

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
ANNUAL FINANCIAL REPORT
JUNE 30, 2016

(This page intentionally left blank)

INTRODUCTORY SECTION

(This page intentionally left blank)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10

OFFICIAL ROSTER
June 30, 2016

<u>Name</u>	<u>School District Superintendents</u>	<u>Title</u>
Craig Cummins		Truth or Consequences
Dan Lere		Deming
Linda Hale		Hatch
Randy Piper		Lordsburg
Bill Green		Reserve
Loren Cushman		Animas
Robert Mendoza		Cobre

REC Officials

Vicki Chavez	Executive Director
Geralyn Bennett	Business Manager

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED June 30, 2016
TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Official Roster		1
Table of Contents		3
FINANCIAL SECTION		
Independent Auditor’s Report		9
Management’s Discussion and Analysis		13
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	21
Statement of Activities	A-2	23
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	24
Reconciliation of the Balance Sheet to the Statement Of Net Position		27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:		
REC Operating Fund	C-1	33
Medicaid State Fund	C-2	35
Dual LENM Fund	C-3	37
Ideal NM Fund	C-4	39
STEM Elementary Training Fund	C-5	41
STEM Initiative Fund	C-6	43
Notes to the Financial Statements		45
SUPPLEMENTARY INFORMATION		
	<u>Statement/ Schedule</u>	
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	72

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10

	<u>Statement/ Schedule</u>	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:		
Title I	B-1	75
21st Century Fund	B-2	77
Public Health Fund	B-3	79
Technology for Education Fund	B-4	81
State Directed-IDEA B Discretionary Fund	B-5	83
NMSU Professional Service Fund	B-6	85
NM Reads to Lead Fund	B-7	87
STEM Teacher Training Fund	B-8	89
STEM In State Facilitator Fund	B-9	91
Priority Schools Fund	B-10	93
STEM Symposium Fund	B-11	95
 REQUIRED SUPPLEMENTARY INFORMATION		
Pension Liability		
Schedule of the REC’s Proportionate Share of the Net Pension Liability		99
Schedule of Contributions		101
Notes to the Required Supplementary Information		103
 SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository	I	107
Schedule of Deposit and Investment Accounts	II	109
Cash Reconciliation	III	111
Schedule of Vendor Information	IV	113
 COMPLIANCE SECTION		
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>		117
 SCHEDULE OF FINDINGS & RESPONSES		 121
 OTHER DISCLOSURES		 123

(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)



INDEPENDENT AUDITOR'S REPORT

Timothy M. Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Council
Southwest Regional Education Cooperative #10
Truth or Consequences, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of Southwest Regional Education Cooperative No. 10 (the "REC") as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise Southwest Regional Education Cooperative No. 10's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Southwest Regional Education Cooperative No. 10's nonmajor governmental funds and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents. We did not audit the 2015 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Educational Retirement Board (ERB), the administrator of the cost sharing pension plan for REC. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the REC, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Southwest Regional Education Cooperative No. 10's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Southwest Regional Education Cooperative No. 10's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(This page intentionally left blank.)

Opinions

In our opinion, based on our report and the report of the other auditors, 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 Cooperative No. 10, as of June 30, 2016, and the respective changes in financial position where applicable, cash flows 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 Cooperative No. 10 as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-18, the Schedule of Proportionate Share of the Net Pension Liability on page 99, the Schedule of Contributions on page 101, and the notes to the required supplementary information on page 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on Southwest Regional Education Cooperative No. 10's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2016 on our consideration of the Southwest Regional Education Cooperative No. 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* in considering Southwest Regional Education Cooperative No. 10's internal control over financial reporting and compliance.

Precision Accounting, LLC

Precision Accounting, LLC
Albuquerque, New Mexico
August 4, 2016

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2016

The following is an overview of the financial condition for the Southwest Regional Education Cooperative #10 (Cooperative), for the fiscal year ended June 30, 2016. This narrative highlights the major aspects of the Cooperative'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 \$1,875,797 for the year ending June 30, 2016; with an overall \$6,180,961.29 budget for the fiscal year 2015/2016. This represents support funding for member districts in the federal funding programs of Title I, II, Migrant and for the IDEA-B funding of State Directed, Preschools and Entitlement. The SWREC has continued support in the Medicaid funding as the administrative time claims funding, continued another year. The SWREC continued to work in conjunction with the New Mexico Public Education Department with additional funding for Educational Technologies Bureau, IDEALNM, Reads to Lead, and STEM.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Cooperative's basic financial statements. The Cooperative'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 Cooperative's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the Cooperative'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 Cooperative is improving or deteriorating.

The statement of activities presents information showing how the Cooperative'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 Cooperative that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Cooperative include direct instruction, instructional support, administrative, 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
COOPERATIVE #10
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016**

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 Cooperative, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Cooperatives 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 spend-able resources, as well as on balances of spend-able 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 Cooperative'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 Cooperative 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, State Directed IDEA-B, Title II, Reads to Lead, STEM, Priority Schools Bureau 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 Cooperative 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 COOPERATIVE #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 Cooperative, assets exceeded liabilities by \$1,291,180 at the close of the most recent fiscal year. All of the Cooperative's net assets are composed of restricted net assets. The Cooperative 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
Operating	1,189,878.29	1,131,808.57	58,069.72
IDEALNM Technology	112,361.00	111,184.38	1,176.62
State Directed Activity	340,418.00	340,418.00	0.00
Medicaid	619,842.00	619,842.00	0.00
DUALe NM	917,813.00	822,774.12	95,038.88
IDEAL-e-teacher	600,000.00	372,856.85	227,143.15
Reads to Lead	212,468.40	161,497.95	50,970.45
STEM-Teacher Support	171,200.00	63,994.13	107,205.87
STEM-State Training	133,750.00	74,761.21	58,988.79
Priority School	577,800.00	164,763.20	413,036.80
STEM-Symposium	225,805.19	205,645.85	20,159.34
STEM-Elementary PD	624,768.81	392,693.72	232,075.09
STEM-Initiative	344,475.80	273,113.24	71,362.56
NMSU-Professional Service	31,800.00	28,550.00	3,250.00
Title I-IASA	78,580.80	49,138.93	29,441.87
TOTAL	\$6,180,961.29	\$4,813,042.15	\$1,367,919.14

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Financial Analysis of the Cooperative's Funds

Southwest Regional Education Cooperative's Net Assets

	Governmental Activities	
	06/30/16	06/30/15
Assets:		
Current and other assets	\$3,089,046	\$2,721,374
Capital assets, net of accumulated		
Depreciation	223,597	60,979
Deferred Outflow of resources	<u>701,975</u>	<u>543,687</u>
Total Assets	4,014,618	\$3,326,040
Liabilities:		
Current Liabilities	2,557,286	2,105,050
Deferred inflow of resources	102,713	222,686
Net Assets:		
Invested in capital assets	\$ 223,597	\$60,979
Restricted-Education	1,591,599	203,307
Restricted-Social Service	1,334,831	1,228,812
Unrestricted	<u>(524,016)</u>	<u>(494,794)</u>
Total Net Assets	\$1,291,180	\$998,304

Capital Assets and Debt Administration

Capital Assets

The Cooperative's investment in capital assets for the government as of June 30, 2016 amounts to \$22,597 (net of accumulated depreciation).

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

	2016	2015
Equipment	\$223,597	\$60,979

Long-Term Debt

As of June 30, 2016, the Cooperative did not have any long-term debt.

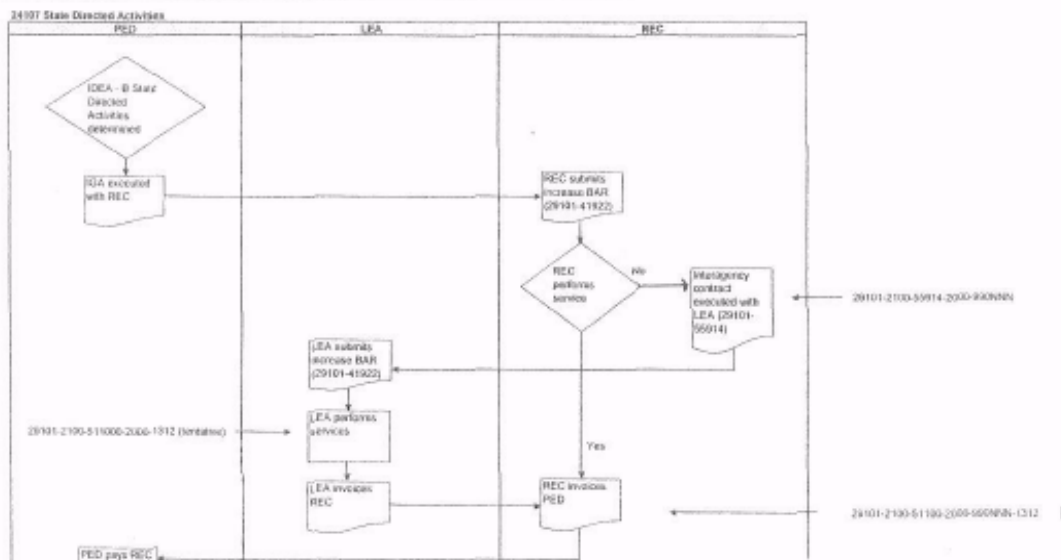
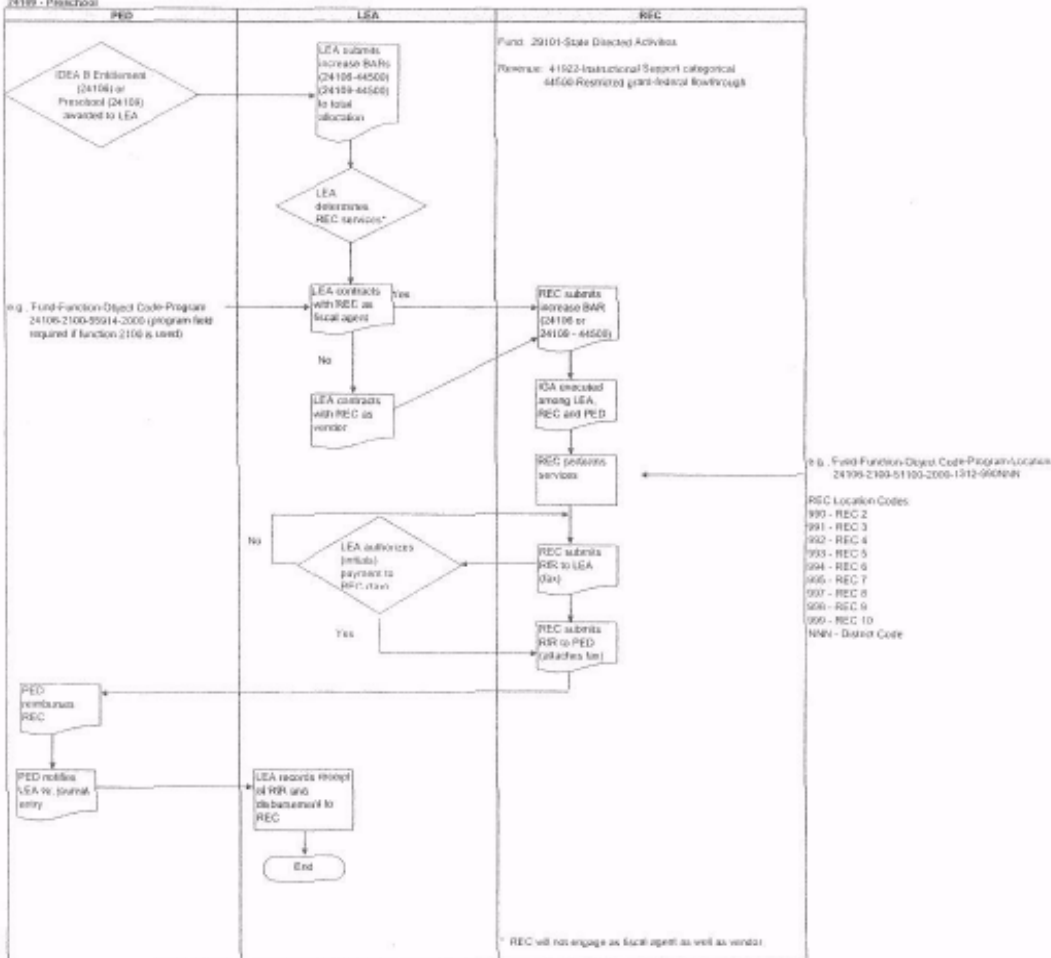
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Southwest Regional Educational Cooperative 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 and teacher mentorship. The SWREC also serves as flow through for Federal Funds for most of our districts.

Our 2015-2016 operating budget was passed on an allocation from the State of New Mexico and indirect costs the SWREC received from various programs/grants we administer. Additional operating funding is based on \$19,000.00 membership fee from the seven districts to equal \$133,000.00, as well as the \$104,000.00 allocation from the State of New Mexico. Entrepreneurial activities with several Charter Schools and a variety of projects from PED also contribute to the operational funds of the SWREC.

Decrease for Nonrenewable funding from the State of New Mexico will continue to be an issue and the Administration for the SWREC, in cooperation with the other Regional Education Cooperative in the state, will continue to advocate for continued support. .

The SWREC continues to look for entrepreneurial activities that can contribute to the REC's operating budget to help keep dues charged to member district as low as possible. In fact, membership fees have not increased over the last fourteen years. The staff of the SWREC will continue to research grant opportunities, provide professional development, after school tutoring and technology to the member districts at the lowest cost possible.



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.

**BASIC
FINANCIAL STATEMENTS**

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
STATEMENT OF NET POSITION
June 30, 2016

Exhibit A-1

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,875,797
Intergovernmental Receivables	1,213,250
Total current assets	3,089,047
Capital assets:	
Buildings	176,543
Equipment & Furnitures	251,619
Less accumulated depreciation	(204,565)
Net capital assets	223,597
Deferred Outflows of Resources	
Post Measurement Date Contributions	153,215
Change in Assumptions in Net Pension Liability	86,508
Change in Proportion in Net Pension Liability	254,861
Reallocation in Net Pension Liability	131,693
Total deferred outflows of resources	626,277
<i>Total assets and deferred outflows of resources</i>	3,938,921
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Current Liabilities:	
Accounts payable	\$ 61,519
Accrued Compensated Absences	1,920
Total current liabilities	63,439
Non-current Liabilities:	
Accrued Compensated Absences	42,163
Net Pension Liability	2,515,123
Total long-term liabilities	2,557,286
Deferred Inflows of Resources	
Actuarial Experience in Net Pension Liability	46,628
Investment Experience in Net Pension Liability	11,321
Total deferred inflows of resources	57,949
Total liabilities and deferred inflows of resources	2,678,674
Net Position:	
Net investments in capital assets	223,597
Restricted	1,591,600
Unrestricted	(554,950)
Total net position	1,260,247
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 3,938,921

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenue and
	Expenses	Charges for	Operating	Capital	Changes in Net Position
		Service	Grants and	Grants and	Governmental
			Contributions	Contributions	Activities
Primary government:					
Governmental activities:					
Instruction:					
Direct instruction	\$ -	\$ -	\$ -	\$ -	\$ -
Support services:					
Students	459,167	-	5,199,989	-	4,740,822
Instruction	1,619,442	-	-	-	(1,619,442)
General Administration	2,015,168	-	-	-	(2,015,168)
School Administration	318,290	-	-	-	(318,290)
Central Services	241,193	-	-	-	(241,193)
Operation & Maintenance of Plant	204,489	-	-	-	(204,489)
Student Transportation	-	-	-	-	-
Other Support Services	80,799	-	-	-	(80,799)
Non-instructional support	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total primary government	\$ 4,938,548	\$ -	\$ 5,199,989	\$ -	\$ 261,441
					Interest Income
					502
					Change in net position
					261,943
					Net position - beginning
					998,304
					Net position - ending
					\$ 1,260,247

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	REC Operational	Medicaid HSD Fund	Dual LENM Fund	IDEAL NM Fund
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 352,327	\$ 1,265,147	\$ 77,955	\$ 179,722
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	106,605	69,058		872
Internal balances	1,004,866	-	-	-
Prepaid Assets				
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 1,463,798</u>	<u>\$ 1,334,205</u>	<u>\$ 77,955</u>	<u>\$ 180,594</u>
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ 27,870	\$ -	\$ -	\$ 1,801
Accrued salaries and benefits	-	-	-	-
Accrued Compensated Absences	1,920	-	-	-
Internal Balances	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>29,790</u>	<u>-</u>	<u>-</u>	<u>1,801</u>
<i>Fund Balances</i>				
Fund Balances				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	-	1,334,205	77,955	178,793
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	1,434,008	-	-	-
<i>Total fund balances</i>	<u>1,434,008</u>	<u>1,334,205</u>	<u>77,955</u>	<u>178,793</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,463,798</u>	<u>\$ 1,334,205</u>	<u>\$ 77,955</u>	<u>\$ 180,594</u>

STEM Elem Training Fund	STEM Initiative Fund	Non major Funds	Total Governmental Funds
\$ -	\$ -	\$ 646	\$ 1,875,797
-	-	-	-
392,694	60,351	583,670	1,213,250
-	-	-	1,004,866
-	-	-	-
-	-	-	-
<u>\$ 392,694</u>	<u>\$ 60,351</u>	<u>\$ 584,316</u>	<u>\$ 4,093,913</u>
\$ 15,665	\$ 631	\$ 15,553	\$ 61,520
-	-	-	-
-	-	-	1,920
377,029	59,720	568,117	1,004,866
-	-	-	-
<u>392,694</u>	<u>60,351</u>	<u>583,670</u>	<u>1,068,306</u>
-	-	-	-
-	-	646	1,591,599
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	1,434,008
-	-	646	3,025,607
<u>\$ 392,694</u>	<u>\$ 60,351</u>	<u>\$ 584,316</u>	<u>\$ 4,093,913</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
GOVERNMENTAL FUNDS

Exhibit B-1
Page 2 of 2

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

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

Net position - total governmental funds	\$	3,025,607
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		223,597
Certain liabilities are not reported as liabilities in the funds. These liabilities at year end consist of :		
Compensated Absences		(42,162)
Net Pension Liability		<u>(1,946,795)</u>

Net position of governmental activities \$ 1,260,247

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	REC Operational	Medicaid HSD Fund	Dual LENM Fund	IDEAL NM Fund
<i>Revenues:</i>				
Taxes				
Taxes levied/assessed	\$ -	\$ -	\$ -	\$ -
Local sources				
Tuition	-	-	-	-
Investment Income	502	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Other Revenue	-	-	-	-
State sources				
Unrestricted Grants	-	-	-	-
Restricted Grants	1,280,533	777,448	825,000	424,074
Federal sources				
Unrestricted Grants	-	-	-	-
Unrestricted -state passthrough	-	-	-	-
Restricted Grants	-	-	-	-
Restricted -state passthrough	-	-	-	-
Department of Interior	-	-	-	-
Other items	-	-	-	-
<i>Total revenues</i>	<u>\$ 1,281,035</u>	<u>\$ 777,448</u>	<u>\$ 825,000</u>	<u>\$ 424,074</u>
<i>Expenditures:</i>				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	32	453,040	-	-
Instruction	258,643	-	822,775	-
General Administration	283,435	91,343	-	372,858
School Administration	-	-	-	-
Central Services	161,383	79,810	-	-
Operation & Maintenance of Plant	200,764	3,725	-	-
Student Transportation	-	-	-	-
Other Support Services	80,799	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	176,543	-	-	-
Debt Service	-	-	-	-
<i>Total expenditures</i>	<u>1,161,599</u>	<u>627,918</u>	<u>822,775</u>	<u>372,858</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>119,436</u>	<u>149,530</u>	<u>2,225</u>	<u>51,216</u>
<i>Other financing sources (uses)</i>				
Transfers	43,491	(43,491)	-	-
<i>Total other financing sources (uses)</i>	<u>43,491</u>	<u>(43,491)</u>	<u>-</u>	<u>-</u>
<i>Net changes in Fund Balances</i>	162,927	106,039	2,225	51,216
<i>Fund Balances - beginning of year</i>	<u>1,271,081</u>	<u>1,228,166</u>	<u>75,730</u>	<u>127,577</u>
<i>Fund Balances - end of year</i>	<u>\$ 1,434,008</u>	<u>\$ 1,334,205</u>	<u>\$ 77,955</u>	<u>\$ 178,793</u>

STEM Elem Training Fund	STEM Initiative Fund	Non major Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	502
-	-	-	-
-	-	29,050	29,050
404,131	274,044	1,136,570	5,121,800
-	-	-	-
-	-	-	-
-	-	49,139	49,139
-	-	-	-
-	-	-	-
<u>\$ 404,131</u>	<u>\$ 274,044</u>	<u>\$ 1,214,759</u>	<u>\$ 5,200,491</u>
\$ -	\$ -	\$ -	\$ -
-	-	6,095	459,167
-	-	147,801	1,229,219
404,131	273,114	743,503	2,168,384
-	-	318,290	318,290
-	-	-	241,193
-	-	-	204,489
-	-	-	-
-	-	-	80,799
-	-	-	-
-	-	-	176,543
-	-	-	-
<u>404,131</u>	<u>273,114</u>	<u>1,215,689</u>	<u>4,878,084</u>
-	930	(930)	322,407
-	(930)	930	-
-	(930)	930	-
-	-	-	322,407
-	-	646	2,703,200
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646</u>	<u>\$ 3,025,607</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
 SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

Exhibit B-2
Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	322,407
--	----	---------

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 and reported as depreciation expense:

Capital expenditures:

Current year capital expenditures		176,543
Depreciation expense		(13,925)

Certain operating expenses, such as compensated absences payable are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used. The (increase)/decrease in the liabilities for the year were:

Change in deferred inflows/outflows of resources		(216,576)
Compensated absences payable		<u>(6,506)</u>

Change in Net Position of governmental activities	\$	<u>261,943</u>
---	----	----------------

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
REC OPERATIONAL FUND

Exhibit C-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	1,173,928	1,173,928
Federal sources	-	-	-	-
Interest	-	-	502	502
<i>Total revenues</i>	-	-	1,174,430	1,174,430
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	277,629	249,682	27,947
General Administration	-	287,606	283,435	4,171
School Administration	-	-	-	-
Central Services	-	182,354	161,383	20,971
Operation & maintenance of plant	-	184,946	184,892	54
Student transportation	-	-	-	-
Other Support Services	-	80,799	80,799	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	176,543	176,543	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	1,189,877	1,136,734	53,143
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(1,189,877)	37,696	1,227,573
<i>Other financing sources (uses):</i>				
Transfers	-	-	43,491	43,491
Designated Cash	-	1,189,877	-	(1,189,877)
<i>Total other financing sources (uses)</i>	-	1,189,877	43,491	(1,146,386)
<i>Net change in fund balances</i>	-	-	81,187	81,187
<i>Cash balances - beginning of year</i>	-	-	1,276,006	1,276,006
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ 1,357,193	\$ 1,357,193
Excess (deficiency) of revenues over expenditures (Budget Basis)			\$ 37,696	
Adjustments to revenues			106,588	
Adjustments to expenditures			(24,848)	
Excess (deficiency) of revenues over expenditures (GAAP Basis)			\$ 119,436	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
MEDICAID STATE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-2

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	789,313	789,313
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>789,313</u>	<u>789,313</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	453,040	453,040	-
Instruction	-	-	-	-
General Administration	-	83,266	83,266	-
School Administration	-	-	-	-
Central Services	-	79,810	79,810	-
Operation & maintenance of plant	-	3,725	3,725	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>619,841</u>	<u>619,841</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(619,841)</u>	<u>169,472</u>	<u>789,313</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	(43,491)	43,491
Proceeds from bonds	-	-	-	-
Designated Cash	-	619,841	-	(619,841)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>619,841</u>	<u>(43,491)</u>	<u>(576,350)</u>
<i>Net change in fund balances</i>	-	-	125,981	212,963
<i>Cash balances - beginning of year</i>	-	-	1,139,166	1,139,166
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,265,147</u>	<u>\$ 1,265,147</u>
Excess (deficiency) of revenues over expenditures (Budget Basis)			\$ 169,472	
Adjustments to revenues			(23,621)	
Adjustments to expenditures			<u>3,679</u>	
Excess (deficiency) of revenues over expenditures (GAAP Basis)			<u>\$ 149,530</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
DUAL LENM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-3

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	825,000	825,000
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>825,000</u>	<u>825,000</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	917,813	822,775	95,038
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>917,813</u>	<u>822,775</u>	<u>95,038</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(917,813)</u>	<u>2,225</u>	<u>729,962</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	917,813	-	(917,813)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>917,813</u>	<u>-</u>	<u>(917,813)</u>
<i>Net change in fund balances</i>	-	-	2,225	(187,851)
<i>Cash balances - beginning of year</i>	-	-	75,730	75,730
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,955</u>	<u>\$ 77,955</u>
Excess (deficiency) of revenues over expenditures (Budget Basis)			\$ 2,225	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues over expenditures (GAAP Basis)			<u>\$ 2,225</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
IDEAL NM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-4

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	423,202	423,202
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>423,202</u>	<u>423,202</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	600,000	372,858	227,142
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>600,000</u>	<u>372,858</u>	<u>227,142</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(600,000)</u>	<u>50,344</u>	<u>196,060</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	600,000	-	(600,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>(600,000)</u>
<i>Net change in fund balances</i>	-	-	50,344	(403,940)
<i>Cash balances - beginning of year</i>	-	-	129,378	129,378
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,722</u>	<u>\$ 179,722</u>
Excess (deficiency) of revenues over expenditures (Budget Basis)			\$ 50,344	
Adjustments to revenues			872	
Adjustments to expenditures			-	
Excess (deficiency) of revenues over expenditures (GAAP Basis)			<u>\$ 51,216</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
STEM ELEMENTARY TRAINING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-5

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	332,984	332,984
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>332,984</u>	<u>332,984</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	524,300	624,769	392,693	232,076
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>524,300</u>	<u>624,769</u>	<u>392,693</u>	<u>232,076</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(524,300)</u>	<u>(624,769)</u>	<u>(59,709)</u>	<u>100,908</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	524,300	624,769	-	(624,769)
<i>Total other financing sources (uses)</i>	<u>524,300</u>	<u>624,769</u>	<u>-</u>	<u>(624,769)</u>
<i>Net change in fund balances</i>	-	-	(59,709)	(523,861)
<i>Cash balances - beginning of year</i>	-	-	(317,320)	(317,320)
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (377,029)</u>	<u>\$ (377,029)</u>
Excess (deficiency) of revenues over expenditures (Budget Basis)			\$ (59,709)	
Adjustments to revenues			71,147	
Adjustments to expenditures			<u>(11,438)</u>	
Excess (deficiency) of revenues over expenditures (GAAP Basis)			<u>\$ -</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
STEM INITIATIVE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-6

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	323,058	323,058
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>323,058</u>	<u>323,058</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	681	-	681
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	344,476	343,795	272,483	71,312
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>344,476</u>	<u>344,476</u>	<u>272,483</u>	<u>71,993</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(344,476)</u>	<u>(344,476)</u>	<u>50,575</u>	<u>251,065</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	(930)	930
Proceeds from bonds	-	-	-	-
Designated Cash	344,476	344,476	-	(344,476)
<i>Total other financing sources (uses)</i>	<u>344,476</u>	<u>344,476</u>	<u>(930)</u>	<u>(343,546)</u>
<i>Net change in fund balances</i>	-	-	49,645	(92,481)
<i>Cash balances - beginning of year</i>	-	-	(109,365)	(109,365)
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,720)</u>	<u>\$ (59,720)</u>
Excess (deficiency) of revenues over expenditures (Budget Basis)			\$ 50,575	
Adjustments to revenues			(49,014)	
Adjustments to expenditures			<u>(631)</u>	
Excess (deficiency) of revenues over expenditures (GAAP Basis)			<u>\$ 930</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

The ten Regional Cooperative Centers established throughout New Mexico in 1984 were originally organized to provide supplementary special education services to local education agencies utilizing federal PL 94-142 funds. The role of the Cooperatives has expanded under the authorization of the regional Coordinating Councils to include a variety of other projects, both federally funded and funded from other sources. Southwest Regional Education Cooperative, through the governing council, has established as its purpose the delivery to local districts and communities those services deemed critical to the ongoing success of regular and special education programs provided by the local agencies. For financial reporting purposes, the Cooperative includes all fund and accounts groups that are controlled by or dependent on the Cooperative for financial support. The Cooperative has no component units. The financial statements of Southwest Regional Education Cooperative #10 (REC) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the REC's accounting policies are described below.

Authority for the operation of the Southwest Regional Education Cooperative #10 (REC) is based upon Chapter 232 of the Laws of 1993, State of New Mexico, and the State Board of Education Regulation 93-23, which authorize the establishment of Regional Educational Cooperatives in the State of New Mexico. The member organizations undertake a Joint Powers Agreement, whereby they will submit a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico pursuant to the Individual with Disabilities Education Act, Part B- (IDEA-B).

The Cooperative Council will oversee the function and the operation of the Cooperative. The Council will adopt a budget and administrative guidelines as necessary to carry out the purposes of the Cooperative; hire an Executive Director and necessary additional staff; Approve an annual proposal/budget for each project; approve all fiscal arrangements, policies and agreements; approve reports; maintain "education records" in accordance with 34 CFR 300.560-300.576; permit authorized representatives of regulatory agencies to inspect and audit all data and records relating to the Cooperative; annually evaluate cooperative projects and determine which are to be continued; and subject to any applicable requirements of state or federal laws and regulation, including the Procurement Code of the State of New Mexico, take action on any other matters which the Council considers necessary or desirable in furtherance of Cooperative programs, operations or interest.

A. Reporting Entity

GASB Statement No. 61 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the REC is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 61, fiscally independent means that the REC may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The REC also has no component units, as defined by GASB Statement No. 61, as there are no other legally separate organizations for which the elected REC Council members are financially accountable. There are no other primary governments with which the REC Council Members are financially accountable. There are no other primary governments with which the REC has a significant relationship.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Operational Fund is the main fund of the REC that accounts for all financial resources, except those required to be accounted for in other funds.

The Special Revenue Funds account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or major capital projects.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Under the requirements of GASB #34, the REC is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which include funds that were not required to be presented as major but were at the discretion of management:

Operational Fund: The Operational Fund (27101) is used to account for state funds granted to the REC operating fund for the REC per the request of NM Public Education Department. Authorized by Laws 2005, Chapter 33.

Special Revenue Fund: The Medicaid State Fund (27200) is used to account 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.).

Special Revenue Fund: The Dual LENM Fund (37101) is used to account for the grant from the dual language of New Mexico to provide support to schools in implementing dual language education.

Special Revenue Fund:: The IDEAL NM Fund (37117) is used to account for State grant revenue for innovative digital education and learning to New Mexico K-12 schools.

Special Revenue Fund: The STEM Projects/State Teacher Fund (79005) are used to account for the State grants from New Mexico Public Education Department to train teachers to more effectively educate students in science technology and math. Authorization is the New Mexico Public Education Department.

Special Revenue Fund: The STEM Projects/Initiative Fund (79006) are used to account for the State grants from New Mexico Public Education Department to train teachers to more effectively educate students in science technology and math. Authorization is the New Mexico Public Education Department. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Private-sector standards of accounting and financial reporting are now included in GASB guidance from the Accounting Codification Standards.

Program revenues included in the Statement of Activities derive directly from the program itself or from outside parties, as a whole; program revenues reduce the cost of the function to be financed from the REC's donations. Program revenues are categorized as (a) charges for services, (b) program-specific operating grants, which includes revenues received from state and federal sources such as, State Directed Activities (Idea B Discretionary) funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

The REC reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity

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

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

State statutes authorize the REC to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the REC are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, infrastructure assets have not been included in the June 30, 2016 financial statements of REC, since the REC did not own any infrastructure assets as of June 30, 2016. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the REC did not maintain internally developed software. Donated capital assets are recorded at estimated fair market value at the date of donation. During the year ended June 30, 2016, the REC had not received any donated capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Equipment	5-10 years
Vehicles	8 years
Buildings	50 years

Unearned Revenues: The REC recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Deferred Inflows/Outflows of Resources: GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences: Full time employees are entitled to accumulate vacation time of 15 days but no more than 20 days maximum per year. Employees hired prior to January 1, 2003 will not lose accumulated vacation from those years of service with the REC. 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 at \$1,920.00 and is reported in the governmental fund statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources..

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Fund Equity

Restricted fund balance represents amounts that are constrained: Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or Imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government’s highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

The REC’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the REC's financial statements include management's estimate of the useful lives of capital assets and accrued compensated absences.

Federal Grants: The REC receives revenues from various Federal Departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the Federal Department or the flow through agency (usually the New Mexico Public Education Department). The various budgets are approved by the REC Council and the New Mexico Public Education Department.

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General and Special Revenue Funds are prepared by management and are approved by the local governing council, made up of participating School Superintendents, and the REC 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 line item 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 local Council approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public Education Department.

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance and Accountability (continued)

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

1. Prior to April 15, the REC Council submits to the School Budget Planning Unit (SBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the REC shall contain headings and details as described by law and have been approved by the Public Education Department.
2. Prior to June 20 of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local Council at a public hearing of which notice has been published by the local REC board which fixes the estimated budget for the REC for the ensuing fiscal year.
3. The REC board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the REC until they have been notified that the budget has been approved by the SBPU and the local board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The REC shall make corrections, revisions and amendments to the estimated budgets fixed by the local board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
6. The board 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 REC board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public Schools Accounting and Budgeting. Such changes are initiated by the REC and approved by the SBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget of REC has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are not utilized for GAAP purposes or for budget purposes.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget 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 resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2016, is presented.

NOTE 3. Cash and Temporary Investments

State statutes authorize the investment of REC funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the REC properly followed state investment requirements as of June 30, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the REC. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, REC or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the REC for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 3. Cash and Temporary Investments (continued)

Compass Bank	<u>Type</u>	Bank Balance <u>June 30, 2016</u>	Reconciled <u>Balance</u>
General	Checking	<u>\$ 2,023,191</u>	<u>\$ 1,662,801</u>
Total Deposits		2,023,191	<u>\$ 1,662,801</u>
Less: FDIC Coverage		<u>(250,000)</u>	
Uninsured Amount		1,773,191	
50% Collateral requirement		886,596	
Pledged Securities		<u>3,000,000</u>	
(Over) Under collateralized		<u>\$ (2,113,404)</u>	
Custodial Credit Risk-Deposits			
Account Balance	\$ 2,023,191		
FDIC Insured	250,000		
Collateral:			
Collateral held by the pledging bank, not in the REC's name	1,773,191		
Uninsured and uncollateralized	<u>-</u>		
Total Deposits	<u>\$ 2,023,191</u>		

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$1,773,191 of the REC's bank balance of \$2,023,191 was exposed to custodial credit risk.

Reconciliation of Cash and Temporary Investments

Governmental Funds - Balance Sheet		
Cash and cash equivalents per Exhibit A-1	\$	1,875,797
Less: Investments		(212,997)
Add outstanding items		<u>360,391</u>
Bank balance of deposits	\$	<u>2,023,191</u>

Investment in the State Treasurer Local Government

The New MexiGrow Local Governmental Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The new Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10-P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 19078, as 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 fund amounts were invested. Participation in the LGIP is voluntary.

Interest Rate Risk and Credit Rating- Investment in State Treasurer's LGIP

The District does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The District's investments at June 30, 2016 include the following:

State Treasurer LGIP	AAAm	44 day WAM(R)	<u>\$ 212,977</u>
----------------------	------	---------------	-------------------

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 4. Receivables

Receivables as of June 30, 2016, are as follows:

Due from	REC Operational	Title I	State Directed	Medicaid State	IDEAL NM	Reads to Lead	STEM Training	STEM In State	Priority Schools	STEM Symposium	STEM Elementary Training	STEM Initiative	Tech Ed Fund
Other Govts	<u>106,605</u>	<u>22,780</u>	<u>169,566</u>	<u>69,058</u>	<u>872</u>	<u>23,066</u>	<u>15,148</u>	<u>40,150</u>	<u>27,514</u>	<u>205,089</u>	<u>392,694</u>	<u>60,351</u>	<u>51,307</u>
Totals	<u>106,605</u>	<u>22,780</u>	<u>169,566</u>	<u>69,058</u>	<u>872</u>	<u>23,066</u>	<u>15,148</u>	<u>40,150</u>	<u>27,514</u>	<u>205,089</u>	<u>392,694</u>	<u>60,351</u>	<u>51,307</u>

Due from	NMSU Professional	Total
Other Govts	<u>29,050</u>	<u>1,213,250</u>
Totals	<u>29,050</u>	<u>1,213,250</u>

As of June 30, 2016, the above receivables are deemed collectible by management.

NOTE 5. Prepaid Assets

The REC pays for certain service contracts in advance resulting in a prepaid asset. Prepaid assets for the REC totaled \$- at June 30, 2016.

NOTE 6. Interfund Receivables, Payables, and Transfers

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the REC is waiting for grant reimbursements. The composition of interfund balances as of June 30, 2016 is as follows:

Governmental Activities:	Interfund Receivables	Interfund Payables
Other Funds:		
Operational Fund	\$ 1,004,866	\$ —
Title I	—	22,780
Technology for Ed.	—	51,307
IDEA B Discretionary	—	169,566
NMSU Professional	—	28,550
Reads to Lead	—	23,066
STEM Training	—	1,284
STEM Instate Facilitators	—	40,150
Priority Schools	—	26,774
STEM Symposium	—	204,640
STEM Elementary Training	—	377,029
STEM Initiative	—	59,720
Total Governmental Activities	<u>\$ 1,004,866</u>	<u>\$ 1,004,866</u>

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	<u>Balance June 30, 2015</u>	<u>Additions & Adjustments</u>	<u>Deletions & Adjustments</u>	<u>Balance June 30, 2016</u>
Capital Assets, being depreciated:				
Buildings	-	176,543	-	176,543
Furniture, fixtures & equipment	251,619	-	-	251,619
Less Accumulated Depreciation for:				
Buildings, Equipment, Furniture, & Fixtures	<u>(190,640)</u>	<u>(20,383)</u>	<u>6,458</u>	<u>(204,565)</u>
Governmental activities capital assets, net:	\$ <u>60,979</u>	\$ <u>156,160</u>	\$ <u>6,458</u>	\$ <u>223,597</u>

NOTE 7. Capital Assets (continued)

Capital assets, net of accumulated depreciation, at June 30, 2016 appear in the Statement of Net Position and/or the Fund Statements Balance Sheets as follows:

Governmental activities \$ 223,596

Depreciation expense for the year ended June 30, 2016 was charged to governmental activities as follows:

Instructional Support \$ 17,735
Capital Outlay \$ 2,648

NOTE 8. Long-term Debt

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Current Portion</u>
Compensated Absences	\$ <u>37,577</u>	\$ <u>13,043</u>	\$ <u>6,537</u>	\$ <u>44,083</u>	\$ <u>1,920</u>
Total	\$ <u>37,577</u>	\$ <u>13,043</u>	\$ <u>6,537</u>	\$ <u>44,083</u>	\$ <u>1,920</u>

Compensated Absences - Administrative employees of the REC are able to accrue vacation and other compensatory time during the year. During fiscal year June 30, 2016, compensated absences increased \$6,506 from the prior year accrual. The current portion of the compensated absences is estimated at \$1,920. Any liability would be liquidated out of the Operational Fund. See Note 1 for more details.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 9. Risk Management

The REC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The REC, as a State entity, is insured through the State of New Mexico, General Services Department, Risk Management Division. Annual premiums are paid by the REC to the General Services Department, Risk Management Division for coverage provided in the following areas:

Workers Compensation

Property and Automobile Liability and Physical Damage Liability and Civil Rights and Personal Injury; and Crime.

NOTE 10. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the combined statements of certain information concerning individual funds including:

Deficit Fund Balances. There are no deficit fund balances as of June 30, 2016.

NOTE 11. Contingencies

The Southwest Regional Education Cooperative # 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 Cooperative # 10 may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by 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 Cooperative # 10.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 12. Pension Plan - Educational Retirement Board

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

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

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

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

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

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

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

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 12. Pension Plan - Educational Retirement Board (continued)

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

Contributions. The contribution requirements of defined benefit plan members and the REC are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2015 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the REC were \$148,939 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the REC reported a liability of \$2,515,123 for its proportionate share of the net pension liability. The REC's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the REC's proportion was 0.03883 percent, which was an increase of 0.00282% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the REC recognized pension expense of \$371,876. At the June 30, 2016, the REC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 46,628
Changes of assumptions	86,508	-
Reallocation	131,693	-
Net difference between projected and actual earnings on pension plan investments	-	11,321
Changes in proportion and differences between REC contributions and proportionate share of contributions	254,861	-
REC contributions subsequent to the measurement date	153,215	-
Total	<u>\$ 626,277</u>	<u>\$ 57,949</u>

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 12. Pension Plan - Educational Retirement Board (continued)

\$153,215 reported as deferred outflows of resources related to pensions resulting from REC contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 174,815
2018	159,923
2019	45,421
2020	34,933
2021	-

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward of liabilities as of June 30, 2015. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 20, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment to 2014 using Scale AA (one year setback for females)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 12. Pension Plan - Educational Retirement Board (continued)

Sensitivity of the REC's proportionate share of the net pension liability to changes in the discount rate. The following table presents the REC's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the REC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
REC's proportionate share of the net pension liability	\$ 3,384,265	\$ 2,515,123	\$ 1,784,952

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2015 and 2014 which are publicly available at www.nmerb.org.

Payables to the pension plan. At June 30, 2016, the REC had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2016.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 12. Pension Plan - Educational Retirement Board (continued)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2015, 2014 and 2013 for 30-year return assumptions are summarized in the following table:

Asset Class	2015	2014	2013
	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Cash	1.50%	1.50%	0.75%
Treasuries	2.00%	2.00%	1.00%
IG Corp Credit	3.50%	3.50%	3.00%
MBS	2.25%	2.25%	2.50%
Core Bonds	2.53%	2.53%	2.04%
TIPS	2.50%	2.50%	1.50%
High Yield Bonds	4.5%	4.5%	5.00%
Bank Loans	5.00%	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	1.25%	0.75%
Global Bonds (Hedged)	1.38%	1.38%	0.93%
EMD External	5.00%	5.00%	4.00%
EMD Local Currency	5.75%	5.75%	5.00%
Large Cap Equities	6.25%	6.25%	6.75%
Small/Mid Cap	6.25%	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.25%	7.75%
International Equities (Hedged)	7.50%	7.50%	8.00%
Emerging International Equities	9.50%	9.50%	9.75%
Private Equity	8.75%	8.75%	9.00%
Private Debt	8.00%	8.00%	8.50%
Private Real Assets	7.75%	7.75%	8.00%
Real Estate	6.25%	6.25%	6.00%
Commodities	5.00%	5.00%	5.00%
Hedge Funds Low Vol	5.50%	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	5.50%	6.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015, June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 13. Post-Employment Benefits-State Retiree Healthcare Plan

Plan description: Southwest Regional Education Cooperative #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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (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 RCHA 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 RCHA or viewed on their website at www.nmrhca.stat.nm.us.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal years ended June 30, 2015 and June 30, 2016, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
Notes to the Financial Statements
June 30, 2016

NOTE 13. Post-Employment Benefits - State Retiree Healthcare Plan (continued)

Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The REC's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$21,991, \$22,053 and \$20,028, respectively, which equal the required contributions for each year.

NOTE 14. Economic Dependency

The primary source of funding for the REC consists of Intergovernmental Agreements for services between the New Mexico Public Education Department and the REC to provide services for various contracts that include both federal and state funding. The REC also administers Medicaid funds passed through the State of New Mexico Department of Education in funds (28144). The amount of revenues is subject to change.

NOTE 15.. Contingent Liabilities

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

The REC, by its nature, may be subjected to claims and lawsuits arising in the normal course of business. Currently, there are no such pending claims or lawsuits to which the REC is a party.

NOTE 16. Joint Powers Agreements and Intergovernmental Agreements

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

NOTE 17. Related Party Transactions

The REC employs the spouse of the Business Manager as a part-time employee to perform janitorial services. The employee reports to the Executive Director.

NOTE 18. Subsequent Events Review

A review of subsequent events through August 4, 2016, which is the date of the financial statements were available to be issued, indicated new intergovernmental agreements entered into for the 2016-2017 fiscal year.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

NONMAJOR GOVERNMENTAL FUNDS

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATIONAL COOPERATIVE #10
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the REC with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Special Revenue Fund: **The Title I Fund (24101)** is used to account for providing general administrative support for Title I and other ESEA programs and shall provide for coordination and implementation of events for Title I and other ESEA programs, as determined by the department.

Special Revenue Fund: **The 21st Century Fund (24119)** is used 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.

Special Revenue Fund: **The Public Health Fund (25122)** is used to account for local source revenue to improve student's awareness in the areas of health education. Authorization is the governing board.

Special Revenue Fund: **The Technology for Education (27117)** is used to assist the District with State funding to develop and implement strategic long-term plan for utilizing educational technology in the school system. Authority is NMSA 22-15A-1 to 22-1.5A-10.

Special Revenue Fund: **The State Directed - IDEA B Discretionary Fund (27200)** is used to account for the State grant from the New Mexico Public Education Department to support students with disabilities. Authorization is the New Mexico Public Education Department.

Special Revenue Fund: **NMSU Professional Fund (47117)** is used to account for the fiscal services for the Educator Conference.

Special Revenue Fund: **Reads to Lead (79000)** is used to account for providing reading coaches to provide technical assistance and professional development to staff in districts served by the Southwest Regional Education Center.

Special Revenue Fund: **STEM Training Fund (79001)** is used to account for facilities and materials: professional books (\$40.00), teaching kits, posters, name tags; sign-in sheets, chart paper, (PED print shop will do all handouts except posters). Contract science kit maintenance, refills, supplies, storage and delivery. Professional services including website registration, online evaluation, and communications.

Special Revenue Fund: **STEM Instate Facilitators Fund (79002)** is used to account for Event facilitation (includes hosting materials, materials production/copying/contracting, and registration) and onsite as needed. Facilities costs for one (1) 5-day Facilitator Academy and two (2) 1-day MSSW trainings. Course cost for facilitator training of Earth Systems and for facilitator training of Making Sense of Student Work (MSSW).

Special Revenue Fund: **Priority Schools Fund (79003)** to account for the State grant revenue is used to train and equip teachers.

Special Revenue Fund: **STEM Symposium Fund (79004)** is used to account for providing professional development to improve the content and pedagogy for K-12 science and math teachers and facilitators.

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Title I Fund	21st Century Fund	Public Health Fund	Technology for Education Fund	IDEA B State Directed Fund
ASSETS					
<i>Current Assets</i>					
Cash and cash equivalents	\$ -	\$ 20	\$ 626	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Intergovernmental receivable	22,780	-	-	51,307	169,566
Internal Balances	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 22,780</u>	<u>\$ 20</u>	<u>\$ 626</u>	<u>\$ 51,307</u>	<u>\$ 169,566</u>
LIABILITIES AND FUND BALANCE					
<i>Current Liabilities</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-
Internal Balances	22,780	-	-	51,307	169,566
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>22,780</u>	<u>-</u>	<u>-</u>	<u>51,307</u>	<u>169,566</u>
<i>Fund Balance</i>					
Fund Balance					
Restricted for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	20	626	-	-
Capital Projects Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Committed for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Assigned for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Unassigned for:					
General Fund	-	-	-	-	-
<i>Total fund balance</i>	<u>-</u>	<u>20</u>	<u>626</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 22,780</u>	<u>\$ 20</u>	<u>\$ 626</u>	<u>\$ 51,307</u>	<u>\$ 169,566</u>

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Title 1 Fund	21st Century Fund	Public Health Fund	Technology for Education Fund	IDEA B State Directed Fund
<i>Revenues:</i>					
Taxes					
Taxes levied/assessed	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources					
Tuition	-	-	-	-	-
Investment Income	-	-	-	-	-
Food services	-	-	-	-	-
District activities	-	-	-	-	-
Other Revenue	-	-	-	-	-
State sources					
Unrestricted Grants	-	-	-	-	-
Restricted Grants	-	-	-	111,185	340,418
Federal sources					
Unrestricted Grants	-	-	-	-	-
Unrestricted -state passthrough	-	-	-	-	-
Restricted Grants	-	-	-	-	-
Restricted -state passthrough	49,139	-	-	-	-
Department of Interior	-	-	-	-	-
Other items	-	-	-	-	-
<i>Total revenues</i>	<u>\$ 49,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,185</u>	<u>\$ 340,418</u>
<i>Expenditures:</i>					
Current:					
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -
Support Services					
Students	-	-	-	-	6,095
Instruction	-	-	-	-	-
General Administration	49,139	-	-	111,185	16,033
School Administration	-	-	-	-	318,290
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Other Support Services	-	-	-	-	-
Operation of non-instructional services	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service	-	-	-	-	-
<i>Total expenditures</i>	<u>49,139</u>	<u>-</u>	<u>-</u>	<u>111,185</u>	<u>340,418</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>					
Transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	-	-	-
<i>Fund balances - beginning of year</i>	-	20	626	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ -</u>

NMSU Professional Services Fund	NM Reads to Lead Fund	STEM Teacher Training Fund	STEM In State Facilitators Fund	Priority Schools Fund	STEM Symposium Fund	Non major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
29,050	-	-	-	-	-	29,050
-	-	-	-	-	-	-
-	161,498	68,972	82,898	165,504	206,095	1,136,570
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	49,139
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 29,050</u>	<u>\$ 161,498</u>	<u>\$ 68,972</u>	<u>\$ 82,898</u>	<u>\$ 165,504</u>	<u>\$ 206,095</u>	<u>1,214,759</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	6,095
-	147,801	-	-	-	-	147,801
29,050	13,697	77,859	74,761	165,684	206,095	743,503
-	-	-	-	-	-	318,290
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>29,050</u>	<u>161,498</u>	<u>77,859</u>	<u>74,761</u>	<u>165,684</u>	<u>206,095</u>	<u>1,215,689</u>
-	-	(8,887)	8,137	(180)	-	(930)
-	-	8,887	(8,137)	180	-	930
-	-	8,887	(8,137)	180	-	930
-	-	-	-	-	-	-
-	-	-	-	-	-	646
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>646</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
TITLE I SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	26,359	26,359
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ 26,359	\$ 26,359
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	78,581	78,581	49,139	29,442
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	78,581	78,581	49,139	29,442
Total expenditures	78,581	78,581	49,139	29,442
<i>Excess (deficiency) of revenues over expenditures</i>	(78,581)	(78,581)	(22,780)	55,801
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Refund of fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(78,581)	(78,581)	(22,780)	55,801
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ (78,581)	\$ (78,581)	\$ (22,780)	\$ 55,801
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>				
			\$ (22,780)	
Adjustments to revenues			22,780	
Adjustments to expenditures			-	
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>				
			\$ -	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
21ST CENTURY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	-	-	-	-
Total expenditures	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Refund of fund balance	-	-	(5,326)	(5,326)
Total other financing sources (uses)	-	-	(5,326)	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(5,326)	-
<i>Cash balances - beginning of year</i>	-	-	5,346	5,346
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ 20	\$ 5,346
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>			\$ (5,326)	
Adjustments to revenues			-	
Adjustments to expenditures			5,326	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ -	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
PUBLIC HEALTH SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-3

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Transfers	-	-	-	-
Designated cash balance	-	-	-	-
Sale of Property	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Cash balances - beginning of year</i>	-	-	626	626
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ 626	\$ 626
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>			\$ -	
Adjustments to revenues			-	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ -	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
TECHNOLOGY FOR EDUCATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-4

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	159,196	159,196
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ 159,196	\$ 159,196
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	161,000	112,361	111,184	1,177
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	161,000	112,361	111,184	1,177
Total expenditures	161,000	112,361	111,184	1,177
<i>Excess (deficiency) of revenues over expenditures</i>	(161,000)	(112,361)	48,012	160,373
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Sale of Property	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(161,000)	(112,361)	48,012	160,373
<i>Cash balances - beginning of year</i>	-	-	(99,318)	(99,318)
<i>Cash balances - end of year</i>	\$ (161,000)	\$ (112,361)	\$ (51,306)	\$ 61,055
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>				
			\$ 48,012	
Adjustments to revenues			(48,012)	
Adjustments to expenditures			-	
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>				
			\$ -	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
IDEA B STATE DIRECTED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-5

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	267,842	267,842
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ 267,842	\$ 267,842
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	6,095	6,095	-
Instruction	-	-	-	-
General Administration	-	16,033	16,033	-
School Administration	340,418	318,290	318,290	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	340,418	340,418	340,418	-
Total expenditures	340,418	340,418	340,418	-
<i>Excess (deficiency) of revenues over expenditures</i>	(340,418)	(340,418)	(72,576)	267,842
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Sale of Property	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(340,418)	(340,418)	(72,576)	267,842
<i>Cash balances - beginning of year</i>	-	-	(96,990)	(96,990)
<i>Cash balances - end of year</i>	\$ (340,418)	\$ (340,418)	\$ (169,566)	\$ 170,852
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>				
			\$ (72,576)	
Adjustments to revenues			72,576	
Adjustments to expenditures			-	
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>				
			\$ -	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
NMSU PROFESSIONAL SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-6

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	31,800	31,800	28,550	3,250
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	31,800	31,800	28,550	3,250
Total expenditures	31,800	31,800	28,550	3,250
<i>Excess (deficiency) of revenues over expenditures</i>	(31,800)	(31,800)	(28,550)	3,250
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Sale of Property	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(31,800)	(31,800)	(28,550)	3,250
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ (31,800)	\$ (31,800)	\$ (28,550)	\$ 3,250
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>			\$ (28,550)	
Adjustments to revenues			29,050	
Adjustments to expenditures			(500)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ -	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
NM READS TO LEAD SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-7

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	231,441	231,441
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ 231,441	\$ 231,441
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	194,906	147,801	47,105
General Administration	-	17,561	13,697	3,864
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	-	212,467	161,498	50,969
Total expenditures	-	212,467	161,498	50,969
<i>Excess (deficiency) of revenues over expenditures</i>	-	(212,467)	69,943	282,410
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Sale of Property	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	(212,467)	69,943	282,410
<i>Cash balances - beginning of year</i>	-	-	(93,009)	(93,009)
<i>Cash balances - end of year</i>	\$ -	\$ (212,467)	\$ (23,066)	\$ 189,401
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>				
			\$ 69,943	
Adjustments to revenues			(69,943)	
Adjustments to expenditures			-	
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>				
			\$ -	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
STEM TEACHER TRAINING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-8

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	89,768	89,768
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ 89,768	\$ 89,768
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	171,200	171,200	59,050	112,150
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	171,200	171,200	59,050	112,150
Total expenditures	171,200	171,200	59,050	112,150
<i>Excess (deficiency) of revenues over expenditures</i>	(171,200)	(171,200)	30,718	201,918
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers	-	-	8,887	8,887
Total other financing sources (uses)	-	-	8,887	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(171,200)	(171,200)	39,605	201,918
<i>Cash balances - beginning of year</i>	-	-	(40,889)	(40,889)
<i>Cash balances - end of year</i>	\$ (171,200)	\$ (171,200)	\$ (1,284)	\$ 161,029
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>				
			\$ 30,718	
Adjustments to revenues			(25,741)	
Adjustments to expenditures			(13,864)	
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>				
			\$ (8,887)	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
STEM IN STATE FACILITATOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-9

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	66,800	66,800
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ 66,800	\$ 66,800
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	133,750	133,750	74,761	58,989
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	133,750	133,750	74,761	58,989
Total expenditures	133,750	133,750	74,761	58,989
<i>Excess (deficiency) of revenues over expenditures</i>	(133,750)	(133,750)	(7,961)	125,789
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers	-	-	(8,137)	(8,137)
Total other financing sources (uses)	-	-	(8,137)	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(133,750)	(133,750)	(16,098)	125,789
<i>Cash balances - beginning of year</i>	-	-	(24,052)	(24,052)
<i>Cash balances - end of year</i>	\$ (133,750)	\$ (133,750)	\$ (40,150)	\$ 101,737
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>				
			\$ (7,961)	
Adjustments to revenues			16,098	
Adjustments to expenditures			-	
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>				
			\$ 8,137	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
PRIORITY SCHOOLS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-10

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	665,167	665,167
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ 665,167	\$ 665,167
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	577,800	577,800	164,764	413,036
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	577,800	577,800	164,764	413,036
Total expenditures	577,800	577,800	164,764	413,036
<i>Excess (deficiency) of revenues over expenditures</i>	(577,800)	(577,800)	500,403	1,078,203
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers	-	-	180	180
Total other financing sources (uses)	-	-	180	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(577,800)	(577,800)	500,583	1,078,203
<i>Cash balances - beginning of year</i>	-	-	(527,177)	(527,177)
<i>Cash balances - end of year</i>	\$ (577,800)	\$ (577,800)	\$ (26,594)	\$ 551,026
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>				
			\$ 500,403	
<i>Adjustments to revenues</i>				
			(499,663)	
<i>Adjustments to expenditures</i>				
			(920)	
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>				
			\$ (180)	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
STEM SYMPOSIUM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement B-11

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	109,454	109,454
Federal sources	-	-	-	-
Other Financing sources	-	-	-	-
Other Items	-	-	-	-
Total revenues	\$ -	\$ -	\$ 109,454	\$ 109,454
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	276,274	225,805	202,640	23,165
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Non-Operating Emergency Reserves	-	-	-	-
Total instructional support	276,274	225,805	202,640	23,165
Total expenditures	276,274	225,805	202,640	23,165
<i>Excess (deficiency) of revenues over expenditures</i>	(276,274)	(225,805)	(93,186)	132,619
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Sale of Property	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(276,274)	(225,805)	(93,186)	132,619
<i>Cash balances - beginning of year</i>	-	-	(111,454)	(111,454)
<i>Cash balances - end of year</i>	\$ (276,274)	\$ (225,805)	\$ (204,640)	\$ 21,165
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)</i>			\$ (93,186)	
Adjustments to revenues			93,635	
Adjustments to expenditures			(449)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ -	

(This page intentionally left blank.)

PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVES #10
 Required Supplementary Information
 June 30, 2016

SCHEDULE OF PROPORTONATE SHARE OF THE NET PENSION LIABILITY
 Educational Retirement Board (ERB) Plan
 Last 10 fiscal years*

	2016	2015
REC's proportion of net pension liability (asset)	3.88300%	0.03601%
REC's proportionate share of the net pension liability (asset)	\$ 2,515,123	\$ 2,054,625
REC's covered-employee payroll	\$ 1,060,183	\$ 992,466
REC's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	237.23%	207.00%
Plan fiduciary net position as a percentage of total pension liabili	63.97%	66.54%

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

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVES #10
 Required Supplementary Information
 June 30, 2016

SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) Pension PLAN
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 153,215	\$ 153,262
Contributions in relation to the contractually required contribution	\$ 153,215	\$ 153,262
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
REC's Covered-employee payroll	\$ 1,060,183	\$ 1,103,897
Contributions as a percentage of covered-employee payroll	14.45%	13.88%

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

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVES #10
Required Supplementary Information
For the Year Ended June 30, 2016

Notes to Required Supplementary Information

For the Year Ended June 30, 2016

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

Changes of assumptions.

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 12, 2015, ERB implemented the following changes in assumptions for fiscal year 2015.

1. Fiscal year 2015 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.25% to 3.75%
 - b. Minor changes to demographic assumptions
 - c. Remove population growth assumptions for projections

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%
 - c. Maintain payroll growth at 3.5%

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

(This page intentionally left blank.)

SUPPORTING SCHEDULES

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
 June 30, 2016

Schedule I

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2016	Name and Location of Safekeeper
Compass Bank	FHLB Cusip# 102980087919 FHLB Letter of credit 61980 12/23/14	\$ 2,500,000	Federal Home Loan Bank Atlanta, Georgia
	FHLB Cusip# 102980095596 FHLB Letter of credit 61980 12/23/14	500,000	Federal Home Loan Bank Atlanta, Georgia
	Total Collateral Pledged	<u>\$ 3,000,000</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2016

Schedule II

Deposit or Investment Account Type	Compass Bank	Total
Checking, Interest Bearing	\$ 2,023,191	\$ 2,023,191
Checking	15	15
Total On Deposit	2,023,206	2,023,206
Reconciling Items	(360,386)	(360,386)
Reconciled Balance June 30, 2016	\$ 1,662,820	\$ 1,662,820
Reconciliation to financial statements:		
Cash and cash equivalents:		
Investments in State Treasurer		\$ 212,977
Total cash and cash equivalents per Statement of Net Position		\$ 1,875,797

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
CASH RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2016

chedule III

	24000 Federal Flowthrough Fund	25122 Federal Direct Fund	27200 State Flowthrough Fund	28144 State Direct Fund	Total
Cash per June 30, 2015 audit report	\$ 3,526	\$ 626	\$ (93,010)	\$ 1,083,940	\$ 995,082
Add:					
2015-16 revenues	26,359	-	4,703,901	708,390	5,438,650
Cash Transfers (Interfund payables/receivables)	-	-	-	(43,491)	(43,491)
Total cash available	29,885	626	4,610,891	1,748,839	6,390,241
Less:					
2015-16 expenditures	(52,665)	-	(4,051,899)	(622,857)	(4,727,421)
Less Payroll liabilities				-	-
Total expenditures	(52,665)	-	(4,051,899)	(622,857)	(4,727,421)
Cash June 30, 2016	\$ (22,780)	\$ 626	\$ 558,992	\$ 1,125,982	\$ 1,662,820
Add Investments @ STO					212,977
Total Cash balance per Books June 30, 2016					\$ 1,875,797
				Bank balance end of year	\$ 2,023,211
				Outstanding checks	(360,391)
				Add Investments @ STO	212,977
				Balance per Books, June 30, 2016	\$ 1,875,797

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
 Schedule of Vendor Information for purchases exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2016

RFP# RFB#/RFP# / State-Wide Price Agreement	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendors that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
					None			

(This page intentionally left blank.)

COMPLIANCE SECTION

(This page intentionally left blank.)



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Timothy M. Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Southwest Regional Education Cooperative #10
Truth or Consequences, New Mexico

We have audited, 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual fund and related budgetary comparisons presented as supplemental information of the Southwest Regional Education Cooperative as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise Southwest Regional Education Cooperative's basic financial statements, and the combining and individual funds and related budgetary comparisons of Southwest Regional Education Cooperative presented as supplemental information, and have issued our report thereon dated August 4, 2016.

Internal Control Over Financial Reporting

Management of Southwest Regional Education Cooperative #10 is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered Southwest Regional Education Cooperative #10's internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southwest Regional Education Cooperative #10's internal control. Accordingly, we do not express an opinion on the effectiveness of the Southwest Regional Education Cooperative #10's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned function, 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. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

(This page intentionally left blank.)

Our consideration of the internal control over was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. We did not identify any instances of material weaknesses. During our audit, we identified one significant deficiency identified as FS 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Regional Education Cooperative #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*.

Southwest Regional Education Cooperative #10's Response to Finding

Southwest Regional Education Cooperative #10's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Southwest Regional Education Cooperative #10's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Precision Accounting LLC
Albuquerque, New Mexico
August 4, 2016

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016

SECTION I - FINDINGS-FINANCIAL STATEMENT AUDIT

FS 2016-001 Lack of Support for Travel and Per Diem reimbursements-Significant deficiency

CONDITION: During our test work of travel and per diem, we tested forty (40) transactions; we noted a total of one (1) exception totaling \$182, where we did not have adequate supporting documentation.

CRITERIA: Department of Finance and Administration Rule 95-1, states that travel and per diem reimbursement requests must contain adequate and appropriate supporting documentation including: detailed receipts and management's approval.

EFFECT: The REC could potentially reimburse items that are not qualified expenses and be noncompliance with DFA 95-1.

CAUSE: The internal control procedures failed to identify missing or inadequate receipts.

RECOMMENDATION: We recommend that management review all travel and per diem reimbursement vouchers prior to the approval for disbursement to ensure the vouchers contain adequate and appropriate supporting documentation.

CLIENT RESPONSE: The REC will require all supporting documentation for reimbursements and the Executive Director and the Business Manager will review the receipts prior to processing the payment. Requests for reimbursements that are lacking supporting documents will be reduced by the amount of the missing or inadequate supporting documentation.

SECTION II - PRIOR YEAR AUDIT FINDINGS

None

(This page intentionally left blank.)

STATE OF NEW MEXICO
SOUTHWEST REGIONAL EDUCATION COOPERATIVE #10
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016

SECTION III - AUDITOR PREPARED FINANCIAL STATEMENTS

The REC has the capability of preparing, understanding and accepting responsibility for its own GAAP-basis financial statements, however, the REC's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes with assistance from Southwest Regional Education Cooperative #10 for inclusion in the annual audit report. Management is responsible for the contents of this report.

SECTION IV - EXIT CONFERENCE

The contents of this report were discussed on August 4, 2016. The following individuals were in attendance.

Southwest Regional Education Cooperative #10
Vicki Chavez, Executive Director
Geraldyn Bennett, Business Manager
Craig Cummins, Truth or Consequences, Member

Precision Accounting LLC
Melissa R. Santistevan, CPA, CFE, CGMA, CICA
Daniel Perea, Senior Accountant
Raymond Bailie, Staff Accountant
Alexandra Yebra, Staff Accountant