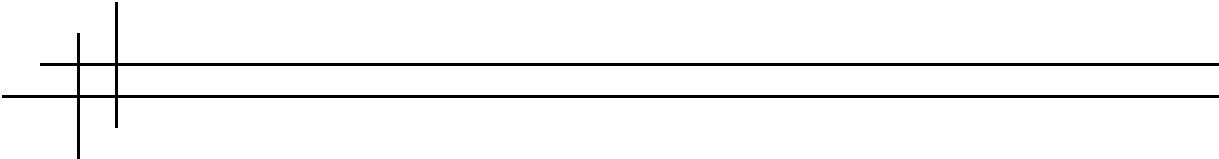


STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4

ANNUAL FINANCIAL REPORT
June 30, 2015

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



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STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
Official Roster
June 30, 2015

BOARD

Fred Trujillo	Chairman
Gene Parson	Vice-Chairman
Richard Perea	Secretary
Dora Romero	Member
Ruben Cordova	Member
Vacant	Member

ADMINISTRATIVE

James A Abreu	Director
Mary A Sanchez	Business Manager
Leandra Vigil	Administrative Assistant

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace, Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

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

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining funds information, and the budgetary comparisons for the general fund and major special revenue fund of Northeast Regional Education Cooperative #4 (REC), as of and for the year ended June 30, 2015, and the related notes to the financial statements 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, and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the REC as of June 30, 2015, 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 accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental funds of the REC as of June 30, 2015, and the respective changes in financial position, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the REC's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Vendor Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015, 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 *Government Auditing Standards* in considering the REC's internal control over financial reporting and compliance.

 CPA PC

Clovis, New Mexico
September 28, 2015

FINANCIAL SECTION

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Government-Wide Statement of Net Position
 June 30, 2015

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 354,520
Accounts Receivables	142,615
Due from Grantor	437,462
Total Current Assets	<u>934,597</u>
Noncurrent Assets	
Capital Assets	1,204,869
Less: Accumulated Depreciation	<u>(624,733)</u>
Total Noncurrent Assets	<u>580,136</u>
Total Assets	<u>1,514,733</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	140,981
Total Deferred Outflows of Resources	<u>140,981</u>
Liabilities	
Current Liabilities	
Accounts Payable	34,247
Compensated Absences	40,672
Total Current Liabilities	<u>74,919</u>
Long-Term Liabilities	
Pension Liability	1,191,349
Total Long-Term Liabilities	<u>1,191,349</u>
Total Liabilities	<u>1,266,268</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	143,735
Total Deferred Inflows of Resources	<u>143,735</u>
Net Position	
Net Investment in Capital Assets	580,136
Unrestricted	<u>(334,425)</u>
Total Net Position	<u>\$ 245,711</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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 359,516	\$ 0	\$ 51,311	\$ 0 (308,205)
Support Services				
Students	1,722,239	2,118,979	589,932	986,672
General Administration	640,512	0	314,618	0 (325,894)
School Administration	183,675	0	57,091	0 (126,584)
Central Services	131,152	0	0	0 (131,152)
Operation of Plant	21,166	0	0	0 (21,166)
Total Governmental Activities	<u>\$ 3,058,260</u>	<u>\$ 2,118,979</u>	<u>\$ 1,012,952</u>	<u>\$ 0 73,671</u>
General Revenues				
State Aid not Restricted to Specific Purpose				
General				103,956
Subtotal, General Revenues				<u>103,956</u>
Change in Net Position				<u>177,627</u>
Net Position - Beginning				1,326,877
Restatement				<u>(1,258,793)</u>
Restated Beginning Net Position				<u>68,084</u>
Net Position - Ending				<u>\$ 245,711</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, 2015

	General		Special Revenue
	General	REC Operating	NM Teach Educator Effectiveness
	29101	27101	27108
ASSETS			
Cash	\$ 172,350	\$ 124,177	\$ 0
Receivables			
Accounts Receivables	0	142,615	0
Due From Grantor	0	0	191,164
Interfund Balance	433,101	0	0
Total Assets	\$ 605,451	\$ 266,792	\$ 191,164
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 1,311	\$ 0
Interfund Balance	0	0	191,164
Total Liabilities	0	1,311	191,164
Fund Balance			
Restricted for			
Special Revenue Funds	0	0	0
Unrestricted	605,451	265,481	0
Total Fund Balance	605,451	265,481	0
Total Liabilities & Fund Balance	\$ 605,451	\$ 266,792	\$ 191,164

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, 2015

	Special Revenue		
	Three Rivers Education Foundation 27113	IDEA B State Directed 27200	School Based Health Clinic 29130
ASSETS			
Cash	\$ 0	\$ 0	\$ 57,993
Receivables			
Accounts Receivables	0	0	0
Due From Grantor	43,561	79,025	0
Interfund Balance	0	0	0
Total Assets	\$ 43,561	\$ 79,025	\$ 57,993
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 4,282	\$ 28,575
Interfund Balance	43,561	74,743	0
Total Liabilities	43,561	79,025	28,575
Fund Balance			
Restricted for			
Special Revenue Funds	0	0	29,418
Unrestricted	0	0	0
Total Fund Balance	0	0	29,418
Total Liabilities & Fund Balance	\$ 43,561	\$ 79,025	\$ 57,993

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, 2015

	Other Governmental Funds	Total
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 0	\$ 354,520
Receivables		
Accounts Receivables	0	142,615
Due From Grantor	123,712	437,462
Interfund Balance	0	433,101
Total Assets	<u>\$ 123,712</u>	<u>\$ 1,367,698</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 79	\$ 34,247
Interfund Balance	123,633	433,101
Total Liabilities	<u>123,712</u>	<u>467,348</u>
Fund Balance		
Restricted for		
Special Revenue Funds	0	29,418
Unrestricted	0	870,932
Total Fund Balance	<u>0</u>	<u>900,350</u>
Total Liabilities & Fund Balance	<u>\$ 123,712</u>	<u>\$ 1,367,698</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 Position
 June 30, 2015

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

Total Fund Balance - Governmental Funds		\$	900,350
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>			
	The cost of capital assets	\$	1,204,869
	Accumulated depreciation		<u>(624,733)</u>
			580,136
<p>Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.</p>			
	Deferred Outflows Related to Pensions		140,981
	Deferred Inflows Related to Pensions		<u>(143,735)</u>
			(2,754)
<p>Long-term and certain other liabilities 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 :</p>			
	Compensated Absences		(40,672)
	Pension Liability		<u>(1,191,349)</u>
			(1,232,021)
Total Net Position - Governmental Activities		\$	<u>245,711</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
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2015

	General		Special Revenue
	General 29101	REC Operating 27101	NM Teach Educator Effectiveness 27108
Revenues			
Charge for Services	\$ 0	\$ 1,137,799	\$ 191,164
State Grants	0	103,956	0
Federal Grants	0	0	0
Total Revenues	0	1,241,755	191,164
Expenditures			
Current Operations			
Instruction	0	0	0
Support Services			
Students	0	343,405	177,027
General Administration	0	537,011	14,137
School Administration	0	67,312	0
Central Services	0	58,453	0
Operation of Plant	0	8,919	0
Capital Outlay	0	27,697	0
Total Expenditures	0	1,042,797	191,164
Excess (Deficiency) of Revenues Over Expenditures	0	198,958	0
Fund Balance Beginning of Year	605,451	66,523	0
Fund Balance End of Year	\$ 605,451	\$ 265,481	\$ 0

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

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 GOVERNMENTAL FUNDS
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2015

	Special Revenue		
	Three Rivers Education Foundation 27113	IDEA B State Directed 27200	School Based Health Clinic 29130
Revenues			
Charge for Services	\$ 0	\$ 429,116	\$ 360,900
State Grants	356,663	0	0
Federal Grants	0	0	0
Total Revenues	<u>356,663</u>	<u>429,116</u>	<u>360,900</u>
Expenditures			
Current Operations			
Instruction	0	95,589	216,209
Support Services			
Students	356,663	104,009	166,725
General Administration	0	70,095	0
School Administration	0	72,157	0
Central Services	0	75,019	0
Operation of Plant	0	12,247	0
Capital Outlay	0	0	0
Total Expenditures	<u>356,663</u>	<u>429,116</u>	<u>382,934</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(22,034)
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>51,452</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,418</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
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2015

	Other Governmental Funds	Total
Revenues		
Charge for Services	\$ 0	\$ 2,118,979
State Grants	391,107	851,726
Federal Grants	265,182	265,182
Total Revenues	<u>656,289</u>	<u>3,235,887</u>
Expenditures		
Current Operations		
Instruction	51,311	363,109
Support Services		
Students	534,484	1,682,313
General Administration	20,184	641,427
School Administration	50,310	189,779
Central Services	0	133,472
Operation of Plant	0	21,166
Capital Outlay	0	27,697
Total Expenditures	<u>656,289</u>	<u>3,058,963</u>
Excess (Deficiency) of Revenues Over Expenditures	0	176,924
Fund Balance Beginning of Year	<u>0</u>	<u>723,426</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 900,350</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
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2015

Excess (Deficiency) of Revenues Over Expenditures-Governmental Funds \$ 176,924

Amounts reported 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 Activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation Expense	\$ (83,521)	
Capital Outlays	<u>27,697</u>	(55,824)

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.

Compensated Absences, June 30, 2014	32,509	
Compensated Absences, June 30, 2015	<u>(40,672)</u>	(8,163)
Pension Contributions	140,981	
Pension Expense	<u>(76,291)</u>	<u>64,690</u>

Changes in Net Position of Governmental Activities		\$ <u><u>177,627</u></u>
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The notes to the financial statements are an integral part of this statement.

MAJOR FUNDS

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
GENERAL FUND-GENERAL-29101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Support Services				
Students				
Other Purchased Services	0	0	0	0
Total Students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<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	0	0	0	0
Cash Balance Beginning of Year	<u>605,451</u>	<u>605,451</u>	<u>605,451</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 605,451</u>	<u>\$ 605,451</u>	<u>\$ 605,451</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
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-REC OPERATING FUND-27101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charge for Services	\$ 0	\$ 0	\$ 995,183	\$ 995,183
State Grant	293,554	546,248	103,956	(442,292)
Total Revenues	<u>293,554</u>	<u>546,248</u>	<u>1,099,139</u>	<u>552,891</u>
Expenditures				
Support Services				
Students				
Personnel Services	0	10,500	10,461	39
Employee Benefits	0	1,917	0	1,917
Professional & Tech Services	5,000	21,472	19,517	1,955
Other Purchased Services	0	126,801	126,782	19
Supplies	0	188,426	186,535	1,891
Total Students	<u>5,000</u>	<u>349,116</u>	<u>343,295</u>	<u>5,821</u>
General Administration				
Personnel Services	45,000	45,897	45,896	1
Employee Benefits	17,408	16,631	16,624	7
Professional & Tech Services	65,600	107,352	96,348	11,004
Purchased Property Services	6,500	3,075	2,993	82
Other Purchased Services	290,000	437,086	366,418	70,668
Supplies	16,500	15,245	9,242	6,003
Fixed Assets	0	0	27,697	(27,697)
Supply Assets	5,000	26,477	0	26,477
Total General Administration	<u>446,008</u>	<u>651,763</u>	<u>565,218</u>	<u>86,545</u>
School Administration				
Personnel Services	62,418	61,138	40,652	20,486
Employee Benefits	27,782	22,082	17,123	4,959
Professional & Tech Services	0	2,450	0	2,450
Other Purchased Services	5,000	2,245	892	1,353
Supplies	2,700	245	142	103
Supply Assets	0	9,735	8,503	1,232
Total School Administration	<u>97,900</u>	<u>97,895</u>	<u>67,312</u>	<u>30,583</u>
Central Services				
Personnel Services	50,000	55,000	43,839	11,161
Employee Benefits	18,195	20,464	14,614	5,850
Total Central Services	<u>\$ 68,195</u>	<u>\$ 75,464</u>	<u>\$ 58,453</u>	<u>\$ 17,011</u>

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
SPECIAL REVENUE FUND-REC OPERATING FUND-27101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operation & Maintenance of Plant				
Purchased Property Services	\$ 6,500	\$ 9,959	\$ 9,956	\$ 3
Other Purchased Services	2,000	1,154	1,153	1
Total Operation & Maintenance of Plant	8,500	11,113	11,109	4
 Total Support Services	 625,603	 1,185,351	 1,045,387	 139,964
 Total Expenditures	 625,603	 1,185,351	 1,045,387	 139,964
 Excess (Deficiency) of Revenues Over Expenditures	 (332,049)	 (639,103)	 53,752	 692,855
 Cash Balance Beginning of Year	 70,425	 70,425	 70,425	 0
 Cash Balance End of Year	 \$ (261,624)	 \$ (568,678)	 \$ 124,177	 \$ 692,855
 Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 53,752	
Net Change in Receivables			142,615	
Net Change in Accounts Payable			2,591	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 198,958	

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-NM TEACH EDUCATOR EFFECTIVNESS-27108
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charge for Services	\$ 254,880	\$ 254,880	\$ 0	\$ (254,880)
Total Revenues	<u>254,880</u>	<u>254,880</u>	<u>0</u>	<u>(254,880)</u>
Expenditures				
Support Services				
Students				
Professional & Tech Services	22,500	22,500	91	22,409
Other Purchased Services	213,000	213,000	176,911	36,089
Supplies	500	500	25	475
Total Students	<u>236,000</u>	<u>236,000</u>	<u>177,027</u>	<u>58,973</u>
General Administration				
Professional & Tech Services	18,880	18,880	14,137	4,743
Total General Administration	<u>18,880</u>	<u>18,880</u>	<u>14,137</u>	<u>4,743</u>
Total Support Services	<u>254,880</u>	<u>254,880</u>	<u>191,164</u>	<u>63,716</u>
Total Expenditures	<u>254,880</u>	<u>254,880</u>	<u>191,164</u>	<u>63,716</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(191,164)	(191,164)
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>\$ (191,164)</u>	<u>\$ (191,164)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (191,164)	
Net Change in Receivables			191,164	
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
GENERAL FUND-THREE RIVERS EDUCATION FOUNDATION-27113
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest Income	\$ 356,668	\$ 356,668	\$ 313,102	\$ (43,566)
Total Revenues	<u>356,668</u>	<u>356,668</u>	<u>313,102</u>	<u>(43,566)</u>
Expenditures				
Support Services				
Students				
Personnel Services	266,880	266,880	266,880	0
Employee Benefits	89,788	89,788	89,783	5
Total Students	<u>356,668</u>	<u>356,668</u>	<u>356,663</u>	<u>5</u>
Total Support Services	<u>356,668</u>	<u>356,668</u>	<u>356,663</u>	<u>5</u>
Total Expenditures	<u>356,668</u>	<u>356,668</u>	<u>356,663</u>	<u>5</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(43,561)	(43,561)
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>\$ (43,561)</u>	<u>\$ (43,561)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (43,561)	
Net Change in Receivables			43,561	
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-STATE DIRECTED-27200
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charge for Services	\$ 468,609	\$ 494,359	\$ 393,558	\$ (100,801)
Total Revenues	<u>468,609</u>	<u>494,359</u>	<u>393,558</u>	<u>(100,801)</u>
Expenditures				
Instruction				
Professional & Tech Services	18,261	15,429	15,417	12
Other Purchased Services	27,500	26,424	24,887	1,537
Supplies	40,255	39,693	38,071	1,622
Supply Assets	11,265	15,735	14,752	983
Total Instruction	<u>97,281</u>	<u>97,281</u>	<u>93,127</u>	<u>4,154</u>
Support Services				
Students				
Personnel Services	20,000	22,700	22,700	0
Employee Benefits	9,245	11,879	11,874	5
Professional & Tech Services	24,500	24,027	24,027	0
Other Purchased Services	25,500	42,377	42,375	2
Supplies	4,600	3,034	3,033	1
Supply Assets	3,000	0	0	0
Total Students	<u>86,845</u>	<u>104,017</u>	<u>104,009</u>	<u>8</u>
General Administration				
Personnel Services	60,600	28,067	24,075	3,992
Employee Benefits	23,146	19,244	13,548	5,696
Professional & Tech Services	7,150	10,007	5,244	4,763
Purchased Property Services	8,600	16,763	16,761	2
Other Purchased Services	14,205	5,569	5,566	3
Supplies	600	3,901	3,901	0
Supply Assets	1,000	1,000	1,000	0
Total General Administration	<u>115,301</u>	<u>84,551</u>	<u>70,095</u>	<u>14,456</u>
School Administration				
Personnel Services	20,000	52,144	51,999	145
Employee Benefits	11,475	20,159	20,158	1
Total School Administration	<u>31,475</u>	<u>72,303</u>	<u>72,157</u>	<u>146</u>
Central Services				
Personnel Services	60,000	55,485	51,942	3,543
Employee Benefits	21,145	24,160	23,077	1,083
Total Central Services	<u>\$ 81,145</u>	<u>\$ 79,645</u>	<u>\$ 75,019</u>	<u>\$ 4,626</u>

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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operation & Maintenance of Plant				
Purchased Property Services	\$ 10,000	\$ 11,285	\$ 9,825	\$ 1,460
Other Purchased Services	4,800	3,515	2,307	1,208
Total Operation & Maintenance of Plant	<u>14,800</u>	<u>14,800</u>	<u>12,132</u>	<u>2,668</u>
Total Support Services	<u>329,566</u>	<u>355,316</u>	<u>333,412</u>	<u>21,904</u>
Total Expenditures	<u>426,847</u>	<u>452,597</u>	<u>426,539</u>	<u>26,058</u>
Excess (Deficiency) of Revenues Over Expenditures	41,762	41,762	(32,981)	(74,743)
Cash Balance Beginning of Year	<u>(41,762)</u>	<u>(41,762)</u>	<u>(41,762)</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>(74,743)</u></u>	\$ <u><u>(74,743)</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (32,981)	
Net Change in Receivables			35,557	
Net Change in Account Payables			(2,576)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <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-SCHOOL BASED HEALTH CLINIC-29130
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charge for Services	\$ 212,657	\$ 316,885	\$ 360,900	\$ 44,015
Total Revenues	<u>212,657</u>	<u>316,885</u>	<u>360,900</u>	<u>44,015</u>
Expenditures				
Instruction				
Personnel Services	0	13,110	13,110	0
Employee Benefits	0	11,533	11,531	2
Professional & Tech Services	5,000	3,714	3,714	0
Other Purchased Services	146,473	145,344	134,918	10,426
Supplies	14,195	24,805	24,482	323
Supply Assets	2,000	0	771	(771)
Total Instruction	<u>167,668</u>	<u>198,506</u>	<u>188,526</u>	<u>9,980</u>
Support Services				
Students				
Personnel Services	65,000	84,420	84,420	0
Employee Benefits	32,332	27,451	27,345	106
Other Purchased Services	0	58,499	54,607	3,892
Supplies	0	352	352	0
Total Students	<u>97,332</u>	<u>170,722</u>	<u>166,724</u>	<u>3,998</u>
Total Support Services	<u>97,332</u>	<u>170,722</u>	<u>166,724</u>	<u>3,998</u>
Total Expenditures	<u>265,000</u>	<u>369,228</u>	<u>355,250</u>	<u>13,978</u>
Excess (Deficiency) of Revenues Over Expenditures	(52,343)	(52,343)	5,650	57,993
Cash Balance Beginning of Year	<u>52,343</u>	<u>52,343</u>	<u>52,343</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,993</u>	<u>\$ 57,993</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,650	
Net Change in Accounts Payable			<u>(27,684)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (22,034)</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 (REC) have 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. The more significant of the District'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.

The REC through the its governing council, has established as its purpose the delivery to local school 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 FUND

Operating Fund (29101)(27101)

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

NM Teach Educator Effectiveness (27108)

The grant provides funding to design a system to establish a framework for continuous improvement and professional growth for teachers and principals, which, in turn, will promote student success. The fund was created by the authority of state grant provision.

Three Rivers Education Foundation (27113)

To provide payroll services to the foundation of which NEREC supports for the improvement of reading skills in districts served by the REC. The fund was created by agreement.

IDEA B State Directed (27200)

To account for a program funded by a Federal grant to assist the REC in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 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.

School Based Health Clinic (29130)

To account for state funds to operate a school based health clinic as required by the Affordable Care Act. The fund was created by the authority of state grant provision.

Additionally, the REC 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.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources 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 charge for services from member RECs and 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 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.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school RECs and RECs).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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.

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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 and Special Revenue 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 board at the public hearing of which notice has been published by the local 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 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 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.

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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 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.

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Notes to the Financial Statements
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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 Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed on net positions 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 positions are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Committed fund balance is a classification for governmental fund balance reporting that includes amounts that can only be used for specific purposes pursuant to constraints imposed by law.

Assigned fund balance is a classification for governmental fund balance reporting that includes amounts that the governmental entity intends to use for specific purposes.

Restricted fund balance includes amounts that have constraints placed on their use that are (a) externally imposed by grantors, laws or regulation of other governments or (b) imposed by enabling legislation.

Unassigned fund balance is the residual classification used for reporting spendable fund balance in the General Fund that represents amounts that have not been committed or assigned or restricted.

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.

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. In October 2012 the board passed to set a maximum accumulated amount. The board passed as follows: maximum accumulated annual leave is forty (40) days at 7.5 hrs. per day (300 hours) and employees hired after July 2012 - maximum accumulated annual leave is thirty (30) days (225 hours).

The REC'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:

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- (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: DEPOSIT 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.

Southwest Capital

<u>Name of Account</u>	Balance Per Bank 6/30/2015	Reconciled Balance	<u>Type</u>
NEREC	\$ 571,801	\$ 324,478	*
NEREC	29,981	30,042	*
TOTAL Deposited	<u>571,801</u>	<u>\$ 354,520</u>	
Less: FDIC Coverage	(250,000)		
Uninsured Amount	321,801		*interest bearing checking
50% collateral requirement	160,901		
Pledged securities	<u>400,332</u>		
Over (Under) requirement	<u>\$ 239,432</u>		

The following securities are pledged at Southwest Capital:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA	3136G0QW4	\$ 300,968	7/11/18	Federal Home Loan Bank-
Clovis SD 1-Sch Blc	189414LQ9	99,364	8/1/2025	Federal Home Loan Bank-
		<u>\$ 400,332</u>		Dallas, TX

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in REC's name	400,332
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 571,801</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, 2015 none of the REC's bank balance of \$571,801 was exposed to custodial credit risk.

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NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances during the year ending June 30, 2015 were as follows:

<u>Receivable Fund</u>	Payable	Payable Funds		
		NM Teach Educator Effectiveness 27108	Three Rivers Education Foundation 27113	IDEA B State Directed 27200
General		\$ 191,164	\$ 43,561	\$ 74,743
Totals		\$ 191,164	\$ 43,561	\$ 74,743

<u>Receivable Fund</u>	Other Governmental Funds		Totals
General	\$ 123,633	\$ 433,101	\$ 433,101
Totals	\$ 123,633	\$ 433,101	\$ 433,101

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 06/30/14	Increases	Deletions	Ending Balance 06/30/15
Governmental Activities				
Other Capital Assets				
Buildings	\$ 407,935	\$ 0	\$ 0	\$ 407,935
Equipment	1,112,630	27,697	343,393	796,934
Total Capital Assets at Historical Cost	\$ 1,520,565	\$ 27,697	\$ 343,393	\$ 1,204,869
Less Accumulated Depreciation				
Buildings	\$ 27,196	\$ 13,598	\$ 0	\$ 40,794
Equipment	857,409	69,923	343,393	583,939
Total Accumulated Depreciation	884,605	83,521	343,393	624,733
Capital Assets, net	\$ 635,960	\$ (55,824)	\$ 0	\$ 580,136

Depreciation expense was charged to governmental activities as follows:

Support Services-Students	\$ 83,521
Total depreciation expense	\$ 83,521

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NOTE E: COMPENSATED ABSENCES

The following is a summary of compensated absences transactions:

Accrued compensated absences, July 1, 2014	\$	32,509
Current year additions		13,654
Current year retirements		(5,491)
Accrued compensated absences, June 30, 2015	\$	<u>40,672</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 F: PENSION PLAN

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits provided. A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

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The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

The contribution requirements of defined benefit plan members and the REC are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the REC were \$140,981 for the year ended June 30, 2015.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the REC reported a liability of \$1,191,349 for its proportionate share of the net pension liability. The REC's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the REC's proportion was .02088 percent, which was a decrease of .00038 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the REC recognized pension expense of \$76,291. At the June 30, 2015, the REC reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (17,744)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(108,279)
Changes in proportion and differences between REC contributions and proportionate share of contributions		(17,712)
REC contributions subsequent to the measurement date	140,981	-
Total	<u>\$ 140,981</u>	<u>\$ (143,735)</u>

\$140,981 reported as deferred outflows of resources related to pensions resulting from REC's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (39,386)
2017	(39,386)
2018	(37,909)
2019	(27,074)
Total	<u>\$ (143,755)</u>

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Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30- year return assumptions are summarized in the following table:

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Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	75.00%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	75.00%
Global Bonds (Hedged)	1.38%	93.00%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the district's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the district's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

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	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The District's proportionate share of the net pension liability	1,620,969	1,191,350	832,349

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at www.nmerb.org.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASB Statement 68, paragraphs 122 and 124.

NOTE G: RETIREE HEALTH CARE ACT CONTRIBUTIONS

Plan Description. 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 event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The REC's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$20,285 \$11,508, and \$11,636 respectively, which equal the required contributions for each year.

NOTE H: 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 located at the bottom of each budget actual schedule.

Reconciliations are located at the bottom of each budget actual.

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 Notes to the Financial Statements
 June 30, 2015

NOTE I: 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 is insured through Risk Management. Annual premiums are paid by the REC for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Crime

NOTE J: 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.

NOTE K: JOINT POWERS AGREEMENTS AND OTHER AGREEMENTS

Mora, Las Vegas City, Pecos, Santa Rosa, West Las Vegas and Wagon Mound Public Schools (Member Districts) and Regional Education Cooperative #4

On December 20, 2007 the Cooperative entered into an Agreement with the Member Districts whereby the Member District may provide for the efficient delivery of education-related services provided from funding under Part B of the Individuals with Disabilities Education Act, 20 U.S.C. et seq. ("IDEA") and funded by the New Mexico Public Education Department ("NMPED"). The Cooperative will serve as a fiscal agent, accounting and reporting services on behalf of the Member Districts named herein receiving funding under a grant or other award provided from funding under Part B of the IDEA and/or any other funding source. A Member District must notify REC of any intention to withdraw its agreement to have REC serve as its fiscal agent on or before February 1st preceding the end of the last fiscal year it intends to have REC serve as the fiscal agent.

NOTE L: BUDGET VIOLATIONS

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

The following funds had budget violations as of June 30, 2015.

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Center for Teaching Excellence- 27114				
Support Services	\$ 207,983	\$ 207,683	\$ 208,002	\$ (319)

NOTE M: RESTATEMENT

Net Position was restated by \$(1,258,793) for the Pension Liability.

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

SPECIAL REVENUE FUNDS

IDEA-Special Education (24107) (27102) (27103) (27104) -To account for a program funded by a Federal grant to assist the REC in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 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.

Carl D Perkins (24174)- To account for federal funds to provide vocational and technical education for secondary education. (P.L. 105-332). The fund was created by the authority of federal grant provisions.

Carl D Perkins-Redistribution (24176)-To account for the prior year redistribution of federal funds to provide vocational and technical education for secondary education. (P.L. 105-332). The fund was created by the authority of federal grant provisions.

Partners in Character 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.

New Mexico Reads to Lead (27106)-To account for funds provided by a state grant to teach reading to students grades K-3. Funding provides reading coaches, supports intervention and professional development. The fund was created by the authority of state grant provisions.

Governor Commission on Disability (27110)- The New Mexico Governor's Commission on Disability is committed to improving the quality of life of all New Mexicans with disabilities by addressing social integration, economic self-sufficiency, political resolve, physical and program accessibility, and full participation in the benefits of life and rights of all individuals. The fund was created by the authority of state grant provisions.

Center for Teaching Excellence (27114)- This grant provides funding to sponsor workshops and other training that disseminate research-based best-teaching practices. The fund was created by the authority of state grant provisions.

Early College HS Start Up (27180)- To account for state funds to establish an Early College High School. ECHS simultaneously offer a high school diploma and a college-level associate degree or up to two years of college credit toward a bachelor's degree. The fund was created by the authority of state grant.

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NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Special Revenue		
	IDEA B Discretionary 24107	Carl D Perkins 24174	Carl D Perkins Redistribution 24176
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	39,422	0
Total Assets	<u>\$ 0</u>	<u>\$ 39,422</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 79	\$ 0
Interfund Balance	0	39,343	0
Total Liabilities	<u>0</u>	<u>39,422</u>	<u>0</u>
Fund Balance			
Restricted for			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities & Fund Balance	<u>\$ 0</u>	<u>\$ 39,422</u>	<u>\$ 0</u>

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

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NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Special Revenue		
	Partnership in Character Education 25240	IDEA B Entitlement Santa Rosa 27102	IDEA Preschool Santa Rosa 27103
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	407	0
Total Assets	<u>\$ 0</u>	<u>\$ 407</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	407	0
Total Liabilities	<u>0</u>	<u>407</u>	<u>0</u>
Fund Balance			
Restricted for			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities & Fund Balance	<u>\$ 0</u>	<u>\$ 407</u>	<u>\$ 0</u>

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

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NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Special Revenue		
	IDEA B Entitlement Wagon Mound 27104	NM Reads to Lead Wagon Mound 27106	Governor Commission on Disability 27110
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	1,446	6,502	0
Total Assets	<u>\$ 1,446</u>	<u>\$ 6,502</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	1,446	6,502	0
Total Liabilities	<u>1,446</u>	<u>6,502</u>	<u>0</u>
Fund Balance			
Restricted for			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities & Fund Balance	<u>\$ 1,446</u>	<u>\$ 6,502</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
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	<u>Special Revenue</u>		
	Center for Teachng Excellence 27114	Early College HS Start Up 27180	Total
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	46,477	29,458	123,712
Total Assets	<u>\$ 46,477</u>	<u>\$ 29,458</u>	<u>\$ 123,712</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 79
Interfund Balance	46,477	29,458	123,633
Total Liabilities	<u>46,477</u>	<u>29,458</u>	<u>123,712</u>
Fund Balance			
Restricted for			
Special Revenue Funds	<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>\$ 46,477</u>	<u>\$ 29,458</u>	<u>\$ 123,712</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, 2015

	Special Revenue		
	IDEA B Discretionary 24107	Carl D Perkins 24174	Carl D Perkins Redistribution 24176
Revenues			
State Grants	\$ 0	\$ 0	\$ 0
Federal Grants	0	61,922	10,453
Total Revenues	<u>0</u>	<u>61,922</u>	<u>10,453</u>
Expenditures			
Current Operations			
Instruction	0	0	0
Support Services			
Students	0	56,083	10,453
General Administration	0	0	0
School Administration	0	5,839	0
Total Expenditures	<u>0</u>	<u>61,922</u>	<u>10,453</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, 2015

	Special Revenue		
	Partnership in Character Education 25240	IDEA B Entitlement Santa Rosa 27102	IDEA Preschool Santa Rosa 27103
Revenues			
State Grants	\$ 0	\$ 3,314	\$ 1,330
Federal Grants	192,807	0	0
Total Revenues	<u>192,807</u>	<u>3,314</u>	<u>1,330</u>
Expenditures			
Current Operations			
Instruction	0	1,486	1,330
Support Services			
Students	135,336	1,828	0
General Administration	13,000	0	0
School Administration	44,471	0	0
Total Expenditures	<u>192,807</u>	<u>3,314</u>	<u>1,330</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, 2015

	Special Revenue		
	IDEA B Entitlement Wagon Mound 27104	NM Reads to Lead Wagon Mound 27106	Governor Commission on Disability 27110
Revenues			
State Grants	\$ 1,446	\$ 47,452	\$ 29,569
Federal Grants	0	0	0
Total Revenues	<u>1,446</u>	<u>47,452</u>	<u>29,569</u>
Expenditures			
Current Operations			
Instruction	1,446	47,049	0
Support Services			
Students	0	0	29,569
General Administration	0	403	0
School Administration	0	0	0
Total Expenditures	<u>1,446</u>	<u>47,452</u>	<u>29,569</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, 2015

	Special Revenue		Total
	Center for Teachng Excellence 27114	Early College HS Start Up 27180	
Revenues			
State Grants	\$ 208,002	\$ 99,994	\$ 391,107
Federal Grants	0	0	265,182
Total Revenues	<u>208,002</u>	<u>99,994</u>	<u>656,289</u>
Expenditures			
Current Operations			
Instruction	0	0	51,311
Support Services			
Students	201,221	99,994	534,484
General Administration	6,781	0	20,184
School Administration	0	0	50,310
Total Expenditures	<u>208,002</u>	<u>99,994</u>	<u>656,289</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 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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 7,229	\$ 7,229	\$ 7,229	\$ 0
Total Revenues	<u>7,229</u>	<u>7,229</u>	<u>7,229</u>	<u>0</u>
Expenditures				
Support Services				
Students				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Administration				
Professional & Tech Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total General Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<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	7,229	7,229	7,229	0
Cash Balance Beginning of Year	<u>(7,229)</u>	<u>(7,229)</u>	<u>(7,229)</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			\$ 7,229	
Net Change in Receivables			<u>(7,229)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 79,635	\$ 94,008	\$ 54,496	\$ (39,512)
Total Revenues	<u>79,635</u>	<u>94,008</u>	<u>54,496</u>	<u>(39,512)</u>
Expenditures				
Support Services				
Students				
Personnel Services	30,000	23,770	23,770	0
Employee Benefits	10,517	10,350	10,225	125
Other Purchased Services	1,000	16,246	16,232	14
Supplies	6,200	5,885	5,855	30
Total Students	<u>47,717</u>	<u>56,251</u>	<u>56,082</u>	<u>169</u>
School Administration				
Personnel Services	0	4,500	4,500	0
Employee Benefits	0	1,339	1,339	0
Total School Administration	<u>0</u>	<u>5,839</u>	<u>5,839</u>	<u>0</u>
Total Support Services	<u>47,717</u>	<u>62,090</u>	<u>61,921</u>	<u>169</u>
Total Expenditures	<u>47,717</u>	<u>62,090</u>	<u>61,921</u>	<u>169</u>
Excess (Deficiency) of Revenues Over Expenditures	31,918	31,918	(7,425)	(39,343)
Cash Balance Beginning of Year	<u>(31,918)</u>	<u>(31,918)</u>	<u>(31,918)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(39,343)</u>	\$ <u>(39,343)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (7,425)	
Net Change in Receivables			<u>7,425</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 REDISTRIBUTION-24176
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 11,604	\$ 11,604	\$ 10,453	\$ (1,151)
Total Revenues	<u>11,604</u>	<u>11,604</u>	<u>10,453</u>	<u>(1,151)</u>
Expenditures				
Support Services				
Students				
Personnel Services	0	2,050	2,050	0
Employee Benefits	0	855	855	0
Other Purchased Services	10,654	6,574	6,373	201
Supplies	950	950	0	950
Supply Assets	0	1,175	1,175	0
Total Students	<u>11,604</u>	<u>11,604</u>	<u>10,453</u>	<u>1,151</u>
Total Support Services	<u>11,604</u>	<u>11,604</u>	<u>10,453</u>	<u>1,151</u>
Total Expenditures	<u>11,604</u>	<u>11,604</u>	<u>10,453</u>	<u>1,151</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
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>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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-PARTNERSHIPS IN CHARACTER EDUCATION-25240

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 256,493	\$ 256,493	\$ 207,996	\$ (48,497)
Total Revenues	<u>256,493</u>	<u>256,493</u>	<u>207,996</u>	<u>(48,497)</u>
Expenditures				
Support Services				
Students				
Personnel Services	79,500	79,500	73,485	6,015
Employee Benefits	25,281	25,723	22,304	3,419
Professional & Tech Services	20,000	16,416	2,715	13,701
Other Purchased Services	52,002	50,451	26,140	24,311
Supplies	6,000	10,693	10,692	1
Total Students	<u>182,783</u>	<u>182,783</u>	<u>135,336</u>	<u>47,447</u>
General Administration				
Professional & Tech Services	13,000	13,000	13,000	0
Total General Administration	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>0</u>
School Administration				
Personnel Services	35,000	32,129	31,271	858
Employee Benefits	10,521	13,392	13,200	192
Total School Administration	<u>45,521</u>	<u>45,521</u>	<u>44,471</u>	<u>1,050</u>
Total Support Services	<u>241,304</u>	<u>241,304</u>	<u>192,807</u>	<u>48,497</u>
Total Expenditures	<u>241,304</u>	<u>241,304</u>	<u>192,807</u>	<u>48,497</u>
Excess (Deficiency) of Revenues Over Expenditures	15,189	15,189	15,189	0
Cash Balance Beginning of Year	<u>(15,189)</u>	<u>(15,189)</u>	<u>(15,189)</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			\$ 15,189	
Net Change in Receivables			<u>(15,189)</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 B ENTITLEMENT-SANTA ROSA-27102
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 24,081	\$ 42,068	\$ 3,931	\$ (38,137)
Total Revenues	<u>24,081</u>	<u>42,068</u>	<u>3,931</u>	<u>(38,137)</u>
Expenditures				
Instruction				
Professional & Tech Services	<u>0</u>	<u>1,486</u>	<u>1,486</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>1,486</u>	<u>1,486</u>	<u>0</u>
Support Services				
Students				
Professional & Tech Services	2,000	2,000	800	1,200
Other Purchased Services	1,000	1,000	0	1,000
Supplies	19,056	35,557	1,027	34,530
Supply Assets	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Students	<u>23,056</u>	<u>39,557</u>	<u>1,827</u>	<u>37,730</u>
Total Support Services	<u>23,056</u>	<u>39,557</u>	<u>1,827</u>	<u>37,730</u>
Total Expenditures	<u>23,056</u>	<u>41,043</u>	<u>3,313</u>	<u>37,730</u>
Excess (Deficiency) of Revenues Over Expenditures	1,025	1,025	618	(407)
Cash Balance Beginning of Year	<u>(1,025)</u>	<u>(1,025)</u>	<u>(1,025)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (407)</u>	<u>\$ (407)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 618	
Net Change in Receivables			<u>(618)</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-SANTA ROSA-27103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 12,449	\$ 18,844	\$ 1,330	\$ (17,514)
Total Revenues	<u>12,449</u>	<u>18,844</u>	<u>1,330</u>	<u>(17,514)</u>
Expenditures				
Instruction				
Professional & Tech Services	1,000	1,000	0	1,000
Other Purchased Services	500	500	0	500
Supplies	8,949	15,344	410	14,934
Supply Assets	<u>2,000</u>	<u>2,000</u>	<u>920</u>	<u>1,080</u>
Total Instruction	<u>12,449</u>	<u>18,844</u>	<u>1,330</u>	<u>17,514</u>
Total Expenditures	<u>12,449</u>	<u>18,844</u>	<u>1,330</u>	<u>17,514</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
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>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 0</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 B ENTITLEMENT-WAGON MOUND-27104
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 69,191	\$ 69,191	\$ 21,744	\$ (47,447)
Total Revenues	<u>69,191</u>	<u>69,191</u>	<u>21,744</u>	<u>(47,447)</u>
Expenditures				
Instruction				
Professional & Tech Services	8,500	8,500	341	8,159
Other Purchased Services	30,381	30,381	1,105	29,276
Supplies	3,566	3,566	0	3,566
Supply Assets	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Instruction	<u>47,447</u>	<u>47,447</u>	<u>1,446</u>	<u>46,001</u>
Total Expenditures	<u>47,447</u>	<u>47,447</u>	<u>1,446</u>	<u>46,001</u>
Excess (Deficiency) of Revenues Over Expenditures	21,744	21,744	20,298	(1,446)
Cash Balance Beginning of Year	<u>(21,744)</u>	<u>(21,744)</u>	<u>(21,744)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,446)</u>	<u>\$ (1,446)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 20,298	
Net Change in Receivables			<u>(20,298)</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-NM READS TO LEAD-WAGON MOUND-27106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 50,000	\$ 50,000	40,950	\$ (9,050)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>40,950</u>	<u>(9,050)</u>
Expenditures				
Instruction				
Personnel Services	38,563	38,563	38,563	0
Employee Benefits	6,437	6,437	6,437	0
Professional & Tech Services	2,500	2,500	1,613	887
Supplies	<u>2,000</u>	<u>2,000</u>	<u>436</u>	<u>1,564</u>
Total Instruction	<u>49,500</u>	<u>49,500</u>	<u>47,049</u>	<u>2,451</u>
Support Services				
General Administration				
Professional & Tech Services	<u>500</u>	<u>500</u>	<u>403</u>	<u>97</u>
Total General Administration	<u>500</u>	<u>500</u>	<u>403</u>	<u>97</u>
Total Support Services	<u>500</u>	<u>500</u>	<u>403</u>	<u>97</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>47,452</u>	<u>2,548</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(6,502)	(6,502)
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>\$ (6,502)</u>	<u>\$ (6,502)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,502)	
Net Change in Receivables			<u>6,502</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-GOVERNOR COMMISSION ON DISABILITY-27110
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 29,570	\$ 29,570	\$ 29,569	\$ (1)
Total Revenues	<u>29,570</u>	<u>29,570</u>	<u>29,569</u>	<u>(1)</u>
Expenditures				
Support Services				
Students				
Personnel Services	28,100	28,100	28,101	(1)
Employee Benefits	205	205	204	1
Professional & Tech Services	1,265	1,265	1,264	1
Total Students	<u>29,570</u>	<u>29,570</u>	<u>29,569</u>	<u>1</u>
Total Support Services	<u>29,570</u>	<u>29,570</u>	<u>29,569</u>	<u>1</u>
Total Expenditures	<u>29,570</u>	<u>29,570</u>	<u>29,569</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
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>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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-CENTER FOR TEACHING EXCELLENCE-27114
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 207,983	\$ 207,683	\$ 161,525	\$ (46,158)
Total Revenues	<u>207,983</u>	<u>207,683</u>	<u>161,525</u>	<u>(46,158)</u>
Expenditures				
Support Services				
Students				
Personnel Services	123,600	125,670	125,670	0
Employee Benefits	36,050	40,804	40,795	9
Other Purchased Services	34,960	2,156	2,185	(29)
Supplies	<u>6,592</u>	<u>32,572</u>	<u>32,571</u>	<u>1</u>
Total Students	<u>201,202</u>	<u>201,202</u>	<u>201,221</u>	<u>(19)</u>
General Administration				
Professional & Tech Services	<u>6,781</u>	<u>6,481</u>	<u>6,781</u>	<u>(300)</u>
Total General Administration	<u>6,781</u>	<u>6,481</u>	<u>6,781</u>	<u>(300)</u>
Total Support Services	<u>207,983</u>	<u>207,683</u>	<u>208,002</u>	<u>(319)</u>
Total Expenditures	\$ <u>207,983</u>	\$ <u>207,683</u>	\$ <u>208,002</u>	\$ <u>(319)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ (46,477)	\$ (46,477)
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>(46,477)</u>	\$ <u>(46,477)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (46,477)	
Net Change in Receivables			<u>46,477</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-EARLY COLLEGE HS START UP-27180
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 116,107	\$ 116,107	\$ 86,643	\$ (29,464)
Total Revenues	<u>116,107</u>	<u>116,107</u>	<u>86,643</u>	<u>(29,464)</u>
Expenditures				
Support Services				
Students				
Personnel Services	45,000	60,033	60,033	0
Employee Benefits	16,200	22,458	22,453	5
Other Purchased Services	38,800	15,637	15,636	1
Supply Assets	<u>0</u>	<u>1,872</u>	<u>1,872</u>	<u>0</u>
Total Students	<u>100,000</u>	<u>100,000</u>	<u>99,994</u>	<u>6</u>
Total Support Services	<u>100,000</u>	<u>100,000</u>	<u>99,994</u>	<u>6</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>99,994</u>	<u>6</u>
Excess (Deficiency) of Revenues Over Expenditures	16,107	16,107	(13,351)	(29,458)
Cash Balance Beginning of Year	<u>(16,107)</u>	<u>(16,107)</u>	<u>(16,107)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (29,458)</u>	<u>\$ (29,458)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (13,351)	
Net Change in Receivables			<u>13,351</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.

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Schedules of Required Supplementary Information for Pension Plan

Schedule of the District's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

	<u>2015</u>
District's proportion of the net pension liability	0.02088%
District's proportionate share of the net pension liability	\$ 1,191,350
District's covered-employee payroll	\$ 575,420
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.30%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Schedule of District's Contributions

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 140,981
Contributions in relation to the contractually required contribution	\$ 140,981
Contribution deficiency (excess)	0
District's covered-employee payroll	\$ 575,420
Contributions as a percentage of covered-employee payroll	24.50%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the REC will present information for those years for which information is available.

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

Changes of benefit terms. The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

Changes of assumptions.

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:

- a. Lower wage inflation from 4.75% to 4.25%
- b. Lower payroll growth from 3.75% to 3.50%
- c. Minor changes to demographic assumptions
- d. Population growth per year from 0.75% to 0.50%

2. Assumptions that were not changed:

- a. Investment return will remain at 7.75%
- b. Inflation will remain at 3.00%

See also the Actuarial Assumptions subsection of the financial statement note disclosure General Information on the Pension Plan.

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
 Cash Reconciliation
 For the Year Ended June 30, 2015

		Beginning Cash Balance	Revenue	Expenditures	Adjustments	Ending Cash Balance
Federal Flow through	24000	\$ (39,147)	\$ 65,679	72,375	\$ 6,500	\$ (39,343)
Federal Direct	25000	(15,190)	207,996	191,079	(1,727)	0
State Flow through	27000	(10,212)	2,140,269	2,411,040	11,402	(269,581)
Local Grants	29000	657,794	360,900	355,250	0	663,444
Total		\$ <u>593,245</u>	\$ <u>2,774,844</u>	\$ <u>3,029,744</u>	\$ <u>16,175</u>	\$ <u>354,520</u>

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

STATE OF NEW MEXICO
NORTHEAST REGIONAL EDUCATION COOPERATIVE # 4
Vendor Schedule
For the Year Ended June 30, 2015

There were no vendors that met the reporting criteria for this entity for the Fiscal year ending June 30, 2015.

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace, Clovis, NM 88101

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

Independent Auditor's Report

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

Mr. Keller and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Northeast Regional Education Cooperative #4 (REC) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the REC's basic financial statements, and the combining and individual funds and related budgetary comparisons of the REC, presented as supplemental information, and have issued our report thereon dated September 28, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies. 2014-001, 2014-003, 2015-001, and 2015-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2014-001, 2014-003 2015-001, and 2015-002.

The REC's Responses to Findings

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

Purpose of this Report

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



Clovis, New Mexico
September 28, 2015

Financial Statements Findings

Prior Year Audit Findings

	<u>Status</u>
2014-001 Budget Violation	Repeated & Modified
2014-002 Payroll	Resolved
2014-003 Expenditures	Repeated & Modified

Current Year Audit Findings

2014-001 Budget Violations-Compliance and Internal Control-Significant Deficiency Condition

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

	<u>Budget</u>		<u>Actual</u>	<u>Over Budget</u>
	<u>Original</u>	<u>Final</u>		
Center for Teaching Excellence-27114 Support Services	207,983	207,683	\$ 208,002	\$ (319)

Management has made progress resolving this finding.

Criteria

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For School District's, the expenditure function is the legal level of control.

Cause

The District did not make the appropriate budgetary adjustments requests and transfers to the fund mentioned in the condition, which would alleviate over-expenditure within the function prior to the year end.

Effect

As a result, the District is in non compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

Recommendation

The District should establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Response

We will monitor the budget more closely and amend it as necessary. The Business Manager expects this finding to be resolved before the end on the next fiscal year.

2014-003 Expenditures-Compliance and Internal Control-Significant Deficiency

Condition

Out of 248 expenditures sampled we noted the following:

6 had after fact PO's totaling \$7,953.04

2 were past due (not being paid within 30 day's of receipt) totaling \$83,003.99.

Management has made progress resolving this finding.

Criteria

In accordance with 6.20.2.17 Purchasing, each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

Cause

The lack of purchase orders was because of the large and new grants and new people involved in the purchase process. The late bills were because all of the documentation was not received timely.

Effect

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results could be over spending, late fees, difficulty with vendors because of slow pay.

Recommendation

We recommend additional training for new members involved in the purchasing process.

Response

We continue to provide training and implement consequences for failure to follow the procurement process. The procurement officer expects this problem to be solved by October 31, 2015.

2015-001 Cash Appropriations in Excess of Available Cash Balances-Compliance & Internal Control-Significant Deficiency

Condition

The REC maintained a deficit budget in excess of available cash balance in the General Fund \$(568,678).

Criteria

Section 2.2.210. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances rebudgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Cause

The REC does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budgeted expenditures.

Effect

The REC will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Recommendation

Greater attention should be given to the budget monitoring process end of the year cash balance estimates.

Response

We have implemented a system to avoid this issue in the future.

2015-002 Final Report not Submitted to PED Timely-Compliance and Internal Control-Significant

Deficiency

Condition

The REC had not submitted the final report to PED as of August 24, 2015.

Criteria

6.20.2.8 C provides for the withholding of funds, suspend payment or both if reporting requirement and deadlines are not met.

Cause

The Business Manager was having difficulty with unusual entries caused by the financial accounting software. The errors occurred in the third quarter. As of August 24th, the third quarter had not been accepted.

Effect

NMPED cannot assist the REC in management and oversight without accurate and timely submitted reports.

Recommendation

When errors occur with the software, the provider should be notified quickly and the issues resolved.

Response

We were not aware the problem was caused by the software and assumed the errors were a result of human error and could be resolved. In the future, we will contact the software provider when unusual transactions appear in the general ledger.

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 28, 2015 in attendance were Gene Parson-Vice Chairman, Dr. James A Abreu-Director, Mary Sanchez-Business Manager and De'Aun Willoughby, CPA.