	3,407	3,333	-	3,333	74
General administration	7,163	-	-	-	-	-
Total expenditures	102,183	296,343	219,271	-	219,271	77,072
Net change	-	-	273,809	\$ (273,809)	\$ -	273,809
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(326,393)			(326,393)
Cash advanced from the general fund	-	-	52,584			52,584
Cash balance, end of year	\$ -	\$ -	\$ -			\$ -
Explanation of Differences:						
Change in receivables				\$ (273,809)		

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, 2014

	<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	\$ 58,764	\$ 59,755	\$ 61,781	\$ (3,858)	\$ 57,923	\$ 2,026
Miscellaneous	-	-	50	-	50	50
Total revenues	58,764	59,755	61,831	(3,858)	57,973	2,076
Expenditures:						
Current:						
Instruction	55,965	56,907	55,212	-	55,212	1,695
Support services:						
General administration	2,799	2,848	2,761	-	2,761	87
Total expenditures	58,764	59,755	57,973	-	57,973	1,782
Net change	-	-	3,858	<u>\$ (3,858)</u>	<u>\$ -</u>	3,858
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(52,116)			(52,116)
Cash advanced from the general fund	-	-	48,258			48,258
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				<u>\$ (3,858)</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, 2014

	<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	\$ -	\$ 11,936	\$ 1,638	\$ 1,845	\$ 3,483	\$ (10,298)
Expenditures:						
Current:						
Instruction	-	7,897	5,375	(5,058)	317	2,522
Support services:						
Instruction	-	3,471	3,000	-	3,000	471
General administration	-	568	166	-	166	402
Total expenditures	<u>-</u>	<u>11,936</u>	<u>8,541</u>	<u>(5,058)</u>	<u>3,483</u>	<u>3,395</u>
Net change	-	-	(6,903)	<u>\$ 6,903</u>	<u>\$ -</u>	(6,903)
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(1,638)			(1,638)
Cash advanced from the general fund	-	-	8,541			8,541
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				\$ 1,845		
Change in accounts payable				<u>5,058</u>		
				<u>\$ 6,903</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, 2014**

	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	\$ 747,948	\$ 881,997	\$ 888,199	\$ 6,638	\$ 894,837	\$ 6,202
Expenditures:						
Current:						
Instruction	325,726	388,373	389,363	-	389,363	(990)
Support services:						
Students	187,158	202,114	201,100	-	201,100	1,014
Instruction	50,415	57,720	57,719	-	57,719	1
General administration	150,258	174,734	174,736	13,798	188,534	(2)
Central services	3,500	3,500	4,592	-	4,592	(1,092)
Operation of plant	23,364	42,762	40,797	(61)	40,736	1,965
Student transportation	-	280	280	-	280	-
Operation services:						
Food	5,568	9,993	9,992	-	9,992	1
Community	1,959	2,521	2,521	-	2,521	-
Total expenditures	747,948	881,997	881,100	13,737	894,837	897
Net change	-	-	7,099	\$ (7,099)	\$ -	7,099
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(71,713)			(71,713)
Cash advanced from the general fund	-	-	64,614			64,614
Cash balance, end of year	\$ -	\$ -	\$ -			\$ -

Explanation of Differences:

Change in receivables	\$ 6,638
Change in accounts payable	(13,737)
	\$ (7,099)

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, 2014

	<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	\$ -	\$ 117,999	\$ 141,018	\$ (22,122)	\$ 118,896	\$ 23,019
Expenditures:						
Current:						
Support services:						
Students	-	117,183	118,589	307	118,896	(1,406)
General administration	-	816	-	-	-	816
Total expenditures	-	117,999	118,589	307	118,896	(590)
Net change	-	-	22,429	<u>\$ (22,429)</u>	<u>\$ -</u>	22,429
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(24,683)			(24,683)
Cash advanced from the general fund	-	-	2,254			2,254
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				\$ (22,122)		
Change in accounts payable				<u>(307)</u>		
				<u>\$ (22,429)</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, 2014

	<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	\$ 348,764	\$ (34,185)	\$ 314,579	\$ (151,236)
Expenditures:						
Current:						
Support services:						
Students	453,061	446,636	309,659	(5,526)	304,133	136,977
Central services	32,754	32,754	-	-	-	32,754
Operation of plant	14,185	20,610	10,446	-	10,446	10,164
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>320,105</u>	<u>(5,526)</u>	<u>314,579</u>	<u>179,895</u>
Net change	-	-	28,659	<u>\$ (28,659)</u>	<u>\$ -</u>	28,659
Cash balance, beginning of year	<u>6,762</u>	<u>6,762</u>	<u>6,762</u>			<u>-</u>
Cash balance, end of year	<u>\$ 6,762</u>	<u>\$ 6,762</u>	<u>\$ 35,421</u>			<u>\$ 28,659</u>
Explanation of Differences:						
Change in receivables				\$ (45,878)		
Change in accounts payable				5,526		
Change in deferred revenues				11,693		
				<u>\$ (28,659)</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, 2014

	<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	\$ 224,830	\$ (36,887)	\$ 187,943	\$ (125,170)
Expenditures:						
Current:						
Support services:						
Students	262,984	262,984	119,186	-	119,186	143,798
General administration	22,928	22,928	12,442	-	12,442	10,486
Central services	61,974	61,974	56,315	-	56,315	5,659
Operation of plant	2,114	2,114	-	-	-	2,114
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>187,943</u>	<u>-</u>	<u>187,943</u>	<u>162,057</u>
Net change	-	-	36,887	<u>\$ (36,887)</u>	<u>\$ -</u>	36,887
Cash balance, beginning of year	<u>42,047</u>	<u>42,047</u>	<u>42,047</u>			<u>-</u>
Cash balance, end of year	<u>\$ 42,047</u>	<u>\$ 42,047</u>	<u>\$ 78,934</u>			<u>\$ 36,887</u>
Explanation of Differences:						
Change in receivables				\$ (35,537)		
Change in deferred revenues				<u>(1,350)</u>		
				<u>\$ (36,887)</u>		

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, 2014

	<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	\$ 650,000	\$ 620,000	\$ 488,488	\$ (58,407)	\$ 430,081	\$ (131,512)
Expenditures:						
Current:						
Support services:						
General administration	86,472	80,873	71,960	(444)	71,516	8,913
Central services	34,330	35,330	35,494	-	35,494	(164)
Operation of plant	46,000	38,200	23,639	2,522	26,161	14,561
Operation services:						
Community	<u>483,198</u>	<u>465,597</u>	<u>300,322</u>	<u>(3,412)</u>	<u>296,910</u>	<u>165,275</u>
Total expenditures	<u>650,000</u>	<u>620,000</u>	<u>431,415</u>	<u>(1,334)</u>	<u>430,081</u>	<u>188,585</u>
Net change	-	-	57,073	<u>\$ (57,073)</u>	<u>\$ -</u>	57,073
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(115,839)			(115,839)
Cash advanced from the general fund	-	-	<u>58,766</u>			<u>58,766</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				\$ (58,407)		
Change in accounts payable				<u>1,334</u>		
				<u>\$ (57,073)</u>		

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, 2014**

	<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	\$ -	\$ -	\$ -	\$ 100	\$ 100	\$ -
Expenditures:						
Current:						
Support services:						
Instruction	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Net change before other financing sources (uses)	-	-	-	100	100	-
Other Financing Sources (Uses):						
Transfers (out)	-	-	(100)	-	(100)	(100)
Net change	-	-	(100)	<u>\$ 100</u>	<u>\$ -</u>	(100)
Cash balance, beginning of year	<u>100</u>	<u>100</u>	<u>100</u>			<u>-</u>
Cash balance, end of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>			<u>\$ (100)</u>
Explanation of Differences:						
Change in deferred revenues.				<u>\$ 100</u>		

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, 2014

	<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	-	-	-	<u>\$ -</u>	<u>\$ -</u>	-
Cash balance, beginning of year	<u>4,151</u>	<u>4,151</u>	<u>4,151</u>			-
Cash balance, end of year	<u><u>\$ 4,151</u></u>	<u><u>\$ 4,151</u></u>	<u><u>\$ 4,151</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
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, 2014

	<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	\$ 91,350	\$ 60,751	\$ 45,015	\$ (8,384)	\$ 36,631	\$ (15,736)
Expenditures:						
Current:						
Support services:						
Students	54,614	53,211	36,681	(501)	36,180	16,530
Instruction	-	83	-	-	-	83
General administration	36,736	7,457	194	-	194	7,263
Operations of plant	-	-	257	-	257	(257)
Total expenditures	<u>91,350</u>	<u>60,751</u>	<u>37,132</u>	<u>(501)</u>	<u>36,631</u>	<u>23,619</u>
Net change	-	-	7,883	<u>\$ (7,883)</u>	<u>\$ -</u>	7,883
Cash balance, beginning of year	<u>6,974</u>	<u>6,974</u>	<u>6,974</u>			<u>-</u>
Cash balance, end of year	<u>\$ 6,974</u>	<u>\$ 6,974</u>	<u>\$ 14,857</u>			<u>\$ 7,883</u>
Explanation of Differences:						
Change in receivables				\$ (3,939)		
Change in accounts payable				501		
Change in deferred revenues				<u>(4,445)</u>		
				<u>\$ (7,883)</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, 2014

	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	\$ 77,500	\$ 104,295	\$ 105,936	\$ 4,588	\$ 110,524	\$ 1,641
Miscellaneous	-	-	80	-	80	80
Total revenues	77,500	104,295	106,016	4,588	110,604	1,721
Expenditures:						
Current:						
Support services:						
Students	77,500	103,839	109,991	398	110,389	(6,152)
General administration	-	352	105	-	105	247
Operations of plant	-	104	110	-	110	(6)
Total expenditures	77,500	104,295	110,206	398	110,604	(5,911)
Net change	-	-	(4,190)	\$ 4,190	\$ -	(4,190)
Cash balance, beginning of year	26,958	26,958	26,958			-
Cash balance, end of year	\$ 26,958	\$ 26,958	\$ 22,768			\$ (4,190)
Explanation of Differences:						
Change in receivables				\$ (15,600)		
Change in accounts payable				(398)		
Change in deferred revenues				20,188		
				\$ 4,190		

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

OTHER SCHEDULES REQUIRED BY SECTION 2.2.2 NMAC

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2014

<u>Financial Institution/Account Description</u>	<u>Type of Account</u>	<u>Financial Institution Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
City Bank New Mexico 1096 Mechem Dr., Suite 103 Ruidoso, New Mexico 88345				
CTSO Fund	Checking	<u>\$ 213,356</u>	<u>\$ (181,472)</u>	<u>\$ 31,884</u>
First Savings Bank 2713 Sudderth Drive Ruidoso, New Mexico 88345				
General Fund	Checking	\$ 1,645,935	\$ (2,611,575)	\$ (965,640)
Lincoln County Head Start Fund	Checking	7,548	(72,162)	(64,614)
DECA Fund	Checking	<u>146,707</u>	<u>(139,314)</u>	<u>7,393</u>
Total checking accounts		<u>\$ 1,800,190</u>	<u>\$ (2,823,051)</u>	<u>\$ (1,022,861)</u>

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2014**

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

Security	CUSIP	Maturity	Market Value
FNMA 190373	31368HMW0	07/01/36	\$ 51,711

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	\$ 191,523
MBS FNMA 10 YR	31418AVM7	07/01/23	312,513
MBS FNMA 15 YR	3138EKJA4	01/28/14	130,540
GNR 2011-4 MD	38377TBL4	11/20/38	219,038
GNR 2011-4 MD	38377TBL4	11/20/38	219,038
GNR 2011-4 MD	38377TBL4	11/20/38	54,760
			<u>\$ 1,127,412</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, 2014

Fund	Audited Cash Balance 06/30/13	Current Year Receipts	Current Year Expenditures	Net Transfers In/(Out)	Interfund Advance/ Repayment	Audited Cash Balance 06/30/14
General	\$ (199,980)	\$ 7,755,172	\$ 8,974,518	\$ 100	\$ 221,052	\$ (1,198,174)
IDEA-B Discretionary	-	449,869	434,510	-	(15,359)	-
State Directed Activities	-	376,487	507,226	-	130,739	-
English Language Acquisition	-	4,280	13,116	-	8,836	-
Carl Perkins	-	493,080	219,271	-	(273,809)	-
Carl Perkins Secondary	-	61,831	57,973	-	(3,858)	-
Carl Perkins Secondary Redist.	-	1,638	8,541	-	6,903	-
Head Start	-	888,199	881,100	-	(7,099)	-
Schools with Solar	-	141,018	118,589	-	(22,429)	-
Title XIX Medicaid (Birth to Two)	6,762	348,764	320,105	-	-	35,421
Title XIX Medicaid (3 to 21)	42,047	224,830	187,943	-	-	78,934
Workforce Investment Act	-	488,488	431,415	-	(57,073)	-
TUPAC	100	-	-	(100)	-	-
Hubbard Foundation	4,151	-	-	-	-	4,151
Birth to Two Year	6,974	45,015	37,132	-	-	14,857
DOH Healthier Schools	26,958	106,016	110,206	-	-	22,768
	<u>\$ (112,988)</u>	<u>\$ 11,384,687</u>	<u>\$ 12,301,645</u>	<u>\$ -</u>	<u>\$ (12,097)</u>	<u>\$ (1,042,043)</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, 2014

	Balance 06/30/13	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/14
E-Rate Fund				
Assets:				
Cash	\$ 11,789	\$ -	\$ -	\$ 11,789
Liabilities:				
Deposits held for others	\$ 11,789	\$ -	\$ -	\$ 11,789
BPA Fund				
Assets:				
Cash	\$ 28,806	\$ 37,832	\$ 64,040	\$ 2,598
Liabilities:				
Deposits held for others	\$ 28,806	\$ 37,832	\$ 64,040	\$ 2,598
DECA Fund				
Assets:				
Cash	\$ 93,741	\$ 294,985	\$ 381,333	\$ 7,393
Liabilities:				
Deposits held for others	\$ 93,741	\$ 294,985	\$ 381,333	\$ 7,393
FCCLA Fund				
Assets:				
Cash	\$ 43,308	\$ 40,056	\$ 76,989	\$ 6,375
Liabilities:				
Deposits held for others	\$ 43,308	\$ 40,056	\$ 76,989	\$ 6,375
HOSA Fund				
Assets:				
Cash	\$ 20,413	\$ 22,615	\$ 37,435	\$ 5,593
Liabilities:				
Deposits held for others	\$ 20,413	\$ 22,615	\$ 37,435	\$ 5,593
Skills USA Fund				
Assets:				
Cash	\$ 59,803	\$ 213,053	\$ 262,670	\$ 10,186
Liabilities:				
Deposits held for others	\$ 59,803	\$ 213,053	\$ 262,670	\$ 10,186

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, 2014

	<u>Balance</u> <u>06/30/13</u>	<u>Increases/</u> <u>Receipts</u>	<u>Decreases/</u> <u>Disbursements</u>	<u>Balance</u> <u>06/30/14</u>
TSA Fund				
Assets:				
Cash	<u>\$ 13,469</u>	<u>\$ 8,069</u>	<u>\$ 16,377</u>	<u>\$ 5,161</u>
Liabilities:				
Deposits held for others	<u>\$ 13,469</u>	<u>\$ 8,069</u>	<u>\$ 16,377</u>	<u>\$ 5,161</u>
Fall Conference Fund				
Assets:				
Cash	<u>\$ 1,298</u>	<u>\$ 15,362</u>	<u>\$ 14,688</u>	<u>\$ 1,972</u>
Liabilities:				
Deposits held for others	<u>\$ 1,298</u>	<u>\$ 15,362</u>	<u>\$ 14,688</u>	<u>\$ 1,972</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, 2014

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Grant Number	Award Amount	Expenditures
U.S. Department of Labor				
Workforce Investment Act	17.259	CYP13/14-Region IX	\$ 558,328	\$ 430,081
U.S. Department of Education/Passed through NM Public Education Department				
Discretionary IDEA-B	84.027	13-924-00140	576,900	434,505
Carl D. Perkins	84.048	13-924-00004	-	506,557
Carl D. Perkins Secondary	84.048	V048A120031-12A	59,755	57,923
Carl D. Perkins Secondary Redistribution	84.048	V048A110031A	11,936	3,483
English Language Acquisition	84.365	S365A110031	25,606	<u>13,116</u>
Total U.S. Department of Education				1,015,584
U.S. Department of Health and Human Services				
Abuse and Mental Health Issues	93.243	5U79SM060305-03	127,386	118,896
Head Start	93.600	06CH0406/20	706,497	202,683
Head Start	93.600	06CH0406/21	609,110	<u>692,154</u>
Total U.S. Department of Health and Human Services				1,013,733
U.S. Department of Health and Human Services/ Passed through NM Human Services Department				
Medicaid	93.778	1750418281	500,000	314,579
Medicaid	93.778		350,000	<u>187,943</u>
Total U.S. Department of Health and Human Services				<u>502,522</u>
Total Expenditures of Federal Awards				<u><u>\$ 2,961,920</u></u>

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

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 \$2,961,920. The amount of expenditures within the funds is reflected within the financial statements as follows:

Special Revenue Funds		
IDEA-B Discretionary Fund	\$	434,505
Carl Perkins Fund		506,557
English Language Acquisition Fund		13,116
Carl Perkins Secondary Fund		57,923
Carl Perkins Secondary Redistribution Fund		3,483
Head Start Fund		894,837
Schools with Solar Fund		118,896
Title XIX Medicaid (Birth to Two) Fund		314,579
Title XIX Medicaid (3 to 21) Fund		187,943
Workforce Investment Act Fund		430,081
		\$ 2,961,920

ADDITIONAL INDEPENDENT AUDITORS' REPORTS

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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, 2014, 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, 2014.

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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2012-002, 2013-001, 2014-001, 2014-002, 2014-003 and 2014-004.

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.



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

September 24, 2014

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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 Region IX Education Cooperative's (Cooperative) compliance, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cooperative's major federal programs for the year ended June 30, 2014. 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, 2014.

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 each 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.
Las Cruces, New Mexico

September 24, 2014

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

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.
Head Start	93.600

- 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, 2014**

SECTION II – FINDINGS – FINANCIAL STATEMENTS

Item 2012-002 – Other – Cash Receipts

Statement of Condition – During the course of the audit, we performed tests of cash receipts. Our sample size was sixty deposits which contained one hundred and eight cash receipts received and recorded by the Cooperative, and contained the following discrepancies:

- There were fifty-six instances where a cash receipt was not entered timely into the accounting system.
- Of the fifty-six instances, there were ten instances where the receipts were recorded in the accounting system at least one month after the Cooperative received and deposited the check.
- There were four instances where the numerical receipts are out of sequence.

Furthermore, during our testing we randomly selected a month to test the numerical sequences of deposits. For the month tested, the Cooperative issued sixty-one receipts. We noted forty-four instances where the numerical receipts were issued out of sequence.

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.”

Effect – By the Cooperative not recording a receipt for each collection of money, at the time of the deposit, it could allow unintentional in intentional errors to occur, and not be detected and fully reconciled, in a proper manner, on a timely basis.

Cause – The Cooperative’s finance department failed to record into the accounting system monies received within a timely manner.

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 is recorded in a timely manner.

Views of Responsible Officials and Planned Corrective Actions – The loss of personnel attributed to deposits not being entered timely into the accounting system. Positions are now filled, and compliance with New Mexico Manual of Procedures for Public School Accounting and Budgeting Supplement 8 – Public Fund Deposits and Investments will be reviewed, and an honest effort made to adhere to.

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2013-001 – 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 nineteen instances where the travel request form was not complete. The amount of these instances totaled \$4,801.84.
- There were two instances where there was no copy of the approved travel request form attached to the travel reimbursement. The amount of these instances totaled \$731.59.
- There were two instances where the travel request was not signed and approved by the employee's program manager. The amount of these instances totaled \$146.40.
- There were two instances where the travel request form was not signed by the REC Director. The amount of these instances totaled \$561.78.
- There were fifty-five instances, which required mileage reimbursement, that were calculated incorrectly. The employees were underpaid by \$765.16.
- There was one instance where travel reimbursement form was signed by the employee's program manager instead of the employee. The amount of these instances totaled \$497.16.
- There was one instance where an employee was paid for four individual day trips and the mileage only form indicated one day trip. The employee was overpaid by \$140.43.
- There were seven instances where employees were not paid for a partial day. The employees were unpaid by a total of \$230.
- There were two instances where partial day was not calculated correctly. The employees were overpaid by \$18.
- There was one instance where meal receipts exceeded the limit allowed by Travel and Per Diem Act. The employee was overpaid by \$0.57.

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 2.42.2.11(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.”

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.

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REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2013-001 – Other – Per Diem and Mileage Act (continued)

Criteria (continued) – *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.*

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 – Although the REC staff worked diligently on implementing new travel and mileage forms and policies, the staff continued to not fully comprehend the Per Diem and Mileage Act.

Recommendation – We recommend the REC staff review their procedures in order to ensure compliance with the Per Diem and Mileage Act. We recommend the REC provide continuing training to their employees concerning the Act, and the REC’s travel policies and procedures.

Views of Responsible Officials and Planned Corrective Actions – Major policies and procedures have been implemented. Compliance, training, and learning continue. Attention to detail is stressed.

Item 2014-001 – Other – IPA Recommendation Form & Audit Contract

Statement of Condition – The New Mexico State Auditor’s Rule requires the Cooperative to submit their Independent Public Accountant (IPA) Recommendation Form and the signed audit contract for the audit for the fiscal year ended June 30, 2014, no later than April 15, 2014. The Cooperative failed to submit the IPA Recommendation Form by the required due date.

Criteria – Section 2.2.2.8(G)(6)(c) of the New Mexico State Auditor’s Rule states, “*The agency shall deliver the fully completed and signed IPA Recommendation Form for Audits and the completed audit contract to the State Auditor by the deadlines shown below. If a completed IPA Recommendation Form and audit contract are not delivered to the State Auditor by these deadlines, the auditor must include a finding of noncompliance with Paragraph (6) of Subsection G of Section 2.2.2.8 NMAC in the audit report.*”

Section 2.2.2.8(G)(6)(c)(i) of the New Mexico State Auditor’s Rule states, “*Regional Education Cooperatives, Independent Housing Authorities, Hospitals and Special Hospital Districts are due April 15th.*”

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2014-001 – Other – IPA Recommendation Form & Audit Contract (continued)

Effect – This requirement has been instituted by the State Auditor’s office to ensure the timely execution of audit contracts for state and local governmental entities. Noncompliance with established procedures causes delays in the issuance of executed audit contracts.

Cause – The Cooperative hired a new business manager at the end of March 2014. During the transition, the IPA Recommendation Form and audit contract for the fiscal year ended June 30, 2014, was not completed until May 2014.

Recommendation – We recommend the business manager, or a representative of management, attend the annual State Auditor Rule training to ensure compliance with the administrative procedures required by the Rule.

Views of Responsible Officials and Planned Corrective Actions – The business manager position was vacant until mid-March and the IPA recommendation fell through the cracks. The new business manager will attend the State Auditor Rule training and ensure compliance.

Item 2014-002 – Other – Board Minutes

Statement of Condition – During our review of the Coordinating Council’s monthly board meeting minutes, we discovered the following deviations:

- Beginning in December 2013, the Council’s minutes are vague and do not provide the necessary information to inform the reader of the substance of items discussed and approved during a public meeting.
- Between August 2013 and June 2014, the Cooperative had ten meetings, in which the Council went into closed executive session once. The Council failed to properly enter into and out of the closed executive session as per the Open Meetings Act. The Council went into closed executive session to discuss limited personnel matters (the renewal of the executive director’s contract).

Criteria – Section 10-15-1 G of the New Mexico State Statutes states, in part, “*The board, commission or other policymaking body shall keep written minutes of all its meetings. The minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered and a record of any decisions and votes taken to show how each member voted.*”

Section 10-15-1 (H) (2) of the New Mexico State Statutes states, in part, “*A meeting may be closed to discuss limited personnel matters. A limited personnel matter indicates the discussion of hiring, promotion, demotion, dismissal, assignment or resignation of or the investigation or consideration of complaints or charges against any individual public employee; provided further that this paragraph is not to be construed as to exempt final actions on personnel from being taken at open public meeting, nor does it preclude an aggrieved public employee from demanding a public hearing.*”

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2014-002 – Other – Board Minutes (continued)

Criteria (continued) – Section 10-15-1 (I) (1) of the New Mexico State Statutes states, “*The closure, if made in an open meeting, shall be approved by a majority vote of a quorum of the policymaking body; the authority for the closure and the subject to be discussed shall be stated with reasonable specificity in the motion calling for the vote of a closed meeting; the vote shall be taken in an open meeting; and the vote of each individual member shall be recorded in the minutes. Only those subjects announced or voted upon prior to closure by the policymaking body may be discussed in a closed meeting.*”

Section 10-15-1 (I) (3) of the New Mexico State Statutes states, in part, “*Following completion of any closed meeting, the minutes of the open meeting that was closed, shall state that the matters discussed in the closed meeting were limited only to those specified in the motion for closure. This statement shall be approved by the public body and recorded as part of the minutes.*”

Effect – Noncompliance with New Mexico State Statutes could subject officials and employees to penalties and fines required by state statutes. By failing to open and conclude a closed executive session concerning limited personnel matters, it violates the confidentiality of the hiring process of the executive director. Furthermore, vague minutes do not provide the reader a true and accurate understanding of what is being discussed by the Coordinating Council and the Cooperative staff. Finally, noncompliance with the Open Meetings Act could lead to potential lawsuits.

Cause – The Coordinating Council, and the executive director, failed to ensure the requirements and procedures of the Open Meetings Act were being followed.

Recommendation – We recommend the Coordinating Council and the executive director review the Open Meetings Act (Section 10-15-1) to ensure compliance with all aspects of the Act. Furthermore, we recommend the Cooperative ensure the council minutes provide, at least, the minimal information as per the Act.

Views of Responsible Officials and Planned Corrective Actions – The New Mexico State Statutes will be reviewed, additional training will be performed and the minutes will be reviewed prior to completion.

Item 2014-003 – Compliance – Late Audit Report

Statement of Condition – The audit report for the fiscal year ended June 30, 2014, was due to the New Mexico State Auditor’s office by Tuesday, September 30, 2014. The audit report was submitted on Tuesday, October 7, 2014.

Criteria – New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. New Mexico Administrative Code Title 2, Chapter 2, Part 2, *Audits of Governmental Entities Requirements for Contracting and Conducting Audits of Agencies* requires that the City submit its audit report by December 1st following the end of each fiscal year at June 30th.

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2014-003 – Compliance – Late Audit Report (continued)

Effect – Delays in submission of the audit report affect the reporting of financial information to other state agencies and local governments.

Cause – The auditor extended the time to fully review the report prior to submission to the State Auditor’s office.

Recommendation – We recommend the auditor and the Cooperative develop a working schedule of deliverables to enable the submission of a timely audit report to the New Mexico State Auditor’s Office. The schedule should be developed during the engagement process such that each party can plan accordingly.

Views of Responsible Officials and Planned Corrective Actions – In the future, the Cooperative will work with the auditor to ensure the audit is submitted on a timely basis.

Item 2014-004 – Compliance – Legal Compliance with Adopted Budget

Statement of Condition – The following funds exceeded their respective approved budgets as follows:

Fund	Authorized Budget	Actual Amounts Expended	Excess of Approved Budget
Schools with Solar	\$ 117,999	\$ 118,589	\$ 590
DOH Healthier Schools	104,295	110,206	5,911

Criteria – Sections 6-6-6 through 6-6-11 NMSA 1978 prohibit local governments from making expenditures in excess of the approved budget and make public officials liable for such expenditures. Cooperative officials and governing authorities have the obligation to follow applicable state statutes.

Effect – Noncompliance with New Mexico State Statutes could subject officials and employees to penalties and fines required by state statutes.

Cause – When Cooperative personnel amended the budget for the funds, they failed to increase the budgeted expenditures in excess of actual expenditures.

Recommendation – We recommend the Cooperative evaluate their procedures to review and amend any fund budgets. Further, we recommend the Cooperative examine the budget throughout the fiscal year to ensure there are no actual expenditures in excess of budgeted amounts.

Views of Responsible Officials and Planned Corrective Actions – The business manager is providing monthly budgetary reports to the executive director for her review. Further, the Cooperative is providing its department heads with quarterly budgetary reports in order that the staff is aware of the remaining amount of authorized spending authority.

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS –HEAD START – CFDA NO. 93.600

None.

SECTION IV – PRIOR YEAR’S AUDIT FINDINGS

Item 2012-002 – Cash Receipts – In the prior year’s audit, it was noted that all monies received were not deposited timely and the receipts were not created and posted into the accounting software on a timely basis. During the current year, the Cooperative deposited all monies within twenty-four hours; however, the Cooperative did not timely record the deposits into the accounting software. The finding has not been resolved and is updated and repeated.

Item 2013-001 – Per Diem and Mileage Act – In the prior year’s audit, it was noted that the Cooperative was not in compliance with the New Mexico Per Diem and Mileage Act. During the current year, the Cooperative overhauled their policies and procedures in respect to the Per Diem and Mileage Act. However, there are still numerous issues concerning the Cooperative’s compliance with Per Diem and Mileage Act. The finding has not been resolved and is updated and repeated.

Item 2013-002 – Cash Disbursements – In the prior year’s audit, it was noted that there was an instance where the Cooperative failed to recalculate an invoice and overpaid a vendor. During the current year, the Cooperative reviewed their policies and procedures concerning cash disbursements. The finding has been resolved.

Item 2013-003 – Credit Card Transactions – In the prior year’s audit, it was noted that the Cooperative staff failed to turn in receipts after using the Cooperative’s credit card. During the current year, the Cooperative reviewed their policies and procedures concerning their credit cards and provided training to all staff concerning the use of the Cooperative’s credit cards. The finding has been resolved.

Item 2013-004 – FY 2011-2012 Audit Report Presentation – In the prior year’s audit, it was noted that the audit report for the fiscal year ended June 30, 2012 was presented to the Coordinating Council; however, there were no members of the auditing firm present at the meeting. During the current year, the Cooperative reviewed the New Mexico State Auditor’s Rule and established procedures to provide assurance of compliance with the Rule. A member of the auditing firm was present for the presentation of the FY2013 audit report. The finding has been resolved.

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
EXIT CONFERENCE AND
PREPARATION OF FINANCIAL STATEMENTS
JUNE 30, 2014**

EXIT CONFERENCE

The audit report for the fiscal year ended June 30, 2014, was discussed during the exit conference held on September 30, 2014. Present for the Cooperative was Travis Lightfoot, chairman and Mary Reeve, executive director. 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, 2014. 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.