

Southwest Regional Education Center #10

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS'  
REPORT THEREON**

For The Fiscal Year Ended June 30, 2010

Southwest Regional Education Center # 10  
**TABLE OF CONTENTS**  
 June 30, 2010

	<u>PAGE</u>
<b>INTRODUCTORY SECTION:</b>	
Directory of officials	1
<b>FINANCIAL SECTION:</b>	
INDEPENDENT AUDITORS' REPORT	2-3
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Management's Discussion and Analysis	4-9
<b>BASIC FINANCIAL STATEMENTS:</b>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	10
Statement of Activities	11-12
<i>Fund Financial Statements:</i>	
Balance Sheet--Governmental Funds	13-14
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	16-17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis) General and Major Special Revenue Funds:	
General Fund	19
Title I Stimulus	20
Technology for Education PED	21
State Migrant	22
Ideal NM	23
Medicaid	24
Notes to Basic Financial Statements	25-37

OTHER SUPPLEMENTARY INFORMATION:

Fund Descriptions	38-39
Combining Balance Sheet--Nonmajor Governmental Funds	40-42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Governmental Funds	43-47
Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis):	
Special Revenue Funds:	
Preschool	48
Title I	49
Drug-Free Schools	50
Entitlement Stimulus	51
Migrant Children	52
21ST Century	53
Preschool Stimulus	54
DOH TUPAC	55
WIA Sierra	56
WIA Sierra Summer	57
Entitlement	58
Title II Teacher Training	59
State Level Discretionary	60
Advanced Placement	61
WIA Hidalgo	62
WIA Hidalgo Summer	63
Dual LE NM	64
NMSU Ideal NM	65
TESOL Ideal NM	66
Education Technology	67
Help Project	68

OTHER SUPPLEMENTAL DATA

Schedule of Depository Collateral	69
Schedule of Individual Deposit Accounts and Investments	70
Schedule of Cash Receipts and Disbursements All Funds- By Public Education Department Classification	71-72
Schedule of Expenditures of Federal Awards	73
Notes to Schedule of Expenditures of Federal Awards	74

ADDITIONAL REPORTING REQUIREMENTS:

Summary Schedule of Prior Audit Findings	75
--	----

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	76-77
Independent Auditors Report on Compliance That Could Have a Direct and Material Effect on Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	78-79
Schedule of Findings and Questioned Costs	80-81

Southwest Regional Education Center #10  
**BOARD OF DIRECTORS**  
June 30, 2010

**School District Superintendents**

Truth of Consequences

Tom Burris

Deming

Harvilee Moore

Hatch

Bill Coker

Lordsburg

Jim Barentine

Reserve

Loren Cushman

Animas

Jerry Birdwell

**Regional Education Center Officials**

Director

Bruce Hegwer

Business Manager

Geralyn Bennett

MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
JAHHOU MASON, C.P.A.  
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.  
P.O. BOX 2828  
SILVER CITY, NEW MEXICO 88062  
TELEPHONE (575) 388-1777  
(575) 538-3795  
FAX (575) 388-5040  
E-MAIL: stonemcgee@qwestoffice.net

### INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Southwest Regional Education Center #10 as of and for the year ended June 30, 2010, 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 and the budgetary comparisons for the nonmajor special revenue funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, 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 above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Southwest Regional Education Center #10 as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Southwest Regional Education Center #10 as of June 30, 2010, and the respective changes in financial position,

where applicable, thereof 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 24, 2010, on our consideration of Southwest Regional Education Center #10's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 4 through 9 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements, and the combining and individual fund financial statements and budgetary comparisons presented as other supplementary information. 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 financial statements. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and the other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Stone, McGee & Co., CPAs*

September 24, 2010

*Stone, McGee & Co.*  
*Certified Public Accountants*

**STATE OF NEW MEXICO SOUTHWEST REGIONAL  
EDUCATION CENTER #10  
MANAGEMENTS DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

The following is an overview of the financial condition for the Southwest Regional Education Center #10 (Center), for the fiscal year ended June 30, 2010. 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 \$1,653,629.00 for the year ending June 30, 2010; with an overall \$3,538,843.37 budget for the fiscal year 2009/2010. This represents funds managed for member districts for Title I, II, IV & IC and for the IDEA-B Programs. The SWREC has continued support in the Medicaid funding as the administrative time claims funding, continued another year. The Workforce Investment Act programs increased due to the SWREC adding another county: Hidalgo. The SWREC continued to work in conjunction with the New Mexico Public Education Department with additional funding for Priority Schools, TUPAC and a new funding stream from IDEALNM.

### **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, business support services, and community services. The government-wide financial statements can be found on pages ten and eleven of this report.



**STATE OF NEW MEXICO SOUTHWEST REGIONAL  
EDUCATION CENTER #10  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**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 can be divided into 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-three other individual governmental funds of which all are classified as special revenue funds. Information for the general fund, Title I, Entitlement IDEA-B, Discretionary IDEA-B, Title II, Advanced Placement, and Medicaid 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-four. Budgetary comparison statements for the special revenue non-major, are located on pages forty-eight through sixty-nine. The basic governmental fund financial statements can be found on page twelve 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-five through forty-three of this report.

**STATE OF NEW MEXICO SOUTHWEST REGIONAL  
EDUCATION CENTER #10  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**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-four through forty-seven 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 \$208,606.75 at the close of the most recent fiscal year. Ninety-five 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.

FUND	BUDGET	ACTUAL- EXPENDITURES	VARIANCE
24101-TITLE I	33357.00	33158.35	198.65
24103-TITLE IC	33613.73	33613.73	0.00
24106-ENTITLEMENT	121500.00	74986.82	46513.18
24109-PRESCHOOL	18873.00	11615.09	7257.91
24119-21 <sup>ST</sup> CCLC	128647.00	83300.45	45346.55
24154-TITLE II	29759.00	21108.43	8650.57
24157-TITLE IV	17065.00	17064.54	.46
24201-TITLE I STIM	86937.00	72839.98	14097.02
24206-ENT. STIM	340867.00	212506.85	128360.15
24209-PRESCH. STIM	13733.00	10517.90	3215.10
25138-TUPAC	50000.00	50000.00	0.00
25220 WIA-SIERRA	126366.00	126366.00	0.00
25320 WIA-SIERRA SU	72657.58	72657.58	0.00
27101-OPERATING	580371.00	491506.84	88864.16

27117-TECH. FOR ED	251000.00	217254.88	33745.12
27129-AP	7000.00	7000.00	0.00
27200-STATE DIRECT	275261.00	275261.00	0.00
28144-MEDICAID	572069.00	412043.92	160025.08
34103-MIGRANT	74879.00	60210.42	14668.58
35220-WIA HIDALGO	65712.00	65712.00	0.00
35320 WIA HIDALGO S	103874.99	103874.99	0.00
37101-DUAL LENM	158345.99	158345.99	0.00
37117-IDEALNM	371830.08	371830.08	0.00
47117-IDEALNM	3000.00	3000.00	0.00
57117-IDEALNM	2125.00	2125.00	0.00

**STATE OF NEW MEXICO**  
**SOUTHWEST REGIONAL EDUCATION CENTER #10**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

Financial Analysis of the Center's Funds

Southwest Regional Education Center's Net Assets

	Governmental Activities	
	06/30/10	06/30/09
Assets:		
Current and other assets	\$1,828,630	\$1,520,039
Capital assets, net of accumulated depreciation	<u>107,215</u>	<u>143,159</u>
Total assets	1,935,845	1,663,198
Liabilities:		
Current Liabilities	177,193	222,863
Net Assets:		
Invested in capital assets	\$107,215	\$143,159
Restricted	759,389	
Unrestricted	<u>892,048</u>	<u>1,297,176</u>
Total Net Assets	\$1,758,652	\$1,440,335

Capital Assets and Debt Administration

Capital Assets

The Center's investment in capital assets for the government as of June 30, 2010 amounts to \$144,578 (net of accumulated depreciation).

This investment in capital assets includes equipment and vehicles. During the fiscal year, the Center did not purchase any capital assets items. The capital assets on hand will allow the Center to provide more efficient services to the member's districts. Funding is provided by the federal and state grant revenues.

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Equipment	\$144,578	\$143,159

Long-term Debt

As of June 30, 2010, the Center did not have any long-term debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

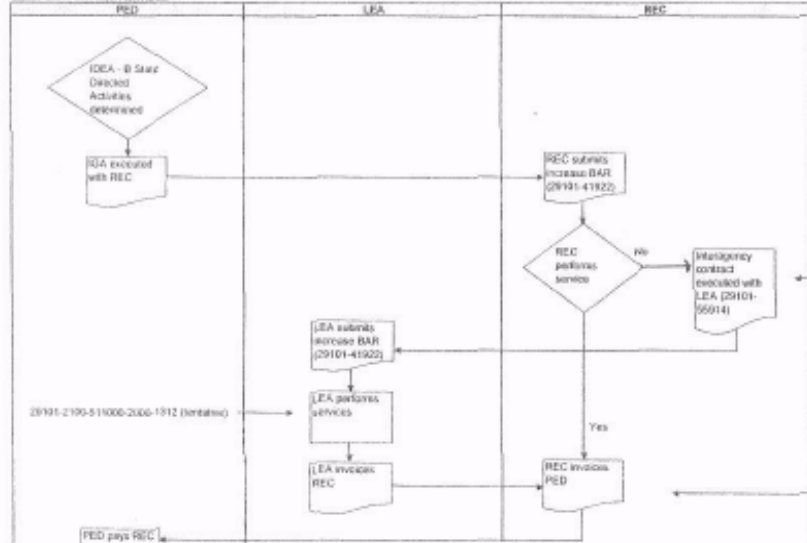
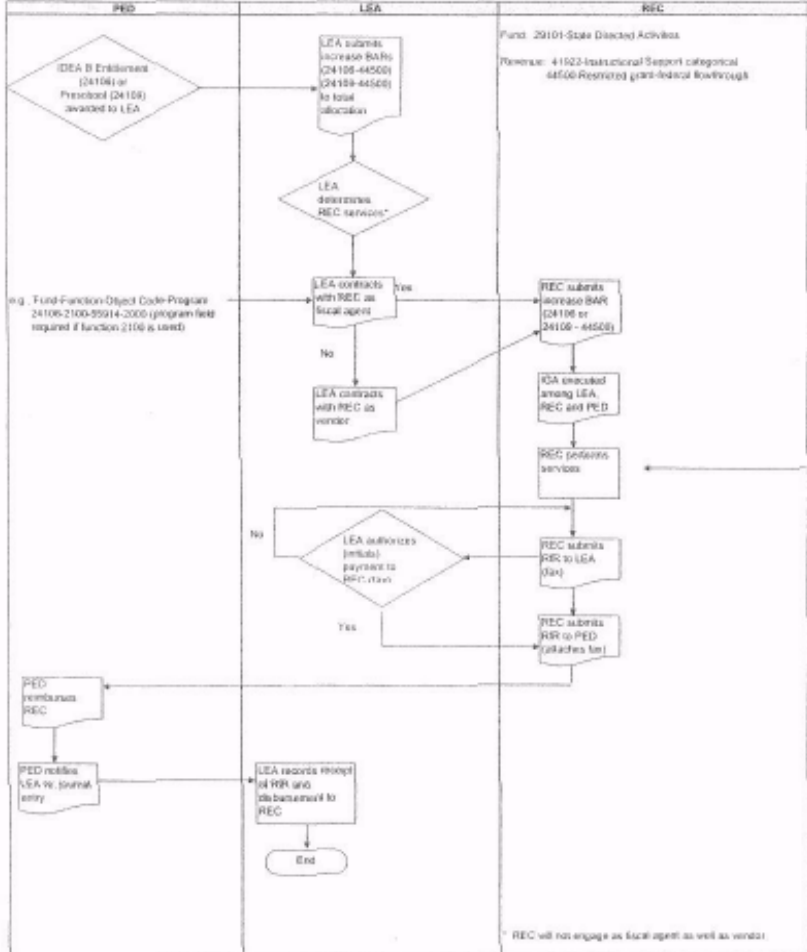
The Southwest Regional Educational Center was established in 1984 under the SBE Regulation No. 84-6. The SWREC will assist member districts with compliance with IDEA-B. Since this time we have expanded to offer a variety of additional services to our districts including literacy training, teacher mentorship.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

Our 2009-2010 Operating budgets was based on an administrative fee and indirect costs the SWREC receive from the various programs/grants we administer for the six districts that participate through the SWREC. Additional operating budget funding is based on a \$19000.00 membership fee from the six districts, \$124,335.00 from PED for SWREC operating needs and service fees for additional training the SWREC provided to districts, based on a fee schedule. Any other funding received is through grant funding, which varies from year to year from continued re-funding from grants.

Benefit costs continue to be an issue. Health insurance rates did not increase the year though other benefits unemployment, educational retirement and workers compensations, general liability and property insurance rates increased. We anticipate this being an area of concern in the future.

Many changes from the New Mexico Public Education Department have provided many concerns to the SWREC. The SWREC overall budget has show a decrease due to the funding stream by the NMPED and the SWREC feels that many more changes that affect the SWREC will continue.

The SWREC continues to look at starting a number of additional projects to increase funding. Projects and programs include literacy, priority schools with assistance to school districts in need of improvement, Business Management services provided to new state charter schools and our member districts, with state of the art video conferencing equipment to enhance programs for students. Due to the increased cost of fuel it will save on travel time. Other projects include tobacco prevention program, life skills, seminars, and professional development workshops that support the needs of the Southwest area school districts. The SWREC continues to reach out to provide services for other entities that may need support to increase the cash flow through the REC. We need to think for of our children in the state of New Mexico.



Request for Information

This financial report is designed to provide a general overview of the SWREC finances and to show the SWREC's accountability for the revenue 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.

Southwest Regional Education Center # 10  
**STATEMENT OF NET ASSETS**  
June 30, 2010

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 1,495,133
Interest receivable	31
Due from other governments	333,466
Capital assets:	
Furniture and equipment	203,367
Less accumulated depreciation	(96,152)
Total capital assets, net of depreciation	\$ 107,215
Total assets	\$ 1,935,845
<b>Liabilities</b>	
Accounts payable	\$ 12,919
Deferred revenue	162,082
Compensated absences	2,192
Total liabilities	\$ 177,193
<b>Net Assets</b>	
Invested in capital assets	\$ 107,215
Restricted for:	
Other purposes	759,389
Unrestricted	892,048
Total net assets	\$ 1,758,652

The accompanying notes are an integral part of these financial statements

Southwest Regional Education Center # 10  
**STATEMENT OF ACTIVITIES**  
For the Fical Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Governmental activities:		
Instruction	\$ 321,943	\$ -
Support services - Students	712,401	
Support services - Instruction	565,498	157,971
General administration	1,070,168	189,613
School administration	21,615	85,681
Central services	161,498	28,391
Operation of plant	51,019	
Community services	79,037	
	<hr/>	<hr/>
Total governmental activities	\$ 2,983,179	\$ 461,656
	<hr/>	<hr/>
General revenues:		
State aid - formula grant		
Unrestricted investment earnings		
Total general revenues and special items		
Change in net assets		
Net assets - beginning, as originally stated		
Restatement (Note 13)		
Net assets - beginning, as restated		
Change in net assets		
Net assets - ending		

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

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
\$ 371,850		\$ 49,907
770,945		58,544
425,078		17,551
954,065		73,510
21,490		85,556
82,761		(50,346)
20,160		(30,859)
78,580		(457)
<u>\$ 2,724,929</u>	<u>\$ -</u>	<u>\$ 203,406</u>
		\$ 133,300
		<u>345</u>
		<u>\$ 133,645</u>
		<u>\$ 337,051</u>
		\$ 1,440,335
		<u>(18,734)</u>
		\$ 1,421,601
		<u>337,051</u>
		<u>\$ 1,758,652</u>



Southwest Regional Education Center #10  
**BALANCE SHEET--GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2010

	General	Title I Stimulus	Technology for Education	Medicaid
<b>Assets</b>				
Cash and investments	\$ 727,516	\$ -	\$ -	\$ 646,686
Interfund receivables	317,706			
Due from other governments		72,840	116,096	
Interest receivable	23			8
<b>Total assets</b>	<b>\$ 1,045,245</b>	<b>\$ 72,840</b>	<b>\$ 116,096</b>	<b>\$ 646,694</b>
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 1,005	\$ -	\$ -	\$ 3,194
Interfund payables		72,840	116,096	
Deferred revenue	150,000			
<b>Total liabilities</b>	<b>\$ 151,005</b>	<b>\$ 72,840</b>	<b>\$ 116,096</b>	<b>\$ 3,194</b>
<b>Fund balances:</b>				
Unreserved, reported in:				
General fund	\$ 894,240	\$ -	\$ -	\$ -
Special revenue funds				643,500
<b>Total fund balances</b>	<b>\$ 894,240</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 643,500</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,045,245</b>	<b>\$ 72,840</b>	<b>\$ 116,096</b>	<b>\$ 646,694</b>

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

<u>State Migrant</u>	<u>Ideal NM</u>	<u>Other Funds</u>	<u>Total</u>
\$ -	\$ 22,319	\$ 98,612	\$ 1,495,133
60,210		11,560	329,266
		84,320	333,466
			31
<u>\$ 60,210</u>	<u>\$ 22,319</u>	<u>\$ 194,492</u>	<u>\$ 2,157,896</u>
\$ -	\$ 2,720	\$ 6,000	\$ 12,919
60,210	1,800	78,320	329,266
		12,082	162,082
<u>\$ 60,210</u>	<u>\$ 4,520</u>	<u>\$ 96,402</u>	<u>\$ 504,267</u>
\$ -	\$ -	\$ -	\$ 894,240
	17,799	98,090	759,389
<u>\$ -</u>	<u>\$ 17,799</u>	<u>\$ 98,090</u>	<u>\$ 1,653,629</u>
<u>\$ 60,210</u>	<u>\$ 22,319</u>	<u>\$ 194,492</u>	<u>\$ 2,157,896</u>

Southwest Regional Education Center # 10  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
June 30, 2010

Total governmental fund balances	\$ 1,653,629
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	107,215
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(2,192)</u>
<i>Net assets of governmental activities</i>	<u><u>\$ 1,758,652</u></u>

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

Southwest Regional Education Center #10  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES--GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2010

	<u>General</u>	<u>Title I Stimulus</u>	<u>Technology for Education</u>	<u>Medicaid</u>
<b>Revenues:</b>				
Federal sources	\$ -	\$ 72,840	\$ -	\$ 546,583
State sources	133,300		217,255	
Local sources	461,656			
Earnings on investments	256			89
<b>Total revenues</b>	<b>\$ 595,212</b>	<b>\$ 72,840</b>	<b>\$ 217,255</b>	<b>\$ 546,672</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ -	\$ 44,218	\$ -	\$ -
Support services - Students		9,371		190,881
Support services - Instruction	165,971		47,639	
General administration	200,613		169,616	170,719
School administration		19,251		
Central services	93,681			48,299
Operation of plant	31,080			1,523
Community services				
<b>Total expenditures</b>	<b>\$ 491,345</b>	<b>\$ 72,840</b>	<b>\$ 217,255</b>	<b>\$ 411,422</b>
<b>Net changes in fund balances</b>	<b>\$ 103,867</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 135,250</b>
Fund balance, July 1, 2009	790,373	-	-	508,250
<b>Fund balance, June 30, 2010</b>	<b>\$ 894,240</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 643,500</b>

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

<u>State Migrant</u>	<u>Ideal NM</u>	<u>Other Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 1,111,706	\$ 1,731,129
60,210	392,349	305,324	1,108,438
		18,662	480,318
			345
<u>\$ 60,210</u>	<u>\$ 392,349</u>	<u>\$ 1,435,692</u>	<u>\$ 3,320,230</u>
\$ -	\$ -	\$ 275,868	\$ 320,086
		508,039	708,291
59,710		288,915	562,235
500	374,550	147,254	1,063,252
		2,239	21,490
		18,586	160,566
		18,121	50,724
		78,580	78,580
<u>\$ 60,210</u>	<u>\$ 374,550</u>	<u>\$ 1,337,602</u>	<u>\$ 2,965,224</u>
\$ -	\$ 17,799	\$ 98,090	\$ 355,006
-	-	-	1,298,623
<u>\$ -</u>	<u>\$ 17,799</u>	<u>\$ 98,090</u>	<u>\$ 1,653,629</u>

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**  
June 30, 2010

Net change in fund balances - total governmental funds \$ 355,006

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital outlay	-
Depreciation expense	(17,210)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in these resources for the year:

Governmental grants not received within the 60 day availability period	-
--	---

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

(745)

*Change in Net Assets of Governmental Activities*

\$ 337,051

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

Southwest Regional Education Center #10  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
State sources	\$ 133,700	\$ 133,700	\$ 133,300	\$ (400)
Local sources	462,086	446,671	461,656	14,985
Interest income				-
<b>Total revenues</b>	<b>\$ 595,786</b>	<b>\$ 580,371</b>	<b>\$ 594,956</b>	<b>\$ 14,585</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Support services - Instruction	\$ 225,821	\$ 207,904	\$ 165,872	\$ 42,032
General administration	205,413	216,580	204,814	11,766
Central services	107,142	98,477	89,698	8,779
Operation of plant	55,410	55,410	31,123	24,287
Capital outlay	2,000	2,000	-	2,000
<b>Total expenditures</b>	<b>\$ 595,786</b>	<b>\$ 580,371</b>	<b>\$ 491,507</b>	<b>\$ 88,864</b>
Net change in fund balance	\$ -	\$ -	\$ 103,449	\$ 103,449
Fund balance, July 1, 2009			782,248	782,248
Fund balance, June 30, 2010	\$ -	\$ -	\$ 885,697	\$ 885,697

The accompanying notes are an integral part of these financial statements

Southwest Regional Education Center #10  
**SPECIAL REVENUE - TITLE I STIMULUS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 86,937	\$ 86,937	\$ -	\$ (86,937)
Expenditures:				
Current:				
Instruction	\$ 43,028	\$ 44,218	\$ 44,218	\$ -
Support services - Students	10,023	10,023	9,371	652
School administration	26,000	24,810	19,251	5,559
Total expenditures	<u>\$ 79,051</u>	<u>\$ 79,051</u>	<u>\$ 72,840</u>	<u>\$ 6,211</u>
Net change in fund balance	\$ 7,886	\$ 7,886	\$ (72,840)	\$ (80,726)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ 7,886</u>	<u>\$ 7,886</u>	<u>\$ (72,840)</u>	<u>\$ (80,726)</u>

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



Southwest Regional Education Center #10  
**SPECIAL REVENUE - TECHNOLOGY FOR EDUCATION PED**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	<u>\$ 251,000</u>	<u>\$ 251,000</u>	<u>\$ 101,159</u>	<u>\$ (149,841)</u>
Expenditures:				
Current:				
Support services - Instruction	\$ 52,000	\$ 59,184	\$ 47,639	\$ 11,545
General administration	<u>199,000</u>	<u>191,816</u>	<u>169,616</u>	<u>22,200</u>
Total expenditures	<u>\$ 251,000</u>	<u>\$ 251,000</u>	<u>\$ 217,255</u>	<u>\$ 33,745</u>
Net change in fund balance	\$ -	\$ -	\$(116,096)	\$ (116,096)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$(116,096)</u></u>	<u><u>\$ (116,096)</u></u>

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - STATE MIGRANT**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	<u>\$ 74,879</u>	<u>\$ 74,879</u>	<u>\$ -</u>	<u>\$ (74,879)</u>
Expenditures:				
Current:				
Support services - Instruction	\$ 74,379	\$ 74,379	\$ 59,710	\$ 14,669
General administration	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Total expenditures	<u>\$ 74,879</u>	<u>\$ 74,879</u>	<u>\$ 60,210</u>	<u>\$ 14,669</u>
Net change in fund balance	\$ -	\$ -	\$ (60,210)	\$ (60,210)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (60,210)</u></u>	<u><u>\$ (60,210)</u></u>

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - IDEAL NM**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	<u>\$ 371,830</u>	<u>\$ 371,830</u>	<u>\$ 368,823</u>	<u>\$ (3,007)</u>
Expenditures:				
Current:				
General administration	<u>\$ 371,830</u>	<u>\$ 371,830</u>	<u>\$ 371,830</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ (3,007)	\$ (3,007)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>23,526</u>	<u>23,526</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,519</u></u>	<u><u>\$ 20,519</u></u>

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE FUND - MEDICAID**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 572,069	\$ 572,069	\$ 546,676	\$ (25,393)
Expenditures:				
Current:				
Support services - Students	\$ 258,624	\$ 258,624	\$ 190,827	\$ 67,797
General administration	261,271	261,271	170,933	90,338
Central services	50,174	50,174	48,299	1,875
Operation of plant	2,000	2,000	1,985	15
Total expenditures	<u>\$ 572,069</u>	<u>\$ 572,069</u>	<u>\$ 412,044</u>	<u>\$ 160,025</u>
Net change in fund balance	\$ -	\$ -	\$ 134,632	\$ 134,632
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>512,054</u>	<u>512,054</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646,686</u>	<u>\$ 646,686</u>

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

Southwest Regional Education Center #10  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2010

Note 1     **Summary of Significant Accounting Policies**

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

The purpose of a REC is to provide education-related services to students of participating education entities.

In 1984, the New Mexico State Board of Education (SBE) established ten Regional Center Cooperatives (RCC's) under SBE Regulation No. 84-6. The purpose of the Regional Center Cooperative's is to provide services for local education agencies and eligible state supported schools under Public Law 94-142, the Education of the Handicapped Act (IDEA-B). SBE Regulation No. 84.6 permits districts to submit consolidated applications to the State Department of Education (SDE) for certain entitlement and discretionary funds under IDEA-B. Since 1984, Regional Center Cooperatives 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 41<sup>st</sup> Legislative Session authorized the establishment of Regional Education Cooperatives (REC's) and the State Board of Education adopted SBE Regulation 93-23, which establishes the minimum criteria for the establishment, operation, and oversight of Regional Education Center's. Regional Education Center's are state agencies administratively attached to the State Department of Education. The State Board of Education authorizes the existence and operation of Regional Education Cooperatives (REC's) 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 Regional Education Center's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). 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 with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Regional Education Center are discussed below.

**A. REPORTING ENTITY**

These financial statements present the Regional Education Center (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are included in the Regional Education Center's reporting entity because of

the significance of their operating or financial relationships with the Regional Education Center. Based on the criterion in GASBS No. 14, the Regional Education Center had no component units.

## **B. BASIS OF PRESENTATION**

### *Government-wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Regional Education Center has no business-type activities, nor any fiduciary funds.

### *Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into one major category: governmental. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Regional

Education Center or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

### **Governmental Funds**

#### *General Fund*

The General Fund is the primary operating fund of the Regional Education Center and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

#### *Special Revenue Funds*

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

#### *Major-Fund Description*

*ARRA-Title I Stimulus* - are used to help local educational agencies (LEA's) and schools improve the teaching and learning of children failing, or most-at-risk of failing, to meet challenging State academic achievement standards. Authority by Elementary and Secondary Education Act of 1965 (ESEA), Title I, Part A, 20 U.S.C. 6301 et seq. and the

American Recovery and Reinvestment Act of 2009 (ARRA), Public Law 111-5.

*Technology for Education* - are used to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the School System Authority for creation NMSA 22-15A-1 to 22-1.5A-10.

*Medicaid* - 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 U.S.A. 1396, et. seq.).

*State Migrant* - are used to account for federal assistance administered by the New Mexico State Department of Education for migrant education. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

*IDEAL NM* - are used to account 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*.

### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### **Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus is used.

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

## **Basis of Accounting**

### **1. Accrual:**

The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Grant revenues not collected within 60 days of year end are recorded as receivables and deferred revenue. Such amounts are recorded net of estimated uncollectible amounts.

In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Regional Education Center's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Regional Education Center first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Regional Education Center's functions. The functions are also supported by general government revenues (certain intergovernmental revenues, and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function, and are typically charges for services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (intergovernmental revenues, interest income, etc.).

The Regional Education Center does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Regional Education Center as an entity and the change in the Regional Education Center's net assets resulting from the current year's activities.



#### **D. Budgets**

Budgets for the General and Special Revenue Funds are prepared by management and are approved by the Members of the Board and the School Budget and Planning Unit of the Public Education Department.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a functional category basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a "series", this may be accomplished with only Member approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public Education Department.

The information presented in these financial statements has been amended in accordance with the above procedures.

The Southwest Regional Education Center follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the Executive Director submits a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Members.
3. The Executive Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Members and the State of New Mexico Public Education Department.
4. Formal budgetary integration is employed as a management control device during the year for the Special Revenue Funds.
5. Budgets for the Special Revenues Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Members may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2010 was properly amended by the Board through the year.

#### **E. Cash and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Regional Education Center. The pledged securities remain in the name of the financial institution.

#### **F. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture and equipment	5-10 years
-------------------------	------------

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial statements. In the government-wide financial statements, fixed assets are accounted for as capital assets. In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### **G. Compensated Absences**

The Regional Education Center's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

#### **H. Equity Classifications**

##### *Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**I. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables 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 a 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.

**J. Use of Estimates**

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

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government’s deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2010, \$-0- of the governments bank balance of \$1,421,308 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -0-
Uninsured and collateral held by pledging banks	
Trust department not in Center’s name	<u>-0-</u>
Total	<u>\$ -0-</u>

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent in the Center's name	<u>1,171,308</u>	<u>1,033,884</u>
	<u>\$ 1,421,308</u>	<u>\$ 1,283,884</u>

The Education Center invests in the State Treasurer Local Governmental Investment Pool, a New Mexico sponsored investment alternative.

The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Sections 6-10-101 through 6-10-10P and Sections 6-10-10.1 A and E, NMSA 1978. 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 pool does not have unit shares. Per Section 6-10-10.IF, 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 fund were invested.

Investments are valued at fair value based on quoted market prices as of the valuation date.

Participation in the pool is voluntary. The Center has \$211,249 on deposit in the pool at June 30, 2010, which is AAAM rated with a weighted average maturity of 43 days.

Note 3 Intergovernmental Receivables

Amounts due from government at June 30, 2010 consisted of the following:

Title I Stimulus	\$ 72,840
Technology for Education	116,096
State Migrant	60,210
Preschool	7,016
Title I	293
Entitlement	15,030
Title II Teacher Training	14,053
Safe and Drug-Free Schools	3,201
Entitlement Stimulus	5,067
Preschool Stimulus	5,736
WIA Sierra	22,217
WIA Hidalgo	5,707
HELP	<u>6,000</u>
	<u>\$ 333,466</u>

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

Note 4 Capital Assets

The following is summary of capital asset activity during the fiscal year:

	Balance <u>July 1, 2009</u>	Adjust- <u>ments</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>
<u>Assets Being Depreciated</u>					
Furniture and equipment	\$222,101	\$ (18,734)	\$ -0-	\$ -0-	\$203,367
Less accumulated depreciation	<u>(78,942)</u>	<u>-0-</u>	<u>-0-</u>	<u>(17,210)</u>	<u>(96,152)</u>
Net capital assets	<u>\$143,159</u>	<u>\$ (18,734)</u>	<u>\$ -0-</u>	<u>\$ (17,210)</u>	<u>\$107,215</u>

Depreciation expense was charged to the governmental activities as follows:

Administration	<u>\$ 17,210</u>
----------------	------------------

The adjustment is a vehicle disposed of in the prior year, see Note 13.

Note 5 Budgetary Reconciliation

The Statements of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of net changes in fund balances for major funds for the year ended June 30, 2010 is as follows:

	<u>General</u>	<u>Medicaid</u>	<u>Title I Stimulus</u>	<u>Ideal NM</u>	<u>State Migrant</u>	<u>Technology Ed PED</u>
Net change in fund balance, GAAP basis	\$ 103,867	\$ 135,250	\$ -0-	\$ 17,799	\$ -0-	\$ -0-
Increases (decreases):						
Revenue accruals (net)	(256)	4	(72,840)	(23,526)	(60,210)	(116,096)
Expenditure accruals (net)	<u>(162)</u>	<u>(622)</u>	<u>-0-</u>	<u>2,720</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance (NON-GAAP) budgetary basis	<u>\$ 103,449</u>	<u>\$ 134,632</u>	<u>\$ (72,840)</u>	<u>\$ (3,007)</u>	<u>\$ (60,210)</u>	<u>\$ (116,096)</u>

Note 6 Risk Management

Southwest Regional Education Center #10 is a member of the New Mexico Public School Insurance authority (NMPSIA). The 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 Southwest Regional Education Center #10 pays an annual premium to the NPSIA. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under risk management program are Boiler, Machinery and Student Accident Insurance.

Note 7 Retirement Plan

Plan Description

Substantially all of the Southwest Regional Education Center #10's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

Funding Policy

Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Southwest Regional Education Center #10 was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution is increasing by .75% each year until effective July 1, 2011, the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the Southwest Regional Education Center #10 are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Southwest Regional Education Center #10's contributions to ERB for the fiscal years ending June 30, 2010, 2009, and 2008, were \$65,998, \$42,859, and \$47,641, respectively, which equal the amount of the required contributions for each fiscal year.

Note 8 Retiree Health Care Plan

Plan Description

Southwest Regional Education Center #10 contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree health Care Authority (RHCA). The RHCA

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

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

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

#### Funding Policy

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

1) 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. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employee Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY2011	1.666%	.833%
FY2012	1.834%	.917%
FY2013	2.000%	1.000%

Also, employers joining the program after 1/01/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Southwest Regional Education Center #10's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$6,810, \$4,782 and \$3,770, respectively, which equal the required contributions for each year.

Note 9 Contingencies

The Southwest Regional Education Center #10 participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Southwest Regional Education Center #10 may be required to reimburse the grantor government. As of June 30, 2006, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Southwest Regional Education Center #10.

Note 10 Joint Powers Agreement

The Regional Education Center #10 does not participate in any joint powers agreements.

Note 11 Interfund Transactions

	<u>Interfund Receivable</u>		<u>Total</u>
	<u>General Fund</u>	<u>Other Funds</u>	
<u>Interfund Payables</u>			
State Migrant	\$ 60,210	\$	\$ 60,210
Title I Stimulus	72,840		72,840
Technology for Education	104,536	11,560	116,096
Ideal NM	1,800		1,800
Other Funds	<u>78,320</u>	<u>                    </u>	<u>78,320</u>
	<u>\$ 317,706</u>	<u>\$ 11,560</u>	<u>\$ 329,266</u>

All interfund balances are expected to be repaid within one year. The purpose of these loans was to provide cash for operating purposes, while reimbursements are collected.



Note 12 Compensated Absences

Compensated absence activity was as follows for the year ended June 30, 2010.

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Compensated absences	\$ <u>1,447</u>	\$ <u>3,626</u>	\$ <u>(2,881)</u>	\$ <u>2,192</u>

The amount of compensated absences due within the next year are not estimable. The liabilities will be paid from the fund which is charged with the employee as a direct cost, and will be paid from available funds. Typically, the general fund bears the majority of compensated absences cost.

Note 13 Restricted Net Assets

Net assets restricted for other purposes consist of Special Revenue Fund balances which are restricted by enabling legislation, as listed in the fund descriptions elsewhere in this report. Restrictions are as follows:

Medicaid	\$ 643,500
IDEAL NM	17,799
Other	<u>98,090</u>
	<u>\$ 759,389</u>

Note 14 Restatement of Financial Statements

During the year ended June 30, 2010, the Center discovered that a vehicle that had been disposed of during the 2008-2009 fiscal year had not been removed from the Center's records. It was removed during the current fiscal year.

Prior year net assets have been restated to show the effects of the change, where necessary.

## SPECIAL REVENUE FUNDS

**Preschool IDEA-B Fund**- To account for the federal revenues administered by the New Mexico Department of Education to provide special education for preschool 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.

**Title I Fund** – To account 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.

**Entitlement IDEA-B Fund** – To account 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.

**21<sup>st</sup> Century** – To account for federal resources administered by the State Department of Education to enable public schools to plan, implement or expand projects that benefit the community. Authority for creation of this fund is P.L. 103-382.

**Title II Fund** – To account 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*.

**Title IV Fund** – To account 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 *Manual of Procedures for New Mexico School Districts* and P.L. 103-382.

**TUPAC Fund** – To account 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*.

**Entitlement Stimulus** - To provide grants to States to assist them in providing a free appropriate public education to all children with disabilities. Authority for creation of this fund is the American Recovery and Reinvestment Act of 2009 (ARRA), Public Law 111-5; Individuals with Disabilities Education (IDEA), Part B, as amended, Section 611-618, 20 U.S.C. 1411-1418.

**Preschool Stimulus** – To provide grants to States to assist them in providing special education and related services to children with disabilities ages 3 through 5 years, and at a State's discretion, to 2-year-old children with disabilities who will reach age three during the school year.

**WIA-Sierra Fund** – To account 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).

**WIA-Sierra Summer Program Fund** – To account 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.

**WIA-Hidalgo Fund** – To account 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. Authority for creation of this fund is the provision of the 1998 Workforce Investment Act, P.L. 105-220.

**WIA-Hidalgo Summer Program Fund** - To account 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.

**Advanced Placement Fund** – To account 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 (A) courses. The creation of this fund was authorized by the New Mexico Public Education Department's *Manual of Procedures for School Districts*.

**NMSU and TESOL IDEAL NM Fund** – to account 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*.

**Education Technology** – To account for federal resources administered by the New Mexico State Department of Education to provide training in the areas of vocational education. Authority for creation of this fund are the provisions of the Carl D. Perkins Vocational and Technical Education Act of 1998. P.L. 105-332.

**HELP Project** - To account for the State resources administered by the New Mexico Department of Education for the improvement of public education. Authorization is the New Mexico Department of Education *Manual of Procedures for School Districts*.

Southwest Regional Education Center #10  
**COMBINING BALANCE SHEET-**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2010

	Preschool	Title I	Entitlement	21st Century	Title II Teacher Training
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ 622	\$ -
Interfund receivables				11,460	
Due from other governments	7,016	293	15,030		14,053
Total assets	\$ 7,016	\$ 293	\$ 15,030	\$ 12,082	\$ 14,053
<b>Liabilities and Fund Balances</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payables	7,016	293	15,030		14,053
Deferred revenue				12,082	
Total liabilities	\$ 7,016	\$ 293	\$ 15,030	\$ 12,082	\$ 14,053
<b>Fund balances:</b>					
Unreserved, reported in:					
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total fund balances	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities and fund balances	\$ 7,016	\$ 293	\$ 15,030	\$ 12,082	\$ 14,053

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

<u>Safe and Drug Free Schools</u>	<u>DOH Tupac</u>	<u>Entitlement Stimulus</u>	<u>Preschool Stimulus</u>	<u>WIA Sierra</u>	<u>WIA Hidalgo</u>	<u>Dual LENM</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,814
<u>3,201</u>	<u>100</u>	<u>5,067</u>	<u>5,736</u>	<u>22,217</u>	<u>5,707</u>	
<u>\$ 3,201</u>	<u>\$ 100</u>	<u>\$ 5,067</u>	<u>\$ 5,736</u>	<u>\$ 22,217</u>	<u>\$ 5,707</u>	<u>\$ 28,814</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>3,201</u>		<u>5,067</u>	<u>5,736</u>	<u>22,217</u>	<u>5,707</u>	
<u>\$ 3,201</u>	<u>\$ -</u>	<u>\$ 5,067</u>	<u>\$ 5,736</u>	<u>\$ 22,217</u>	<u>\$ 5,707</u>	<u>\$ -</u>
\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 28,814
<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,814</u>
<u>\$ 3,201</u>	<u>\$ 100</u>	<u>\$ 5,067</u>	<u>\$ 5,736</u>	<u>\$ 22,217</u>	<u>\$ 5,707</u>	<u>\$ 28,814</u>

Southwest Regional Education Center # 10  
**COMBINING BALANCE SHEET-**  
**NONMAJOR GOVERNMENTAL FUNDS (CONCLUDED)**  
June 30, 2010

	<u>NMSU Ideal NM</u>	<u>Tesol Ideal NM</u>	<u>Education Technology</u>	<u>Help Project</u>	<u>Total</u>
<b>Assets</b>					
Cash	16,237	1,175	51,764	-	\$ 98,612
Interfund receivables					11,560
Due from other governments				6,000	84,320
Total assets	<u>\$ 16,237</u>	<u>\$ 1,175</u>	<u>\$ 51,764</u>	<u>\$ 6,000</u>	<u>\$ 194,492</u>
<b>Liabilities and Fund Balances</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000
Interfund payables					78,320
Deferred revenue					12,082
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 96,402</u>
<b>Fund balances:</b>					
Unreserved, reported in:					
Special revenue funds	\$ 16,237	\$ 1,175	\$ 51,764	\$ -	\$ 98,090
Total fund balances	<u>\$ 16,237</u>	<u>\$ 1,175</u>	<u>\$ 51,764</u>	<u>\$ -</u>	<u>\$ 98,090</u>
Total liabilities and fund balances	<u>\$ 16,237</u>	<u>\$ 1,175</u>	<u>\$ 51,764</u>	<u>\$ 6,000</u>	<u>\$ 194,492</u>

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

Southwest Regional Education Center #10  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2010

	<u>Preschool</u>	<u>Migrant Children</u>	<u>Title I</u>
Revenues:			
Federal sources	\$ 11,591	\$ 33,614	\$ 33,158
State sources			
Local sources			
	<hr/>	<hr/>	<hr/>
Total revenues	<u>\$ 11,591</u>	<u>\$ 33,614</u>	<u>\$ 33,158</u>
Expenditures:			
Current:			
Instruction	\$ 11,591	\$ 3,614	\$ 5,015
Support services - Students			
Support services - Instruction			
General administration		30,000	28,143
School administration			
Central services			
Operation of plant			
Community services			
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 11,591</u>	<u>\$ 33,614</u>	<u>\$ 33,158</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	<hr/> -	<hr/> -	<hr/> -
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

<u>Entitlement</u>	<u>21st Century</u>	<u>Title II Teacher Training</u>	<u>Safe and Drug Free Schools</u>	<u>DOH Tupac</u>
\$ 74,766	\$ 83,300	\$ 11,694	\$ 17,064	\$ - 50,100
<u>\$ 74,766</u>	<u>\$ 83,300</u>	<u>\$ 11,694</u>	<u>\$ 17,064</u>	<u>\$ 50,100</u>
\$ 24,002 20,784 25,252 570 4,158	\$ - 4,720 78,580	\$ 4,809 5,453 1,432	\$ 5,734 1,359 9,971	\$ - 50,000
<u>\$ 74,766</u>	<u>\$ 83,300</u>	<u>\$ 11,694</u>	<u>\$ 17,064</u>	<u>\$ 50,000</u>
\$ -	\$ -	\$ -	\$ -	\$ 100
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 100</u></u>



Southwest Regional Education Center #10  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2010 (Continued)

	Entitlement Stimulus	Preschool Stimulus	WIA Sierra
Revenues:			
Federal sources	\$ 212,507	\$ 10,518	\$ 125,528
State sources			
Local sources			
Total revenues	\$ 212,507	\$ 10,518	\$ 125,528
Expenditures:			
Current:			
Instruction	\$ 42,565	\$ 10,518	\$ -
Support services - Students	169,705		49,232
Support services - Instruction			52,517
General administration			1,087
School administration	237		
Central services			15,035
Operation of plant			7,657
Community services			
Total expenditures	\$ 212,507	\$ 10,518	\$ 125,528
Net changes in fund balances	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -

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

<u>WIA Sierra Summer</u>	<u>State Level Discretionary</u>	<u>Advanced Placement</u>	<u>WIA Hidalgo</u>	<u>WIA Hidalgo Summer</u>	<u>Dual LENM</u>	<u>NMSU Ideal NM</u>
\$ 69,366	\$ 268,733	\$ - 7,000	\$ 65,121	\$ 94,746	\$ - 187,160	\$ - 18,662
<u>\$ 69,366</u>	<u>\$ 268,733</u>	<u>\$ 7,000</u>	<u>\$ 65,121</u>	<u>\$ 94,746</u>	<u>\$ 187,160</u>	<u>\$ 18,662</u>
\$ - 45,545 17,270 3,000 3,551	\$ 168,020 100,713	\$ - 7,000	\$ - 31,630 26,855 330 6,306	\$ - 83,071 8,675 3,000	\$ - 158,346	\$ - 2,425
<u>\$ 69,366</u>	<u>\$ 268,733</u>	<u>\$ 7,000</u>	<u>\$ 65,121</u>	<u>\$ 94,746</u>	<u>\$ 158,346</u>	<u>\$ 2,425</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,814	\$ 16,237
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,814</u>	<u>\$ 16,237</u>

Southwest Regional Education Center #10  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2010 (Concluded)

	Tesol Ideal NM	Education Technology	Help Project	Total
<b>Revenues:</b>				
Federal sources	\$ -	\$ -	\$ -	\$ 1,111,706
State sources	3,300	51,764	6,000	305,324
Local sources				18,662
<b>Total revenues</b>	<b>\$ 3,300</b>	<b>\$ 51,764</b>	<b>\$ 6,000</b>	<b>\$ 1,435,692</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ -	\$ -	\$ -	\$ 275,868
Support services - Students			6,000	508,039
Support services - Instruction				288,915
General administration	2,125			147,254
School administration				2,239
Central services				18,586
Operation of plant				18,121
Community services				78,580
<b>Total expenditures</b>	<b>\$ 2,125</b>	<b>\$ -</b>	<b>\$ 6,000</b>	<b>\$ 1,337,602</b>
<b>Net changes in fund balances</b>	<b>\$ 1,175</b>	<b>\$ 51,764</b>	<b>\$ -</b>	<b>\$ 98,090</b>
Fund balance, July 1, 2009	-	-	-	-
<b>Fund balance, June 30, 2010</b>	<b>\$ 1,175</b>	<b>\$ 51,764</b>	<b>\$ -</b>	<b>\$ 98,090</b>

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE -PRESCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	<u>\$ 19,019</u>	<u>\$ 18,873</u>	<u>\$ 8,884</u>	<u>\$ (9,989)</u>
Expenditures:				
Current:				
Instruction	<u>\$ 19,019</u>	<u>\$ 18,873</u>	<u>\$ 11,591</u>	<u>\$ 7,282</u>
Capital outlay				<u>-</u>
Total expenditures	<u>\$ 19,019</u>	<u>\$ 18,873</u>	<u>\$ 11,591</u>	<u>\$ 7,282</u>
Net change in fund balance	\$ -	\$ -	\$ (2,707)	\$ (2,707)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(4,309)</u>	<u>(4,309)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,016)</u></u>	<u><u>\$ (7,016)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(2,707)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (2,707)</u></u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - TITLE I**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 33,357	\$ 33,357	\$ 38,415	\$ 5,058
Expenditures:				
Current:				
Instruction	\$ 5,214	\$ 5,214	\$ 5,015	\$ 199
General administration	28,143	28,143	28,143	-
Total expenditures	\$ 33,357	\$ 33,357	\$ 33,158	\$ 199
Net change in fund balance	\$ -	\$ -	\$ 5,257	\$ 5,257
Fund balance, July 1, 2009	-	-	(5,550)	(5,550)
Fund balance, June 30, 2010	\$ -	\$ -	\$ (293)	\$ (293)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			5,257	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 5,257	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - SAFE AND DRUG FREE SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 17,065	\$ 17,065	\$ 13,863	\$ (3,202)
Expenditures:				
Current:				
Instruction	\$ 14,795	\$ 5,735	\$ 5,734	\$ 1
Support services - Students	1,359	1,359	1,359	-
General administration	911	9,971	9,971	-
Total expenditures	<u>\$ 17,065</u>	<u>\$ 17,065</u>	<u>\$ 17,064</u>	<u>\$ 1</u>
Net change in fund balance	\$ -	\$ -	\$ (3,201)	\$ (3,201)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,201)</u>	<u>\$ (3,201)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(3,201)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (3,201)</u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - ENTITLEMENT STIMULUS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 389,074	\$ 340,867	\$ 207,440	\$ (133,427)
Expenditures:				
Current:				
Instruction	\$ 70,763	\$ 70,763	\$ 42,565	\$ 28,198
Support services - Students	308,311	260,104	169,705	90,399
School administration	10,000	10,000	237	9,763
Total expenditures	\$ 389,074	\$ 340,867	\$ 212,507	\$ 128,360
Net change in fund balance	\$ -	\$ -	\$ (5,067)	\$ (5,067)
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ (5,067)	\$ (5,067)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(5,067)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (5,067)	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE -MIGRANT CHILDREN**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 35,000	\$ 33,614	\$ 33,614	\$ -
Expenditures:				
Current:				
Instruction	\$ 5,000	\$ 3,614	\$ 3,614	\$ -
General administration	30,000	30,000	30,000	-
Total expenditures	\$ 35,000	\$ 33,614	\$ 33,614	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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



Southwest Regional Education Center #10  
**SPECIAL REVENUE -21ST CENTURY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	<u>\$ 118,000</u>	<u>\$ 128,647</u>	<u>\$ 95,382</u>	<u>\$ (33,265)</u>
Expenditures:				
Current:				
General administration	\$ 4,720	\$ 4,720	\$ 4,720	\$ -
Community services	<u>113,280</u>	<u>123,927</u>	<u>78,580</u>	<u>45,347</u>
Total expenditures	<u>\$ 118,000</u>	<u>\$ 128,647</u>	<u>\$ 83,300</u>	<u>\$ 45,347</u>
Net change in fund balance	\$ -	\$ -	\$ 12,082	\$ 12,082
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,082</u>	<u>\$ 12,082</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			12,082	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 12,082</u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - PRESCHOOL STIMULUS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 21,800	\$ 13,733	\$ 4,782	\$ (8,951)
Expenditures:				
Current:				
Instructional support	\$ 21,800	\$ 13,733	\$ 10,518	\$ 3,215
Net change in fund balance	\$ -	\$ -	\$ (5,736)	\$ (5,736)
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ (5,736)	\$ (5,736)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(5,736)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (5,736)	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - DOH TUPAC**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 50,000	\$ 50,000	\$ 50,100	\$ 100
Expenditures:				
Current:				
General administration	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Operation of plant	-	-	-	-
Total expenditures	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Net change in fund balance	\$ -	\$ -	\$ 100	\$ 100
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ 100	\$ 100
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 100	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 100	

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

Southwest Regional Education Center #10  
**SPECIAL REVNEU FUND - WIA SIERRA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 126,366	\$ 126,366	\$ 152,538	\$ 26,172
Expenditures:				
Current:				
Support services - Students	\$ 38,457	\$ 50,070	\$ 49,232	\$ 838
Support services - Instruction	60,696	52,517	52,517	-
General administration	1,087	1,087	1,087	-
Central services	17,156	15,035	15,035	-
Operation of plant	8,970	7,657	7,657	-
Total expenditures	<u>\$ 126,366</u>	<u>\$ 126,366</u>	<u>\$ 125,528</u>	<u>\$ 838</u>
Net change in fund balance	\$ -	\$ -	\$ 27,010	\$ 27,010
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(49,227)</u>	<u>(49,227)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,217)</u>	<u>\$ (22,217)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			27,010	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 27,010</u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVNEU FUND - WIA SIERRA SUMMER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 72,658	\$ 72,658	\$ 86,560	\$ 13,902
Expenditures:				
Current:				
Support services - Students	\$ 47,218	\$ 48,837	\$ 45,545	\$ 3,292
Support services - Instruction	12,237	17,270	17,270	-
General administration	3,000	3,000	3,000	-
Central services	10,203	3,551	3,551	-
Total expenditures	<u>\$ 72,658</u>	<u>\$ 72,658</u>	<u>\$ 69,366</u>	<u>\$ 3,292</u>
Net change in fund balance	\$ -	\$ -	\$ 17,194	\$ 17,194
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(17,194)</u>	<u>(17,194)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			17,194	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 17,194</u></u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVNEU FUND - ENTITLEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 146,740	\$ 121,500	\$ 83,796	\$ (37,704)
Expenditures:				
Current:				
Instruction	\$ 27,820	\$ 35,685	\$ 24,002	\$ 11,683
Support services - Students	22,800	24,291	20,784	3,507
Support services - Instruction	90,300	55,704	25,252	30,452
School administration	1,600	1,600	570	1,030
Operation of plant	4,220	4,220	4,158	62
Total expenditures	\$ 146,740	\$ 121,500	\$ 74,766	\$ 46,734
Net change in fund balance	\$ -	\$ -	\$ 9,030	\$ 9,030
Fund balance, July 1, 2009	-	-	(24,060)	(24,060)
Fund balance, June 30, 2010	\$ -	\$ -	\$ (15,030)	\$ (15,030)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			9,030	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 9,030	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - TITLE II TEACHER TRAINING**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	<u>\$ 29,759</u>	<u>\$ 29,759</u>	<u>\$ 7,055</u>	<u>\$ (22,704)</u>
Expenditures:				
Current:				
Instruction	\$ 22,935	\$ 22,874	\$ 14,223	\$ 8,651
General administration	5,453	5,453	5,453	
School administration	<u>1,371</u>	<u>1,432</u>	<u>1,432</u>	<u>-</u>
Total expenditures	<u>\$ 29,759</u>	<u>\$ 29,759</u>	<u>\$ 21,108</u>	<u>\$ 8,651</u>
Net change in fund balance	\$ -	\$ -	\$ (14,053)	\$ (14,053)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (14,053)</u></u>	<u><u>\$ (14,053)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(4,639)	
Expenditure accruals (net)			<u>(9,414)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (14,053)</u></u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - STATE LEVEL DISCRETIONARY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	<u>\$ 268,511</u>	<u>\$ 275,261</u>	<u>\$ 409,996</u>	<u>\$ 134,735</u>
Expenditures:				
Current:				
Instruction	\$ 138,308	\$ 167,798	\$ 167,798	\$ -
Support services - Students	<u>130,203</u>	<u>107,463</u>	<u>100,935</u>	<u>6,528</u>
Total expenditures	<u>\$ 268,511</u>	<u>\$ 275,261</u>	<u>\$ 268,733</u>	<u>\$ 6,528</u>
Net change in fund balance	\$ -	\$ -	\$ 141,263	\$ 141,263
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(141,263)</u>	<u>(141,263)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			141,263	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 141,263</u></u>	

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



Southwest Regional Education Center #10  
**SPECIAL REVENUE - ADVANCED PLACEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 19,000</u>	<u>\$ 12,000</u>
Expenditures:				
Current:				
Instruction	\$ 6,300	\$ -	\$ -	\$ -
General administration	<u>700</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total expenditures	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ 12,000	\$ 12,000
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>(12,000)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			12,000	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 12,000</u></u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVNEU FUND - WIA HIDALGO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 103,875	\$ 103,875	\$ 79,084	\$ (24,791)
Expenditures:				
Current:				
Support services - Students	\$ 15,952	\$ 32,220	\$ 31,630	\$ 590
Support services - Instruction	39,950	26,855	26,855	-
General administration	1,010	330	330	-
Operation of plant	8,800	6,307	6,306	1
Total expenditures	<u>\$ 65,712</u>	<u>\$ 65,712</u>	<u>\$ 65,121</u>	<u>\$ 591</u>
Net change in fund balance	\$ 38,163	\$ 38,163	\$ 13,963	\$ (24,200)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(19,670)</u>	<u>(19,670)</u>
Fund balance, June 30, 2010	<u>\$ 38,163</u>	<u>\$ 38,163</u>	<u>\$ (5,707)</u>	<u>\$ (43,870)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			13,963	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 13,963</u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVNEU FUND - WIA HIDALGO SUMMER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 103,875	\$ 103,875	\$ 144,243	\$ 40,368
Expenditures:				
Current:				
Support services - Students	\$ 79,397	\$ 92,200	\$ 83,071	\$ 9,129
Support services - Instruction	13,321	8,675	8,675	-
General administration	3,000	3,000	3,000	-
Central services	8,157	-	-	-
Total expenditures	<u>\$ 103,875</u>	<u>\$ 103,875</u>	<u>\$ 94,746</u>	<u>\$ 9,129</u>
Net change in fund balance	\$ -	\$ -	\$ 49,497	\$ 49,497
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(49,497)</u>	<u>(49,497)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			49,497	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 49,497</u></u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - DUAL LENM**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	<u>\$ 158,346</u>	<u>\$ 158,346</u>	<u>\$ 187,160</u>	<u>\$ 28,814</u>
Expenditures:				
Current:				
Support services - Instruction	<u>\$ 158,346</u>	<u>\$ 158,346</u>	<u>\$ 158,346</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ 28,814	\$ 28,814
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,814</u></u>	<u><u>\$ 28,814</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 28,814	
Revenue accruals (net)				
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 28,814</u></u>	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - NMSU IDEAL NM**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Expenditures:				
Current:				
General administration	\$ 3,000	\$ 3,000	\$ 2,425	\$ 575
Net change in fund balance	\$ -	\$ -	\$ 575	\$ 575
Fund balance, July 1, 2009	-	-	15,662	15,662
Fund balance, June 30, 2010	\$ -	\$ -	\$ 16,237	\$ 16,237
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 16,237	
Revenue accruals (net)			(15,662)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 575	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - TESOL IDEAL NM**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 2,125	\$ 2,125	\$ 3,300	\$ 1,175
Expenditures:				
Current:				
General administration	\$ 2,125	\$ 2,125	\$ 2,125	\$ -
Net change in fund balance	\$ -	\$ -	\$ 1,175	\$ 1,175
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ 1,175	\$ 1,175
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,175	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 1,175	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - EDUCATION TECHNOLOGY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ 51,764	\$ 51,764
Expenditures:				
Current:				
General administration	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ 51,764	\$ 51,764
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ 51,764	\$ 51,764
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 51,764	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 51,764	

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

Southwest Regional Education Center #10  
**SPECIAL REVENUE - HELP PROJECT**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
For The Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
General administration	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(6,000)	
Expenditure accruals (net)			6,000	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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



Southwest Regional Education Center #10  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
 June 30, 2010

	<u>Compass Bank</u>
Total Deposits	\$ 1,421,308
Less: FDIC insurance	<u>(250,000)</u>
 Total uninsured public funds	 <u><u>\$ 1,171,308</u></u>
 50% collateralization requirement (Section 6-10-17 NMSA)	 <u>\$ 585,654</u>
Pledged Securities: FNMA 31410DWD8 7/1/36	<u>\$ 2,400,000</u>
 Total pledged securities	 <u>\$ 2,400,000</u>
 Pledged securities over (under) requirement	 <u><u>\$ 1,814,346</u></u>

\* These securities are pledged to Southwest Regional Education Center, and are held at the Federal Home Loan Bank in Dallas, Texas, and First Financial in El Paso, Texas. The securities remain in the name of the financial institution, with safekeeping receipts held by the Center.

Southwest Regional Education Center #10  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
 June 30, 2010

	<u>Account Type</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>State National Bank</u>			
SW Regional Education Center	Checking	\$ 1,421,293	\$ 1,283,869
SW Regional Education Center	Checking	15	15
Total State National Bank		\$ 1,421,308	\$ 1,283,884
<u>NM LGIP</u>			
SW Regional Education Center	Investment	\$ 210,442	\$ 210,442
SW Regional Education Center	Investment	807	807
Total NM LGIP		\$ 211,249	\$ 211,249
Total cash and investments		\$ 1,632,557	\$ 1,495,133

Southwest Regional Education Center #10  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**ALL FUNDS BY PUBLIC EDUCATION DEPARTMENT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2010

	Federal Flowthrough	Federal Direct	State Flowthrough
Total cash and investments as of July 1, 2009	\$ (33,697)	\$ (121,740)	\$ 841,816
Add: Current year receipts	490,862	512,525	1,374,373
Prior year warrants voided			
Less: Current year expenditures	(627,351)	(418,611)	(1,146,363)
Chargebacks/(Overdrafts)			
Abatements			(8,665)
Transfers			
	\$ (170,186)	\$ (27,826)	\$ 1,061,161
Total cash and investments as of June 30, 2010			

<u>State Direct</u>	<u>Total</u>
\$ 497,446	\$ 1,183,825
515,472	2,893,232
	-
(380,934)	(2,573,259)
	-
	(8,665)
	-
<u>\$ 631,984</u>	<u>\$ 1,495,133</u>

Southwest Regional Education Center #10  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2010

<u>Federal Grantor/Pass-through grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through N.M. Department of Education:			
Special Education - Grants to States	84.027	24.106	\$ 343,499
21st Century Learning	84.287	24.119	83,300
Drug Free Schools and Communities	84.186	24.157	17,064
Teacher Quality State Grants	84.367	24.154	11,694
ARRA-Title I Grants to LEA's Stimulus	84.389	24.201	72,840
ARRA-Special Education - Grants to States Stimulus	84.391	24.206	212,507
ARRA-Special Education - Preschool Grant Stimulus	84.392	24.209	10,518
Special Education - Preschool Grant	84.173	24.109	11,591
Title I Grants to LEA'S	84.010	24.101	33,158
Migrant Education - Basic State Grant	84.011	24.103	<u>33,614</u>
Total U.S. Department of Education			<u>\$ 829,785</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
Passed through S.W. Area Workforce Development Board:			
WIA Youth Activities	17.259	N/A	\$ 190,649
ARRA-WIA Youth Activities	17.259	N/A	<u>164,112</u>
Total U.S. Department of Labor			<u>354,761</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed through N.M. Department of Human Services:			
Medicaid	93.778	N/A	<u>\$ 546,583</u>
Total expenditures of federal awards			<u>\$ 1,731,129</u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Southwest Regional Education Center #10  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For The Fiscal Year Ended June 30, 2010

Note 1      Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southwest Regional Education Center #10 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2      Insurance

The Center is a member of the New Mexico Public School Insurance Authority to which it pays an annual premium in exchange for insurance in varying amounts based on the type of risk, as follows:

General liability	\$1,050,000
Personal injury	700,000
Auto liability	1,050,000
Auto bodily injury	700,000
Property damage	100,000
Workman's compensation	100,000
Civil rights	1,050,000
Bond	2,000,000

Note 3      Sub-Recipients

The Center is a conduit of federal funds from the New Mexico Department of Education to the member school districts. Substantially all federal expenditures were passed-through to the member school districts.

Southwest Regional Education Center #10  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For The Fiscal Year Ended June 30, 2010

**Findings - Financial Statement Audit**

None.

**Findings - Major Federal Awards Programs Audit**

None.

MIKE STONE, C.P.A.  
LINDA STONE McGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.  
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.  
P.O. BOX 2828  
SILVER CITY, NEW MEXICO 88062  
TELEPHONE (575) 388-1777  
(575) 538-3795  
FAX (575) 388-5040  
E-MAIL: stonemcgee@qwestoffice.net

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 Superintendents  
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 as of and for the year ended June 30, 2010, which collectively comprise Southwest Regional Education Center #10's basic financial statements and have issued our report thereon dated September 24, 2010. We have also audited the financial statements of each of the Center's nonmajor governmental funds and the budgetary comparisons for the nonmajor special revenue funds as of and for the year ended June 30, 2010, and have issued our report thereon dated September 24, 2010. 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 Southwest Regional Education Center #10'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 Southwest Regional Education center #10's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Southwest Regional Education Center #10's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Superintendents, others within the entity, the Public Education Department, the New Mexico State Auditor, the New Mexico Legislature, 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.

*Stone, McGee & Co., CPAs*

September 24, 2010

MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.  
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.  
P.O. BOX 2828  
SILVER CITY, NEW MEXICO 88062  
TELEPHONE (575) 388-1777  
(575) 538-3795  
FAX (575) 388-5040  
E-MAIL: stonemcgee@qwestoffice.net

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited Southwest Regional Education Center #10's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Southwest Regional Education Center #10's major federal programs for the year ended June 30, 2010. Southwest Regional Education Center #10's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Southwest Regional Education Center #10's management. Our responsibility is to express an opinion on Southwest Regional Education Center #10'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 Southwest Regional Education Center #10's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Southwest Regional Education Center #10's compliance with those requirements.

In our opinion, Southwest Regional Education Center #10 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

The management of Southwest Regional Education Center #10 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 Southwest Regional Education Center #10's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwest Regional Education Center #10's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 management, the Board of Superintendents, others within the entity, the Public Education Department, the New Mexico State Auditor, the New Mexico Legislature, 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.

*Stone, McGee & Co., CPAs*

September 24, 2010

Southwest Regional Education Center #10  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2010

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Southwest Regional Education Center #10.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Southwest Regional Education Center #10, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal awards programs for the Southwest Regional Education Center #10 expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: The Special Education Cluster, consisting of Special Education – Grants to States, CFDA No. 84.027; Special Education – Grants to States Stimulus, CFDA No. 84.391; Special Education Preschool Grants, CFDA No. 84.173; and Special Education Preschool Grant Stimulus, CFDA No. 84.392.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. The Southwest Regional Education Center #10 was determined to be a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None

## **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS**

None

## **OTHER – FINANCIAL STATEMENT PREPARATION**

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s with substantial assistance and approval from Center personnel.

## **EXIT CONFERENCE**

The contents of this report were discussed August 18, 2010. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Jim Barentine	Board Member	SW Regional Education Center #10
Bruce Hegwer	Director	SW Regional Education Center #10
Geralyn Bennett	Business Manager	SW Regional Education Center #10
Mike Stone	Shareholder	Stone, McGee & Co., C.P.A.s