



STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4

ANNUAL FINANCIAL REPORT
June 30, 2009

De'Aun Willoughby CPA, PC
Certified Public Accountant
Melrose, New Mexico



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NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
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STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
Official Roster
June 30, 2009

BOARD

Mr. Dan Flores	Chairman
Dr. James Abreu	Vice Chairman
Mrs. Dora Romero	Secretary
Mr. Roy Herrera	Member
Mr. Albert Martinez	Member
Mr. Rick Romero	Member

ADMINISTRATIVE

Lorenzo Marquez	Director
Mary A. Sanchez	Financial Officer

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Northeast Regional Education Cooperative #4

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of NORTHEASTERN REGIONAL EDUCATION COOPERATIVE #4 (REC), as of and for the year ended June 30, 2009, which collectively comprise the REC's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the REC's nonmajor governmental funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the REC's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the REC as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental funds of the REC as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparisons for the nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2009, on our consideration of the REC'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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The REC has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and budgetary comparisons presented as supplemental information.

Our audit was performed for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements of the REC. The other schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

De'Ann Willoughby, CPA PC

September 18, 2009

FINANCIAL SECTION

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Government-Wide Statement of Net Assets
 June 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 74,914
Due from Grantor	494,699
Total Current Assets	<u>569,613</u>
Noncurrent Assets	
Capital Assets	746,536
Less: Accumulated Depreciation	<u>(453,972)</u>
Total Noncurrent Assets	<u>292,564</u>
Total Assets	<u>862,177</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	53,731
Deferred Revenue	61
Total Current Liabilities	<u>53,792</u>
Noncurrent Liabilities	
Compensated Absences	18,913
Total Noncurrent Liabilities	<u>18,913</u>
Total Liabilities	<u>72,705</u>
NET ASSETS	
Invested in Capital Assets	292,564
Unrestricted	496,908
Total Net Assets	<u>\$ 789,472</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 365,549	\$ 0	\$ 365,549	\$ 0
Support Services				
Students	1,484,918	0	1,441,549	(43,369)
General Administration	139,134	0	140,023	889
School Administration	189,199	0	186,162	(3,037)
Central Services	220,915	0	216,376	(4,539)
Operation of Plant	28,150	0	28,150	0
Total Governmental Activities	<u>\$ 2,427,865</u>	<u>\$ 0</u>	<u>\$ 2,377,809</u>	<u>\$ (50,056)</u>
General Revenues				
Miscellaneous				\$ 79,811
Subtotal, General Revenues				<u>79,811</u>
Change in Net Assets				29,755
Net Assets - beginning				<u>759,717</u>
Net Assets - ending				<u>\$ 789,472</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2009

	General Fund 29101	IDEA B Entitlement 24106	IDEA B Discretionary 24107
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	213,807	49,909
Interfund Balance	318,858	0	0
Total Assets	<u>\$ 318,858</u>	<u>\$ 213,807</u>	<u>\$ 49,909</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 213,406	\$ 44,372
Accounts Payable	0	401	5,537
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>213,807</u>	<u>49,909</u>
 Fund Balance			
Unreserved, reported in:			
General Fund	318,858	0	0
Special Revenue Funds	0	0	0
Total Fund Balance	<u>318,858</u>	<u>0</u>	<u>0</u>
 Total Liabilities & Fund Balance	 <u>\$ 318,858</u>	 <u>\$ 213,807</u>	 <u>\$ 49,909</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2009

	Special Ed Assistance & Dissemination <u>24151</u>	Improvement of Education <u>25240</u>	Special REC Operating Fund <u>27101</u>
ASSETS			
Cash	\$ 0	\$ 61	\$ 74,853
Receivables			
Due From Grantor	62,352	0	0
Interfund Balance	<u>0</u>	<u>0</u>	<u>125,148</u>
Total Assets	<u>\$ 62,352</u>	<u>\$ 61</u>	<u>\$ 200,001</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 22,013	\$ 0	\$ 0
Accounts Payable	40,339	0	3,038
Deferred Revenue	<u>0</u>	<u>61</u>	<u>0</u>
Total Liabilities	<u>62,352</u>	<u>61</u>	<u>3,038</u>
 Fund Balance			
Unreserved, reported in:			
General Fund	0	0	0
Special Revenue Funds	<u>0</u>	<u>0</u>	<u>196,963</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>196,963</u>
 Total Liabilities & Fund Balance	 <u>\$ 62,352</u>	 <u>\$ 61</u>	 <u>\$ 200,001</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2009

	State Directed <u>27200</u>	Other Governmental Funds	<u>Total</u>
ASSETS			
Cash	\$ 0	\$ 0	\$ 74,914
Receivables			
Due From Grantor	142,954	25,677	494,699
Interfund Balance	0	0	444,006
Total Assets	<u>\$ 142,954</u>	<u>\$ 25,677</u>	<u>\$ 1,013,619</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 138,538	\$ 25,677	\$ 444,006
Accounts Payable	4,416	0	53,731
Deferred Revenue	0	0	61
Total Liabilities	<u>142,954</u>	<u>25,677</u>	<u>497,798</u>
 Fund Balance			
Unreserved, reported in:			
General Fund	0	0	318,858
Special Revenue Funds	0	0	196,963
Total Fund Balance	<u>0</u>	<u>0</u>	<u>515,821</u>
 Total Liabilities & Fund Balance	 <u>\$ 142,954</u>	 <u>\$ 25,677</u>	 <u>\$ 1,013,619</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 June 30, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balance - Governmental Funds		\$	515,821
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
	The cost of capital assets	\$	746,536
	Accumulated depreciation		<u>(453,972)</u>
			292,564
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :			
	Compensated Absences		<u>(18,913)</u>
Total net assets - governmental activities		\$	<u><u>789,472</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4**
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2009

	General 29101	IDEA B Entitlement 24106	IDEA B Discretionary 24107
Revenues			
Local Sources	\$ 79,811	\$ 0	\$ 0
State Grants	0	0	0
Federal Grants	0	334,534	131,748
Total Revenues	<u>79,811</u>	<u>334,534</u>	<u>131,748</u>
Expenditures			
Current Operations			
Instruction	0	234,948	19,993
Support Services-Students	4,400	97,206	110,566
Support Services- School Administration	0	0	821
Support Services-General Administration	0	1,304	0
Central Services	0	0	0
Operation of Plant	0	1,076	368
Capital Outlay	0	0	0
Total Expenditures	<u>4,400</u>	<u>334,534</u>	<u>131,748</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>75,411</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers In/Out	(200,000)	0	0
Total Other Sources (Uses)	<u>(200,000)</u>	<u>0</u>	<u>0</u>
Net Change in Cash Balance	(124,589)	0	0
Fund Balance Beginning of Year	<u>443,447</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 318,858</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4**
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2009

	Special Ed Assistance & Dissemination 24151	Improvement For Education 25240	Special REC Operating 27101
Revenues			
Local Sources	\$ 0	\$ 0	\$ 0
State Grants	0	0	155,555
Federal Grants	769,512	563,718	0
Total Revenues	<u>769,512</u>	<u>563,718</u>	<u>155,555</u>
Expenditures			
Current Operations			
Instruction	0	0	0
Support Services-Students	563,454	514,854	11,478
Support Services- School Administration	0	0	72,838
Support Services-General Administration	54,457	48,864	24,229
Central Services	135,176	0	34,387
Operation of Plant	0	0	15,660
Capital Outlay	16,425	0	0
Total Expenditures	<u>769,512</u>	<u>563,718</u>	<u>158,592</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(3,037)</u>
Other Financing Sources (Uses)			
Transfers In/Out	0	0	200,000
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>200,000</u>
Net Change in Cash Balance	0	0	196,963
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 196,963</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2009

	State Directed 27200	Other Governmental Funds	Total
Revenues			
Local Sources	\$ 0	\$ 0	\$ 79,811
State Grants	0	12,008	167,563
Federal Grants	306,771	103,963	2,210,246
Total Revenues	<u>306,771</u>	<u>115,971</u>	<u>2,457,620</u>
Expenditures			
Current Operations			
Instruction	85,338	25,270	365,549
Support Services-Students	43,034	84,532	1,429,524
Support Services- School Administration	115,540	0	189,199
Support Services-General Administration	5,000	6,169	140,023
Central Services	46,813	0	216,376
Operation of Plant	11,046	0	28,150
Capital Outlay	0	0	16,425
Total Expenditures	<u>306,771</u>	<u>115,971</u>	<u>2,385,246</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>72,374</u>
Other Financing Sources (Uses)			
Transfers In/Out	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Balance	0	0	72,374
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>443,447</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 515,821</u>

The notes to the financial statements are an integral part of this statement.

MAJOR FUNDS

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2009

Net Change in Fund Balance-Governmental Funds \$ 72,374

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Aactivities. This is the amount by which depreciation exceeds capital outlays in the period.

	\$	(55,394)	
Depreciation expense		16,425	
Capital Outlays		(38,969)	

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(3,650)

Changes in Net Assets of Governmental Activities

\$ 29,755

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
GENERAL FUND-29101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 79,811	\$ 79,811
Total Revenues	<u>0</u>	<u>0</u>	<u>79,811</u>	<u>79,811</u>
Expenditures				
Support Services-Students				
Professional & Tech Services	0	1,000	0	1,000
Other Purchased Services	0	4,750	4,400	350
Total Instructional Support	<u>0</u>	<u>5,750</u>	<u>4,400</u>	<u>1,350</u>
Support Services-General Administration				
Professional & Tech Services	0	1,000	0	1,000
Purchased Property Services	0	1,500	0	1,500
Supplies	0	1,550	0	1,550
Supply Assets	0	1,000	0	1,000
Total Support Service-General	<u>0</u>	<u>5,050</u>	<u>0</u>	<u>2,500</u>
Support Services-School Administration				
Personnel Services	0	56,601	0	56,601
Employee Benefits	0	14,256	0	70,857
Total Support Services-School Administration	<u>0</u>	<u>70,857</u>	<u>0</u>	<u>127,458</u>
Central Services				
Personnel Services	0	24,849	0	24,849
Employee Benefits	0	3,994	0	28,843
Total Central Services	<u>0</u>	<u>28,843</u>	<u>0</u>	<u>53,692</u>
Total Expenditures	<u>0</u>	<u>110,500</u>	<u>4,400</u>	<u>185,000</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(110,500)	75,411	185,911
Other Financing Sources (Uses)				
Transfers In/Out	0	(200,000)	(200,000)	0
Total Other Sources (Uses)	<u>0</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>
Net Change in Cash Balance	0	(310,500)	(124,589)	185,911
Cash Balance Beginning of Year	443,447	443,447	443,447	0
Cash Balance End of Year	<u>\$ 443,447</u>	<u>\$ 332,947</u>	<u>\$ 318,858</u>	<u>\$ 185,911</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (124,589)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (124,589)	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-IDEA B ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 390,343	\$ 633,836	\$ 264,210	\$ (369,626)
Total Revenues	<u>390,343</u>	<u>633,836</u>	<u>264,210</u>	<u>(369,626)</u>
Expenditures				
Instruction				
Personnel Services	14,600	19,720	15,013	4,707
Professional & Tech Services	1,500	51,878	27,984	23,894
Other Purchased Services	11,500	47,935	22,708	25,227
Supplies	80,949	179,511	156,817	22,694
Supply Assets	7,119	31,192	12,427	18,765
Total Instruction	<u>115,668</u>	<u>330,236</u>	<u>234,949</u>	<u>95,287</u>
Support Services-Students				
Professional & Tech Services	53,000	54,714	29,587	25,127
Other Purchased Services	57,095	42,839	23,304	19,535
Supplies	21,500	49,759	33,681	16,078
Supply Assets	0	10,828	10,634	194
Total Support Services-Students	<u>131,595</u>	<u>158,140</u>	<u>97,206</u>	<u>60,934</u>
Support Services-General Administration				
Purchased Property Services	0	1,304	1,304	0
Total Support Services-General Administration	<u>0</u>	<u>1,304</u>	<u>1,304</u>	<u>0</u>
Operation & Maintenance of Plant				
Purchased Property Services	0	1,076	1,076	0
Total Operation & Maintenance of Plant	<u>0</u>	<u>1,076</u>	<u>1,076</u>	<u>0</u>
Total Expenditures	<u>247,263</u>	<u>490,756</u>	<u>334,535</u>	<u>156,221</u>
Excess (Deficiency) of Revenues Over Expenditures	143,080	143,080	(70,325)	(213,405)
Cash Balance Beginning of Year	<u>(143,080)</u>	<u>(143,080)</u>	<u>(143,080)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (213,405)</u>	<u>\$ (213,405)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (70,325)	
Net Change in Due from Grantor			43,743	
Net Change in Accounts Payable			26,582	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-IDEA B DISCRETIONARY-24107
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 38,760	\$ 206,620	\$ 120,879	\$ (85,741)
Total Revenues	<u>38,760</u>	<u>206,620</u>	<u>120,879</u>	<u>(85,741)</u>
Expenditures				
Instruction				
Professional & Tech Services	0	1,547	1,245	302
Other Purchased Services	0	2,152	751	1,401
Supplies	0	18,374	16,305	2,069
Supply Assets	0	2,131	1,692	439
Total Instruction	<u>0</u>	<u>24,204</u>	<u>19,993</u>	<u>4,211</u>
Support Services-Students				
Personnel Services	0	25,000	25,000	0
Employee Benefits	0	5,450	5,450	0
Professional & Tech Services	0	27,043	26,045	998
Other Purchased Services	0	73,995	40,026	33,969
Supplies	0	10,747	8,639	2,108
Total Support Services-Students	<u>0</u>	<u>142,235</u>	<u>105,160</u>	<u>37,075</u>
Support Services-School Administration				
Professional & Tech Services	0	821	821	0
Total Support Services-School Administration	<u>0</u>	<u>821</u>	<u>821</u>	<u>0</u>
Operation & Maintenance of Plant				
Purchased Property Services	0	600	517	83
Total Operation & Maintenance of Plant	<u>0</u>	<u>600</u>	<u>517</u>	<u>83</u>
Total Expenditures	<u>0</u>	<u>167,860</u>	<u>126,491</u>	<u>41,369</u>
Excess (Deficiency) of Revenues Over Expenditures	38,760	38,760	(5,612)	(44,372)
Cash Balance Beginning of Year	<u>(38,760)</u>	<u>(38,760)</u>	<u>(38,760)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (44,372)</u>	<u>\$ (44,372)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (5,612)	
Net Change in Due from Grantor			10,870	
Net Change in Accounts Payable			(5,258)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-SPECIAL EDUCATION ASSISTANCE & DISSEMINATION-24151
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 4,801	\$ 1,106,795	\$ 712,108	\$ (394,687)
Total Revenues	<u>4,801</u>	<u>1,106,795</u>	<u>712,108</u>	<u>(394,687)</u>
Expenditures				
Support Services-Students				
Professional & Tech Services	0	283,442	180,609	102,833
Purchased Property Services	0	32,323	7,055	25,268
Other Purchased Services	0	357,394	278,294	79,100
Supplies	0	41,880	13,390	28,490
Supply Assets	0	97,152	60,339	36,813
Total Support Services-Students	<u>0</u>	<u>812,191</u>	<u>539,687</u>	<u>272,504</u>
Support Services-General Administration				
Professional & Tech Services	0	54,457	54,457	0
Total Support Services-General Administration	<u>0</u>	<u>54,457</u>	<u>54,457</u>	<u>0</u>
Support Services-School Administration				
Personnel Services	0	174,900	103,346	71,554
Employee Benefits	0	60,446	31,830	28,616
Total Support Services-School Administration	<u>0</u>	<u>235,346</u>	<u>135,176</u>	<u>100,170</u>
Total Expenditures	<u>0</u>	<u>1,047,537</u>	<u>729,320</u>	<u>372,674</u>
Excess (Deficiency) of Revenues Over Expenditures	4,801	59,258	(17,212)	(76,470)
Cash Balance Beginning of Year	<u>(4,801)</u>	<u>(4,801)</u>	<u>(4,801)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 54,457</u>	<u>\$ (22,013)</u>	<u>\$ (76,470)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (17,212)	
Net Change in Due from Grantor			57,403	
Net Change in Accounts Payable			(40,191)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-IDEA IMPROVEMENT OF EDUCATION-25240
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 585,490	\$ 585,490	\$ 585,490	\$ 0
Total Revenues	<u>585,490</u>	<u>585,490</u>	<u>585,490</u>	<u>0</u>
Expenditures				
Support Services-Students				
Personnel Services	94,500	178,438	178,438	0
Employee Benefits	21,800	48,161	48,161	0
Other Purchased Services	350,357	241,501	241,501	0
Supplies	33,000	40,483	40,422	61
Supply Assets	0	6,479	6,479	0
Total Support Services-Students	<u>499,657</u>	<u>515,062</u>	<u>515,001</u>	<u>61</u>
Support Services-General Administration				
Personnel Services	18,900	3,887	3,887	0
Employee Benefits	8,352	7,960	7,960	0
Professional & Tech Services	<u>37,016</u>	<u>37,016</u>	<u>37,016</u>	<u>0</u>
Total Support Services-General Administration	<u>64,268</u>	<u>48,863</u>	<u>48,863</u>	<u>0</u>
Total Expenditures	<u>563,925</u>	<u>563,925</u>	<u>563,864</u>	<u>61</u>
Excess (Deficiency) of Revenues Over Expenditures	21,565	21,565	21,626	61
Cash Balance Beginning of Year	<u>(21,565)</u>	<u>(21,565)</u>	<u>(21,565)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>61</u>	\$ <u>61</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 21,626	
Net Change in Due from Grantor			(21,711)	
Net Change in Accounts Payable			146	
Net Change in Deferred Revenue			(61)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-SPECIAL REC OPERATING FUND-27101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 155,555	\$ 355,555	\$ 155,555	\$ (200,000)
Total Revenues	<u>155,555</u>	<u>355,555</u>	<u>155,555</u>	<u>(200,000)</u>
Expenditures				
Support Services-Students				
Professional & Tech Services	2,000	23,405	3,746	19,659
Other Purchased Services	<u>13,000</u>	<u>17,000</u>	<u>7,732</u>	<u>9,268</u>
Total Support Services-Students	<u>15,000</u>	<u>40,405</u>	<u>11,478</u>	<u>28,927</u>
Support Services-General Administration				
Professional & Tech Services	4,000	11,000	9,615	1,385
Purchased Property Services	5,000	14,000	9,969	4,031
Supplies	12,500	14,500	3,602	10,898
Supply Assets	<u>3,000</u>	<u>3,000</u>		<u>3,000</u>
Total Support Services-General Administration	<u>24,500</u>	<u>42,500</u>	<u>23,186</u>	<u>19,314</u>
Support Services-School Administration				
Personnel Services	60,958	140,958	54,076	86,882
Employee Benefits	<u>19,312</u>	<u>41,237</u>	<u>18,442</u>	<u>22,795</u>
Total Support Services-School Administration	<u>80,270</u>	<u>182,195</u>	<u>72,518</u>	<u>109,677</u>
Central Services				
Personnel Services	25,000	55,000	24,665	30,335
Employee Benefits	<u>8,046</u>	<u>14,716</u>	<u>9,722</u>	<u>4,994</u>
Total Central Services	<u>33,046</u>	<u>69,716</u>	<u>34,387</u>	<u>35,329</u>
Operation & Maintenance of Plant				
Purchased Property Services	2,739	12,739	9,893	2,846
Other Purchased Services	<u>0</u>	<u>8,000</u>	<u>4,092</u>	<u>3,908</u>
Total Operation & Maintenance of Plant	<u>2,739</u>	<u>20,739</u>	<u>13,985</u>	<u>6,754</u>
Total Expenditures	<u>155,555</u>	<u>355,555</u>	<u>155,554</u>	<u>200,001</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 1	\$ 1

Other Financing Sources (Uses)				
Transfers In/Out	\$	<u>0</u>	\$	<u>0</u>
Total Other Sources (Uses)		<u>0</u>		<u>0</u>
			\$	<u>200,000</u>
			\$	<u>200,000</u>
Net Change in Cash Balance		0		0
				200,001
				200,001
Cash Balance Beginning of Year		<u>0</u>		<u>0</u>
				0
				0
Cash Balance End of Year	\$	<u><u>0</u></u>	\$	<u><u>0</u></u>
			\$	<u><u>200,001</u></u>
			\$	<u><u>200,001</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis	\$			200,001
Net Change in Accounts Payable				<u>(3,038)</u>
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis	\$			<u><u>196,963</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-STATE DIRECTED-27200
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 291,731	\$ 306,564	\$ 163,817	\$ (142,747)
Total Revenues	<u>291,731</u>	<u>306,564</u>	<u>163,817</u>	<u>(142,747)</u>
Expenditures				
Instruction				
Professional & Tech Services	0	14,232	14,232	0
Other Purchased Services	23,044	21,594	21,594	0
Supplies	40,207	31,923	31,923	0
Supply Assets	19,826	14,288	13,172	1,116
Total Instruction	<u>83,077</u>	<u>82,037</u>	<u>80,921</u>	<u>1,116</u>
Support Services-Students				
Professional & Tech Services	14,274	20,166	20,166	0
Other Purchased Services	5,000	4,200	4,200	0
Supplies	6,000	14,668	14,668	0
Supply Assets	4,000	4,000	4,000	0
Total Support Services-Students	<u>29,274</u>	<u>43,034</u>	<u>43,034</u>	<u>0</u>
Support Services-General Administration				
Professional & Tech Services	5,000	6,047	5,000	1,047
Total Support Services-General Administration	<u>5,000</u>	<u>6,047</u>	<u>5,000</u>	<u>1,047</u>
Support Services-School Administration				
Personnel Services	88,807	83,177	83,177	0
Employee Benefits	26,713	32,363	32,363	0
Total Support Services-School Administration	<u>115,520</u>	<u>115,540</u>	<u>115,540</u>	<u>0</u>
Central Services				
Personnel Services	36,171	36,171	36,171	0
Employee Benefits	12,689	12,689	10,643	2,046
Total Central Services	<u>48,860</u>	<u>48,860</u>	<u>46,814</u>	<u>2,046</u>
Operation & Maintenance of Plant				
Purchased Property Services	5,000	6,046	6,046	0
Other Purchased Services	5,000	5,000	5,000	0
Total Operation & Maintenance of Plant	<u>10,000</u>	<u>11,046</u>	<u>11,046</u>	<u>0</u>
Total Expenditures	\$ <u>291,731</u>	\$ <u>306,564</u>	\$ <u>302,355</u>	\$ <u>4,209</u>

Excess (Deficiency) of Revenues Over Expenditures	\$	0	\$	0	\$	(138,538)	\$	(138,538)
Cash Balance Beginning of Year		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>
Cash Balance End of Year	\$	<u>0</u>	\$	<u>0</u>	\$	<u>(138,538)</u>	\$	<u>(138,538)</u>
Reconciliation of Budgetary Basis to GAAP Basis								
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis	\$					(138,538)		
Net Change in Due from Grantor						142,954		
Net Change in Accounts Payable						<u>(4,416)</u>		
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis	\$					<u>0</u>		

The notes to the financial statements are an integral part of this statement.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Northeast Regional Education Cooperative # 4 (Cooperative) , has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the School's accounting policies are described below.

Financial Reporting Entity

The ten Regional Cooperative Centers established throughout New Mexico in 1984 were originally organized to provide supplementary special education services to local education agencies utilizing federal PL 94-142 funds.

The role of the Cooperatives has expanded under the authorization of the regional coordinating councils to include a variety of other projects, both federally funded and funded from other sources.

NORTHEAST REGIONAL EDUCATION COOPERATIVE (REC), through the governing council, has established as its purpose the delivery to local districts and communities those services deemed critical to the ongoing success of regular and special education programs provided by the local agencies.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the REC is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the REC may, without the approval or consent of another governmental entity, determine or modify its own budget with approval of the Public Education Department.

The REC has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected REC members are financially accountable. There are no other primary governments with which the Board Members are financially accountable.

The accounts of the REC are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following funds are used by the REC:

Governmental Funds

Governmental funds are used to account for the REC's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The REC reports the following major governmental funds:

GENERAL FUNDS

Operational (27101) & (29101)

To account for revenues and expenditures from state and local sources for a specified purpose. The fund was created by grant provisions

SPECIAL REVENUE FUNDS

IDEA B Entitlement (24106)

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

IDEA B Discretionary (24107)

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

Special Education Tech Assistance & Dissemination (24151)

To plan, coordinate, and implement the State Performance Plan Improvement Project activities to include coordinating professional development and technical assistance to NM School Districts assigned the Determination of Needs Intervention.

Improvement of Education (25240)

The objective of this program is to assist NEREC in providing free appropriate public education to rural areas. The fund was created by the authority of federal grant provisions.

Special REC Operating Fund (27101)

To account for revenues and expenditures from state and local sources for a specified purpose. The fund was created by grant provisions.

State Directed Activities (27200)

To account for funds received from the New Mexico Public Education Department for the support and direct services, including technical assistance, preparation and professional development and training. To support capacity building activities and improve the delivery of services by local agencies to improve results for children with disabilities. The fund was created by state provisions.

Additionally, the District reports the following as non-major fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets 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 and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the REC's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the REC's general revenues. Program revenues include program-specific operating grants funded by the Federal Department of Education and the State Public Education Department.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the REC financial statements.

Revenues

Entitlement and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the REC and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The REC follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the REC for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the REC shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the REC for the ensuing fiscal year.
3. The "operating" budget will be used by the REC until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The REC shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No board member or officer or employee of the REC shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the REC and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the REC has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

The REC's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The REC is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the REC may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school REC which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the REC as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Infrastructure	30 Years
Buildings	50 Years
Building Improvements	20 Years
Vehicles	2-15 Years
Equipment	3-15 Years
Information Technology Equipment and Software	3-5 Years
Library Books (if material)	3-5 Years

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Unreserved fund balance indicates that portion of fund equity which is available for budgeting in future periods.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Revenue

The REC reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the REC before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. Unexpended amounts revert back to the grantor. In subsequent periods, when the REC has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statement when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year.

Compensated Absences

All 12-month or full time employees earn vacation and sick leave in amounts varying with tenure and classification. Employees earn 10 days if employed less than 3 years and 15 days if employed more than 3 years. There is no maximum accumulation.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B: CASH AND INVESTMENTS

The REC is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<u>Name of Account</u>	Balance Per Bank 06-30-09	Reconciled Balance	Type
NEREC	\$ 441,162	\$ 74,916	Checking
TOTAL Deposited	441,162	<u>74,916</u>	
Less: FDIC Coverage	<u>(441,162)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	750,000		
Over (Under) requirement	<u>\$ 750,000</u>		

The following securities are pledged at **Bank of Las Vegas**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA	3133XNXT1	\$ 750,000	01/14/2015	Federal Home Loan Bank-
		<u>\$ 750,000</u>		Dallas, TX

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 441,162
Collateralized:	
Collateral held by the pledging bank in	
REC's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 441,162</u>

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 government does not have a deposit policy for custodial credit risk. As of June 30, 2009 none of the REC's bank balance of \$441,162 was exposed to custodial credit risk.

NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances during the year ending June 30, 2009 were as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>			
	IDEA B 24106	IDEA B 24107	Special Ed Assistance & Dissemination 24151	State Directed 27200
General Fund	\$ 213,406	\$ 44,372	\$ 22,013	\$ 39,067
Special Operating Fund	0	0	0	99,471
Totals	<u>\$ 213,406</u>	<u>\$ 44,372</u>	<u>\$ 22,013</u>	<u>\$ 138,538</u>

	Other Governmental Funds	Total
General Fund	\$ 0	\$ 318,858
Special Operating Fund	25,677	125,148
Totals	<u>\$ 25,677</u>	<u>\$ 444,006</u>

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

NOTE D: CAPITAL ASSETS

Capital Assets Balances and Activity for the fiscal year end is as follows:

	Beginning Balance 6/30/08	Increases	Deletions	Ending Balance 6/30/09
Governmental Activities				
Other Capital Assets				
Equipment	\$ 730,111	\$ 16,425	\$ 0	\$ 746,536
Total Capital				
Assets at Historical Cost	<u>730,111</u>	<u>16,425</u>	<u>0</u>	<u>746,536</u>
Less Accumulated Depreciation				
Equipment	<u>398,578</u>	<u>55,394</u>	<u>0</u>	<u>453,972</u>
Total Accumulated Depreciation	<u>398,578</u>	<u>55,394</u>	<u>0</u>	<u>453,972</u>
Capital Assets, net	<u>\$ 331,533</u>	<u>\$ (38,969)</u>	<u>\$ 0</u>	<u>\$ 292,564</u>

Depreciation expense was charged to governmental activities as follows:

Instructional Support	\$ 55,394
Total depreciation expenses	<u>\$ 55,394</u>

NOTE E: DEFERRED REVENUES

There was \$61 of Deferred Revenues for Improvement of Education (25240) for the year ended June 30, 2009.

NOTE F: COMPENSATED ABSENCES

The following is a summary of compensated absences transactions:

Accrued compensated absences, July 1, 2008	\$ 15,263
Current year additions	11,322
Current year retirements	<u>(7,672)</u>
Accrued compensated absences, June 30, 2009	<u>\$ 18,913</u>

The compensated absences are shown on the balance sheet of the General Fund. The liability is expected to be retired within the year. Typically the general fund retires the compensated absences.

NOTE G: PENSION PLAN

Substantially all of the REC's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Plan members are required to contribute 7.9% of their gross salary. The District is required to contribute 11.65% of the gross covered salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2009, 2008, and 2007, were \$59,017, \$43,879 and \$37,800, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE H: RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the 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.

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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employers effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the RHCA, Albuquerque State Government Center, 401 Roma, NW, Suite 200, Albuquerque, New Mexico 87102.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The District's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$7,150, \$5,872 and \$6,545, respectively, which equal the required contributions for each year.

NOTE I: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are as follows:

Reconciliations are located at the bottom of each budget actual.

NOTE J: INSURANCE COVERAGE

The REC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The REC, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the REC to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

NOTE K: SURETY BOND

The officials and certain employees of the NEREC are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA B
 ENTITLEMENT-24106
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	REC #4	Las Vegas City Schools	Las Vegas West Schools
Revenues			
Federal Grants	\$ 1,744	\$ 74,207	\$ 31,661
Total Revenues	<u>1,744</u>	<u>74,207</u>	<u>31,661</u>
Expenditures			
Current Operations			
Instruction	0	72,227	23,677
Support Services-Students	0	1,980	7,984
Support Services-General Administration	668	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	1,076	0	0
Total Expenditures	<u>1,744</u>	<u>74,207</u>	<u>31,661</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA B
 ENTITLEMENT-24106
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	Mora Schools	Pecos Schools	Santa Rosa Schools
Revenues			
Federal Grants	\$ 33,312	\$ 56,851	\$ 64,776
Total Revenues	<u>33,312</u>	<u>56,851</u>	<u>64,776</u>
Expenditures			
Current Operations			
Instruction	17,986	39,203	51,648
Support Services-Students	15,326	17,012	13,128
Support Services-General Administration	0	636	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Total Expenditures	<u>33,312</u>	<u>56,851</u>	<u>64,776</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA B
 ENTITLEMENT-24106
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	Wagon Schools	Bridge Academy	Rio Gallinas Charter
Revenues			
Federal Grants	\$ 56,270	\$ 0	\$ 15,713
Total Revenues	<u>56,270</u>	<u>0</u>	<u>15,713</u>
Expenditures			
Current Operations			
Instruction	25,493	0	4,714
Support Services-Students	30,777	0	10,999
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Total Expenditures	<u>56,270</u>	<u>0</u>	<u>15,713</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA B
 ENTITLEMENT-24106
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	<u>TOTAL</u>
Revenues	
Federal Grants	\$ 334,534
Total Revenues	<u>334,534</u>
Expenditures	
Current Operations	
Instruction	234,948
Support Services-Students	97,206
Support Services-General Administration	1,304
Support Services-School Administration	0
Central Services	0
Operation & Maintenance of Plant	1,076
Total Expenditures	<u>334,534</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA B
 DISCRETIONARY-24107
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	<u>REC #4</u>
Revenues	
Federal Grants	\$ 131,749
Total Revenues	<u>131,749</u>
Expenditures	
Current Operations	
Instruction	19,993
Support Services-Students	110,567
Support Services-School Administration	821
Operation & Maintenance of Plant	<u>368</u>
Total Expenditures	<u>131,749</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u><u>\$ 0</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
SPECIAL REVENUE FUNDS-SPECIAL TECH ASSISTANCE & DISSEMINATION-24151
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>REC #4</u>
Revenues	
Federal Grants	\$ 769,512
Total Revenues	<u>769,512</u>
Expenditures	
Current Operations	
Support Services-Students	579,879
Support Services-General Administration	54,457
Support Services-School Administration	<u>135,176</u>
Total Expenditures	<u>769,512</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
SPECIAL REVENUE FUNDS-IMPROVEMENT OF EDUCATION-25240
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>REC #4</u>
Revenues	
Federal Grants	\$ 563,718
Total Revenues	<u>563,718</u>
Expenditures	
Current Operations	
Support Services-Students	514,854
Support Services-General Administration	<u>48,864</u>
Total Expenditures	<u>563,718</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
SPECIAL REVENUE FUNDS-SPECIAL REC OPERATING FUND-27101
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>REC #4</u>
Revenues	
State Grants	\$ 155,555
Total Revenues	<u>155,555</u>
Expenditures	
Current Operations	
Support Services-Students	11,478
Support Services-General Administration	24,229
Support Services-School Administration	72,838
Central Services	34,387
Operation & Maintenance of Plant	<u>15,660</u>
Total Expenditures	<u>158,592</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,037)
Other Financing Sources (Uses)	
Transfers In/Out	<u>200,000</u>
Total Other Sources (Uses)	<u>200,000</u>
Net Change in Cash Balance	196,963
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 196,963</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4**
SPECIAL REVENUE FUNDS-STATE
DIRECTED-27200
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>REC #4</u>	<u>Las Vegas City</u>	<u>Las Vegas Las Vegas West</u>
Revenues			
Federal Grants	\$ 201,627	\$ 0	\$ 7,723
Total Revenues	<u>201,627</u>	<u>0</u>	<u>7,723</u>
Expenditures			
Current Operations			
Instruction	0	0	7,723
Support Services-Students	24,274	0	0
Support Services-General Administration	5,000	0	0
Support Services-School Administration	115,540	0	0
Central Services	46,813	0	0
Operation & Maintenance of Plant	10,000	0	0
Total Expenditures	<u>201,627</u>	<u>0</u>	<u>7,723</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4**
SPECIAL REVENUE FUNDS-STATE
DIRECTED-27200
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>Mora</u>	<u>Pecos</u>	<u>Santa Rosa</u>
Revenues			
Federal Grants	\$ 25,657	\$ 19,486	\$ 22,601
Total Revenues	<u>25,657</u>	<u>19,486</u>	<u>22,601</u>
Expenditures			
Current Operations			
Instruction	25,657	18,440	22,601
Support Services-Students	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	1,046	0
Total Expenditures	<u>25,657</u>	<u>19,486</u>	<u>22,601</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-STATE
 DIRECTED-27200
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	<u>Wagon</u>	<u>Bridge Academy</u>	<u>Rio Gallinas Charter</u>
Revenues			
Federal Grants	\$ 25,260	\$ 0	\$ 0
Total Revenues	<u>25,260</u>	<u>0</u>	<u>0</u>
Expenditures			
Current Operations			
Instruction	6,500	0	0
Support Services-Students	18,760	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Total Expenditures	<u>25,260</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-STATE
 DIRECTED-27200
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	<u>TOTAL</u>
Revenues	
Federal Grants	\$ 302,354
Total Revenues	<u>302,354</u>
Expenditures	
Current Operations	
Instruction	80,921
Support Services-Students	43,034
Support Services-General Administration	5,000
Support Services-School Administration	115,540
Central Services	46,813
Operation & Maintenance of Plant	11,046
Total Expenditures	<u>302,354</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

SPECIAL REVENUE FUNDS

IDEA Competitive (24108)

To account for revenues and expenditures of a federal grant for a project targeted at meeting the needs of students with disabilities. Funded by the United States government under the "Individuals With Disabilities Act", Part B Section 611, as amended. Public Laws 91-230, 94-142, 98-199, 99-457, 100-630, and 101-476, 20 U.S. C. 1301-1419. The fund was created by the authority of federal grant provisions.

IDEA Preschool (24109)

To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

Reading First-(24167)

To account for revenues and expenditures provided for direction and funding for Northern New Mexico educators seeking to improve reading skills. The program consists of book acquisition, technology enhancement, and professional development. The fund was created by the authority of federal grant provisions.

Carl Perkins (24174)

To account for funds distributed by the U. S. Department of Education through the State Department of Education to provide services which impact school district vocational programs, educators, and students. This fund was created by the authority of the Carl D. Perkins Vocational. and Applied Technology Education Amendments of 1998, Title I, Part B and C and Sections 115 and 116, and Workforce Investment Act, Section 503.

Advanced Replacement (27129)

To account for revenues and expenditures provided to promote and expand Advanced Placement Education in rural school districts. The Fund was created by the authority of federal grant provisions (Laws 2005 Chapter 33.

School Improvement Framework (27164)

Funds provided by the NM PED to purchase access to a Alpine Achievement to allow better analysis of NM Standards Based Assessment data.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2009

	IDEA Competitive 24108	IDEA Preschool 24109	Reading First 24167
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	1,595	2,543	0
Total Assets	<u>\$ 1,595</u>	<u>\$ 2,543</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Interfund Balance	\$ 1,595	\$ 2,543	\$ 0
Total Liabilities	<u>1,595</u>	<u>2,543</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities & Fund Balance	 <u>\$ 1,595</u>	 <u>\$ 2,543</u>	 <u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2009

	Carl Perkins <u>24174</u>	Advanced Placement <u>27129</u>	School Improvement Framework <u>27164</u>
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	<u>11,364</u>	<u>10,175</u>	<u>0</u>
Total Assets	<u>\$ 11,364</u>	<u>\$ 10,175</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Interfund Balance	<u>\$ 11,364</u>	<u>\$ 10,175</u>	<u>\$ 0</u>
Total Liabilities	<u>11,364</u>	<u>10,175</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities & Fund Balance	<u>\$ 11,364</u>	<u>\$ 10,175</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2009

	<u>TOTAL</u>
ASSETS	
Cash	\$ 0
Receivables	
Due From Grantor	<u>25,677</u>
Total Assets	<u>\$ 25,677</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Current Liabilities	
Interfund Balance	\$ <u>25,677</u>
Total Liabilities	<u>25,677</u>
 Fund Balance	
Unreserved, Undesignated	<u>0</u>
Total Fund Balance	<u>0</u>
 Total Liabilities & Fund Balance	<u>\$ 25,677</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2009

	IDEA Competitive 24108	IDEA Preschool 24109	Reading First 24167
Revenues			
State Grants	\$ 0	\$ 0	\$ 0
Federal Grants	67,591	19,817	0
Total Revenues	<u>67,591</u>	<u>19,817</u>	<u>0</u>
Expenditures			
Current Operations			
Instruction	0	13,627	0
Support Services-Students	62,865	6,190	0
Support Services General Administration	4,726	0	0
Total Expenditures	<u>67,591</u>	<u>19,817</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2009

	Carl Perkins <u>24174</u>	Advanced Placement <u>27129</u>	School Improvement Framework <u>27164</u>
Revenues			
State Grants	\$ 0	\$ 12,008	\$ 0
Federal Grants	<u>16,555</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>16,555</u>	<u>12,008</u>	<u>0</u>
Expenditures			
Current Operations			
Instruction	8,853	2,790	0
Support Services-Students	7,441	8,036	0
Support Services General Administration	<u>261</u>	<u>1,182</u>	<u>0</u>
Total Expenditures	<u>16,555</u>	<u>12,008</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2009

	<u>TOTAL</u>
Revenues	
State Grants	\$ 12,008
Federal Grants	<u>103,963</u>
Total Revenues	<u>115,971</u>
 Expenditures	
Current Operations	
Instruction	25,270
Support Services-Students	84,532
Support Services General Administration	<u>6,169</u>
Total Expenditures	<u>115,971</u>
 Excess (Deficiency) of Revenues Over Expenditures	 0
 Fund Balance Beginning of Year	 <u>0</u>
 Fund Balance End of Year	 \$ <u><u>0</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA B
 COMPETITIVE-24108
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	<u>REC #4</u>
Revenues	
Federal Grant	\$ 67,591
Total Revenues	<u>67,591</u>
Expenditures	
Current Operations	
Support Services-Students	62,865
Support Services-General Administration	4,726
Total Expenditures	<u>67,591</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA
 PRESCHOOL-24109
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	REC # 4	Las Vegas City	Las Vegas West
Revenues			
Federal Grant	\$ 0	\$ 0	\$ 491
Total Revenues	<u>0</u>	<u>0</u>	<u>491</u>
Expenditures			
Current Operations			
Instruction	0	0	491
Support Services-Students	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>491</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA
 PRESCHOOL-24109
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	<u>Mora</u>	<u>Pecos</u>	<u>Santa Rosa</u>
Revenues			
Federal Grant	\$ 7,441	\$ 4,702	\$ 5,883
Total Revenues	<u>7,441</u>	<u>4,702</u>	<u>5,883</u>
Expenditures			
Current Operations			
Instruction	7,441	702	4,992
Support Services-Students	<u>0</u>	<u>4,000</u>	<u>891</u>
Total Expenditures	<u>7,441</u>	<u>4,702</u>	<u>5,883</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA
 PRESCHOOL-24109
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	Wagon Mound	Bridge Academy Charter	Rio Gallinas Charter
Revenues			
Federal Grant	\$ 1,300	\$ 0	\$ 0
Total Revenues	<u>1,300</u>	<u>0</u>	<u>0</u>
Expenditures			
Current Operations			
Instruction	0	0	0
Support Services-Students	1,300	0	0
Total Expenditures	<u>1,300</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
**NORTHEAST REGIONAL EDUCATION
 COOPERATIVE # 4**
 SPECIAL REVENUE FUNDS-IDEA
 PRESCHOOL-24109
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2009

	<u>TOTAL</u>
Revenues	
Federal Grant	\$ 19,817
Total Revenues	<u>19,817</u>
Expenditures	
Current Operations	
Instruction	13,626
Support Services-Students	<u>6,191</u>
Total Expenditures	<u>19,817</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
SPECIAL REVENUE FUNDS-READING FIRST-24167
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>REC #4</u>
Revenues	
Federal Grant	\$ 0
Total Revenues	<u>0</u>
 Expenditures	
Current Operations	
Support Services-Students	0
Support Services-General Administration	<u>0</u>
Total Expenditures	<u>0</u>
 Excess (Deficiency) of Revenues Over Expenditures	 0
 Fund Balance Beginning of Year	 <u>0</u>
 Fund Balance End of Year	 \$ <u><u>0</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
SPECIAL REVENUE FUNDS-CARL PERKINS-24174
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>REC #4</u>
Revenues	
Federal Grant	\$ 16,555
Total Revenues	<u>16,555</u>
Expenditures	
Current Operations	
Instruction	8,853
Support Services-Students	7,441
Support Services-General Administration	261
Total Expenditures	<u>16,555</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
SPECIAL REVENUE FUNDS-ADVANCED PLACEMENT-27129
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>REC #4</u>
Revenues	
State Grant	\$ 12,008
Total Revenues	<u>12,008</u>
Expenditures	
Current Operations	
Instruction	2,790
Support Services-Students	8,036
Support Services-General Administration	1,182
Total Expenditures	<u>12,008</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION
COOPERATIVE # 4
SPECIAL REVENUE FUNDS-School Improvement Framework-27164
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>REC #4</u>
Revenues	
State Grant	\$ <u>0</u>
Total Revenues	<u>0</u>
Expenditures	
Current Operations	
Support Services-Students	<u>0</u>
Total Expenditures	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	\$ <u><u>0</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-IDEA B COMPETITIVE-24108
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 37,793	\$ 123,745	\$ 103,789	\$ (19,956)
Total Revenues	<u>37,793</u>	<u>123,745</u>	<u>103,789</u>	<u>(19,956)</u>
Expenditures				
Support Services-Students				
Professional & Tech Services	0	19,457	10,316	9,141
Other Purchased Services	0	59,675	52,039	7,636
Supplies	0	383	510	(127)
Total Support Services- Students	<u>0</u>	<u>79,515</u>	<u>62,865</u>	<u>16,650</u>
Support Services-General Administration				
Professional & Tech Services	0	6,437	4,726	1,711
Total Support Services- General Administration	<u>0</u>	<u>6,437</u>	<u>4,726</u>	<u>1,711</u>
Total Expenditures	<u>0</u>	<u>85,952</u>	<u>67,591</u>	<u>18,361</u>
Excess (Deficiency) of Revenues Over Expenditures	37,793	37,793	36,198	(1,595)
Cash Balance Beginning of Year	<u>(37,793)</u>	<u>(37,793)</u>	<u>(37,793)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(1,595)</u>	\$ <u>(1,595)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 36,198	
Net Change in Due from Grantor			<u>(36,198)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 39,601	\$ 49,724	\$ 33,832	\$ (15,892)
Total Revenues	<u>39,601</u>	<u>49,724</u>	<u>33,832</u>	<u>(15,892)</u>
Expenditures				
Instruction				
Professional & Tech Services	1,000	1,300	751	549
Other Purchased Services	3,402	7,054	1,797	5,257
Supplies	10,796	14,117	9,323	4,794
Supply Assets	2,845	3,295	1,755	1,540
Total Instruction	<u>18,043</u>	<u>25,766</u>	<u>13,626</u>	<u>12,140</u>
Support Services-Students				
Other Purchased Services	1,000	1,000	191	809
Supplies	4,000	6,400	6,000	400
Total Support Services- Students	<u>5,000</u>	<u>7,400</u>	<u>6,191</u>	<u>1,209</u>
Total Expenditures	<u>23,043</u>	<u>33,166</u>	<u>19,817</u>	<u>13,349</u>
Excess (Deficiency) of Revenues Over Expenditures	16,558	16,558	14,015	(2,543)
Cash Balance Beginning of Year	<u>(16,558)</u>	<u>(16,558)</u>	<u>(16,558)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(2,543)</u>	\$ <u>(2,543)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 14,015	
Net Change in Due from Grantor			(14,015)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-READING FIRST-24167
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 5,013	\$ 5,013	\$ 5,013	\$ 0
Total Revenues	<u>5,013</u>	<u>5,013</u>	<u>5,013</u>	<u>0</u>
Expenditures				
Support Services-Students				
Personnel Services	0	0	0	0
Employee Benefits	0	0	0	0
Professional & Tech Services	0	0	0	0
Other Purchased Services	0	0	0	0
Total Support Services-Students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Support Services-General Administration				
Professional & Tech Services	0	0	0	0
Total Support Services-General Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	5,013	5,013	5,013	0
Cash Balance Beginning of Year	<u>(5,013)</u>	<u>(5,013)</u>	<u>(5,013)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,013	
Net Change in Due from Grantor			<u>(5,013)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-CARL PERKINS-24174
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 82,949	\$ 80,344	\$ 33,435	\$ (46,909)
Total Revenues	<u>82,949</u>	<u>80,344</u>	<u>33,435</u>	<u>(46,909)</u>
Expenditures				
Instruction				
Other Purchased Services	0	24,600	1,883	22,717
Supplies	0	11,529	6,970	4,559
Total Instruction	<u>0</u>	<u>36,129</u>	<u>8,853</u>	<u>27,276</u>
Support Services-Students				
Personnel Services	5,000	5,000	5,000	0
Other Purchased Services	43,609	7,971	2,416	5,555
Supplies	3,000	3,000	25	2,975
Total Support Services-Students	<u>51,609</u>	<u>15,971</u>	<u>7,441</u>	<u>8,530</u>
Support Services-General Administration				
Professional & Tech Services	3,096	2,605	261	2,344
Total Support Services-General Administration	<u>3,096</u>	<u>2,605</u>	<u>261</u>	<u>2,344</u>
Total Expenditures	<u>54,705</u>	<u>18,576</u>	<u>16,555</u>	<u>10,874</u>
Excess (Deficiency) of Revenues Over Expenditures	28,244	61,768	16,880	(44,888)
Cash Balance Beginning of Year	<u>(28,244)</u>	<u>(28,244)</u>	<u>(28,244)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>33,524</u>	\$ <u>(11,364)</u>	\$ <u>(44,888)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 16,880	
Net Change in Due from Grantor			<u>(16,880)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-ADVANCED PLACEMENT-27129
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 46,103	46,103	\$ 35,908	\$ (10,195)
Total Revenues	<u>46,103</u>	<u>46,103</u>	<u>35,908</u>	<u>(10,195)</u>
Expenditures				
Instruction				
Personnel Services	<u>2,790</u>	<u>2,790</u>	<u>2,790</u>	<u>0</u>
Total Instruction	<u>2,790</u>	<u>2,790</u>	<u>2,790</u>	<u>0</u>
Support Services-Students				
Professional & Tech Services	8,028	8,028	6,574	1,454
Other Purchased Services	<u>1,000</u>	<u>1,000</u>	<u>2,434</u>	<u>(1,434)</u>
Total Support Services-Students	<u>9,028</u>	<u>9,028</u>	<u>9,008</u>	<u>20</u>
Support Services-General Administration				
Professional & Tech Services	<u>1,182</u>	<u>1,182</u>	<u>1,182</u>	<u>0</u>
Total Support Services-General Administration	<u>1,182</u>	<u>1,182</u>	<u>1,182</u>	<u>0</u>
Total Expenditures	<u>13,000</u>	<u>13,000</u>	<u>12,980</u>	<u>20</u>
Excess (Deficiency) of Revenues Over Expenditures	33,103	33,103	22,928	(10,175)
Cash Balance Beginning of Year	<u>(33,103)</u>	<u>(33,103)</u>	<u>(33,103)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (10,175)</u>	<u>\$ (10,175)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 22,928	
Net Change in Due from Grantor			(23,900)	
Net Change in Accounts Payable			972	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-SCHOOL IMPROVEMENT FRAMEWORK-27164
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 6,999	\$ 6,999	\$ 6,999	\$ 0
Total Revenues	<u>6,999</u>	<u>6,999</u>	<u>6,999</u>	<u>0</u>
Expenditures				
Support Services-Student				
Other Purchased Services	0	0	0	0
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services-Student	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	6,999	6,999	6,999	0
Cash Balance Beginning of Year	<u>(6,999)</u>	<u>(6,999)</u>	<u>(6,999)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 6,999	
Net Change in Due from Grantor			<u>(6,999)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Cash Reconciliation
 For the Year Ended June 30, 2009

		Beginning Cash Balance	Revenue	Expenses	Transfer/ Loans	Ending Cash Balance
Federal Flowthrough	24000	\$ (274,250)	\$ 1,273,266	\$ 1,294,309	\$ 0	\$ (295,293)
Federal Direct	25000	(21,565)	585,490	563,864		61
State Flowthrough	27000	(40,102)	362,281	470,890	200,000	51,289
Local	29000	443,447	79,812	4,400	(200,000)	318,859
Total		\$ <u>107,530</u>	\$ <u>2,300,849</u>	\$ <u>2,333,463</u>	\$ <u>0</u>	\$ <u>74,916</u>

The notes to the financial statements are an integral part of this statement.

**SCHEDULE OF EXPENDITURES
OF
FEDERAL AWARDS**

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Schedule of Expenditures of Federal Awards
 June 30, 2009

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Federal Awards Expended
US DEPARTMENT OF EDUCATION			
PASS-THROUGH PROGRAM FROM:			
New Mexico Department of Education			
Special Education Cluster			
IDEA, Part B Entitlement	84.027	24106 \$	334,534
IDEA, Part B Competitive	84.027	24108	67,591
IDEA, Part B Discretionary	84.027	24107	131,748
State Directed	84.027	27200	306,771
IDEA Preschool	84.173	24109	19,817
Total Special Education Cluster			<u>860,461</u>
TOTAL Special Education Cluster			
SpEd-Tech Asst & Dissemination	84.323A	24151	769,512
Carl Perkins	84.048	24174	16,555
DIRECT PROGRAMS			
Partnerships in Character Education	84.215S	25240	563,718
TOTAL US DEPARTMENT OF EDUCATION			<u>2,210,246</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,210,246</u>

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirement on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

There were no loans or loan guarantees outstanding at year end.

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

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

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Northeast Regional Education Cooperative #4

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds and the combining individual funds presented as supplemental information of the NORTHEAST REGIONAL EDUCATION COOPERATIVE #4 (REC) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the REC's internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the REC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the REC's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, a combination of control deficiencies, that adversely affects the REC's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the REC's financial statements that is more than inconsequential will not be prevented or detected by the REC's internal control.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

September 18, 2009

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

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

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Northeast Regional Education Cooperative #4

Mr. Balderas and Members of the Board

Compliance

We have audited the compliance of NORTHEAST REGIONAL EDUCATION COOPERATIVE #4 (REC), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The REC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the REC's management. Our responsibility is to express an opinion on the REC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profits 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 REC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the REC's compliance with those requirements.

In our opinion, NORTHEAST REGIONAL EDUCATION COOPERATIVE #4, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the REC, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the REC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 REC's internal control over compliance.

A control deficiency in an REC's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the REC's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the REC's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the REC's internal control.

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

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby, CPA PC

September 18, 2009

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Schedule of Findings and Questioned Costs
 June 30, 2009

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified
 Internal control over financial reporting:

* Material weakness(es) identified? _____ yes _____ X no

* Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes _____ X none reported

Noncompliance material to financial statements noted? _____ yes _____ X no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ yes _____ X no

* Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes _____ X none reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 _____ yes _____ X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.323A	SpEd-Tech Asst & Dissemination

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low risk auditee _____ X yes _____ no

Prior Year Audit Findings

FS 07-1 - Financial Statements	Resolved
FS 07-2 - Capital Assets	Resolved
FS 07-3 - Audit Report Not Submitted Timely	Resolved
FS 07-4 - Budgetary Conditions	Resolved
FA 07-1 - Submission of Data Collection Form and Reporting Package	Resolved

Current Year Audit Findings

There are no current year audit findings.

Financial Statement Preparation

The financial statements were prepared by DeAun Willoughby, CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on September 18, 2009 in attendance were Dr. James Abreu-Chairman, Lorenzo Marquez-Director, Mary Sanchez-Financial Officer, and De'Aun Willoughby, CPA.