

**STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10**

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2009

**STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10**

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STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
Directory of Officials
June 30, 2009

BOARD OF DIRECTORS

<u>Member</u>	<u>Position</u>	<u>School Represented</u>
Jerry Birdwell	Chairman	Animas
Tom Burris	Vice-Chairman	Truth or Consequences
Jim Barentine	Member	Lordsburg
Bill Coker	Member	Hatch
Loren Cushman	Member	Reserve
Harvilee Moore	Member	Deming

ADMINISTRATIVE STAFF

Bruce Hegwer, Ed.D.	Executive Director
Geralyn Bennett	Business Manager

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

Hector H. Balderas, State Auditor
and
Board of Directors
Southwest Regional Education Center #10
Truth or Consequences, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Southwest Regional Education Center #10 (Center) as of and for the year ended June 30, 2009, which collectively comprise the Center's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Center's nonmajor governmental funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

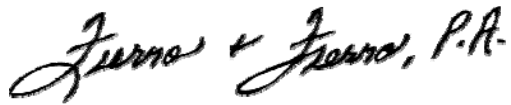
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 previously 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 Center as of June 30, 2009, and the respective changes in financial position, and the respective budgetary comparison statements for the general, Medicaid, state level discretionary 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 previously present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Center as of June 30, 2009, and the respective changes in financial position, and the respective budgetary comparisons for the nonmajor special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2009 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 or on financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages four through eleven is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements and the funds budgetary comparison statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 basic financial statements and other opinion units listed above. The additional schedules listed as supplemental financial information and supplemental federal financial information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements and other opinion units listed above. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and other opinion units listed above and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, and other opinion units, taken as a whole.

A handwritten signature in black ink that reads "Fierro & Fierro, P.A." in a cursive, flowing script.

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

September 18, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The following is an overview of the financial condition for the Southwest Regional Education Center #10 (Center), for the fiscal year ended June 30, 2009. This narrative highlights the major aspects of the Center's financial status for this period, and should be considered in conjunction with the information presented in other sections of this audit report.

Financial Highlights

The overall fund cash budget balance was \$972,938 for the year ending June 30, 2009; with an overall \$2,941,961 budget for the fiscal year 2008/2009. This represents support funding for member districts in the federal funding programs of Title I, II, IV & V and for the IDEA-B funding of Discretionary, Preschools and Entitlement. The continued support in the Medicaid funding as the administrative time claims funding, continued another year. The Center was awarded American Recovery and Reinvestment Act stimulus monies to fund a Workforce Investment Act summer program in Sierra and Hidalgo counties. The Center continued to work in conjunction with the New Mexico Public Education Department with additional funding for Priority Schools, TUPAC and IDEAL NM. Qwest Foundation and other private funding agencies continued funding for our member districts in support of playground equipment for elementary schools. The Center purchased an additional video conferencing monitor during the fiscal year with proceeds from the Rural Utilities Services Distance Education Grant.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Center's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The statement of activities presents information showing how the Center's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify the functions of the Center that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Center include direct instruction, instructional support, administration, operation of plant, and business support services. The government-wide financial statements can be found on pages twelve and thirteen of this report.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Center's funds are considered governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Center's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the general fund, the Center maintains twenty other individual governmental funds of which all are classified as special revenue funds. Information for the general fund, Medicaid, and state level discretionary special revenue funds, which all are considered to be major funds is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Individual fund data for each of the non-major governmental funds is provided in the form of combining statement following the notes to the financial statements.

The Center adopts an annual appropriated budget for all of its funds. Budgetary comparison statements for the general and special revenue major funds are located on pages eighteen through twenty. Budgetary comparison statements for the special revenue non-major, are located on pages forty-four through sixty-seven. The basic governmental fund financial statements can be found on page fourteen through seventeen of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages twenty-one through thirty-nine of this report.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Other Information

The combining statements referred to earlier in connection with non-major are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages forty through forty-three of this report.

Government-Wide Financial Analysis

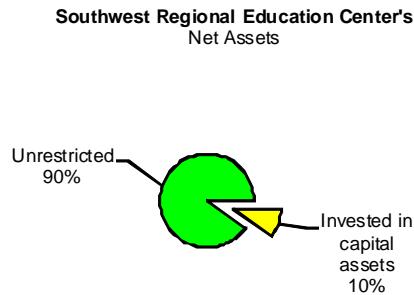
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Center, assets exceeded liabilities by \$1,440,335 at the close of the most recent fiscal year. Ninety percent of the Center's net assets are composed of unrestricted net assets. The Center uses these assets to provide various services to the member school districts, while grant reimbursement forms are being processed and paid.

Overall, the Center has improved their financial condition, in comparison with the previous fiscal year. The Center has continued to closely monitor the expenditures in the general fund and all other funds.

Southwest Regional Education Center's Net Assets	Governmental Activities	
	<u>06/30/09</u>	<u>06/30/08</u>
Assets:		
Current and other assets	\$ 1,520,039	\$ 1,557,267
Capital assets, net of accumulated depreciation	<u>143,159</u>	<u>145,353</u>
Total assets	1,663,198	1,702,620
Liabilities:		
Current liabilities	<u>222,863</u>	<u>258,737</u>
Net Assets:		
Invested in capital assets	143,159	145,353
Unrestricted	<u>1,297,176</u>	<u>1,298,530</u>
Total net assets	<u>\$ 1,440,335</u>	<u>\$ 1,443,883</u>

The Center decreased its net assets by \$3,548 during the fiscal year.

At the end of the current fiscal year, the Center is able to report positive balances in all categories of net assets:



STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Government-Wide Financial Analysis (continued)

At June 30, 2008, unrestricted cash and investments totaled \$1,196,363. At the end of the current year, unrestricted cash and investments totaled \$1,183,825; a decrease of \$12,538. A decrease in funding, in all funds, contributed to the decrease in cash and investments.

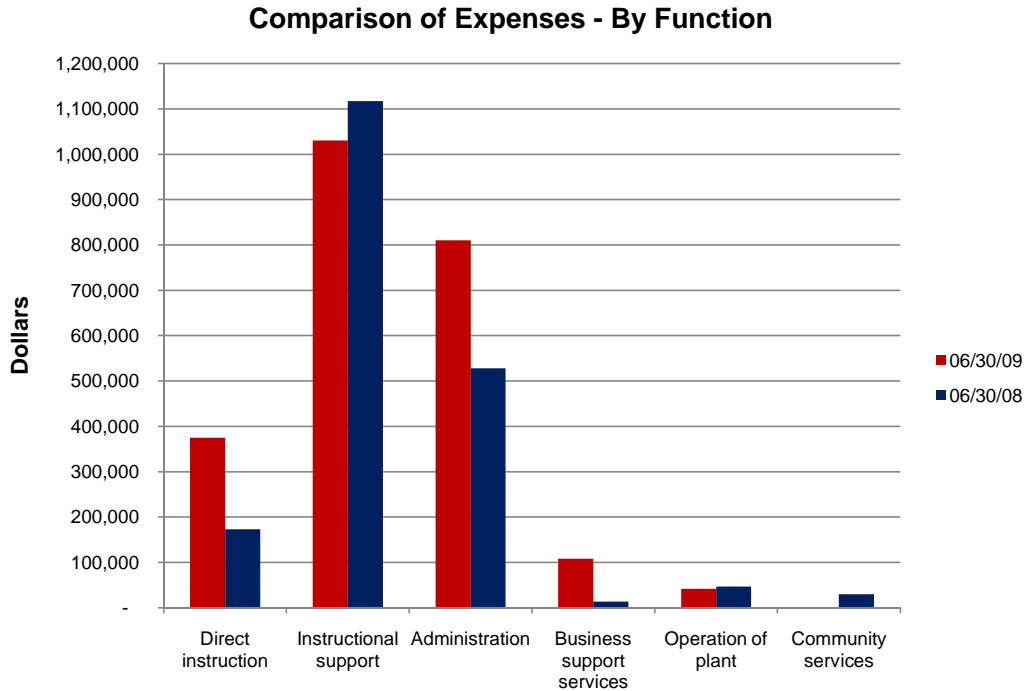
At June 30, 2008, receivables for the Center equaled \$360,904. At June 30, 2009, the receivables totaled \$332,231, which is a decrease of \$28,673 from the previous year. The decrease in the receivables is due to intergovernmental receivable for program expenditures.

The current liabilities at June 30, 2008, equaled \$258,737, while for the current year; the liabilities totaled \$222,863, which is a decrease of \$35,874. The majority of the decrease is due to deferred revenues that decreased from \$222,078 in the previous year to \$189,188 in the current year. During the prior fiscal year, the New Mexico Public Education Department advanced the Center \$150,000 for operational needs. As of year end, the Center had not recognized the funds as revenue and still retained the funds.

Southwest Regional Education Center's Changes in Net Assets	Governmental Activities	
	<u>06/30/09</u>	<u>06/30/08</u>
Revenues:		
Program revenues:		
Charges for services	\$ 373,081	\$ -
Operating grants and contributions	1,966,366	1,760,389
Capital grants and contributions	28,363	108,459
General revenues:		
General fund revenues	-	376,638
Investment income	2,527	6,668
(Loss) on disposal of assets	<u>(7,876)</u>	<u>-</u>
Total revenues	2,362,461	2,252,154
Expenses:		
Direct instruction	374,907	173,169
Instructional support	1,030,675	1,117,210
Administration	810,621	528,198
Business support services	108,038	13,163
Operation of plant	41,768	46,420
Community services	<u>-</u>	<u>30,000</u>
Total expenses	<u>2,366,009</u>	<u>1,908,160</u>
Increase (decrease) in net assets	<u>\$ (3,548)</u>	<u>\$ 343,994</u>

**STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Government-Wide Financial Analysis (continued)



The statement of activities reflects an increase in revenues and expenses from the 2008 fiscal year when, compared to the 2009 fiscal year, revenues increased by \$110,307 and expenses increased by \$457,849.

The largest increase in governmental activities revenues occurred within the Center's operating grants and contributions. For 2008, the Center's operating grants and contributions totaled \$1,760,389, and increased by \$205,977 for a total of \$1,966,366. A ten percent increase for operating grants and contributions. During the current fiscal year, the Center received additional grant income from various funding sources.

During the fiscal year, the Center reclassified general fund revenues as charges for services and or operating grants and contributions.

The largest decrease in the governmental activities expenses occurred within the Center's administration. For 2008, the Center's administration expenses totaled \$516,359, and increased by \$282,576 for a total of \$798,935. A thirty-five percent increase for administration expenses. The increase in administration expenses is due to an increase of allowable administration expenses by various grant funding sources, during the current fiscal year. By these additional allowable administration expenses, the Center was able to allocate additional expenses as administration expenses.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Government-Wide Financial Analysis (continued)

For 2009, the Center reflected a decrease of net assets by \$3,548, which is a decrease of \$347,542 when compared to the previous year. The decrease in net income is due to the Center incurring additional expenses in comparison to the previous year. While revenues increased by \$110,307, in comparison to the previous year, expenses increased by \$457,849, in comparison to the previous year, for a decrease of net income of \$347,542. The Center increased its expenses during the fiscal year to provide additional services to the six member districts and other school based entities throughout New Mexico with no or little increase of revenues to offset the expenses.

Financial Analysis of the Center's Funds

Governmental Funds

The focus of the Center's governmental funds is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing the Center's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Center's governmental funds reported combined ending fund balance of \$1,298,623. One hundred percent of this total constitutes unreserved fund balances, which is available for spending at the Center's discretion.

General fund revenues totaled \$569,779 for the fiscal year, while expenditures were \$465,613. Revenues exceeded expenditures by \$104,166, prior to transfers in and out of the general fund.

Medicaid fund revenues totaled \$498,512 for the fiscal year, while expenditures were \$572,214. Expenditures exceeded revenues by \$73,702. The majority of the net loss within the Medicaid fund is from prior year deferred revenues that were expended during the current fiscal year.

Within the state level discretionary fund, revenues totaled \$242,651, while expenditures were \$242,651. The state level discretionary fund did not record net income or loss during the fiscal year.

General Fund Budgetary Highlights

During the current fiscal year, the Center budgeted general fund revenues at \$581,628. The actual revenues for the fiscal year were \$531,414, a variance of \$50,214. The Center increased its budgeted revenues by \$155,556 during the fiscal year due to changes in the anticipated revenues. The decrease in revenues within the general fund was due to the Center not providing or completing services by the end of the fiscal year. These service revenues, membership dues, and or reimbursement vary from year to year, depending on the request of the Center's staff.

During the fiscal year, the Center budgeted expenditures at \$581,628. The actual expenditures for the fiscal year were \$468,543, a budget savings of \$113,085. The Center originally budgeted expenditures at \$426,072.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Financial Analysis of the Center's Funds (continued)

General Fund Budgetary Highlights (continued)

The difference between the original and final budget was \$155,556. The Center decreased its actual expenditures due to additional grant being received in the special revenue funds that allowed the general fund to incur fewer expenses.

For the year ended June 30, 2009, the Center anticipated that revenues would equal expenditures. Actual revenues of \$531,414 exceeded expenditures of \$468,543 by \$62,871. The Center closely monitored the expenditures during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

The Center's investment in capital assets for the government as of June 30, 2009, amounts to \$143,159 (net of accumulated depreciation).

This investment in capital assets includes equipment and vehicles. During the fiscal year, the Center purchased a vehicle as well as a copier and an additional teleconference monitor in the amount of \$28,363. The vehicle will allow the Center to visit member districts on a more regular schedule. The equipment purchased will allow the Center to provide more efficient services to the member's districts. Funding was provided by the federal and state grant revenues.

	Governmental Activities	
	2009	2008
Equipment	\$ 121,324	\$ 129,423
Vehicles	21,835	15,930
	<u>\$ 143,159</u>	<u>\$ 145,353</u>

Additional information on the Center's assets can be found in Note 4 on page thirty-three and thirty-four of this report.

Long-Term Debt

As of June 30, 2009, the Center did not have any long-term debt.

Currently Known Facts, Decisions, or Conditions

The Center was established in 1984 under the SBE Regulation No. 84-6. The Center assists member school districts with compliance with IDEA-B. Since this time, we have expanded to offer a variety of additional services to our districts including literacy training, teacher mentorship. The Center also serves as flow through for federal funds for most of our districts.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Currently Known Facts, Decisions, or Conditions (continued)

Our 2008-2009 operating budgets were based on an administrative percentage, and indirect costs the Center receives from the various programs/grants we administer for the six districts that participate through the Center. Additional operating budget funding is based on a \$19,000 membership from the six school districts, \$155,555 from New Mexico Public Education Department (NMPED) for the Center provides to districts, based on a fee schedule. Any other funding received is through grant funding, which varies from year to year from continued refunding from grants.

Insurance costs continue to be an issue for the Center. Health insurance rates increased by, at least, 8.90% and workers compensations, general liability and property insurance rates increased. We anticipate this being an area of concern in the future.

Many changes from NMPED have provided many concerns to the Center. The Center's overall budget has shown a decrease due to the implementation of a new funding stream by NMPED and we feel that many more changes will affect the Center in the future. Even though the Center continues to provide additional services to other organizations during the fiscal year, the overall cash balance decreased in comparison to the previous fiscal year. NMPED has reorganized the funding stream and this has affected the Center.

The Center continues to look at starting a number of additional service projects to support increased funding. Projects and programs include literacy, priority schools with assistance to school districts in need of improvement, in multiple areas throughout the districts in southern New Mexico. The Center continues to reach out to provide other entities, including the new charter schools established in the Las Cruces Public School District during the last fiscal year, that may need support services to increase the cash flow through the Center. We need to think of our children in the state of New Mexico.

Request for Information

This financial report is designed to provide a general overview of the Center's finances and to show the Center's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Business Manager, 405 N. Date Street, Suite #8, Truth or Consequences, New Mexico 87901.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 972,938
Investments	210,887
Receivables, net of allowance for doubtful accounts:	
Intergovernmental	332,184
Interest	47
Prepaid expenses	3,983
Capital assets:	
Other capital assets, net of depreciation	<u>143,159</u>
Total assets	<u>1,663,198</u>
 LIABILITIES	
Accounts payable	13,768
Accrued salaries	18,460
Deferred revenues	189,188
Long-term liabilities:	
Due within one year	<u>1,447</u>
Total liabilities	<u>222,863</u>
 NET ASSETS	
Invested in capital assets	143,159
Unrestricted	<u>1,297,176</u>
Total net assets	<u><u>\$ 1,440,335</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions		
Primary Government:					
Governmental activities:					
Direct instruction	\$ 374,907	\$ -	\$ 374,348	\$ -	\$ (559)
Instructional support	1,030,675	367,363	816,100	6,878	159,666
Administration	810,621	5,718	757,123	21,485	(26,295)
Operation of plant	41,768	-	10,014	-	(31,754)
Business support services	108,038	-	8,781	-	(99,257)
Total governmental activities	<u>\$ 2,366,009</u>	<u>\$ 373,081</u>	<u>\$ 1,966,366</u>	<u>\$ 28,363</u>	1,801
General Revenues:					
Interest income					2,527
(Loss) on disposal of assets					<u>(7,876)</u>
Total general revenues					<u>(5,349)</u>
Change in net assets					(3,548)
Net assets, beginning of year					<u>1,443,883</u>
Net assets, end of year					<u>\$ 1,440,335</u>

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

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General Fund</u>	<u>Medicaid Fund</u>	<u>State Level Discretionary Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash	\$ 476,082	\$ 457,446	\$ 222	\$ 39,188	\$ 972,938
Investments	156,279	54,608	-	-	210,887
Receivables, net of allowance for doubtful accounts:					
Intergovernmental	-	-	141,263	190,921	332,184
Interest	35	12	-	-	47
Prepaid expenses	3,983	-	-	-	3,983
Interfund balance	309,144	-	-	-	309,144
	<u>309,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,144</u>
Total assets	<u>\$ 945,523</u>	<u>\$ 512,066</u>	<u>\$ 141,485</u>	<u>\$ 230,109</u>	<u>\$ 1,829,183</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 1,136	\$ 3,218	\$ -	\$ 9,414	\$ 13,768
Accrued salaries	4,014	598	-	13,848	18,460
Deferred revenues	150,000	-	-	39,188	189,188
Interfund balance	-	-	141,485	167,659	309,144
	<u>-</u>	<u>-</u>	<u>141,485</u>	<u>167,659</u>	<u>309,144</u>
Total liabilities	155,150	3,816	141,485	230,109	530,560
Fund Balances:					
Unreserved	790,373	508,250	-	-	1,298,623
	<u>790,373</u>	<u>508,250</u>	<u>-</u>	<u>-</u>	<u>1,298,623</u>
Total liabilities and fund balances	<u>\$ 945,523</u>	<u>\$ 512,066</u>	<u>\$ 141,485</u>	<u>\$ 230,109</u>	<u>\$ 1,829,183</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
 RECONCILIATION OF THE BALANCE SHEET
 GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

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

Total fund balance governmental funds (page fourteen)	\$ 1,298,623
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	143,159
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,447)</u>
Net assets of governmental activities (page twelve)	<u><u>\$ 1,440,335</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Medicaid Fund	State Level Discretionary Fund	Total Non-Major Funds	Total Governmental Funds
Revenues:					
Intergovernmental:					
Federal sources	\$ -	\$ 497,881	\$ 242,651	\$ 708,625	\$ 1,449,157
State sources	166,179	-	-	299,812	465,991
Local sources	396,351	-	-	50,958	447,309
Interest income	1,896	631	-	-	2,527
Miscellaneous	5,353	-	-	-	5,353
Total revenues	569,779	498,512	242,651	1,059,395	2,370,337
Expenditures:					
Current:					
Direct instruction	-	-	162,264	212,643	374,907
Instructional support	141,003	388,596	75,728	414,502	1,019,829
Administration	167,495	181,881	4,659	444,900	798,935
Operation of plant	31,232	-	-	10,536	41,768
Business support services	97,520	1,737	-	8,781	108,038
Capital outlay	28,363	-	-	-	28,363
Total expenditures	465,613	572,214	242,651	1,091,362	2,371,840
Excess of revenues over expenditures	104,166	(73,702)	-	(31,967)	(1,503)
Other Financing Sources (Uses):					
Transfer in	-	-	-	59,841	59,841
Transfer (out)	(31,967)	-	-	(27,874)	(59,841)
Total other financing sources (uses)	(31,967)	-	-	31,967	-
Net change in fund balances	72,199	(73,702)	-	-	(1,503)
Fund balance, beginning of year	718,174	581,952	-	-	1,300,126
Fund balance, end of year	\$ 790,373	\$ 508,250	\$ -	\$ -	\$ 1,298,623

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

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

Net change in fund balances total governmental fund (page sixteen)	\$	(1,503)
Governmental funds report capital outlay as expenditures in the amount of \$28,363, however; in the statement activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses in the amount of \$22,681. The net adjustment is \$5,682.		5,682
Capital assets were disposed of during the year. Cost of the disposed capital assets was \$19,682, and accumulated depreciation of \$11,806. The net loss on disposal of capital assets is \$7,876. The loss does not require the use of current financial resources and the loss is not recorded in the governmental fund statements.		(7,876)
Decrease in compensated absences liability is reflected as an expense within the statement of activities and the expenses do not require the use of current financial resources and are not recorded in the governmental fund statement.		149
		<hr/>
Net change in net assets - government-wide financial statements (page thirteen)	\$	<u><u>(3,548)</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Resources:				
Revenues	\$ 426,072	\$ 581,628	\$ 531,412	\$ (50,216)
Investment income	-	-	2	2
Total revenues	426,072	581,628	531,414	(50,214)
Expenditures:				
Current:				
Instructional support	214,552	186,360	139,365	46,995
Administration	44,048	190,227	168,884	21,343
Operation of plant	45,450	50,028	30,433	19,595
Business support services	115,022	125,199	101,498	23,701
Capital outlay	7,000	29,814	28,363	1,451
Total expenditures	426,072	581,628	468,543	113,085
Excess (deficiency) of revenues over expenditures	-	-	62,871	62,871
Other Financing Sources (Uses):				
Transfer in	-	-	-	-
Transfer (out)	-	-	(31,967)	(31,967)
Total other financing sources (uses)	-	-	(31,967)	(31,967)
Net change in cash balance	-	-	30,904	30,904
Cash balance, beginning of year	434,836	434,836	434,836	-
Cash advanced to other funds	-	-	(309,144)	(309,144)
Cash repaid from other funds	-	-	319,486	319,486
Cash balance, end of year	<u>\$ 434,836</u>	<u>\$ 434,836</u>	<u>\$ 476,082</u>	<u>\$ 41,246</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
MEDICAID FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Federal sources	\$ 426,672	\$ 644,311	\$ 497,881	\$ (146,430)
Expenditures:				
Current:				
Instructional support	173,813	394,541	388,380	6,161
Administration	250,859	247,770	180,481	67,289
Business support services	2,000	2,000	1,275	725
Total expenditures	<u>426,672</u>	<u>644,311</u>	<u>570,136</u>	<u>74,175</u>
Net change in cash balance	-	-	(72,255)	(72,255)
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>529,701</u>	<u>529,701</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 457,446</u>	<u>\$ 457,446</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
STATE LEVEL DISCRETIONARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Federal sources	\$ 207,800	\$ 243,153	\$ 101,668	\$ (141,485)
Expenditures:				
Current:				
Direct instruction	152,126	162,264	162,264	-
Instructional support	53,674	76,230	76,230	-
Administration	2,000	4,659	4,659	-
Total expenditures	<u>207,800</u>	<u>243,153</u>	<u>243,153</u>	<u>-</u>
Net change in cash balance	-	-	(141,485)	(141,485)
Cash balance, beginning of year	-	-	222	222
Cash advanced from the general fund	<u>-</u>	<u>-</u>	<u>141,485</u>	<u>141,485</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222</u>	<u>\$ 222</u>

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

NOTES TO THE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Southwest Regional Education Center #10 (Center) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict GASB pronouncements.

A. Reporting Entity

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

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

The 41st Legislative Session authorized the establishment of Regional Education Cooperatives (RECs) and the State Board of Education adopted SBE Regulation 93-23, which establishes the minimum criteria for the establishment, operation, and oversight of RECs. RECs are state agencies administratively attached to the State Department of Education. The SBE authorizes the existence and operation of RECs formed by local school boards joining with other school boards or other state-supported education institutions. Regional education cooperatives are exempt from the provisions of the Personnel Act [10-9-1 to 10-9-25 NMSA 1978].

The Center's basic financial statements include all activities and accounts of the Center's "financial reporting entity".

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Based on the application of these criteria, the Center has no component units.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Center as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support. The Center has no business-type activities, nor any fiduciary funds.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (direct instruction, instructional support, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function of governmental-type activity) is normally covered by general revenues (taxes, intergovernmental revenues, interest income, etc.) The Center does not allocate indirect costs.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, Medicaid, and the state level discretionary fund.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Center gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. The focus of the governmental funds' measurement (in the fund statements), is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the Center considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Center; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

The Center reports the following major governmental funds:

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

The *Medicaid fund* accounts for the federal revenues and expenditures to provide health-related services to students receiving special education as well as for outreach and case coordination activities provided to all students at risk. The creation of this fund was authorized by the Social Security Act, Title XIX, as amended; Public Law 89-97, op-248, 91-56 and (42 USA 1396, et. Seq.).

The *State Level Discretionary fund* accounts for the federal revenues and expenditures to provide special education for handicapped children. The creation of this fund was authorized by the Individuals with Disabilities Education Act (IDEA), Part B, Section 611-617, and Part D, Section 674 as amended, 20 U.S.C. 1411-1417 and 1420, P.L. 15-17.

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

The *Title I fund* accounts for the federal revenues and expenditures for the improvement of educational opportunities for deprived children. The creation of this fund was authorized by P.L. 100-297.

The *Title IC fund* accounts for the federal revenues administered by the New Mexico Public Education Department to improve educational opportunities for deprived children. Authority for creation of this fund is P.L. 100-297.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The *Entitlement IDEA-B fund* accounts for the federal revenues and expenditures to provide special education for handicapped children. The creation of this fund was authorized by the Individuals with Disabilities Education Act (IDEA), Part B, Section 611-617, and Part D, Section 674 as amended, 20 U.S.C. 1411-1417 and 1420, P.L. 15-17.

The *Preschool IDEA-B fund* accounts for the federal revenues administered by the New Mexico Department of Education to provide special education for pre-school handicapped children. Authority for creation of this fund is Individuals with Disabilities Education Act (IDEA), Part B, Sections 611-617, and Part D, Section 674 as amended, 20 U.S.C. 1411-1417 and 1420, P.L. 15-17.

The *21st CCLC Program fund* accounts for the federal revenues and expenditures to provide or expand community learning centers that provide academic enrichment opportunities along with activities designed to complement the students' regular academic program. Authority for the creation of the fund is the New Mexico Public Education Department's *Manual of Procedures for School Districts*.

The *Title V fund* accounts for the federal revenues administered by the New Mexico Public Education Department to improve educational opportunities for deprived children. Authority for creation of this fund is P.L. 100-297.

The *Title II fund* accounts for the federal revenues and expenditures for training and professional development (yearly licensing requirements) for all the member districts. The creation of this fund was authorized by the New Mexico Department of Education's *Manual of Procedures for New Mexico School Districts*.

The *Title IV fund* accounts for the federal revenues administered by the New Mexico Department of Education to provide special education on awareness to drug use. Authority for creation of this fund is the New Mexico Public Education Department's of *Manual of Procedures for New Mexico School Districts* and P.L. 103-382.

The *TUPAC fund* accounts for the state grant revenues administered by the New Mexico Department of Health for Teen Tobacco Use Prevention. Authority for creation of this fund is the New Mexico Public Education Department's *Manual of Procedures for School Districts*.

The *Federal Direct Grants fund* accounts for the federal grant revenues and expenditures for distance learning and telemedicine grant. This grant will extend opportunity for interactive distance learning in ten end user sites service 1,998 students.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The *Advanced Placement fund* accounts for the state revenues and expenditures for training and professional development (yearly licensing requirements) for teachers in the member school districts who teach Advanced Placement (AP) courses. The creation of this fund was authorized by the New Mexico Public Education Department's *Manual of Procedures for School Districts*.

The *WIA-Sierra fund* accounts for the federal grant revenues administered by Southwest Area Workforce Investment Board to operate a job training program in Sierra County, New Mexico. The funding aids in providing youth development programs that help eligible youth prepare for and find employment. (Authority for creation of this fund is the provision of the 1998 Workforce Investment Act, P.L. 105-220.)

The *WIA-Hidalgo fund* accounts for the federal grant revenues administered by the Southwest Area Workforce Investment Board to operate a job training program in Hidalgo County, New Mexico. The funding aids in providing youth development programs that help eligible youth prepare for and find employment.s Authority for creation of this fund is the provision of the 1998 Workforce Investment Act, P.L. 105-220.

The *IDEAL NM fund* accounts for state revenues that provide funding to provide online courses between the member school districts. Authority for the creation of the fund is the New Mexico Public Education Department's *Manual of Procedures for School Districts*.

The *WIA-Sierra Summer Program fund* accounts for the federal grant revenues and expenditures administered by Southwest Area Workforce Investment Board to operate a job training program in Sierra County, New Mexico. The funding aids in providing youth development programs that help eligible youth prepare for and fund summer employment. Authority for the creation of this fund is from the 2008 American Recovery and Reinvestment Act.

The *Qwest Foundation fund* accounts for the private grant to be used for the teachers and technology program. Authority for creation of this fund is the New Mexico Public Education Department's *Manual of Procedures for School Districts*.

The *WIA-Hidalgo Summer Program fund* accounts for the federal grant revenues and expenditures administered by Southwest Area Workforce Investment Board to operate a job training program in Hidalgo County, New Mexico. The funding aids in providing youth development programs that help eligible youth prepare for and find summer employment. Authority for the creation of this fund is from the 2008 American Recovery and Reinvestment Act.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

The *NMSU IDEAL NM fund* accounts for the grant that provides funding to develop and maintain statewide learning support services in collaboration with IDEAL-NM. The intent is to work collaboratively with the various colleges, universities, regional educational cooperative, school districts, vendors, and other entities as partners to provide these services. Authority for the creation of this fund is the New Mexico Public Education Department's *Manual of Procedures for School Districts*.

D. Budgets

Budgets for all funds are prepared by management and approved by the board of directors. The proposed budget is then submitted by May 31st to the planning unit of the New Mexico Public Education Department (PED). PED certifies the budget by July 1st. The expenditure section of the budget, once adopted, is legally binding. These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds are reappropriated in the budget of the subsequent fiscal year. The budget process in the state of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is, therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local board approval. If a transfer between "funds" or a budget increase is required, approval must be obtained from the PED. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Investments in the Center's cash and certificates of deposit are stated at cost, which approximates fair value. State statutes authorize the Center to invest in certificates of deposit, obligations of the state and the U.S. government, and the New Mexico State Treasurer's investment pool. Cash and certificates of deposit are reported at book value. Cash and certificates of deposit are reported at book value. All other investments are carried at fair market value using quoted market prices. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund balance. Long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Prepaid Items

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

4. Interfund Activity

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

5. Capital Assets

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated cost. Contributed capital assets are recorded at estimated fair market value at the time received. Purchased computer software is recorded at historical cost.

Prior to June 17, 2005, the Center defined capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Effective June 17, 2005, in accordance with state statutes, the Center changed its capitalizations threshold to include only assets with a cost of \$5,000 or more. All assets capitalized prior to June 17, 2005 that are property of the Center remain on the financial and accounting records of the Center.

Machinery and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment, including computer software	5-10
Vehicles	8

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Compensated Absences

Center employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

Center employees do not accumulate sick leave that is paid upon termination or retirement.

7. Deferred Revenues

Within the governmental funds, revenues must be available in order to be recognized. Revenues such as intergovernmental grants that are not available are recorded as deferred revenues and reflected as a liability on the balance sheet.

8. Net Assets

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

Investment in capital assets – This category reflects the portion of net assets that are associated with capital assets less.

Restricted net assets – This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted net assets – This category reflects net assets of the Center, not restricted for any project or other purpose.

9. Fund Equity Reservation and Designations

In the fund financial statements, governmental funds reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted. Designations represent tentative managerial plans that are subject to change. Fund equity was reserved or designated for:

Reserved for subsequent years' expenditures – Represents the amounts, other than carryover expenditures, which are required to be reserved for subsequent years' expenditures.

Unreserved, undesignated – Amounts that have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the Center.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Presentation

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

11. Use of Estimates

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

2. CASH AND INVESTMENTS

Cash

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more bank or savings and loan associations within the geographical boundaries of the Center. Deposits may be made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond given by the financial institution. The rate of interest in non-demand interest-bearing accounts shall be set by the state Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool, or in securities which are issued by the state or by the United States government, or by their departments or agencies, and which are either direct obligations of the state or the United States, or are backed by the full faith and credit of those governments.

Cash Deposited With Financial Institutions

The Center maintains cash in one financial institution within Truth or Consequences, New Mexico. The Center's deposits are carried at cost.

As of June 30, 2009, the amount of cash reported on the financial statements differs from the amount on deposit with the financial institution because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. CASH AND INVESTMENTS (continued)

Cash Deposited With Financial Institutions (continued)

	Per Institution	Reconciling Items	Per Financial Statements
Compass Bank	\$ 1,102,334	\$ (129,396)	\$ 972,938

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

Statement of Net Assets:	
Cash	\$ 972,938

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

	State National Bank
Total deposits in bank	\$ 1,102,334
Less FDIC coverage	(250,000)
Total uninsured public funds	\$ 852,334
Pledged securities	\$ 1,586,262
Collateral requirement (50% of uninsured public funds)	426,167
Over (under) collateralization	\$ 1,160,095

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

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Center does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$852,334 of the Center's bank balance at Compass Bank of \$1,102,334 was exposed to custodial credit risk as follows:

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

2. CASH AND INVESTMENTS (continued)

Cash Deposited With Financial Institutions (continued)

Uninsured and collateal held by pledging banks' trust department or agent, not in the Center's name	<u>\$ 852,334</u>
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Investments

Investments at June 30, 2009 were as follows:

Agency	Investment	Maturity	Fair Market Value
NM State Treasurer	Investment Pool	N/A	<u>\$ 210,887</u>

The investment amounts reported for the government within the financial statements are displayed as:

Statement of Net Assets:	
Investments	<u>\$ 210,887</u>

Cash Deposited with the New Mexico State Treasurer

New Mexico State Statutes authorize the creation of the local short-term investment fund in the New Mexico State Treasury. The statutes authorize the state treasurer to pool monies received from local public bodies for investment purposes with other public monies under his control. The purpose of the local short-term fund is to provide an investment alternative for local political subdivisions to realize the maximum return consistent with safe and prudent management. As of June 30, 2009, the combined balance of the Center's investment within the short-term investment fund was \$210,887. The cost basis and the fair market basis of the deposit are equal to \$210,887 (amount of investment).

The investments are valued at fair value based on quoted market prices as of the valuation date. The state treasurer's Local Government Investment Pool is not SEC registered. The fund is rated AAA_m by Standards and Poor's. Section 6-10-10.1, NMSA 1978, empowers the state treasurer, with the advice and consent of the state Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The Local Government Investment Pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the state treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the Local Government Investment Pool is voluntary. The average yield at June 30, 2009, was 2.760%.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. CASH AND INVESTMENTS (continued)

Interest Rate Risk – Interest rate risk is the risk that interest rate variations may adversely affect an investment’s fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio’s weighted average maturity (WAM) is a key determinant of the tolerance of a fund’s investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The portfolio’s weighted average maturity is 43-day WAM.

3. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments at June 30, 2009, consisted of the following:

State Level Discretionary	\$	141,263
Hidalgo County Summer Program		49,497
WIA-Sierra		49,227
Entitlement IDEA-B		24,060
WIA-Hidalgo		19,670
Sierra County Summer Program		17,194
Advanced Placement Program		12,000
Title II Program		9,414
Title I Program		5,550
Preschool IDEA-B Program		4,309
		4,309
	\$	332,184

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

4. CAPITAL ASSETS

Capital assets for the fiscal year ended June 30, 2009:

	Balance 06/30/08	Increases	Decreases	Balance 06/30/09
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Other capital assets, being depreciated:				
Equipment	182,499	13,058	(7,495)	188,062
Vehicles	30,921	15,305	(12,187)	34,039
	213,420	28,363	(19,682)	222,101
Less accumulated depreciation for:				
Equipment	(53,076)	(18,846)	5,184	(66,738)
Vehicles	(14,991)	(3,835)	6,622	(12,204)
	(68,067)	(22,681)	11,806	(78,942)
Other capital assets, net	145,353	5,682	(7,876)	143,159
Total capital assets, net	\$ 145,353	\$ 5,682	\$ (7,876)	\$ 143,159

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

4. CAPITAL ASSETS (continued)

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

Administration	\$	11,835
Instructional support		10,846
	\$	22,681

5. LONG-TERM OBLIGATIONS

General Long-Term Debt

Changes in general long-term debt during the year ended June 30, 2009, were as follows:

	Balance 06/30/08	Additions	Deletions	Balance 06/30/09	Amounts Due Within One Year
General Long-Term Debt:					
Compensated absences	\$ 1,596	\$ 921	\$ (1,070)	\$ 1,447	\$ 1,447

A liability for unused vacation for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered.
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the general fund.

In the past, approximately 95% has been paid by the general fund and 5% by the Medicaid fund.

6. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Receivable Fund	Payable Fund	Amount
General Fund	State Level Discretionary Fund	\$ 141,485
General Fund	WIA-Sierra Fund	48,390
General Fund	WIA-Hidalgo Summer Program Fund	40,368
General Fund	Entitlement IDEA-B Fund	24,060
General Fund	WIA-Hidalgo Fund	19,080
General Fund	WIA-Sierra Summer Program Fund	13,902
General Fund	Advanced Placement Program Fund	12,000
General Fund	Title I Fund	5,550
General Fund	Preschool IDEA-B Fund	4,309
		\$ 309,144

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

6. INTERFUND BALANCES AND TRANSFERS (continued)

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

Interfund Transfers

	Transfers In		
	General Fund	Non-Major Funds	Total
Transfers Out:			
General Fund	\$ -	\$ 31,967	\$ 31,967
Non-Major Funds	-	27,874	27,874
	\$ -	\$ 59,841	\$ 59,841

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

7. BUDGET RECONCILIATIONS

The Center prepares its budget utilizing the cash basis of accounting. The Center presents the following information that reconciles the general, Medicaid, and state level discretionary, budgetary comparison statement with the statement of revenues, expenditures, and changes in fund balances. The reconciliation of the remaining funds follows the budgetary comparison statements of each type of fund.

	General Fund	Medicaid Fund	State Level Discretionary Fund
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available to appropriation" from the budgetary comparison statement.	\$ 531,414	\$ 497,881	\$ 101,668
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow of resources for the budgetary basis but are considered revenue for financial reporting purposes.	(12,000)	-	140,983
Recognition of deferred revenues are not considered an inflow of resources for the budgetary basis but are considered revenue for financial reporting purposes.	48,471	-	-

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

7. BUDGET RECONCILIATIONS (continued)

	General Fund	Medicaid Fund	State Level Discretionary Fund
	<u> </u>	<u> </u>	<u> </u>
For budgetary purposes the Center does not record the investment income reinvested and as such it is not considered an inflow of resources but is considered revenue for financial reporting purposes.	1,894	631	-
	<u> </u>	<u> </u>	<u> </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 569,779</u>	<u>\$ 498,512</u>	<u>\$ 242,651</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 468,543	\$ 570,136	\$ 243,153
Differences - Budget to GAAP:			
The Center budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenditures for financial reporting purposes.	1,136	1,862	(502)
The Center budgets for claims and expenses paid for during the current accounting period. Accrual of prepaid expenses are not included in the budgetary basis but are expenditures for financial reporting purposes.	(3,983)	-	-
The Center budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenditures for financial reporting purposes.	<u>(83)</u>	<u>216</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 465,613</u>	<u>\$ 572,214</u>	<u>\$ 242,651</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ (31,967)	\$ -	\$ -
Differences - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures, and balances	<u>\$ (31,967)</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

8. RETIREMENT PLAN

Plan Description

Substantially all of the Center's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA1978). 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, disability, and survivor benefits, and cost-of-living adjustment 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. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy

Plan members are required to contribute 7.90% of their gross salary. The Center is required to contribute 11.65% of the gross covered salary. Effective July 1, 2009, plan members are required to contribute 8.65% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.90%. The contribution requirements of plan members and the Center are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the Legislature. The Center's contributions to ERA for the years ending June 30, 2009, 2008, and 2007 were \$42,859, \$47,641, and \$44,653, respectively, equal to the amount of the required contributions for each year.

9. DEFERRED COMPENSATION

During the fiscal year, the Center offered a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is administered by First Financial Capital. The assets and liabilities are held in trust by First Financial Capital. The plan is available to all Center full-time employees and allows them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Center does not contribute to the plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are the property of the employees.

10. POST-EMPLOYMENT BENEFITS

Plan Description

The Center contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA).

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

10. POST-EMPLOYMENT BENEFITS (continued)

Plan Description (continued)

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

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

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

Funding Policy

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

The 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 January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

10. POST-EMPLOYMENT BENEFITS (continued)

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 Center's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$4,782, \$3,770 and \$3,249, respectively, which equal the required contributions for each year.

Pursuant to GASB 43, a legal determination has been made whereby the Retiree Healthcare Authority is considered a multiple employer cost sharing trust. Under this determination, the extensive OPEB disclosure concerning the funded status of the plan is made on the Authority's books rather than at the participant or agency level. Accordingly, no accrual has been made for this liability on the Center's books.

11. RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center has joined together with other school districts and regional education centers in the state and obtained insurance through the New Mexico Self Public School Insurance Authority Fund. This Authority was created to provide comprehensive care insurance program by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Center pays an annual premium to the New Mexico Public School Insurance Authority and the risk of loss is transferred.

12. CONTINGENT LIABILITES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Center expects such amounts, if any, to be immaterial.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

Special Revenue Funds

	Title I Fund	Title IC Fund	Entitlement IDEA-B Fund	Preschool IDEA-B Fund	21st CCLC Program Fund	Title V Fund	Title II Fund	Title IV Fund	TUPAC Fund	Federal Direct Grants Fund	Advanced Placement Program Fund
ASSETS											
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,550	-	24,060	4,309	-	-	9,414	-	-	-	12,000
Total assets	<u>\$ 5,550</u>	<u>\$ -</u>	<u>\$ 24,060</u>	<u>\$ 4,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,000</u>
LIABILITIES AND FUND BALANCE											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,414	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	-	-	-	-
Interfund balance	5,550	-	24,060	4,309	-	-	-	-	-	-	12,000
Total liabilities	5,550	-	24,060	4,309	-	-	9,414	-	-	-	12,000
Fund Balances:											
Unreserved	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 5,550</u>	<u>\$ -</u>	<u>\$ 24,060</u>	<u>\$ 4,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,000</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue Funds								
	WIA Sierra Fund	WIA Hidalgo Fund	IDEAL NM Fund	WIA Sierra Summer Program Fund	Qwest Foundation Fund	WIA Hidalgo Summer Program Fund	NMSU IDEAL NM Fund	Total Special Revenue Funds	Total Non-Major Funds
<u>ASSETS</u>									
Cash	\$ -	\$ -	\$ 23,526	\$ -	\$ -	\$ -	\$ 15,662	\$ 39,188	\$ 39,188
Intergovernmental receivable	49,227	19,670	-	17,194	-	49,497	-	190,921	190,921
Total assets	<u>\$ 49,227</u>	<u>\$ 19,670</u>	<u>\$ 23,526</u>	<u>\$ 17,194</u>	<u>\$ -</u>	<u>\$ 49,497</u>	<u>\$ 15,662</u>	<u>\$ 230,109</u>	<u>\$ 230,109</u>
<u>LIABILITIES AND FUND BALANCE</u>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,414	\$ 9,414
Accrued salaries	837	590	-	3,292	-	9,129	-	13,848	13,848
Deferred revenues	-	-	23,526	-	-	-	15,662	39,188	39,188
Interfund balance	48,390	19,080	-	13,902	-	40,368	-	167,659	167,659
Total liabilities	49,227	19,670	23,526	17,194	-	49,497	15,662	230,109	230,109
Fund Balances:									
Unreserved	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 49,227</u>	<u>\$ 19,670</u>	<u>\$ 23,526</u>	<u>\$ 17,194</u>	<u>\$ -</u>	<u>\$ 49,497</u>	<u>\$ 15,662</u>	<u>\$ 230,109</u>	<u>\$ 230,109</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds										
	Title I Fund	Title IC Fund	Entitlement IDEA-B Fund	Preschool IDEA-B Fund	21st CCLC Program Fund	Title V Fund	Title II Fund	Title IV Fund	TUPAC Fund	Federal Direct Grants Fund	Advanced Placement Program Fund
Revenues:											
Federal sources	\$ 30,630	\$ 34,995	\$ 76,380	\$ 19,329	\$ 57,398	\$ -	\$ 47,917	\$ 25,155	\$ -	\$ 23,607	\$ -
State sources	-	-	-	-	-	-	-	-	46,791	-	12,000
Local sources	-	-	-	-	-	-	-	-	-	-	-
Total revenues	30,630	34,995	76,380	19,329	57,398	-	47,917	25,155	46,791	23,607	12,000
Expenditures:											
Current:											
Direct instruction	28,931	35,000	18,627	19,329	45,532	-	23,070	30,154	-	-	12,000
Instructional support	9,291	-	64,216	-	-	-	644	-	-	-	-
Administration	31,883	-	-	-	1,821	-	6,374	909	50,000	24,811	-
Operation of plant	-	-	3,577	-	-	-	-	-	-	-	-
Business support services	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	70,105	35,000	86,420	19,329	47,353	-	30,088	31,063	50,000	24,811	12,000
Excess (deficiency) of revenues over expenditures	(39,475)	(5)	(10,040)	-	10,045	-	17,829	(5,908)	(3,209)	(1,204)	-
Other Financing Sources (Uses):											
Transfer in	39,475	5	10,040	-	-	-	-	5,908	3,209	1,204	-
Transfer (out)	-	-	-	-	(10,045)	-	(17,829)	-	-	-	-
Total other financing sources (uses)	39,475	5	10,040	-	(10,045)	-	(17,829)	5,908	3,209	1,204	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds							Total Special Revenue Funds	Total Non-Major Funds
	WIA Sierra Fund	WIA Hidalgo Fund	IDEAL NM Fund	WIA Sierra Summer Program Fund	Qwest Foundation Fund	WIA Hidalgo Summer Program Fund	NMSU IDEAL NM Fund		
Revenues:									
Federal sources	\$ 211,672	\$ 114,851	\$ -	\$ 17,194	\$ -	\$ 49,497	\$ -	\$ 708,625	\$ 708,625
State sources	-	-	241,021	-	-	-	-	299,812	299,812
Local sources	-	-	-	-	25,000	-	25,958	50,958	50,958
Total revenues	211,672	114,851	241,021	17,194	25,000	49,497	25,958	1,059,395	1,059,395
Expenditures:									
Current:									
Direct instruction	-	-	-	-	-	-	-	212,643	212,643
Instructional support	168,456	105,204	-	17,194	-	49,497	-	414,502	414,502
Administration	34,435	2,688	241,021	-	25,000	-	25,958	444,900	444,900
Operation of plant	-	6,959	-	-	-	-	-	10,536	10,536
Business support services	8,781	-	-	-	-	-	-	8,781	8,781
Total expenditures	211,672	114,851	241,021	17,194	25,000	49,497	25,958	1,091,362	1,091,362
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	(31,967)	(31,967)
Other Financing Sources (Uses):									
Transfer In	-	-	-	-	-	-	-	59,841	59,841
Transfer (out)	-	-	-	-	-	-	-	(27,874)	(27,874)
Total other financing sources (uses)	-	-	-	-	-	-	-	31,967	31,967
Net change in fund balances	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
TITLE I FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
Federal sources	\$ 100,061	\$ 100,061	\$ 116,473	\$ 16,412
Expenditures:				
Current:				
Direct instruction	71,039	58,887	28,931	29,956
Instructional support	9,291	9,291	9,291	-
Administration	19,731	31,883	31,883	-
Total expenditures	100,061	100,061	70,105	29,956
Excess (deficiency) of revenues over expenditures	-	-	46,368	46,368
Other Financing Sources (Uses):				
Transfer in	-	-	39,475	39,475
Net change in cash balance	-	-	85,843	85,843
Cash balance, beginning of year	-	-	-	-
Cash advanced from the general fund	-	-	5,550	5,550
Cash repaid to the general fund	-	-	(91,393)	(91,393)
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
TITLE IC FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ 33,000	\$ 35,000	\$ 39,995	\$ 4,995
Expenditures:				
Current:				
Direct instruction	<u>33,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	4,995	4,995
Other Financing Sources (Uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
Net change in cash balance	-	-	5,000	5,000
Cash balance, beginning of year	-	-	-	-
Cash repaid to the general fund	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
ENTITLEMENT IDEA-B FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
Federal sources	\$ 114,059	\$ 116,967	\$ 92,535	\$ (24,432)
Expenditures:				
Current:				
Direct instruction	13,571	19,018	18,627	391
Instructional support	96,728	94,189	64,216	29,973
Operation of plant	3,760	3,760	3,577	183
Total expenditures	<u>114,059</u>	<u>116,967</u>	<u>86,420</u>	<u>30,547</u>
Excess (deficiency) of revenues over expenditures	-	-	6,115	6,115
Other Financing Sources (Uses):				
Transfer in	-	-	10,040	10,040
Net change in cash balance	-	-	16,155	16,155
Cash balance, beginning of year	-	-	-	-
Cash advanced from the general fund	-	-	24,060	24,060
Cash repaid to the general fund	-	-	(40,215)	(40,215)
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
PRESCHOOL IDEA-B FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ 23,575	\$ 23,673	\$ 35,075	\$ 11,402
Expenditures:				
Current:				
Direct instruction	<u>23,575</u>	<u>23,673</u>	<u>19,804</u>	<u>3,869</u>
Net change in cash balance	-	-	15,271	15,271
Cash balance, beginning of year	-	-	-	-
Cash advanced from the general fund	-	-	4,309	4,309
Cash repaid to the general fund	<u>-</u>	<u>-</u>	<u>(19,580)</u>	<u>(19,580)</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
21ST CCLC PROGRAM FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ 88,000	\$ 88,000	\$ 57,398	\$ (30,602)
Expenditures:				
Current:				
Direct instruction	84,480	84,480	45,532	38,948
Administration	<u>3,520</u>	<u>3,520</u>	<u>1,821</u>	<u>1,699</u>
Total expenditures	<u>88,000</u>	<u>88,000</u>	<u>47,353</u>	<u>40,647</u>
Excess (deficiency) of revenues over expenditures	-	-	10,045	10,045
Other Financing Sources (Uses):				
Transfer (out)	<u>-</u>	<u>-</u>	<u>(10,045)</u>	<u>(10,045)</u>
Net change in cash balance	-	-	-	-
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
TITLE V FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ 1,654	\$ 1,654
Expenditures:				
Current:				
Instructional support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balance	-	-	1,654	1,654
Cash balance, beginning of year	-	-	-	-
Cash repaid to the general fund	<u>-</u>	<u>-</u>	<u>(1,654)</u>	<u>(1,654)</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
TITLE II FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ 19,652	\$ 24,152	\$ 40,890	\$ 16,738
Expenditures:				
Current:				
Direct instruction	10,905	15,405	13,656	1,749
Instructional support	2,000	2,000	644	1,356
Administration	6,747	6,747	6,374	373
Total expenditures	<u>19,652</u>	<u>24,152</u>	<u>20,674</u>	<u>3,478</u>
Excess (deficiency) of revenues over expenditures	-	-	20,216	20,216
Other Financing Sources (Uses):				
Transfer (out)	-	-	<u>(17,829)</u>	<u>(17,829)</u>
Net change in cash balance	-	-	2,387	2,387
Cash balance, beginning of year	-	-	-	-
Cash repaid to the general fund	-	-	<u>(2,387)</u>	<u>(2,387)</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
TITLE IV FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ 16,885	\$ 31,885	\$ 44,960	\$ 13,075
Expenditures:				
Current:				
Direct instruction	15,976	30,976	30,154	822
Instructional support	-	-	-	-
Administration	909	909	909	-
Total expenditures	<u>16,885</u>	<u>31,885</u>	<u>31,063</u>	<u>822</u>
Excess (deficiency) of revenues over expenditures	-	-	13,897	13,897
Other Financing Sources (Uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>5,908</u>	<u>5,908</u>
Net change in cash balance	-	-	19,805	19,805
Cash balance, beginning of year	-	-	-	-
Cash repaid to the general fund	<u>-</u>	<u>-</u>	<u>(19,805)</u>	<u>(19,805)</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
TUPAC FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
State sources	\$ 50,000	\$ 50,000	\$ 46,791	\$ (3,209)
Expenditures:				
Current:				
Administration	50,000	50,000	50,000	-
Excess (deficiency) of revenues over expenditures	-	-	(3,209)	(3,209)
Other Financing Sources (Uses):				
Transfer in	-	-	3,209	3,209
Net change in cash balance	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
FEDERAL DIRECT GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ -	\$ 24,811	\$ -	\$ (24,811)
Expenditures:				
Current:				
Administration	-	24,811	24,811	-
Excess (deficiency) of revenues over expenditures	-	-	(24,811)	(24,811)
Other Financing Sources (Uses):				
Transfer in	-	-	1,204	1,204
Net change in cash balance	-	-	(23,607)	(23,607)
Cash balance, beginning of year	-	-	23,607	23,607
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
 ADVANCED PLACEMENT PROGRAM FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
State sources	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Expenditures:				
Current:				
Direct instruction	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Net change in cash balance	-	-	(12,000)	(12,000)
Cash balance, beginning of year	-	-	-	-
Cash advanced from the general fund	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
WIA - SIERRA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ 222,654	\$ 225,654	\$ 187,688	\$ (37,966)
Expenditures:				
Current:				
Instructional support	185,351	181,601	170,286	11,315
Administration	30,103	35,272	34,435	837
Business support services	7,200	8,781	8,781	-
Total expenditures	<u>222,654</u>	<u>225,654</u>	<u>213,502</u>	<u>12,152</u>
Net change in cash balance	-	-	(25,814)	(25,814)
Cash balance, beginning of year	-	-	-	-
Cash advanced from the general fund	-	-	48,390	48,390
Cash repaid to the general fund	-	-	<u>(22,576)</u>	<u>(22,576)</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
WIA - HIDALGO FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ 117,343	\$ 117,343	\$ 101,697	\$ (15,646)
Expenditures:				
Current:				
Instructional support	107,591	107,496	105,803	1,693
Administration	2,688	2,688	2,688	-
Operation of plant	7,064	7,159	6,959	200
Total expenditures	<u>117,343</u>	<u>117,343</u>	<u>115,450</u>	<u>1,893</u>
Net change in cash balance	-	-	(13,753)	(13,753)
Cash balance, beginning of year	-	-	-	-
Cash advanced from the general fund	-	-	19,080	19,080
Cash repaid to the general fund	-	-	<u>(5,327)</u>	<u>(5,327)</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
IDEAL NM FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
State sources	\$ 300,000	\$ 325,901	\$ 400,491	\$ 74,590
Expenditures:				
Current:				
Administration	<u>300,000</u>	<u>325,901</u>	<u>265,416</u>	<u>60,485</u>
Net change in cash balance	-	-	135,075	135,075
Cash balance, beginning of year	-	-	-	-
Cash repaid to the general fund	<u>-</u>	<u>-</u>	<u>(111,549)</u>	<u>(111,549)</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,526</u></u>	<u><u>\$ 23,526</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
WIA - SIERRA SUMMER PROGRAM FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ 86,560	\$ 86,560	\$ -	\$ (86,560)
Expenditures:				
Current:				
Instructional support	73,357	73,357	13,902	59,455
Administration	3,000	3,000	-	3,000
Business support service	<u>10,203</u>	<u>10,203</u>	<u>-</u>	<u>10,203</u>
Total expenditures	<u>86,560</u>	<u>86,560</u>	<u>13,902</u>	<u>72,658</u>
Net change in cash balance	-	-	(13,902)	(13,902)
Cash balance, beginning of year	-	-	-	-
Cash advanced from the general fund	<u>-</u>	<u>-</u>	<u>13,902</u>	<u>13,902</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
QWEST FOUNDATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Local sources	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Expenditures:				
Current:				
Administration	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in cash balance	-	-	-	-
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
WIA – HIDALGO SUMMER PROGRAM FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Federal sources	\$ 144,243	\$ 144,243	\$ -	\$ (144,243)
Expenditures:				
Current:				
Instructional support	141,243	141,243	40,368	100,875
Administration	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total expenditures	<u>144,243</u>	<u>144,243</u>	<u>40,368</u>	<u>103,875</u>
Net change in cash balance	-	-	(40,368)	(40,368)
Cash balance, beginning of year	-	-	-	-
Cash advanced from the general fund	<u>-</u>	<u>-</u>	<u>40,368</u>	<u>40,368</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NMSU – IDEAL NM FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Local sources	\$ 40,000	\$ 41,620	\$ 41,620	\$ -
Expenditures:				
Current:				
Administration	<u>40,000</u>	<u>41,620</u>	<u>25,958</u>	<u>15,662</u>
Net change in cash balance	-	-	15,662	15,662
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,662</u></u>	<u><u>\$ 15,662</u></u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
RECONCILIATION OF THE BUDGETARY COMPARISON SCHEDULES
TO THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Title I Fund	Title IC Fund	Entitlement IDEA-B Fund
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 116,473	\$ 39,995	\$ 92,535
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow of revenues for the budgetary basis but are considered revenues for financial reporting purposes.	<u>(85,843)</u>	<u>(5,000)</u>	<u>(16,155)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 30,630</u>	<u>\$ 34,995</u>	<u>\$ 76,380</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 70,105	\$ 35,000	\$ 86,420
Differences - Budget to GAAP:			
The Center budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenditures for financial reporting purposes.	-	-	-
The Center budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenditures for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 70,105</u>	<u>\$ 35,000</u>	<u>\$ 86,420</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ 39,475	\$ 5	\$ 10,040
Difference - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources (uses) of resources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 39,475</u>	<u>\$ 5</u>	<u>\$ 10,040</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
RECONCILIATION OF THE BUDGETARY COMPARISON SCHEDULES
TO THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Preschool IDEA-B Fund	21st CCLC Program Fund	Title V Fund
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 35,075	\$ 57,398	\$ 1,654
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow of revenues for the budgetary basis but are considered revenues for financial reporting purposes.	<u>(15,746)</u>	<u>-</u>	<u>(1,654)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 19,329</u>	<u>\$ 57,398</u>	<u>\$ -</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 19,804	\$ 47,353	\$ -
Differences - Budget to GAAP:			
The Center budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenditures for financial reporting purposes.	(476)	-	-
The Center budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenditures for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 19,328</u>	<u>\$ 47,353</u>	<u>\$ -</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ -	\$ (10,045)	\$ -
Difference - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources (uses) of resources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ (10,045)</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
RECONCILIATION OF THE BUDGETARY COMPARISON SCHEDULES
TO THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Title II Fund</u>	<u>Title IV Fund</u>	<u>TUPAC Fund</u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 40,890	\$ 44,960	\$ 46,791
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow of revenues for the budgetary basis but are considered revenues for financial reporting purposes.	<u>7,027</u>	<u>(19,805)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 47,917</u>	<u>\$ 25,155</u>	<u>\$ 46,791</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 20,674	\$ 31,063	\$ 50,000
Differences - Budget to GAAP:			
The Center budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenditures for financial reporting purposes.	9,414	-	-
The Center budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenditures for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 30,088</u>	<u>\$ 31,063</u>	<u>\$ 50,000</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ (17,289)	\$ 5,908	\$ 3,209
Difference - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources (uses) of resources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ (17,289)</u>	<u>\$ 5,908</u>	<u>\$ 3,209</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
RECONCILIATION OF THE BUDGETARY COMPARISON SCHEDULES
TO THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Federal Direct Grants Fund	Advanced Placement Program Fund	WIA Sierra Fund
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ -	\$ -	\$ 187,688
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow of revenues for the budgetary basis but are considered revenues for financial reporting purposes.	<u>23,607</u>	<u>12,000</u>	<u>23,984</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 23,607</u>	<u>\$ 12,000</u>	<u>\$ 211,672</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 24,811	\$ 12,000	\$ 213,502
Differences - Budget to GAAP:			
The Center budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenditures for financial reporting purposes.	-	-	-
The Center budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenditures for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>(1,830)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 24,811</u>	<u>\$ 12,000</u>	<u>\$ 211,672</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ 1,204	\$ -	\$ -
Difference - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources (uses) of resources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,204</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
RECONCILIATION OF THE BUDGETARY COMPARISON SCHEDULES
TO THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	WIA Hidalgo Fund	IDEAL NM Fund	WIA - Sierra Summer Program Fund
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 101,697	\$ 400,491	\$ -
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow of revenues for the budgetary basis but are considered revenues for financial reporting purposes.	<u>13,154</u>	<u>(159,470)</u>	<u>17,194</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 114,851</u>	<u>\$ 241,021</u>	<u>\$ 17,194</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 115,450	\$ 265,416	\$ 13,902
Differences - Budget to GAAP:			
The Center budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenditures for financial reporting purposes.	-	(24,395)	-
The Center budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenditures for financial reporting purposes.	<u>(599)</u>	<u>-</u>	<u>3,292</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 114,851</u>	<u>\$ 241,021</u>	<u>\$ 17,194</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ -	\$ -	\$ -
Difference - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources (uses) of resources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
RECONCILIATION OF THE BUDGETARY COMPARISON SCHEDULES
TO THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Qwest Foundation Fund	WIA-Hidalgo Summer Program Fund	NMSU IDEAL NM Fund
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 25,000	\$ -	\$ 41,620
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow of revenues for the budgetary basis but are considered revenues for financial reporting purposes.	<u>-</u>	<u>49,497</u>	<u>(15,662)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 25,000</u>	<u>\$ 49,497</u>	<u>\$ 25,958</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 25,000	\$ 40,368	\$ 25,958
Differences - Budget to GAAP:			
The Center budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenditures for financial reporting purposes.	-	9,129	-
The Center budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenditures for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 25,000</u>	<u>\$ 49,497</u>	<u>\$ 25,958</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ -	\$ -	\$ -
Difference - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources (uses) of resources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SUPPLEMENTAL FINANCIAL INFORMATION

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2009

<u>Financial Institution/Account Description</u>	<u>Type of Account</u>	<u>Financial Institution Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
Compass Bank 210 Main Street Truth or Consequences, NM 87901				
Operating Fund	Checking	\$ 1,101,891	\$ (128,968)	\$ 972,923
Special Fund	Checking	<u>443</u>	<u>(428)</u>	<u>15</u>
Total checking accounts		<u><u>\$ 1,102,334</u></u>	<u><u>\$ (129,396)</u></u>	<u><u>\$ 972,938</u></u>

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2009

Compass Bank
P.O. Box 5240
Lubbock, TX 79408-5240

<u>Security</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Market Value</u>
FNMA ARM	31410DWD8	07/01/36	<u>\$ 1,586,262</u>

The holder of the security pledged by Compass Bank, N.A. is the Federal Home Loan Bank of Dallas, 8500 Freepoint Parkway South, Suite 100, Irving, TX 75063-2547.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
SCHEDULE OF CASH RECONCILIATIONS
ALL FUNDS
JUNE 30, 2009

Fund	Audited Cash Balance 06/30/08	Current Year Receipts	Current Year Expenditures	Net Transfers In/(Out)	Cash per PED Report	Interfund Advance/ Repayment	Audited Cash Balance 06/30/09
General	\$ 434,835	\$ 531,414	\$ (468,542)	\$ 287,519	\$ 785,226	\$ (309,144)	\$ 476,082
Medicaid	529,701	497,881	(570,136)	-	457,446	-	457,446
Federal Direct Grants	23,607	-	(24,811)	1,204	-	-	-
WIA - Sierra	-	187,688	(213,502)	(22,576)	(48,390)	48,390	-
IDEAL NM	-	400,491	(265,416)	(111,549)	23,526	-	23,526
Title I	-	116,473	(70,105)	(51,918)	(5,550)	5,550	-
Title IC	-	39,995	(35,000)	(4,995)	-	-	-
Entitlement IDEA-B	-	92,535	(86,420)	(30,175)	(24,060)	24,060	-
Discretionary IDEA-B	222	-	-	(222)	-	-	-
Preschool IDEA-B	-	35,075	(19,804)	(19,580)	(4,309)	4,309	-
Title V	-	1,654	-	(1,654)	-	-	-
Title II	-	40,890	(20,674)	(20,216)	-	-	-
Title IV	-	44,960	(31,063)	(13,897)	-	-	-
TUPAC	-	46,791	(50,000)	3,209	-	-	-
Advanced Placement Program	-	-	(12,000)	-	(12,000)	12,000	-
WIA - Hidalgo	-	101,697	(115,450)	(5,327)	(19,080)	19,080	-
State Level Discretionary	-	101,668	(243,153)	222	(141,263)	141,485	222
21st CCLC Program	-	57,398	(47,353)	(10,045)	-	-	-
WIA - Sierra Summer Program	-	-	(13,902)	-	(13,902)	13,902	-
Qwest Program	-	25,000	(25,000)	-	-	-	-
WIA - Hidalgo Summer Program	-	-	(40,368)	-	(40,368)	40,368	-
NMSU IDEAL NM	-	41,620	(25,958)	-	15,662	-	15,662
	<u>\$ 988,365</u>	<u>\$ 2,363,230</u>	<u>\$ (2,378,657)</u>	<u>\$ -</u>	<u>\$ 972,938</u>	<u>\$ -</u>	<u>\$ 972,938</u>

SUPPLEMENTAL FEDERAL FINANCIAL INFORMATION

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Grant Number	Award Amount	Expenditures
U.S. Department of Agriculture/Passed through Rural Utilities Services				
Distance Learning & Telemedicine	10.855	NM 712-B16	\$ 265,348	\$ 24,811
U.S. Department of Education/Passed through NM Public Education Department				
Discretionary IDEA-B	83.173	09-924-0106	243,153	242,651
Entitlement IDEA-B	84.173	H027A070078	114,059	86,420
Preschool IDEA - B	84.173	H173A070078	23,575	19,329
21st CCLC Program	84.173	S287C080031	88,000	47,353
Title I	84.010	S0108070031A	100,061	70,105
Title IC	84.011	S0108070031A	35,000	35,000
Title II	84.168	S298A70031	24,152	30,088
Title IV	84.168	S298A70031	31,885	31,063
Total U.S. Department of Education				562,009
U.S. Department of Health and Human Services/ Passed through NM Human Services Department				
Medicaid	93.778	08-630-8000-0072	644,311	572,214
U.S. Department of Labor/Passed through Southwest Area Workforce Development Board				
Workforce Investment Act	17.259	WIA/SWR-PY06-003 EXT 2	225,654	211,672
Workforce Investment Act	17.259	WIA-HIDALGO-PY06-0004 EXT 2	117,343	114,851
Workforce Investment Act *	17.259	WIA/SWRSIERRA-PY09SUMMER	86,560	17,194
Workforce Investment Act *	17.259	WIA/SWRHIDALGO-PY09SUMMER	144,243	49,497
Total U.S. Department of Labor				393,214
Total Expenditures of Federal Awards				<u>\$ 1,552,248</u>

* - American Recovery and Reinvestment Act (ARRA) Expenditures

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

1. BASIS OF PRESENTATION

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

2. BASIS OF ACCOUNTING

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

3. FEDERAL EXPENDITURES

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

4. RECONCILIATION OF FINANCIAL STATEMENTS TO FEDERAL AWARDS

Federal expenditures on the schedule of expenditures of federal awards amount to \$1,309,597. The amount of expenditures within the funds is reflected within the financial statements as follows:

<u>Special Revenue Funds</u>	
Medicaid Fund	\$ 572,214
Discretionary IDEA-B	242,651
WIA - Sierra Fund	211,672
WIA - Hidalgo Fund	114,851
Entitlement IDEA-B Fund	86,420
Title I Fund	70,105
WIA - Hidalgo Summer Program Fund	49,497
21st CCLC Program Fund	47,353
Title IC Fund	35,000
Title IV Fund	31,063
Title II Fund	30,088
Federal Direct Grants Fund	24,811
Preschool IDEA-B Fund	19,329
WIA - Sierra Summer Program Fund	17,194
	<u>\$ 1,552,248</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORTS

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

Hector H. Balderas, State Auditor
and
Board of Directors
Southwest Regional Education Center #10
Truth or Consequences, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southwest Regional Education Center #10 (Center), as of and for the year ended June 30, 2009, which collectively comprise the Center's basic financial statements and have issued our report thereon dated September 18, 2009. We have also audited the financial statements of each of the Center's nonmajor governmental funds, and the respective budgetary comparison statements for each nonmajor special revenue funds presented as supplementary information in the combining and individual fund statements as of and for the year ended June 30, 2009, and have issued our report thereon dated September 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our 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 Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

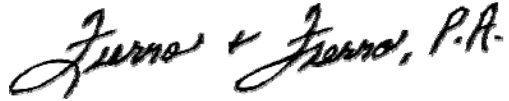
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the board of directors, management, others within the entity, New Mexico State Auditor, New Mexico Public Education Department, New Mexico Department of Finance and Administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Fierro & Fierro, P.A." in a cursive, flowing script.

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

September 18, 2009

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

Hector H. Balderas, State Auditor
and
Board of Directors
Southwest Regional Education Center #10
Truth or Consequences, New Mexico

Compliance

We have audited the compliance of Southwest Regional Education Center #10 (Center), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Center's major federal programs are identified in the summary of auditors' 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 Center's management. Our responsibility is to express an opinion on the Center'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-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with those requirements.

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

Internal Control Over Compliance

The management of the Center 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 Center's internal control over compliance with 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 Center's internal control over compliance.

A *control deficiency* in an entity'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 entity'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 entity'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 entity's internal control.

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

This report is intended solely for the information and use of the board of directors, management, others within the entity, New Mexico State Auditor, New Mexico Public Education Department, New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Fierro & Fierro, P.A." in a cursive, flowing script.

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

September 18, 2009

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified _____ Yes X No
- Significant deficiency (ies) identified that are not considered to be material weaknesses _____ Yes X None reported
- Noncompliance material to financial statements noted _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified _____ Yes X No
- Significant deficiency (ies) identified that are not considered to be material weaknesses _____ Yes X None reported

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

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

Program tested as major programs include:

Program	CFDA No.
Medicaid	93.778
Workforce Investment Act	17.259

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II – FINDING – FINANCIAL STATEMENTS

None.

**SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS –
MEDICAID CFDA NO. 93.778**

None.

SECTION IV – PRIOR YEAR’S AUDIT FINDINGS

Item 2008-01 – Collateral of Public Monies – In the prior year’s audit, we noted the collateral pledged by the Center’s bank, on behalf of the Center, were in violation of state statutes. During the current year, the Center requested the bank to review the applicable state statutes and to change the Center’s pledged collateral to be in compliance with state statutes. The Center’s bank changed the collateral pledged for the Center. The finding is considered resolved.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION CENTER #10
EXIT CONFERENCE AND FINANCIAL STATEMENT PREPARATION
JUNE 30, 2009

EXIT CONFERENCE

The audit report for the fiscal year ended June 30, 2009, was discussed during the exit conference held on September 29, 2009. Present for the Center were Jerry Birdwell, chairman; Bruce Hegwer, Ed.D., executive director; and GERALYN BENNETT, business manager. Present for the auditing firm was Dominic Fierro, audit manager.

FINANCIAL STATEMENT PREPARATION

The auditing firm of Fierro & Fierro, P.A., Certified Public Accountants, prepared the financial statements of the Southwest Regional Education Center #10 as of June 30, 2009. The Center's upper management have reviewed and approved the financial statements and related notes, and they believe that the Center's books and records adequately support them.