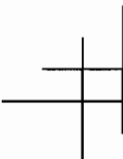




STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6

ANNUAL FINANCIAL REPORT
June 30, 2008

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



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STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
Official Roster
June 30, 2008

COUNCIL

Dr. Art Brokenbek	President
Dr. Ron Windom	Vice President
Craig Stockton	Secretary
Jack Burch	Member
Steve Barron	Member
Dr. Elizabeth Posey	Member
Carolyn Franklin	Member
Paul Benoit	Member
Patricia Miller	Member
Dr. R. L. Richards	Member

ADMINISTRATIVE

Patti Harrelson	Director
Sandi Blakley	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the REGIONAL EDUCATIONAL CENTER NO. 6

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of REGIONAL EDUCATION COOPERATIVE #6 (REC), as of and for the year ended June 30, 2008, which collectively comprise the REC's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the REC's nonmajor governmental funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the REC's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the REC as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental funds of the REC as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons for the nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2009, on our consideration of the REC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

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

De'Aun Willoughby CPA PC

June 25, 2009

FINANCIAL SECTION

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 Government-wide Statement of Net Assets
 June 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 359,718
Due from Grantor	<u>211,960</u>
Total Current Assets	<u>571,678</u>
Noncurrent Assets	
Capital Assets	881,439
Less: Accumulated Depreciation	<u>(859,411)</u>
Total Noncurrent Assets	<u>22,028</u>
Total Assets	<u>593,706</u>
LIABILITIES	
Current Liabilities	
Deferred Revenue	<u>0</u>
Total Current Liabilities	<u>0</u>
	<u>0</u>
NET ASSETS	
Invested in Capital Assets	22,028
Unrestricted	<u>571,678</u>
Total Net Assets	<u>\$ 593,706</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 Government-wide Statement of Activities
 For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Instruction	\$ 373,469	\$ 0	\$ 321,368	\$ 0	\$ (52,101)
Support Services-Students	736,566	0	442,113	0	(294,453)
Support Services-Instruction	211,838	0	126,703	0	(85,135)
General Administration	240,331	897,824	33,123	0	690,616
School Administration	33,009	0	33,009	0	0
Central Services	115,960	20,405	32,019	0	(63,536)
Operation of Plant	21,760	81,620	333	0	60,193
Community Services	333	20,405	0	0	20,072
Total Governmental Activities	\$ 1,733,266	\$ 1,020,255	\$ 988,668	\$ 0	\$ 275,657
General Revenues					
Federal and State aid not restricted to specific purpose				\$	0
Subtotal, General Revenues					<u>0</u>
Change in Net Assets					275,657
Net Assets - beginning					<u>318,049</u>
Net Assets - ending				\$	<u><u>593,706</u></u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2008

	General 29101	Title I 24101	Title I Improvement 24105
ASSETS			
Cash	\$ 199,000	\$ 0	\$ 0
Receivables			
Due From Grantor	0	32,838	82,040
Interfund Balances	211,960	0	0
Total Assets	<u>\$ 410,960</u>	<u>\$ 32,838</u>	<u>\$ 82,040</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 32,838	\$ 82,040
Total Liabilities	<u>0</u>	<u>32,838</u>	<u>82,040</u>
Fund Balance			
Unreserved, reported in:			
General Fund	410,960	0	0
Special Revenue Funds	0	0	0
Total Fund Balance	<u>410,960</u>	<u>0</u>	<u>0</u>
 Total Liabilities & Fund Balance	 <u>\$ 410,960</u>	 <u>\$ 32,838</u>	 <u>\$ 82,040</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2008

	<u>Discretionary 24107</u>	<u>Medicaid 28144</u>	<u>Other Governmental Funds</u>
ASSETS			
Cash	\$ 0	\$ 160,718	\$ 0
Receivables			
Due From Grantor	39,011	0	58,071
Interfund Balances	0	0	0
Total Assets	<u>\$ 39,011</u>	<u>\$ 160,718</u>	<u>\$ 58,071</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 39,011	\$ 0	\$ 58,071
Total Liabilities	<u>39,011</u>	<u>0</u>	<u>58,071</u>
 Fund Balance			
Unreserved, reported in:			
General Fund	0	0	0
Special Revenue Funds	0	160,718	0
Total Fund Balance	<u>0</u>	<u>160,718</u>	<u>0</u>
 Total Liabilities & Fund Balance	 <u>\$ 39,011</u>	 <u>\$ 160,718</u>	 <u>\$ 58,071</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2008

	<u>Total</u>
ASSETS	
Cash	\$ 359,718
Receivables	
Due From Grantor	211,960
Interfund Balances	211,960
Total Assets	<u>\$ 783,638</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Interfund Balances	\$ 211,960
Total Liabilities	<u>211,960</u>
Fund Balance	
Unreserved, reported in:	
General Fund	410,960
Special Revenue Funds	160,718
Total Fund Balance	<u>571,678</u>
Total Liabilities & Fund Balance	<u>\$ 783,638</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2008

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

Total Fund Balance - Governmental Funds		\$	571,678
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
	The cost of capital assets	\$	881,439
	Accumulated depreciation is		<u>(859,411)</u>
			<u>22,028</u>
Total net assets - governmental activities		\$	<u><u>593,706</u></u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 GOVERNMENTAL FUNDS
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 For the Year Ended June 30, 2008

	General 29101	Title I 24101	Title I Improvement 24105
REVENUES			
Fees & Services	\$ 1,020,255	\$ 0	\$ 0
State Grants	0	0	0
Federal Grants	0	63,951	187,122
Total Revenues	<u>1,020,255</u>	<u>63,951</u>	<u>187,122</u>
EXPENDITURES			
Current Operations			
Instruction	0	43,997	0
Support Services-Students	293,114	7,631	171,122
Support Services-Instruction	85,135	0	0
Support Services-General Administration	206,398	11,990	16,000
Support Services-School Administration	0	0	0
Central Services	83,941	0	0
Operation & Maintenance of Plant	21,172	0	0
Community Services	0	333	0
Total Expenditures	<u>689,760</u>	<u>63,951</u>	<u>187,122</u>
Excess (Deficiency) of Revenues Over Expenditures	330,495	0	0
Fund Balance Beginning of Year	<u>80,465</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 410,960</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO.
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2008

REVENUES	Discretionary 24107	Medicaid 28144	Other Governmental Funds
Fees & Services	\$ 0	\$ 0	\$ 0
State Grants	0	0	9,750
Federal Grants	164,624	134,874	428,347
Total Revenues	<u>164,624</u>	<u>134,874</u>	<u>438,097</u>
EXPENDITURES			
Current Operations			
Instruction	86,887	0	190,484
Support Services-Students	46,726	90,305	116,452
Support Services-Instruction	0	0	126,703
Support Services-General Administration	31,011	2,673	2,460
Support Services-School Administration	0	0	1,998
Central Services	0	32,019	0
Operation & Maintenance of Plant	0	0	0
Community Services	0	0	0
Total Expenditures	<u>164,624</u>	<u>124,997</u>	<u>438,097</u>
Excess (Deficiency) of Revenues Over Expenditures	0	9,877	0
Fund Balance Beginning of Year	<u>0</u>	<u>150,841</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 160,718</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO.
 GOVERNMENTAL FUNDS
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 For the Year Ended June 30, 2008

REVENUES	<u>Total</u>
Fees & Services	\$ 1,020,255
State Grants	9,750
Federal Grants	978,918
Total Revenues	<u>2,008,923</u>
EXPENDITURES	
Current Operations	
Instruction	321,368
Support Services-Students	725,350
Support Services-Instruction	211,838
Support Services-General Administration	270,532
Support Services-School Administration	1,998
Central Services	115,960
Operation & Maintenance of Plant	21,172
Community Services	333
Total Expenditures	<u>1,668,551</u>
Excess (Deficiency) of Revenues Over Expenditures	340,372
Fund Balance Beginning of Year	<u>231,306</u>
Fund Balance End of Year	<u>\$ 571,678</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2008

Net Change in Fund Balance-Governmental Funds \$ 340,372

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

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

Depreciation expense	\$	(64,715)	
Capital Outlays		<u>0</u>	<u>(64,715)</u>

Changes in Net Assets of Governmental Activities \$ 275,657

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

MAJOR FUNDS

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
GENERAL FUND-29101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
State & Local Sources				
Fees & Services	\$ 403,549	\$ 403,549	\$ 1,020,255	\$ 616,706
Total State & Local Sources	<u>403,549</u>	<u>403,549</u>	<u>1,020,255</u>	<u>616,706</u>
Total Revenues	<u>403,549</u>	<u>403,549</u>	<u>1,020,255</u>	<u>616,706</u>
Expenditures				
Support Services-Students				
Personnel Services	118,370	182,591	190,020	(7,429)
Employee Benefits	37,303	118,500	67,806	50,694
Other Purchased Services	7,600	24,600	35,288	(10,688)
Total Support Services- Students	<u>163,273</u>	<u>325,691</u>	<u>293,114</u>	<u>32,577</u>
Support Services-Instruction				
Personnel Services	65,827	65,827	65,846	(19)
Employee Benefits	29,037	29,037	13,634	15,403
Other Purchased Services	6,500	6,500	5,654	846
Total Support Services- Instruction	<u>101,364</u>	<u>101,364</u>	<u>85,134</u>	<u>16,230</u>
Support Services-General Administration				
Personnel Services	95,700	131,400	130,025	1,375
Employee Benefits	9,504	18,166	17,251	915
Professional & Tech Services	4,514	11,114	7,070	4,044
Purchased Property Services	0	0	2	(2)
Other Purchased Services	4,500	40,163	38,083	2,080
Supplies	4,000	13,500	13,967	(467)
Total Support Services- General Administration	<u>118,218</u>	<u>214,343</u>	<u>206,398</u>	<u>7,945</u>
Central Services				
Personnel Services	53,101	53,101	52,954	147
Employee Benefits	23,643	23,643	22,418	1,225
Other Purchased Services	4,150	4,150	1,795	2,355
Supplies	2,000	2,000	6,775	(4,775)
Total Central Services	<u>\$ 82,894</u>	<u>\$ 82,894</u>	<u>\$ 83,942</u>	<u>\$ (4,775)</u>

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
GENERAL FUND-29101

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

Operation & Maintenance of Plant				
Purchased Property Services	\$ 6,000	\$ 14,873	\$ 9,526	\$ 5,347
Other Purchased Services	9,265	9,265	9,814	(549)
Supplies	2,000	2,000	1,832	168
Property	1,000	1,000	0	1,000
Total Operation & Maintenance of Plant	<u>18,265</u>	<u>27,138</u>	<u>21,172</u>	<u>5,966</u>
Total Expenditures	<u>484,014</u>	<u>751,430</u>	<u>689,760</u>	<u>57,943</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(80,465)</u>	<u>(347,881)</u>	<u>330,495</u>	<u>678,376</u>
Cash Balance Beginning of Year	<u>80,465</u>	<u>80,465</u>	<u>80,465</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>0</u></u>	\$ <u><u>(267,416)</u></u>	\$ <u><u>410,960</u></u>	\$ <u><u>678,376</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>330,495</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>330,495</u></u>	

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-TITLE I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 110,580	\$ 117,101	\$ 77,824	\$ (39,277)
Total Federal Sources	<u>110,580</u>	<u>117,101</u>	<u>77,824</u>	<u>(39,277)</u>
Total Revenues	<u>110,580</u>	<u>117,101</u>	<u>77,824</u>	<u>(39,277)</u>
Expenditures				
Instruction				
Other Purchased Services	16,131	19,693	18,842	851
Supplies	16,315	13,200	12,190	1,010
Fixed Assets	7,802	13,746	12,965	781
Total Instruction	<u>40,248</u>	<u>46,639</u>	<u>43,997</u>	<u>2,642</u>
Support Services-Students				
Professional & Tech Services	0	0	7,631	(7,631)
Other Purchased Services	2,500	0	0	0
Supplies	0	0	0	0
Total Support Services-Students	<u>2,500</u>	<u>0</u>	<u>7,631</u>	<u>(7,631)</u>
Support Services-General Administration				
Supplies	17,121	19,620	11,990	7,630
Total Support Services-General Administration	<u>17,121</u>	<u>19,620</u>	<u>11,990</u>	<u>7,630</u>
Community Services				
Other Purchased Services	4,000	4,131	333	3,798
Total Community Services	<u>4,000</u>	<u>4,131</u>	<u>333</u>	<u>3,798</u>
Total Expenditures	<u>63,869</u>	<u>70,390</u>	<u>63,951</u>	<u>6,439</u>
Excess (Deficiency) of Revenues Over Expenditures	46,711	46,711	13,873	(32,838)
Cash Balance Beginning of Year	<u>(46,711)</u>	<u>(46,711)</u>	<u>(46,711)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (32,838)</u>	<u>\$ (32,838)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 13,873	
Net change in Due from Grantor			<u>(13,873)</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-TITLE I IMPROVEMENT-24105
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 200,000	206,987	\$ 105,081	\$ (101,906)
Total Federal Sources	<u>200,000</u>	<u>206,987</u>	<u>105,081</u>	<u>(101,906)</u>
Total Revenues	<u>200,000</u>	<u>206,987</u>	<u>105,081</u>	<u>(101,906)</u>
Expenditures				
Support Services-Students				
Personnel Services	0	8,372	8,372	0
Employee Benefits	0	1,611	1,611	0
Other Purchased Services	184,000	181,004	161,138	(19,866)
Total Support Services- Students	<u>184,000</u>	<u>190,987</u>	<u>171,121</u>	<u>(19,866)</u>
Support Services-General Administration				
Professional & Tech Services	16,000	16,000	16,000	0
Total Support Services- General Administration	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>0</u>
Total Expenditures	<u>200,000</u>	<u>206,987</u>	<u>187,121</u>	<u>(19,866)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(82,040)	(82,040)
Cash Balance Beginning of Year	0	0	0	0
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(82,040)</u>	\$ <u>(82,040)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (82,040)	
Net change in Due from Grantor			<u>82,040</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-IDEA B DISTRECTIONARY-24107
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 142,589	\$ 207,667	\$ 156,814	\$ (50,853)
Total Federal Sources	<u>142,589</u>	<u>207,667</u>	<u>156,814</u>	<u>(50,853)</u>
Total Revenues	<u>142,589</u>	<u>207,667</u>	<u>156,814</u>	<u>(50,853)</u>
Expenditures				
Instruction				
Other Purchased Services	48,010	58,206	56,826	(1,380)
Supplies	7,428	11,627	6,138	(5,489)
Property	2,042	23,924	23,924	0
Total Instruction	<u>57,480</u>	<u>93,757</u>	<u>86,888</u>	<u>(6,869)</u>
Support Services-Students				
Other Purchased Services	36,044	46,726	46,726	0
Total Support Services- Students	<u>36,044</u>	<u>46,726</u>	<u>46,726</u>	<u>0</u>
Support Services-Instruction				
Other Purchased Services	12,891	30,280	26,199	(4,081)
Supplies	4,973	5,703	4,811	(892)
Total Support Services- Instruction	<u>17,864</u>	<u>35,983</u>	<u>31,010</u>	<u>(892)</u>
Total Expenditures	<u>111,388</u>	<u>176,466</u>	<u>164,624</u>	<u>(7,761)</u>
Excess (Deficiency) of Revenues Over Expenditures	31,201	31,201	(7,810)	(43,092)
Cash Balance Beginning of Year	<u>(31,201)</u>	<u>(31,201)</u>	<u>(31,201)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(39,011)</u>	\$ <u>(43,092)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (7,810)	
Net change in Due from Grantor			<u>7,810</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-MEDICAID HSD-28144
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ (68,057)	\$ 67,027	\$ 134,874	\$ 67,847
Total Federal Sources	<u>(68,057)</u>	<u>67,027</u>	<u>134,874</u>	<u>67,847</u>
Total Revenues	<u>(68,057)</u>	<u>67,027</u>	<u>134,874</u>	<u>67,847</u>
Expenditures				
Support Services-Students				
Professional & Tech Services	0	28,409	35,774	(7,365)
Other Purchased Services	0	16,676	9,039	7,637
Supplies	28,465	104,824	39,960	64,864
Property	0	2,788	5,531	(2,743)
Total Support Services-Students	<u>28,465</u>	<u>152,697</u>	<u>90,304</u>	<u>62,393</u>
Support Services-General Administration				
Other Purchased Services	20,000	30,852	2,673	28,179
Total Support Services- General Administration	<u>20,000</u>	<u>30,852</u>	<u>2,673</u>	<u>28,179</u>
Central Services				
Personnel Services	24,400	24,400	23,638	762
Employee Benefits	8,769	8,769	7,987	782
Professional & Tech Services	0	0	395	(395)
Other Purchased Services	1,150	1,150	0	1,150
Total Central Services	<u>34,319</u>	<u>34,319</u>	<u>32,020</u>	<u>2,299</u>
Total Expenditures	<u>82,784</u>	<u>217,868</u>	<u>124,997</u>	<u>92,871</u>
Excess (Deficiency) of Revenues Over Expenditures	(150,841)	(150,841)	9,877	160,718
Cash Balance Beginning of Year	150,841	150,841	150,841	0
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 160,718</u>	<u>\$ 160,718</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,877	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 9,877</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 REGIONAL EDUCATIONAL CENTER NO. 6 (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. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the REC's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD & A) providing an analysis of the REC's overall financial position and results of operations.
- Financial Statements prepared using full-accrual accounting for all the REC's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2008.

In addition, in June 2001, the GASB issued Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, *Certain Financial Note Disclosures*. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the REC.

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.

REGIONAL EDUCATIONAL CENTER NO. 6 (REC), through the governing council, has established as its purpose the delivery to local RECs 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 the 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.

Operational Fund - The Operational Fund is the general operating fund of the REC and accounts for all revenues and expenditures of the REC not encompassed within other funds.

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:

REC Operational Fund (29101)

To account for resources and expenditures that are not required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Title I (24101)(24105)

To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

TITLE I Improvements (24105)

To account for revenues and expenditures for a collaborative consortium of education, health, culture enrichment, and social support system in rural communities. The fund was created by grant provisions.

IDEA B Discretionary (24107)

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

Medicaid HSD (28144)

To account for revenues and expenditures provided through the Medicaid Fund for ancillary service for Medicaid eligible children by the State of New Mexico. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the REC's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the REC's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, and 3) program specific capital grants and contributions.

Expenses

Some functions, such as general government, support services, or administration, include expenses that are, in essence, indirect expenses of other functions. Governments are not required to allocate those indirect expenses among functions. It is the policy of this District not to allocate indirect expenses to functions.

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

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

Cash and Cash Equivalents

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

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

Investments

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

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

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

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

Receivables and Payables

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Capital Assets

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

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

Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years
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Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

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

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

Interfund Transfers

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

Deferred Revenue

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

Compensated Absences

Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule depending on length of service, the employee's hire date and the employee's employment status. All earned vacation must be taken within one year after it is earned. Upon termination, employees will not be compensated for unused accrued annual leave.

Estimates

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

NOTE B: CASH AND INVESTMENTS

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

Portales National Bank

<u>Name of Account</u>	<u>Balance Per Bank 06-30-08</u>	<u>Reconciled Balance</u>	<u>Type</u>
Regional Education Center #6	\$ 526,085	\$ 359,718	Checking
TOTAL Deposited	526,085	<u>359,718</u>	
Less: FDIC Coverage	(100,000)		
Uninsured Amount	426,085		
50% collateral requirement	213,043		
Pledged securities	206,208		
Over (Under) requirement	<u>\$ (6,835)</u>		

The following securities are pledged at **Portales National Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC	3128X3K69	11-15-11	PNB, Lubbock, Texas
		\$ 206,208	
		<u>\$ 206,208</u>	

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 100,000
Collateralized:	
Collateral held by the pledging bank in REC's name	206,208
Uninsured and uncollateralized	219,877
Total Deposits	<u>\$ 526,085</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008 \$219,877 of the REC's bank balance of \$526,085 was exposed to custodial credit risk.

NOTE C: INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>			<u>Other Governmental Funds</u>
	<u>Title I</u>	<u>Title I Improvement</u>	<u>Discretionary</u>	
General	\$ 32,838	\$ 82,040	\$ 39,011	\$ 58,071
Totals	<u>\$ 32,838</u>	<u>\$ 82,040</u>	<u>\$ 39,011</u>	<u>\$ 58,071</u>

The above interfund balances resulted from reimbursement grants and shortfalls in revenues. The loans were covered by the General and Medicaid funds. All transactions will be repaid within one year.

NOTE D: DUE FROM OTHER GOVERNMENT UNITS

Amounts due from other agencies and units of government were as follows as of June 30, 2008:

Federal Agencies	\$ 205,887
State Agencies	6,073
Total	<u>\$ 211,960</u>

NOTE E: DEFERRED REVENUES

Deferred revenue represents advances on grants which have not been earned at June 30, 2008. There were no deferred revenues.

NOTE F: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2008, is as follows:

	<u>Balance 6/30/07</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balance 6/30/08</u>
Governmental Activities				
Other Capital Assets				
Equipment	\$ 881,440	\$ 0	\$ 0	\$ 881,440
Total Capital				
Assets at Historical Cost	<u>\$ 881,440</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 881,440</u>

Less Accumulated Depreciation

Equipment	\$	794,697	\$	64,714	\$	0	\$	859,411
Total Accumulated Depreciation		<u>794,697</u>		<u>64,714</u>		<u>0</u>		<u>859,411</u>
Capital Assets, net	\$	<u>86,743</u>	\$	<u>(64,714)</u>	\$	<u>0</u>	\$	<u>22,029</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$	52,101
Instructional Support		11,216
Administration		810
Operation & Maintenance of Plant		587
Total depreciation expenses	\$	<u>64,714</u>

NOTE G: PENSION PLAN

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

Plan members are required to contribute 7.825% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2008, 2007, and 2006, were \$47,667, \$54,927, and \$47,473, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE H: RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employers effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990.

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

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

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

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2008, 2007, and 2006 were \$6,267, \$6,574, and \$6,689, respectively, which equal the required contributions for each year.

NOTE I: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

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

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

The reconciliation of budgetary basis to GAAP basis statements are located at the bottom of each budget actual.

NOTE J: INSURANCE COVERAGE

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

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

NOTE K: SURETY BOND

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

NOTE L: BUDGET VIOLATIONS

GENERAL FUND-29101

Support Services-Students		
Personnel Services	\$	(7,429)
Other Purchased Services		(10,688)
Support Services-Instruction		
Personnel Services		(19)
Support Services-General Administration		
Purchased Property Services		(2)
Supplies		(467)
Central Services		
Supplies		(4,775)
Operation & Maintenance of Plant		
Other Purchased Services		(549)
SPECIAL REVENUE FUND-TITLE I-24101		
Support Services-Students		
Professional & Tech Services		(7,631)
SPECIAL REVENUE FUND-TITLE I IMPROVEMENT-24105		
Support Services-Students		
Other Purchased Services		(19,866)
SPECIAL REVENUE FUND-IDEA B DISTRECTIONARY-24107		
Instruction		
Other Purchased Services		(1,380)
Supplies		(5,489)
Support Services-Instruction		
Other Purchased Services		(4,081)
Supplies	\$	(892)

SPECIAL REVENUE FUND-MEDICAID HSD-28144		
Support Services-Students		
Professional & Tech Services	\$	(7,365)
Property		(2,743)
Central Services		
Professional & Tech Services		(395)
SPECIAL REVENUE FUND-IDEA B ENTITLEMENT-24106		
Instruction		
Other Purchased Services		(11,213)
Supplies		(2,789)
Support Services-Students		
Professional & Tech Services		(2,497)
Other Purchased Services		(49,776)
Supplies		(39)
SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109		
Instruction		
Other Purchased Services		(12,830)
Supplies		(13,774)
Support Services-Students		
Other Purchased Services		(1)
Supplies		(187)
SPECIAL REVENUE FUND-READING FIRST-24167		
Support Services-Instruction		
Other Purchased Services	\$	(16,920)

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-TITLE I-24101
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Dora Schools</u>	<u>Elida Schools</u>	<u>Floyd Schools</u>
REVENUES			
Federal Grant	\$ 24,827	\$ 1,478	\$ 26,558
Total Revenues	<u>24,827</u>	<u>1,478</u>	<u>26,558</u>
EXPENDITURES			
Current Operations			
Instruction	20,912	315	18,594
Support Services-Students	0	0	7,631
Support Services-General Administration	3,915	1,163	0
Central Services	0	0	333
Total Expenditures	<u>24,827</u>	<u>1,478</u>	<u>26,558</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
REGIONAL EDUCATIONAL COOPERATIVE
SPECIAL REVENUE FUNDS-TITLE I-24101
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	San Jon Schools	Texico Schools	TOTAL
REVENUES			
Federal Grant	\$ 2,728	\$ 8,360	\$ 63,951
Total Revenues	<u>2,728</u>	<u>8,360</u>	<u>63,951</u>
EXPENDITURES			
Current Operations			
Instruction	0	4,176	43,997
Support Services-Students	0	0	7,631
Support Services-General Administration	2,728	4,184	11,990
Central Services	0	0	333
Total Expenditures	<u>2,728</u>	<u>8,360</u>	<u>63,951</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-IDEA B
 DISCRETIONARY-24107
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	Dora Schools	Elida Schools	Floyd Schools
REVENUES			
Federal Grant	\$ 46,217	\$ 7,052	\$ 40,760
Total Revenues	<u>46,217</u>	<u>7,052</u>	<u>40,760</u>
EXPENDITURES			
Current Operations			
Instruction	46,217	7,052	9,750
Support Services-Instruction	0	0	31,010
Support Services-Students	0	0	0
Total Expenditures	<u>46,217</u>	<u>7,052</u>	<u>40,760</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-IDEA B
 DISCRETIONARY-24107
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	Fort Sumner Schools	Grady Schools	House Schools
REVENUES			
Federal Grant	\$ 10,769	\$ 7,295	\$ 10,394
Total Revenues	<u>10,769</u>	<u>7,295</u>	<u>10,394</u>
EXPENDITURES			
Current Operations			
Instruction	0	0	3,828
Support Services-Instruction	0	0	0
Support Services-Students	10,769	7,295	6,566
Total Expenditures	<u>10,769</u>	<u>7,295</u>	<u>10,394</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-IDEA B
DISCRETIONARY-24107
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	Logan Schools	Melrose Schools	San Jon Schools
REVENUES			
Federal Grant	\$ 10,213	\$ 10,942	\$ 6,808
Total Revenues	<u>10,213</u>	<u>10,942</u>	<u>6,808</u>
EXPENDITURES			
Current Operations			
Instruction	0	10,942	6,808
Support Services-Instruction	0	0	0
Support Services-Students	10,213	0	0
Total Expenditures	<u>10,213</u>	<u>10,942</u>	<u>6,808</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-IDEA B
 DISCRETIONARY-24107
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>Texico Schools</u>	<u>TOTAL</u>
REVENUES		
Federal Grant	\$ 14,174	\$ 164,624
Total Revenues	<u>14,174</u>	<u>164,624</u>
EXPENDITURES		
Current Operations		
Instruction	2,291	86,888
Support Services-Instruction	0	31,010
Support Services-Students	11,883	46,726
Total Expenditures	<u>14,174</u>	<u>164,624</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-MEDICAID HSD-28144
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Elida Schools</u>	<u>Floyd Schools</u>	<u>Fort Sumner Schools</u>
REVENUES			
Federal Grant	\$ 73	\$ 997	\$ 14,217
Total Revenues	<u>73</u>	<u>997</u>	<u>14,217</u>
EXPENDITURES			
Current Operations			
Support Services-Students	73	997	14,217
Support Services-General Administration	0	0	0
Central Services	0	0	0
Total Expenditures	<u>73</u>	<u>997</u>	<u>14,217</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u> </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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-MEDICAID HSD-28144
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Grady Schools</u>	<u>House Schools</u>	<u>Logan Schools</u>
REVENUES			
Federal Grant	\$ 1,935	\$ 4,402	\$ 2,631
Total Revenues	<u>1,935</u>	<u>4,402</u>	<u>2,631</u>
EXPENDITURES			
Current Operations			
Support Services-Students	1,935	4,402	2,631
Support Services-General Administration	0	0	0
Central Services	0	0	0
Total Expenditures	<u>1,935</u>	<u>4,402</u>	<u>2,631</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u> </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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-MEDICAID HSD-28144
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>Melrose Schools</u>	<u>REC</u>	<u>San Jon Schools</u>
REVENUES			
Federal Grant	\$ 14,094	\$ 90,632	\$ 5,598
Total Revenues	<u>14,094</u>	<u>90,632</u>	<u>5,598</u>
EXPENDITURES			
Current Operations			
Support Services-Students	14,094	46,062	5,598
Support Services-General Administration	0	2,673	0
Central Services	0	32,019	0
Total Expenditures	<u>14,094</u>	<u>80,754</u>	<u>5,598</u>
Excess (Deficiency) of Revenues Over Expenditures	0	9,878	0
Fund Balance Beginning of Year	<u> </u>	<u>150,841</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 160,719</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-MEDICAID HSD-28144
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>Texico Schools</u>	<u>TOTAL</u>
REVENUES		
Federal Grant	\$ 295	\$ 134,874
Total Revenues	<u>295</u>	<u>134,874</u>
EXPENDITURES		
Current Operations		
Support Services-Students	295	90,304
Support Services-General Administration	0	2,673
Central Services	0	32,019
Total Expenditures	<u>295</u>	<u>124,996</u>
Excess (Deficiency) of Revenues Over Expenditures	0	9,878
Fund Balance Beginning of Year	<u>150,841</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 150,841</u>	<u>\$ 0</u>

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NON MAJOR SPECIAL REVENUE FUNDS

IDEA, Part B Entitlement (24106)

To account for revenues and expenditures of a federal grant to enhance special education for handicapped children of all grade levels. The United States Government funds 75% for each eligible child, under the "Individuals With Disabilities Act", Part B Section 611, as amended. The fund was created by the authority of federal grant provisions. (PL 105-17).

IDEA Preschool (24109)

To account for revenues and expenditures of a federal grant that provides special education and related services to children with disabilities ages three through five and at a States discretion, to two-year-old children with disabilities who will turn three during the school year. The fund was created by the authority of federal grant provisions. (PL 105-17).

Title V-A (24150)

To account for revenues and expenditures of a federal grant provided to make improvements in elementary and secondary education. Funding authorized by Elementary and Secondary Education Act of 1965, as amended. The fund was created by the authority of federal grant provisions. (PL 100-297).

Title II-A (24154)

To account for revenues and expenditures of the Title II Math & Science project that provides funds to carry out a math skills control system for grades kindergarten through eighth. The project is funded by the federal government through the State of New Mexico Department of Education, under the "Elementary and Secondary Education Act of 1965", Title II. The fund was created by the authority of federal grant provisions.(PL 103-382).

Title IV-A (24157)

To account for revenues and expenditures provided for drug and alcohol abuse prevention and education programs. Funding is provided by the federal government through the New Mexico State Department of Education, under the Drug-Free Schools and Communities Act of 1986. Title V, Part B, Elementary and Secondary Education Act. The fund was created by the authority of federal grant provisions. (PL 103-382).

Advanced Placement Training (27129).

To account for funds received for Teacher Professional Development. The fund was created by state grant provisions.

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2008

	Entitlement 24106	IDEA B Competitive 24108	IDEA Preschool 24109
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	18,864	0	9,928
Total Assets	<u>\$ 18,864</u>	<u>\$ 0</u>	<u>\$ 9,928</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Interfund Balances	\$ 18,864	\$ 0	\$ 9,928
Deferred Revenue	0	0	0
Total Liabilities	<u>18,864</u>	<u>0</u>	<u>9,928</u>
 Fund Balance			
Unreserved, Undesignated	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities & Fund Balance	 <u>\$ 18,864</u>	 <u>\$ 0</u>	 <u>\$ 9,928</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO.
 SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2008

	Title V-A 24150	Title II 24154	Title IV-A 24157
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	2,203	6,875	7,911
Total Assets	<u>\$ 2,203</u>	<u>\$ 6,875</u>	<u>\$ 7,911</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Interfund Balances	\$ 2,203	\$ 6,875	\$ 7,911
Deferred Revenue	0	0	0
Total Liabilities	<u>2,203</u>	<u>6,875</u>	<u>7,911</u>
 Fund Balance			
Unreserved, Undesignated	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities & Fund Balance	 <u>\$ 2,203</u>	 <u>\$ 6,875</u>	 <u>\$ 7,911</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO.
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2008

	Reading First 24167	Advanced Placement Training 27129	Total
ASSETS			
Cash	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	6,217	6,073	58,071
Total Assets	<u>\$ 6,217</u>	<u>\$ 6,073</u>	<u>\$ 58,071</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Interfund Balances	\$ 6,217	\$ 6,073	\$ 58,071
Deferred Revenue	0	0	0
Total Liabilities	<u>6,217</u>	<u>6,073</u>	<u>58,071</u>
 Fund Balance			
Unreserved, Undesignated	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities & Fund Balance	 <u>\$ 6,217</u>	 <u>\$ 6,073</u>	 <u>\$ 58,071</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	Entitlement 24106	IDEA B Competitive 24108	IDEA Preschool 24109
REVENUES			
State Grants	\$ 0	\$ 0	\$ 0
Federal Grants	152,571	14,126	49,648
Total Revenues	<u>152,571</u>	<u>14,126</u>	<u>49,648</u>
EXPENDITURES			
Current Operations			
Instruction	60,958	0	42,890
Support Services-Students	89,615	14,126	6,758
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	1,998	0	0
Total Expenditures	<u>152,571</u>	<u>14,126</u>	<u>49,648</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	Title V-A 24150	Title II 24154	Title IV-A 24157
REVENUES			
State Grants	\$ 0	\$ 0	\$ 0
Federal Grants	11,237	63,503	10,559
Total Revenues	<u>11,237</u>	<u>63,503</u>	<u>10,559</u>
EXPENDITURES			
Current Operations			
Instruction	8,777	58,131	9,978
Support Services-Students	0	5,372	581
Support Services-Instruction	0	0	0
Support Services-General Administration	2,460	0	0
Support Services-School Administration	0	0	0
Total Expenditures	<u>11,237</u>	<u>63,503</u>	<u>10,559</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS
 Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2008

	Reading First 24167	Advanced Placement Training 27129	Total
REVENUES			
State Grants	\$ 0	\$ 9,750	\$ 9,750
Federal Grants	126,703	0	428,347
Total Revenues	<u>126,703</u>	<u>9,750</u>	<u>438,097</u>
EXPENDITURES			
Current Operations			
Instruction	0	9,750	190,484
Support Services-Students	0	0	116,452
Support Services-Instruction	126,703	0	126,703
Support Services-General Administration	0	0	2,460
Support Services-School Administration	0	0	1,998
Total Expenditures	<u>126,703</u>	<u>9,750</u>	<u>438,097</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-IDEA B
 ENTITLEMENT-24106
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	Dora Schools	Elida Schools	Floyd Schools
REVENUES			
Federal Grant	\$ 55	\$ 3,387	\$ 58,493
Total Revenues	<u>55</u>	<u>3,387</u>	<u>58,493</u>
EXPENDITURES			
Current Operations			
Instruction	55	3,387	8,004
Support Services-Students	0	0	50,489
Support Services-School Administration	0	0	0
Total Expenditures	<u>55</u>	<u>3,387</u>	<u>58,493</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-IDEA B
ENTITLEMENT-24106
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Fort Sumner Schools</u>	<u>Grady Schools</u>	<u>House Schools</u>
REVENUES			
Federal Grant	\$ 11,591	\$ 6,795	\$ 115
Total Revenues	<u>11,591</u>	<u>6,795</u>	<u>115</u>
EXPENDITURES			
Current Operations			
Instruction	11,591	6,795	115
Support Services-Students	0	0	0
Support Services-School Administration	0	0	0
Total Expenditures	<u>11,591</u>	<u>6,795</u>	<u>115</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-IDEA B
ENTITLEMENT-24106
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Logan Schools</u>	<u>Melrose Schools</u>	<u>San Jon Schools</u>
REVENUES			
Federal Grant	\$ 6,938	\$ 6,694	\$ 20,272
Total Revenues	<u>6,938</u>	<u>6,694</u>	<u>20,272</u>
EXPENDITURES			
Current Operations			
Instruction	6,938	801	0
Support Services-Students	0	5,893	20,272
Support Services-School Administration	0	0	0
Total Expenditures	<u>6,938</u>	<u>6,694</u>	<u>20,272</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-IDEA B
ENTITLEMENT-24106
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Texico Schools</u>	<u>TOTAL</u>
REVENUES		
Federal Grant	\$ 38,231	\$ 152,571
Total Revenues	<u>38,231</u>	<u>152,571</u>
EXPENDITURES		
Current Operations		
Instruction	23,273	60,959
Support Services-Students	12,960	89,614
Support Services-School Administration	1,998	1,998
Total Expenditures	<u>38,231</u>	<u>152,571</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-IDEA
PRESCHOOL-24109
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Dora Schools</u>	<u>Elida Schools</u>	<u>Floyd Schools</u>
REVENUES			
Federal Grant	\$ 4,856	\$ 2,773	\$ 566
Total Revenues	<u>4,856</u>	<u>2,773</u>	<u>566</u>
EXPENDITURES			
Current Operations			
Instruction	4,856	2,773	566
Support Services-Students	0	0	0
Total Expenditures	<u>4,856</u>	<u>2,773</u>	<u>566</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
REGIONAL EDUCATIONAL COOPERATIVE NO.
 SPECIAL REVENUE FUNDS-IDEA
 PRESCHOOL-24109
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	Fort Sumner Schools	Grady Schools	House Schools
REVENUES			
Federal Grant	\$ 5,632	\$ 3,546	\$ 4,574
Total Revenues	<u>5,632</u>	<u>3,546</u>	<u>4,574</u>
EXPENDITURES			
Current Operations			
Instruction	5,632	3,546	4,574
Support Services-Students	0	0	0
Total Expenditures	<u>5,632</u>	<u>3,546</u>	<u>4,574</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
REGIONAL EDUCATIONAL COOPERATIVE NO.
 SPECIAL REVENUE FUNDS-IDEA
 PRESCHOOL-24109
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>Logan Schools</u>	<u>Melrose Schools</u>	<u>San Jon Schools</u>
REVENUES			
Federal Grant	\$ 2,964	\$ 6,566	\$ 5,570
Total Revenues	<u>2,964</u>	<u>6,566</u>	<u>5,570</u>
EXPENDITURES			
Current Operations			
Instruction	2,964	1,716	5,570
Support Services-Students	0	4,850	0
Total Expenditures	<u>2,964</u>	<u>6,566</u>	<u>5,570</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
REGIONAL EDUCATIONAL COOPERATIVE NO.
 SPECIAL REVENUE FUNDS-IDEA
 PRESCHOOL-24109
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>Texico Schools</u>	<u>TOTAL</u>
REVENUES		
Federal Grant	\$ 12,601	\$ 49,648
Total Revenues	<u>12,601</u>	<u>49,648</u>
EXPENDITURES		
Current Operations		
Instruction	10,693	42,890
Support Services-Students	1,908	6,758
Total Expenditures	<u>12,601</u>	<u>49,648</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-TITLE V-A-24150
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	Dora Schools	Elida Schools	Floyd Schools
REVENUES			
Federal Grant	\$ 1,818	\$ 2,260	\$ 2,307
Total Revenues	<u>1,818</u>	<u>2,260</u>	<u>2,307</u>
EXPENDITURES			
Current Operations			
Instruction	1,737	2,209	975
Support Services-General Administration	81	51	1,332
Total Expenditures	<u>1,818</u>	<u>2,260</u>	<u>2,307</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
REGIONAL EDUCATIONAL COOPERATIVE NO.
SPECIAL REVENUE FUNDS-TITLE V-A-24150
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Texico Schools</u>	<u>TOTAL</u>
REVENUES		
Federal Grant	\$ 4,852	\$ 11,237
Total Revenues	<u>4,852</u>	<u>11,237</u>
EXPENDITURES		
Current Operations		
Instruction	3,856	8,777
Support Services-General Administration	996	2,460
Total Expenditures	<u>4,852</u>	<u>11,237</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-TITLE II-A-24154
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Dora Schools</u>	<u>Elida Schools</u>	<u>Floyd Schools</u>
REVENUES			
Federal Grant	\$ 616	\$ 8,165	\$ 6,680
Total Revenues	<u>616</u>	<u>8,165</u>	<u>6,680</u>
EXPENDITURES			
Current Operations			
Instruction	0	7,875	6,176
Support Services-General Administration	616	290	504
Total Expenditures	<u>616</u>	<u>8,165</u>	<u>6,680</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
REGIONAL EDUCATIONAL COOPERATIVE NO.
 SPECIAL REVENUE FUNDS-TITLE II-A-24154
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>Fort Sumner Schools</u>	<u>Grady Schools</u>	<u>House Schools</u>
REVENUES			
Federal Grant	\$ 3,491	\$ 2,372	\$ 1,653
Total Revenues	<u>3,491</u>	<u>2,372</u>	<u>1,653</u>
EXPENDITURES			
Current Operations			
Instruction	2,291	2,115	1,404
Support Services-General Administration	<u>1,200</u>	<u>257</u>	<u>249</u>
Total Expenditures	<u>3,491</u>	<u>2,372</u>	<u>1,653</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
REGIONAL EDUCATIONAL COOPERATIVE NO.
 SPECIAL REVENUE FUNDS-TITLE II-A-24154
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	Logan Schools	San Jon Schools	Texico Schools
REVENUES			
Federal Grant	\$ 4,047	\$ 572	\$ 35,907
Total Revenues	<u>4,047</u>	<u>572</u>	<u>35,907</u>
EXPENDITURES			
Current Operations			
Instruction	3,456	0	34,814
Support Services-General Administration	591	572	1,093
Total Expenditures	<u>4,047</u>	<u>572</u>	<u>35,907</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
REGIONAL EDUCATIONAL COOPERATIVE NO.
 SPECIAL REVENUE FUNDS-TITLE II-A-24154
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>TOTAL</u>
REVENUES	
Federal Grant	\$ 63,503
Total Revenues	<u>63,503</u>
EXPENDITURES	
Current Operations	
Instruction	58,131
Support Services-General Administration	5,372
Total Expenditures	<u>63,503</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-SAFE & DRUG FREE
 SCHOOL & COMMUNITY-24157
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	Dora Schools	Elida Schools	Floyd Schools
REVENUES			
Federal Grant	\$ 1,412	\$ 145	\$ 1,517
Total Revenues	<u>1,412</u>	<u>145</u>	<u>1,517</u>
EXPENDITURES			
Current Operations			
Instruction	1,331	145	1,017
Support Services-Students	81	0	500
Total Expenditures	<u>1,412</u>	<u>145</u>	<u>1,517</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-SAFE & DRUG FREE
 SCHOOL & COMMUNITY-24157
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	Fort Sumner Schools	Grady Schools	House Schools
REVENUES			
Federal Grant	\$ 1,850	\$ 572	\$ 465
Total Revenues	<u>1,850</u>	<u>572</u>	<u>465</u>
EXPENDITURES			
Current Operations			
Instruction	1,850	572	465
Support Services-Students	0	0	0
Total Expenditures	<u>1,850</u>	<u>572</u>	<u>465</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-SAFE & DRUG FREE
 SCHOOL & COMMUNITY-24157
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>Logan Schools</u>	<u>San Jon Schools</u>	<u>Texico Schools</u>
REVENUES			
Federal Grant	\$ 823	\$ 1,194	\$ 2,581
Total Revenues	<u>823</u>	<u>1,194</u>	<u>2,581</u>
EXPENDITURES			
Current Operations			
Instruction	823	1,194	2,581
Support Services-Students	0	0	0
Total Expenditures	<u>823</u>	<u>1,194</u>	<u>2,581</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 SPECIAL REVENUE FUNDS-SAFE & DRUG FREE
 SCHOOL & COMMUNITY-24157
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>TOTAL</u>
REVENUES	
Federal Grant	\$ 10,559
Total Revenues	<u>10,559</u>
EXPENDITURES	
Current Operations	
Instruction	9,978
Support Services-Students	581
Total Expenditures	<u>10,559</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	0
Fund Balance End of Year	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUNDS-MEDICAID-24153
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	Dora Schools	Logan Schools	Texico Schools
REVENUES			
Federal Grant	\$ 3,600	\$ 3,600	\$ 2,550
Total Revenues	<u>3,600</u>	<u>3,600</u>	<u>2,550</u>
EXPENDITURES			
Current Operations			
Instruction	3,600	3,600	2,550
Total Expenditures	<u>3,600</u>	<u>3,600</u>	<u>2,550</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance Beginning of Year	<u> </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
REGIONAL EDUCATIONAL COOPERATIVE NO.
 SPECIAL REVENUE FUNDS-MEDICAID-24153
 Combining Statement of Revenues,
 Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>TOTAL</u>
REVENUES	
Federal Grant	\$ 9,750
Total Revenues	<u>9,750</u>
EXPENDITURES	
Current Operations	
Instruction	9,750
Total Expenditures	<u>9,750</u>
Excess (Deficiency) of Revenues Over Expenditures	0
Fund Balance Beginning of Year	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-IDEA B ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 135,236	\$ 228,783	\$ 192,170	\$ (36,613)
Total Federal Sources	<u>135,236</u>	<u>228,783</u>	<u>192,170</u>	<u>(36,613)</u>
Total Revenues	<u>135,236</u>	<u>228,783</u>	<u>192,170</u>	<u>(36,613)</u>
Expenditures				
Instruction				
Other Purchased Services	22,704	50,360	39,147	(11,213)
Supplies	3,692	24,600	21,811	(2,789)
Total Instruction	<u>26,396</u>	<u>74,960</u>	<u>60,958</u>	<u>(14,002)</u>
Support Services-Students				
Professional & Tech Services	33,136	22,560	20,063	(2,497)
Purchased Property Services	0	0	48,567	48,567
Other Purchased Services	13,618	64,032	14,256	(49,776)
Supplies	1,591	6,769	6,730	(39)
Total Support Services- Students	<u>48,345</u>	<u>93,361</u>	<u>89,616</u>	<u>(3,745)</u>
Support Services-School Administration				
Other Purchased Services	0	1,612	1,612	0
Supplies	2,000	388	386	2
Total Support Services- School Administration	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 1,998</u>	<u>\$ 2</u>
Total Expenditures	<u>76,741</u>	<u>170,321</u>	<u>152,572</u>	<u>(17,745)</u>
Excess (Deficiency) of Revenues Over Expenditures	58,495	58,462	39,598	(18,864)
Cash Balance Beginning of Year	<u>(58,462)</u>	<u>(58,462)</u>	<u>(58,462)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 33</u>	<u>\$ 0</u>	<u>\$ (18,864)</u>	<u>\$ (18,864)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 39,598	
Net change in Due from Grantor			<u>(39,598)</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-IDEA-B COMPETITIVE - 24108
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 14,126	\$ 14,126	\$ 14,126	\$ 0
Total Federal Sources	<u>14,126</u>	<u>14,126</u>	<u>14,126</u>	<u>0</u>
Total Revenues	<u>14,126</u>	<u>14,126</u>	<u>14,126</u>	<u>0</u>
Expenditures				
Support Services-Students				
Other Purchased Services	<u>14,126</u>	<u>14,126</u>	<u>14,126</u>	<u>0</u>
Total Support Services- Students	<u>14,126</u>	<u>14,126</u>	<u>14,126</u>	<u>0</u>
Total Expenditures	<u>14,126</u>	<u>14,126</u>	<u>14,126</u>	<u>0</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 15,811	\$ 73,366	\$ 39,721	\$ (33,645)
Total Federal Sources	<u>15,811</u>	<u>73,366</u>	<u>39,721</u>	<u>(33,645)</u>
Total Revenues	<u>15,811</u>	<u>73,366</u>	<u>39,721</u>	<u>(33,645)</u>
Expenditures				
Instruction				
Other Purchased Services	4,669	14,880	2,050	(12,830)
Supplies	5,217	51,191	37,417	(13,774)
Property	750	348	3,423	3,075
Total Instruction	<u>10,636</u>	<u>66,419</u>	<u>42,890</u>	<u>(23,529)</u>
Support Services-Students				
Professional & Tech Services	0	4,850	4,850	0
Other Purchased Services	4,925	1,847	1,846	(1)
Supplies	250	250	63	(187)
Total Support Services- Students	<u>5,175</u>	<u>6,947</u>	<u>6,759</u>	<u>(188)</u>
Total Expenditures	<u>15,811</u>	<u>73,366</u>	<u>49,649</u>	<u>(23,717)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(9,928)	(9,928)
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>\$ (9,928)</u>	<u>\$ (9,928)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9,928)	
Net change in Deferred Revenue			<u>9,928</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-TITLE V-A-24150
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 8,769	\$ 13,947	\$ 10,695	\$ (3,252)
Total Federal Sources	<u>8,769</u>	<u>13,947</u>	<u>10,695</u>	<u>(3,252)</u>
Total Revenues	<u>8,769</u>	<u>13,947</u>	<u>10,695</u>	<u>(3,252)</u>
Expenditures				
Instruction				
Other Purchased Services	5,273	5,101	5,098	3
Supplies	<u>1,261</u>	<u>4,334</u>	<u>3,679</u>	<u>655</u>
Total Instruction	<u>6,534</u>	<u>9,435</u>	<u>8,777</u>	<u>658</u>
Support Services-General Administration				
Professional & Tech Services	474	1,611	1,220	391
Property	<u>100</u>	<u>1,240</u>	<u>1,240</u>	<u>0</u>
Total Support Services- General Administration	<u>574</u>	<u>2,851</u>	<u>2,460</u>	<u>391</u>
Total Expenditures	<u>7,108</u>	<u>12,286</u>	<u>11,237</u>	<u>1,049</u>
Excess (Deficiency) of Revenues Over Expenditures	1,661	1,661	(542)	(2,203)
Cash Balance Beginning of Year	<u>(1,661)</u>	<u>(1,661)</u>	<u>(1,661)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,203)</u>	<u>\$ (2,203)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (542)	
Net change in Accounts Receivable			<u>542</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-TITLE II-A-24154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 134,562	\$ 154,564	\$ 122,155	\$ (32,409)
Total Federal Sources	<u>134,562</u>	<u>154,564</u>	<u>122,155</u>	<u>(32,409)</u>
Total Revenues	<u>134,562</u>	<u>154,564</u>	<u>122,155</u>	<u>(32,409)</u>
Expenditures				
Instruction				
Other Purchased Services	48,843	76,210	54,605	21,605
Supplies	4,224	5,017	3,526	1,491
Property	3,025	2,025	0	2,025
Total Instruction	<u>56,092</u>	<u>83,252</u>	<u>58,131</u>	<u>25,121</u>
Support Services-General Administration				
Professional & Tech Services	12,943	5,785	5,372	413
Total Support Services- General Administration	<u>12,943</u>	<u>5,785</u>	<u>5,372</u>	<u>413</u>
Total Expenditures	<u>69,035</u>	<u>89,037</u>	<u>63,503</u>	<u>25,534</u>
Excess (Deficiency) of Revenues Over Expenditures	65,527	65,527	58,652	(6,875)
Cash Balance Beginning of Year	<u>(65,527)</u>	<u>(65,527)</u>	<u>(65,527)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(6,875)</u>	\$ <u>(6,875)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 58,652	
Net change in Due from Grantor			<u>(58,652)</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-TITLE IV-24157
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 10,837	\$ 20,010	\$ 2,648	\$ (17,362)
Total Federal Sources	<u>10,837</u>	<u>20,010</u>	<u>2,648</u>	<u>(17,362)</u>
Total Revenues	<u>10,837</u>	<u>20,010</u>	<u>2,648</u>	<u>(17,362)</u>
Expenditures				
Instruction				
Other Purchased Services	7,199	10,087	7,292	2,795
Supplies	<u>2,138</u>	<u>9,761</u>	<u>2,686</u>	<u>7,075</u>
Total Instruction	<u>9,337</u>	<u>19,848</u>	<u>9,978</u>	<u>9,870</u>
Support Services-Students				
Other Purchased Services	<u>1,500</u>	<u>162</u>	<u>581</u>	<u>(419)</u>
Total Support Services- Students	<u>1,500</u>	<u>162</u>	<u>581</u>	<u>(419)</u>
Total Expenditures	<u>10,837</u>	<u>20,010</u>	<u>10,559</u>	<u>9,451</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(7,911)	(7,911)
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>\$ (7,911)</u>	<u>\$ (7,911)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (7,911)	
Net change in Due from Grantor			<u>7,911</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
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-READING FIRST-24167
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Sources				
Fees & Services	\$ 100,000	\$ 110,908	\$ 120,486	\$ 9,578
Total Local Sources	<u>100,000</u>	<u>110,908</u>	<u>120,486</u>	<u>9,578</u>
Total Revenues	<u>100,000</u>	<u>110,908</u>	<u>120,486</u>	<u>9,578</u>
Expenditures				
Support Services-Instruction				
Personnel Services	69,462	70,056	70,056	0
Employee Benefits	15,238	15,134	14,010	1,124
Other Purchased Services	14,500	21,863	38,783	(16,920)
Supplies	800	3,855	3,854	1
Total Support Services- Instruction	<u>100,000</u>	<u>110,908</u>	<u>126,703</u>	<u>(15,795)</u>
Total Expenditures	<u>100,000</u>	<u>110,908</u>	<u>126,703</u>	<u>(15,795)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(6,217)	(6,217)
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>\$ (6,217)</u>	<u>\$ (6,217)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (6,217)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (6,217)</u>	

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

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
SPECIAL REVENUE FUND-ADVANCED PLACEMENT TRAINING-27129
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 10,050	\$ 49,650	\$ 13,727	\$ (35,923)
Total Federal Sources	<u>10,050</u>	<u>49,650</u>	<u>13,727</u>	<u>(35,923)</u>
Total Revenues	<u>10,050</u>	<u>49,650</u>	<u>13,727</u>	<u>(35,923)</u>
Expenditures				
Instruction				
Personnel Services	0	39,600	9,750	29,850
Total Instruction	<u>0</u>	<u>39,600</u>	<u>9,750</u>	<u>29,850</u>
Total Expenditures	<u>0</u>	<u>39,600</u>	<u>9,750</u>	<u>29,850</u>
Excess (Deficiency) of Revenues Over Expenditures	10,050	10,050	3,977	(6,073)
Cash Balance Beginning of Year	<u>(10,050)</u>	<u>(10,050)</u>	<u>(10,050)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6,073)</u>	<u>\$ (6,073)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,977	
Net change in Due from Grantor			<u>(3,977)</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.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 Cash Reconciliation
 For the Year Ended June 30, 2008

	REC Operational 29000	Federal Flow-through 24000	State Flow-through 27000	State Direct 28000	Total
Cash Beginning of Year	\$ 80,465	\$ (203,562)	\$ (10,050)	\$ 150,841	\$ 17,694
Add Revenue	1,020,255	841,719	13,726	134,874	2,010,574
Less Expenditures	(689,760)	(844,044)	(9,750)	(124,996)	(1,668,550)
TOTAL Cash End of Year	\$ 410,960	\$ (205,887)	\$ (6,074)	\$ 160,719	\$ 359,718

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

**SCHEDULE OF EXPENDITURES
OF
FEDERAL AWARDS**

STATE OF NEW MEXICO
REGIONAL EDUCATIONAL COOPERATIVE NO. 6
 Schedule of Expenditures of Federal Awards
 June 30, 2008

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Federal Awards Expended
<u>U. S. Department of Education</u>			
Pass-through State Department of Education:			
IDEA, Part B Entitlement	84.027	24106	\$ 152,571
IDEA, Part B Discretionary	84.027	24107	164,624
IDEA, Part B Competitive	84.027	24108	14,126
IDEA Preschool	84.173	24109	49,648
Total Special Education Cluster			<u>380,969</u>
Title I Basic Education Grant	84.010	24101	63,951
Title I Improvement	84.010	24105	187,122
Title V	84.298	24150	11,237
Title II	84.164	24154	63,503
Title IV	84.186	24157	10,559
Reading First	84.357A	24167	126,703
Total U.S. Department of Education			<u>844,044</u>
<u>Department of Health & Human Services</u>			
Pass-through from New Mexico Department of Health:			
Medicaid	93.778	25153	124,997
Total U. S. Department of Health & Human Services			<u>124,997</u>
Total Federal Assistance			<u>\$ 969,041</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

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

The accounting policies used to prepare the Schedule of Expenditures of Federal Awards are disclosed in the notes to the financial statements. The modified accrual basis of accounting was used to prepare the schedule.

Note 2: Insurance Requirements

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

Note 3: Loans or Loan Guarantees

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

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(505) 253-4313

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

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Regional Educational Center No. 6

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of REGIONAL EDUCATION COOPERATIVE #6 (REC), as of and for the year ended June 30, 2008, and have issued our report thereon dated June 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the REC's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the REC's financial statements that is more than inconsequential will not be prevented or detected by the REC's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting as item 07-03.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the REC's financial statements are free of material misstatement, we performed tests of it's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 07-01, 07-02, 08-01 and 08-02.

The REC's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned cost. We did not audit the REC's responses and accordingly, we express no opinion on them.

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

De'Ann Willoughby CPA PC

June 25, 2009

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

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Regional Educational Center No. 6

Mr. Balderas and Members of the Board

Compliance

We have audited the compliance of REGIONAL EDUCATION COOPERATIVE #6 (REC), and the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The REC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the REC's management. Our responsibility is to express an opinion on the REC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the REC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the REC's compliance with those requirements.

In our opinion, the REC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 07-04.

Internal Control Over Compliance

The management of the REC, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the REC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the REC's internal control over compliance.

A control deficiency in an REC's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the REC's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the REC's internal control.

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

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

The REC's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the REC's response and accordingly, we express no opinion on it.

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

De'Aun Willoughby CPA PC

June 25, 2009

Federal Award Findings

Prior Year Audit Findings

	<u>Status</u>
07-04 Late Filed Data Collection Form and Reporting Package to the Federal Clearinghouse	Repeated

Current Year Audit Findings

07-04 Late Filed Data Collection Form and Reporting Package to the Federal Clearinghouse

Condition

The audit report was filed after the due date. The State Auditors Office received the audit report on 06/30/09.

Criteria

As required by OMB Circular A-133.320, the reporting package is due nine months after the fiscal year end.

Effect

Late report filing is an instance of noncompliance in the District's internal controls over financial reporting.

Cause

The auditor took extra care and time with the audit findings causing the process to extend beyond the due date of the audit.

Recommendation

We will all be more diligent to file the data collection form timely in the future.

Response

The data collection form will be filed timely in the future.

Financial Statement Audit Findings

Prior Year Audit Findings

07-01	Records were not in an auditable condition.	Repeated
07-02	Late Audit Report-Compliance	Repeated
07-03	Preparation of Financial Statements	Repeated

Current Year Audit Findings

07-01 Records were not in an auditable condition.

Condition

The general ledger was not reconciled with the bank statements. The beginning cash balances by funds, revenues and expenditures did not reconcile to the ending cash balances by funds. The bookkeeping staff nor management understands the reconciliation process and is unaware if the general ledger is correct. They have consistently relied on the services of outside consultants and have no knowledge as to whether the records and reports are correct.

Criteria

As per 1978 NMAC 6.10.2, reconciliation of the bank statements to the general ledger cash balances should be performed monthly, and reviewed by internal management to maintain fiscal responsibility and safeguard the district's assets.

Effect

A lack of reconciliation can cause an over-expenditure of fund, overdraft of cash accounts and exposure to possible consequences of fraudulent reporting to the New Mexico Board of

Cause

Personnel were not trained or capable and management not able to accomplish the task of reconciling the bank statements to the general ledger.

Recommendation

The reconciliation process must be completed monthly and reviewed by management. Realization of what reconciliation to the general ledger means and when it is reconciled and correct is the most important phase of the bookkeeping process.

Response

Monthly bank statements are being reconciled each month to the Cash Balance by Object report. This will be completed each month and reports will be given to the director and to the managerial board. All reports, bank statements, deposits etc. will be filed monthly for inspection and easy access.

07-02 Late Audit Report-Compliance

Condition

The audit report was filed after the due date. The State Auditors Office received the audit report on 06/30/2009.

Criteria

According to the New Mexico State Statute 2.2.2.9, the audit report due date for the school districts is November 15.

Effect

The users of the financial statements such as legislators, creditors, bondholders, state and

Cause

The REC's books were not in an auditable condition.

Recommendation

The audit report should be filed timely per the New Mexico Administrative code.

Response

The audit will be filed timely in the future.

07-03 Preparation of Financial Statements**Condition**

The financial statements were prepared by the auditor.

Criteria

Management is required to have an internal control system of financial reporting including the preparation of the financial statements.

Effect

Management's ability to ascertain the accuracy and completeness of the financial statement's has been diminished.

Cause

Management does not have internal controls in place that are necessary for the preparation of the financial statements.

Recommendation

Management should develop a plan and system of controls that enable them to review than accuracy and completeness of the financial statements.

Response

A system of controls will be developed and implemented that will allow management to determine the accuracy and fair presentation of the financial statements.

08-01 Budget Violations**Condition**

There were several line items over expended. See note L On page 37 for the details showing which funds and line items were over expended.

Criteria

Sound financial management and 6-20.2.9 NMAC require that budgetary control shall be at the function level.

Cause

Staff was not capable of managing the accounting system or the budget amendments.

Effect

As a result, 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 cover the over-expenditures.

Recommendation

Budgets should be amended before expenditures are approved.

Response

There has been a change in staff and hopefully this will not be an issue in the future.

08-02 Lack of Pledged Securities**Condition**

The REC needed \$6,834 more in pledged securities to comply with the 50% collateralized public funds in the local financial institution.

Criteria

The REC is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized.

Effect

A lack of pledged securities risk the public funds of the REC.

Cause

The bank and REC staff did not monitor the pledged securities.

Recommendation

The REC should require a bank report monthly and monitor the pledged securities closely.

Response

We will require a bank report and will require pledged securities to comply with 6-10-17.

Exit Conference

An exit conference was held on June 25, 2009. Those present were Patty Harrelson-Director, Lecile Richards, Member and De'Aun Willoughby, CPA.