

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE**

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2015

**STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 TABLE OF CONTENTS
 JUNE 30, 2015**

	<u>PAGE</u>
Director of Officials.....	1
Independent Auditors' Report.....	2-4
 <i><u>Basic Financial Statements:</u></i>	
Government-Wide Financial Statements:	
Statement of Net Position.....	5
Statement of Activities.....	6
 Governmental Funds Financial Statements:	
Balance Sheet.....	7
Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position.....	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Revenues, Expenditures and Changes in Cash Balance – Budget (NON-GAAP Budgetary Basis) and Actual on Budgetary Basis With Reconciliation to GAAP:	
General Fund	11
State Directed Activities Fund.....	12
Title XIX (3 to 21) Fund	13
Notes to the Financial Statements.....	14-35
 Combining and Individual Fund Financial Statements:	
<u>Nonmajor Funds</u>	
Combining Balance Sheet.....	36-37
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	38-39

**STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 TABLE OF CONTENTS
 JUNE 30, 2015**

PAGE

Combining and Individual Fund Financial Statements (continued):

Nonmajor Funds (continued):

Statement of Revenues, Expenditures and Changes in Cash
 Balance Budget (Non-GAAP Budgetary Basis) and Actual
 on Budgetary Basis With Reconciliation to GAAP:

English Language Acquisition Fund	40
IDEA-B Discretionary Fund	41
Carl Perkins Secondary Fund.....	42
Carl Perkins Secondary Redistribution Fund.....	43
Carl Perkins Fund	44
Head Start Fund.....	45
Schools with Solar Fund.....	46
Title XIX Medicaid (3 to 21) Fund.....	47
Workforce Investment Act Fund	48
Hubbard Foundation Fund.....	49
Birth to Two Year Fund	50
DOH Healthier Schools Fund	51

Required Supplementary Information:

Schedule of the Region IX Cooperative's Proportionate Share of the Net Pension Liability Educational Retirement Board (ERB) Plan - Last Ten Fiscal Years.....	52
Schedule of the Region IX Cooperative's Contributions Educational Retirement Board (ERB) Plan - Last Ten Fiscal Years.....	53
Notes to Required Supplementary Information	54

Other Schedules Required by 2.2.2 NMAC:

Schedule of Cash Accounts	55
Schedule of Pledged Collateral	56
Schedule of Cash Reconciliations	57
Combining Schedule of Changes in Assets and Liabilities for the Agency Funds.....	58-59

**STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 TABLE OF CONTENTS
 JUNE 30, 2015**

	<u>PAGE</u>
Additional Information:	
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT).....	60-63
Supplemental Federal Financial Information:	
Schedule of Expenditures of Federal Awards.....	64
Notes to Schedule of Expenditures of Federal Awards.....	65
Additional Independent Auditors' Reports	
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	66-67
Report on Compliance for Each Major Federal Program; Report on Internal control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.....	68-69
Schedule of Findings and Questioned Costs.....	70-75
Exit Conference and Preparation of Financial Statements	76

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE**

Directory of Officials
June 30, 2015

COORDINATING COUNCIL

<u>Member</u>	<u>Position</u>	<u>School Represented</u>
Travis Lightfoot	Chairman	Corona
Brenda Vigil	Vice-Chairman	Tularosa
Shirley Crawford	Member	Capitan
Travis Dempsey	Member	Cloudcroft
Rick Espinoza	Member	Carrizozo
Marvin Martin	Member	Hondo Valley
George Bickert, Ed.D	Member	Ruidoso

ADMINISTRATIVE STAFF

Sean Wootton	Executive Director
Carmen Spann	Business Manager

Ed Fierro, CPA • Rose Fierro, CPA527 Brown Road • Las Cruces, NM 88005
Bus: (575) 525-0313 • Fax: (575) 525-9708
www.fierrocpa.comIndependent Auditors' ReportTimothy Keller, State Auditor
and
Coordinating Council
Region IX Education Cooperative
Ruidoso, New Mexico**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Region IX Education Cooperative (Cooperative), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Cooperative's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Cooperative's nonmajor governmental funds and budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require the schedule of the Cooperative's proportionate share of the net pension liability and the schedule of the Cooperative's contributions on pages fifty-two and fifty-three be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 auditing standards generally accepted in the United States of America, which consisted of inquires 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the Cooperative's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedule of vendor information for purchases exceeding \$60,000 (excluding GRT) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2015 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "Fierro + Fierro, P.A."

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

September 21, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash	\$ 622,281
Receivables, net	3,889,666
Capital assets:	
Land	20,494
Other capital assets, net of depreciation	<u>236,534</u>
Total capital assets	<u>257,028</u>
Total assets	4,768,975
Deferred Outflows of Resources	
Pension related	<u>332,672</u>
Total assets and deferred outflows of resources	<u><u>\$ 5,101,647</u></u>
Liabilities	
Bank overdraft	\$ 71,384
Accounts payable	45,943
Net pension liability	<u>4,994,900</u>
Total liabilities	5,112,227
Deferred Inflows of Resources	
Unearned revenues	267,366
Pension related	<u>566,652</u>
Total deferred inflows of resources	834,018
Net Position	
Invested in capital assets	257,028
Unrestricted (deficit)	<u>(1,101,626)</u>
Total net position	<u>(844,598)</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 5,101,647</u></u>

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

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
Instruction	\$ 619,626	\$ -	\$ 1,021,344	\$ -	\$ 401,718
Support services:					
Students	3,575,901	-	2,269,474	-	(1,306,427)
Instruction	3,158,040	-	12,176,224	-	9,018,184
General administration	4,433,302	-	-	-	(4,433,302)
Central services	792,407	-	-	-	(792,407)
Operation of plant	216,380	-	-	-	(216,380)
Student transportation	48,307	-	-	-	(48,307)
Other	30,362	-	-	-	(30,362)
Operation services:					
Food	121,682	-	-	-	(121,682)
Community	2,098,535	-	406,863	-	(1,691,672)
Total governmental activities	<u>\$ 15,094,542</u>	<u>\$ -</u>	<u>\$ 15,873,905</u>	<u>\$ -</u>	779,363
General Revenues:					
Interest income					790
Donations					4,860
Total general revenues					5,650
Change in net position					785,013
Net position, beginning of year					3,543,737
Retatement					(5,173,348)
Net position, beginning of year restated					(1,629,611)
Net position, end of year					<u>\$ (844,598)</u>

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

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>State Directed Activities Fund</u>	<u>Title XIX Medicaid (3 to 21) Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash	\$ 403,675	\$ -	\$ 111,481	\$ 107,125	\$ 622,281
Receivables, net	3,018,539	689,096	-	182,031	3,889,666
Due from other funds	720,449	-	-	818	721,267
Total assets	<u>\$ 4,142,663</u>	<u>\$ 689,096</u>	<u>\$ 111,481</u>	<u>\$ 289,974</u>	<u>\$ 5,233,214</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Bank overdraft	\$ -	\$ -	\$ -	\$ 71,384	\$ 71,384
Accounts payable	15,409	27,842	326	2,366	45,943
Due to other funds	-	660,913	-	60,354	721,267
Total liabilities	15,409	688,755	326	134,104	838,594
Deferred Inflows of Resources:					
Unavailable revenues	-	341	111,155	155,870	267,366
Fund Balances:					
Unassigned	4,127,254	-	-	-	4,127,254
Total fund balances	4,127,254	-	-	-	4,127,254
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,142,663</u>	<u>\$ 689,096</u>	<u>\$ 111,481</u>	<u>\$ 289,974</u>	<u>\$ 5,233,214</u>

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

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

Total fund balance governmental funds (page seven)		\$ 4,127,254
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		257,028
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(4,994,900)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension of \$332,672 is equal to 2015 employer contributions related to pensions.		332,672
Deferred inflows of resources related to pensions		<u>(566,652)</u>
Net position of governmental activities (page five)		<u><u>\$ (844,598)</u></u>

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	State Directed Activities Fund	Title XIX Medicaid (3 to 21) Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental:					
Federal	\$ 129,582	\$ -	\$ 168,704	\$ 2,407,782	\$ 2,706,068
State	11,591,382	1,409,328	-	157,190	13,157,900
Charges for services	9,937	-	-	-	9,937
Interest	790	-	-	-	790
Miscellaneous	709	-	-	4,151	4,860
Total revenues	<u>11,732,400</u>	<u>1,409,328</u>	<u>168,704</u>	<u>2,569,123</u>	<u>15,879,555</u>
Expenditures:					
Current:					
Instruction	109,608	-	-	507,140	616,748
Support services:					
Students	2,236,838	148,637	98,514	1,087,299	3,571,288
Instruction	2,633,931	223,939	-	252,176	3,110,046
General administration	3,151,572	1,008,997	12,472	260,416	4,433,457
Central services	685,416	-	57,718	48,246	791,380
Operation of plant	154,326	-	-	60,384	214,710
Student transportation	-	-	-	45,769	45,769
Other	30,362	-	-	-	30,362
Operation services:					
Food	113,843	-	-	6,682	120,525
Community	1,744,261	27,755	-	321,460	2,093,476
Total expenditures	<u>10,860,157</u>	<u>1,409,328</u>	<u>168,704</u>	<u>2,589,572</u>	<u>15,027,761</u>
Excess (deficiency) of revenues over expenditures	872,243	-	-	(20,449)	851,794
Other Financing Sources (Uses):					
Transfers in	4,151	-	-	24,600	28,751
Transfers (out)	(24,600)	-	-	(4,151)	(28,751)
Total other financing sources (uses)	<u>(20,449)</u>	<u>-</u>	<u>-</u>	<u>20,449</u>	<u>-</u>
Net change in fund balance	851,794	-	-	-	851,794
Fund balance, beginning of year	3,219,773	-	-	-	3,219,773
Restatement	55,687	-	-	-	55,687
Fund balance, beginning of year, restated	<u>3,275,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,275,460</u>
Fund balance, end of year	<u>\$ 4,127,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,127,254</u>

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
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, 2015

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

Net change in fund balances total governmental funds (page nine)	\$	851,794
<p>In the statement of activities, the cost of the capital assets is allocated over their estimated useful lives and reported as depreciation expense in the amount of \$66,936.</p>		
		(66,936)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employees' contributions is reported as pension expense.</p>		
Pension contributions	\$332,672	
Cost of benefits earned net of employee contributions (pension expense)	<u>332,517</u>	
		<u>155</u>
Net change in net position - government-wide financial statements (page six)	\$	<u><u>785,013</u></u>

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

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ -	\$ 160,000	\$ 129,582	\$ -	\$ 129,582	\$ (30,418)
State	6,363,670	12,641,634	12,392,027	(800,645)	11,591,382	(249,607)
Charges for services	-	-	9,937	-	9,937	9,937
Interest	300	300	790	-	790	490
Miscellaneous	5,000	5,000	709	-	709	(4,291)
Total revenues	6,368,970	12,806,934	12,533,045	(800,645)	11,732,400	(273,889)
Expenditures:						
Current:						
Instruction	-	109,608	109,608	-	109,608	-
Support services:						
Students	1,981,839	2,168,369	2,241,800	(4,962)	2,236,838	(73,431)
Instruction	977,739	3,060,500	2,635,578	(1,647)	2,633,931	424,922
General administration	1,195,525	3,523,534	3,180,795	(29,223)	3,151,572	342,739
Central services	436,867	650,141	680,847	4,569	685,416	(30,706)
Operation of plant	253,653	169,264	156,666	(2,340)	154,326	12,598
Other	36,480	36,480	34,129	(3,767)	30,362	2,351
Operation services:						
Food	186,898	354,548	115,793	(1,950)	113,843	238,755
Community	1,806,378	2,740,893	1,742,821	1,440	1,744,261	998,072
Total expenditures	6,875,379	12,813,337	10,898,037	(37,880)	10,860,157	1,915,300
(Deficiency) of revenues over expenditures	(506,409)	(6,403)	1,635,008	(762,765)	872,243	1,641,411
Other Financing Sources (Uses):						
Transfers in	-	-	4,151	-	4,151	4,151
Transfers out	-	-	(24,600)	-	(24,600)	(24,600)
Total other financing sources and (uses)	-	-	(20,449)	-	(20,449)	(20,449)
Net change	(506,409)	(6,403)	1,614,559	\$ (762,765)	\$ 851,794	1,620,962
Cash balance, beginning of year	(1,198,174)	(1,198,174)	(1,198,174)			-
Restatement	-	-	55,687			55,687
Cash advanced to other funds	-	-	(68,397)			(68,397)
Cash balance, end of year	\$ (1,704,583)	\$ (1,204,577)	\$ 403,675			\$ 1,608,252
Explanation of Differences:						
Change in receivables				\$ (800,645)		
Change in accounts payable				37,880		
				\$ (762,765)		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
STATE DIRECTED ACTIVITIES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ -	\$ 1,422,433	\$ 720,573	\$ 688,755	\$ 1,409,328	\$ (701,860)
Expenditures:						
Current:						
Support services:						
Students	-	177,970	148,637	-	148,637	29,333
Instruction	-	233,849	223,939	-	223,939	9,910
General administration	-	1,010,614	1,008,910	87	1,008,997	1,704
Operation services:						
Community	-	-	-	27,755	27,755	-
Total expenditures	-	1,422,433	1,381,486	27,842	1,409,328	40,947
Net change	-	-	(660,913)	<u>\$ 660,913</u>	<u>\$ -</u>	(660,913)
Cash balance, beginning of year	-	-	-			-
Cash advanced from the general fund	-	-	660,913			660,913
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				\$ 589,789		
Change in accounts payable				(27,842)		
Change in unearned revenues				<u>98,966</u>		
				<u>\$ 660,913</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
TITLE XIX (3 to 21) FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ 195,000	\$ 195,000	\$ 200,925	\$ (32,221)	\$ 168,704	\$ 5,925
Expenditures:						
Current:						
Support services:						
Students	171,152	188,268	98,188	326	98,514	90,080
General administration	15,715	19,405	12,472	-	12,472	6,933
Central services	61,111	66,261	57,718	-	57,718	8,543
Total expenditures	247,978	273,934	168,378	326	168,704	105,556
Net change	(52,978)	(78,934)	32,547	\$ (32,547)	\$ -	111,481
Cash balance, beginning of year	78,934	78,934	78,934			-
Cash balance, end of year	\$ 25,956	\$ -	\$ 111,481			\$ 111,481
Explanation of Differences:						
Change in accounts payable				\$ (326)		
Change in unearned revenues				(32,221)		
				\$ (32,547)		

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

NOTES TO THE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Region IX Education Cooperative (Cooperative) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

A. Reporting Entity

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

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Based on the application of these criteria, there are no component units of the Cooperative.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Cooperative as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. The Cooperative has no business-type activities.

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

The net cost (by function of governmental-type activity) is normally covered by general revenues (taxes, intergovernmental revenues, interest income, etc.). The Cooperative does not allocate indirect costs. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Cooperative's fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party (other governmental entities and individuals) and cannot be used to address or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

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

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

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The Cooperative reports the following major governmental funds:

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

The *State Directed Activities fund* accounts for the state revenues and expenditures to assist the Cooperative in providing free appropriate public education to all handicapped children. The creation of this fund was authorized by the New Mexico Public Education Department.

The *Title XIX Medicaid (3 to 21) fund* accounts for the federal revenues and expenditures to provide services to developmentally disabled children between three years old and young adults twenty-one years old. The creation of this fund was authorized by Title XIX of the Social Security Act.

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

The *English Language Acquisition fund* accounts for the federal revenues and expenditures to ensure that limited English proficient children and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet. The creation of this fund was authorized by the Elementary and Secondary Education Act, as amended, Title III, Part A, Sections 3101 and 3129.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The *IDEA-B Discretionary fund* accounts for the federal revenues and expenditures to provide special education for handicapped children. The creation of this fund was authorized by the Individuals with Disabilities Education Act (IDEA), Part B, Section 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; 20 U.S.C. 1401-1419, Public Law 15-17.

The *Carl Perkins Secondary fund* accounts for the federal revenues and expenditures to develop more fully the academic, vocational, and technical skills of secondary and post-secondary students who elect to enroll in vocational and technical programs. The creation of this fund was authorized by the Carl D. Perkins Vocational and Technical Education Act of 1998, Title I.

The *Carl Perkins Secondary Redistribution fund* accounts for the federal revenues and expenditures to develop more fully the academic, career, and technical skills of secondary and post-secondary students who elect to enroll in career and technical educational programs. The creation of this fund was authorized by the Carl D. Perkins Career Technical Education Act of 2006, Title I.

The *Carl Perkins fund* accounts for the federal revenues and expenditures to develop more fully the academic, career, and technical skills of secondary and post-secondary students who elect to enroll in career and technical education programs. The creation of this fund was authorized by the Carl D. Perkins Career Technical Education Act of 2006, Title I.

The *Head Start fund* accounts for the federal revenues and expenditures to provide comprehensive preschool education for educationally deprived students in low-income areas. The creation of this fund was authorized by the federal government under P.L. 105285.

The *Schools with Solar fund* accounts for the federal revenues and expenditures to provide solar energy education opportunities to school children. The creation of this fund was authorized by a grant agreement with the U.S. Department of Energy.

The *Title XIX Medicaid (Birth to Two) fund* accounts for the federal revenues and expenditures to provide services to developmentally disabled children between birth and two years old. The creation of this fund was authorized by Title XIX of the Social Security Act.

The *Workforce Investment Act fund* accounts for the federal revenues and expenditures for training to increase the attainment of basic skills, work readiness or occupational skills, including secondary diplomas or other credentials. The creation of this fund was authorized by Workforce Investment Act of 1998, Title I.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

The *Hubbard Foundation fund* accounts for the revenues and expenditures awarded by the Hubbard Foundation, a private foundation. The creation of this fund was authorized by the coordinating council.

The *Birth to Two Year fund* accounts for the state grant revenues and expenditures for the operation and maintenance of delivering services to developmentally disabled children between birth and two years old. The creation of this fund was authorized by the grant provisions.

The *DOH Healthier Schools fund* accounts for state revenues and expenditures for School Based Health Clinics in the Ruidoso and Hondo Valley school districts. Authority for the creation of the fund is the New Mexico Public Education Department's *Manual of Procedures for School Districts*.

D. Budgets

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

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Investments in the Cooperative's cash and certificates of deposit are stated at cost, which approximates fair value. All other investments are carried at fair market value using quoted market prices. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

2. Interfund Receivables and Payables

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

3. Prepaid Items

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

4. Interfund Activity

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

5. Capital Assets

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated cost. Contributed capital assets are recorded at estimated fair market value at the time received. Purchased computer software is recorded at historical cost. The Cooperative defines capital assets as assets with an initial, individual cost or donated value of more than \$5,000 and an estimated useful life in excess of one year.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	50
Vehicles	12
Computers and electronics	5-10
Equipment	5-10

6. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent consumption of resources of net assets that is applicable to future reporting periods that are reported in a separate section after assets in the statement of financial position.

Deferred inflows of resources represent acquisition of net assets by the Cooperative that is applicable to a future reporting period. The deferred inflows are reported in a separate section after liabilities in the statement of financial position.

7. Net Position

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

Investment in capital assets – This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

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

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

8. Fund Equity Reservation and Designations

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Fund Equity Reservation and Designations (continued)

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provision or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the coordinating council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the coordinating council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the Cooperative's "intent" to be used for specific purposes, but are neither restricted nor committed. The coordinating council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Cooperative's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

F. Other Matters

1. Presentation

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

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Other Matters (continued)

2. Use of Estimates

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

2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash

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

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

Cash Deposited With Financial Institutions

The Cooperative maintains cash in one financial institution within Ruidoso, New Mexico. The Cooperative's deposits are carried at cost.

As of June 30, 2015, the amount of cash reported on the financial statements differs from the amount on deposit with the financial institution because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	<u>Per Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
First Savings Bank	\$ 3,096,737	\$ (2,545,840)	\$ 550,897

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

2. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

Cash Deposited With Financial Institutions (continued)

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

Statement of Net Position:	
Cash	\$ 622,281
Bank overdraft	(71,384)
	<u>\$ 550,897</u>

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

	<u>First Savings Bank</u>
Total deposits in bank	\$ 3,096,737
Less FDIC coverage	(250,000)
Uninsured public funds	2,846,737
Less pledged collateral held by pledging bank's trust, but not in the cooperative's name	(2,185,495)
Uninsured and uncollateralized	\$ 661,242
Total pledged collateral	\$ 2,185,495
Less 50% pledged collateral requirement per state statute	(1,423,369)
Pledged collateral (under) over the requirement	\$ 762,126

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

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Cooperative does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$2,846,737 of the Cooperative's bank balance of \$3,096,737 was exposed to custodial credit risk as follows:

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

2. CASH AND INVESTMENTS (continued)

Cash Deposited With Financial Institutions (continued)

	First Savings Bank
Uninsured and collateral held by pledging bank's trust dept. or agent, not in the Cooperative's name.	<u>\$ 2,846,737</u>

3. RECEIVABLES, NET

Receivables, net of allowance for doubtful accounts, at June 30, 2015, consisted of the following:

Intergovernmental receivables: Operating grants	<u>\$ 3,889,666</u>
--	---------------------

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

4. CAPITAL ASSETS

Capital assets for the fiscal year ended June 30, 2015:

	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 20,494	\$ -	\$ -	\$ 20,494
Other capital assets, being depreciated:				
Buildings	217,195	-	-	217,195
Equipment	1,305,867	-	-	1,305,867
Total other capital assets, being depreciated	1,523,062	-	-	1,523,062
Less accumulated depreciation for:				
Buildings	(100,070)	(9,095)	-	(109,165)
Equipment	(1,119,522)	(57,841)	-	(1,177,363)
Total accumulated depreciation	(1,219,592)	(66,936)	-	(1,286,528)
Other capital assets, net	303,470	(66,936)	-	236,534
Total capital assets, net	\$ 323,964	\$ (66,936)	\$ -	\$ 257,028

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

4. CAPITAL ASSETS (continued)

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

Instruction	\$	2,878
Support services:		
Student		4,613
Instruction		47,994
Central services		1,027
Operation of plant		1,670
Student transportation		2,538
Operation services:		
Food		1,157
Community		5,059
		<u>\$ 66,936</u>

5. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Receivable Fund	Payable Fund	Amount
General Fund	State Directed Activities Fund	\$ 660,913
General Fund	English Language Acquisiton Fund	12,801
General Fund	Carl Perkins Secondary Fund	46,735
		<u>\$ 720,449</u>
Head Start Fund	English Language Acquisiton Fund	<u>\$ 818</u>

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

Transfers

	Transfers In:		
	General Fund	DOH Healthier Schools Fund	Total
Transfers (Out):			
General Fund	\$ -	\$ 24,600	\$ 24,600
Hubbard Foundation Fund	4,151	-	4,151
	<u>\$ 4,151</u>	<u>\$ 24,600</u>	<u>\$ 28,751</u>

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

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

6. RESTATEMENT OF NET POSITION AND FUND BALANCES

The Cooperative has implemented GASB 68, which has required a restatement of net position. Additionally, the Cooperative discovered an error in the beginning of year cash balance within the general fund. As a result, the following restatements have been made to the beginning equity:

	Government-Wide Governmental Activities	Individual Funds
Government-Wide Financial Statements: Implementation GASB 68	\$ (5,229,035)	
Major Funds: General Fund Cash was understated	55,687	\$ 55,687
Restatement	\$ (5,173,348)	\$ 55,687

7. RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD (continued)

General Information about the Pension Plan (continued)

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 a 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 a 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 1st 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 1st in the third full year of retirement.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD (continued)

General Information about the Pension Plan (continued)

Benefits provided (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 services, 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 Cooperative are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employer 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 Cooperative were \$332,672 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the Cooperative reported a liability of \$4,994,900 for its proportionate share of the net pension liability. The Cooperative's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the Cooperative's proportion was .08754 percent, which was an increase of \$51,480 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Cooperative recognized pension expense of \$332,517. At June 30, 2015, the Cooperative reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

7. RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD (continued)

General Information about the Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued) -

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 74,403
Changes of assumptions	-	38,212
Net difference between projected and actual earnings on pension plan investments	-	454,037
Cooperative contributions subsequent to the measurement date	332,672	-
Total	\$ 332,672	\$ 566,652

\$332,672 reported as deferred outflows of resources related to pensions resulting from the Cooperative contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 110,427
2017	123,695
2018	123,258
2019	118,465
2020	90,807
Thereafter	-

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

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

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

7. RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD (continued)

General Information about the Pension Plan (continued)

Actuarial assumptions (continued) -

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

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

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

Asset Class	2014 Long-Term Expected Real Rate of Return	2015 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

7. RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD (continued)

General Information about the Pension Plan (continued)

Actuarial assumptions (continued) -

Asset Class	2014	2015
	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount rate - A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plans 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 to the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Cooperative's proportionate share of the net pension liability	<u>\$ 6,795,987</u>	<u>\$ 4,994,790</u>	<u>\$ 3,490,204</u>

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD (continued)

General Information about the Pension Plan (continued)

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

8. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description

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

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

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

Funding Policy

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

**STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

8. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)

Funding Policy (continued)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4, 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute **2.5%** of each participating employee's annual salary; and each participating employee was required to contribute **1.25%** of their salary.

For employees that were not members of an enhanced retirement plan during the fiscal year ended **June 30, 2015**, the statutes required each participating employer to contribute **2.0%** of each participating employee's annual salary; each participating employee was required to contribute **1.0%** of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Cooperative's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$46,526, \$51,015 and \$47,299, respectively, which equal the required contributions for each year.

9. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2015, the Cooperative incurred expenditures over appropriations of the following amounts and funds:

Fund	Amount
Hubbard Foundation	\$ 4,151

The Cooperative will establish a procedure to ensure appropriate controls over the purchase process, including timely budget adjustments where required.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

10. RISK MANAGEMENT

The Cooperative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Cooperative to purchase insurance for the risks of losses to which it is exposed through the General Services Administration risk management insurance. The risk management insurance includes coverage for general liability, property, casualty, employee health and accident.

11. CONTINGENT LIABILITES

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

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds							
	English Language Acquisition Fund	IDEA-B Discretionary Fund	Carl Perkins Secondary Fund	Carl Perkins Secondary Redistribution Fund	Carl Perkins Fund	Head Start Fund	Schools with Solar Fund	Title XIX Medicaid (Birth to Two) Fund
<u>ASSETS</u>								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,441	\$ 51,804
Receivables, net	13,619	-	46,735	-	-	71,395	-	-
Due from other funds	-	-	-	-	-	818	-	-
Total assets	<u>\$ 13,619</u>	<u>\$ -</u>	<u>\$ 46,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,213</u>	<u>\$ 10,441</u>	<u>\$ 51,804</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
Liabilities:								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,384	\$ -	\$ -
Accounts payable	-	-	-	-	-	829	-	-
Due to other funds	13,619	-	46,735	-	-	-	-	-
Total liabilities	13,619	-	46,735	-	-	72,213	-	-
Deferred Inflows of Resources:								
Unavailable revenues	-	-	-	-	-	-	10,441	51,804
Fund Balances:								
Unassigned	-	-	-	-	-	-	-	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,619</u>	<u>\$ -</u>	<u>\$ 46,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,213</u>	<u>\$ 10,441</u>	<u>\$ 51,804</u>

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

**STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015**

	Workforce Investment Act Fund	Hubbard Foundation Fund	Birth to Two Year Fund	DOH Healthier Schools Fund	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>					
Cash	\$ -	\$ -	\$ 44,880	\$ -	\$ 107,125
Receivables, net	41,242	-	9,040	-	182,031
Due from other funds	-	-	-	-	818
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 41,242</u>	<u>\$ -</u>	<u>\$ 53,920</u>	<u>\$ -</u>	<u>\$ 289,974</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ 71,384
Accounts payable	1,537	-	-	-	2,366
Due to other funds	-	-	-	-	60,354
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,537	-	-	-	134,104
Deferred Inflows of Resources:					
Unavailable revenues	39,705	-	53,920	-	155,870
Fund Balances:					
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,242</u>	<u>\$ -</u>	<u>\$ 53,920</u>	<u>\$ -</u>	<u>\$ 289,974</u>

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds							
	English Language Acquisition Fund	IDEA-B Discretionary Fund	Carl Perkins Secondary Fund	Carl Perkins Secondary Redistribution Fund	Carl Perkins Fund	Head Start Fund	Schools with Solar Fund	Title XIX Medicaid (Birth to Two) Fund
Revenues:								
Intergovernmental:								
Federal	\$ 22,815	\$ 445,323	\$ 65,944	\$ 3,395	\$ 4,043	\$ 975,925	\$ 96,180	\$ 387,294
State	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>22,815</u>	<u>445,323</u>	<u>65,944</u>	<u>3,395</u>	<u>4,043</u>	<u>975,925</u>	<u>96,180</u>	<u>387,294</u>
Expenditures:								
Current:								
Instruction	22,367	-	62,804	-	-	421,969	-	-
Support services:								
Students	-	203,182	-	3,233	3,778	285,213	89,056	349,178
Instruction	-	242,141	-	-	-	10,035	-	-
General administration	448	-	3,140	162	265	167,962	7,124	28,688
Central services	-	-	-	-	-	-	-	9,428
Operation of plant	-	-	-	-	-	37,086	-	-
Student transportation	-	-	-	-	-	45,769	-	-
Operation services:								
Food	-	-	-	-	-	6,682	-	-
Community	-	-	-	-	-	1,209	-	-
Total expenditures	<u>22,815</u>	<u>445,323</u>	<u>65,944</u>	<u>3,395</u>	<u>4,043</u>	<u>975,925</u>	<u>96,180</u>	<u>387,294</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				Total Other Governmental Funds
	Workforce Investment Act Fund	Hubbard Foundation Fund	Birth to Two Year Fund	DOH Healthier Schools Fund	
Revenues:					
Intergovernmental:					
Federal	\$ 406,863	\$ -	\$ -	\$ -	\$ 2,407,782
State	-	-	40,694	116,496	157,190
Miscellaneous	-	4,151	-	-	4,151
Total revenues	406,863	4,151	40,694	116,496	2,569,123
Expenditures:					
Current:					
Instruction	-	-	-	-	507,140
Support services:					
Students	-	-	12,563	141,096	1,087,299
Instruction	-	-	-	-	252,176
General administration	24,496	-	28,131	-	260,416
Central services	38,818	-	-	-	48,246
Operation of plant	23,298	-	-	-	60,384
Student transportation	-	-	-	-	45,769
Operation services:					
Food	-	-	-	-	6,682
Community	320,251	-	-	-	321,460
Total expenditures	406,863	-	40,694	141,096	2,589,572
Excess (deficiency) of revenues over expenditures	-	4,151	-	(24,600)	(20,449)
Other Financing Sources (Uses):					
Transfers in	-	-	-	24,600	24,600
Transfers (out)	-	(4,151)	-	-	(4,151)
Total other financing sources and (uses)	-	-	-	24,600	20,449
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
ENGLISH LANGUAGE ACQUISITION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ 19,660	\$ 31,450	\$ 22,311	\$ 504	\$ 22,815	\$ (9,139)
Expenditures:						
Current:						
Instruction	19,275	30,833	22,367	-	22,367	8,466
Support services:						
General administration	385	617	448	-	448	169
Total expenditures	19,660	31,450	22,815	-	22,815	8,635
Net change	-	-	(504)	\$ 504	\$ -	(504)
Cash balance, beginning of year	-	-	-			-
Cash advanced from the general fund	-	-	504			504
Cash balance, end of year	\$ -	\$ -	\$ -			\$ -
Explanation of Differences:						
Change in receivables				\$ 504		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
IDEA-B DISCRETIONARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ -	\$ 531,500	\$ 672,187	\$ (226,864)	\$ 445,323	\$ 140,687
Expenditures:						
Current:						
Support services:						
Students	-	282,396	203,182	-	203,182	79,214
Instruction	-	249,104	242,141	-	242,141	6,963
Total expenditures	-	531,500	445,323	-	445,323	86,177
Net change	-	-	226,864	<u>\$ (226,864)</u>	<u>\$ -</u>	226,864
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(226,864)			(226,864)
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				\$ (221,903)		
Change in unearned revenues				<u>(4,961)</u>		
				<u>\$ (226,864)</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
CARL PERKINS SECONDARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ 48,401	\$ 67,059	\$ 67,467	\$ (1,523)	\$ 65,944	\$ 408
Expenditures:						
Current:						
Instruction	45,555	63,865	62,804	-	62,804	1,061
Support services:						
General administration	2,846	3,194	3,140	-	3,140	54
Total expenditures	48,401	67,059	65,944	-	65,944	1,115
Net change	-	-	1,523	<u>\$ (1,523)</u>	<u>\$ -</u>	1,523
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(1,523)			(1,523)
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				<u>\$ (1,523)</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
CARL PERKINS SECONDARY REDISTRIBUTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ 3,142	\$ 20,004	\$ 11,936	\$ (8,541)	\$ 3,395	\$ (8,068)
Expenditures:						
Current:						
Instruction	-	15,818	-	-	-	15,818
Support services:						
Students	2,993	3,233	3,233	-	3,233	-
General administration	149	953	162	-	162	791
Total expenditures	<u>3,142</u>	<u>20,004</u>	<u>3,395</u>	<u>-</u>	<u>3,395</u>	<u>16,609</u>
Net change	-	-	8,541	<u>\$ (8,541)</u>	<u>\$ -</u>	8,541
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(8,541)			(8,541)
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				<u>\$ (8,541)</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
CARL PERKINS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 16,800	\$ 4,043	\$ 269,783	\$ (265,740)	\$ 4,043	\$ 265,740
Expenditures:						
Current:						
Support services:						
Students	16,000	3,778	3,778	-	3,778	-
General administration	800	265	265	-	265	-
Total expenditures	<u>16,800</u>	<u>4,043</u>	<u>4,043</u>	<u>-</u>	<u>4,043</u>	<u>-</u>
Net change	-	-	265,740	<u>\$ (265,740)</u>	<u>\$ -</u>	265,740
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(265,740)			(265,740)
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				\$ (258,059)		
Change in unearned revenues				<u>(7,681)</u>		
				<u>\$ (265,740)</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
HEAD START FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 889,556	\$ 2,305,115	\$ 968,422	\$ 7,503	\$ 975,925	\$ (1,336,693)
Expenditures:						
Current:						
Instruction	405,942	605,786	421,969	-	421,969	183,817
Support services:						
Students	195,893	1,108,181	285,213	-	285,213	822,968
Instruction	57,224	40,579	10,035	-	10,035	30,544
General administration	152,210	298,269	167,962	-	167,962	130,307
Operation of plant	29,432	82,030	36,353	733	37,086	45,677
Student transportation	38,356	105,761	45,769	-	45,769	59,992
Operation services:						
Food	9,159	35,287	6,682	-	6,682	28,605
Community	1,340	1,388	1,209	-	1,209	179
Total expenditures	<u>889,556</u>	<u>2,277,281</u>	<u>975,192</u>	<u>733</u>	<u>975,925</u>	<u>1,302,089</u>
Net change	-	27,834	(6,770)	<u>\$ 6,770</u>	<u>\$ -</u>	(34,604)
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(64,614)			(64,614)
Cash balance, end of year	<u>\$ -</u>	<u>\$ 27,834</u>	<u>\$ (71,384)</u>			<u>\$ (99,218)</u>
Explanation of Differences:						
Change in receivables				\$ 6,685		
Change in accounts payable				(733)		
Change in unearned revenues				818		
				<u>\$ 6,770</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHOOLS WITH SOLAR FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 99,814	\$ 99,825	\$ 108,875	\$ (12,695)	\$ 96,180	\$ 9,050
Expenditures:						
Current:						
Support services:						
Students	99,814	100,525	89,056	-	89,056	11,469
General administration	-	8,096	7,124	-	7,124	972
Total expenditures	<u>99,814</u>	<u>108,621</u>	<u>96,180</u>	<u>-</u>	<u>96,180</u>	<u>12,441</u>
Net change	-	(8,796)	12,695	<u>\$ (12,695)</u>	<u>\$ -</u>	21,491
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	-	-	(2,254)			(2,254)
Cash balance, end of year	<u>\$ -</u>	<u>\$ (8,796)</u>	<u>\$ 10,441</u>			<u>\$ 19,237</u>
Explanation of Differences:						
Change in receivables				\$ (2,254)		
Change in unearned revenues				<u>(10,441)</u>		
				<u>\$ (12,695)</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
TITLE XIX MEDICAID (BIRTH TO TWO) FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 330,000	\$ 364,500	\$ 403,677	\$ (16,383)	\$ 387,294	\$ 39,177
Expenditures:						
Current:						
Support services:						
Students	309,395	367,343	349,178	-	349,178	18,165
General administration	15,715	23,051	28,688	-	28,688	(5,637)
Central services	4,890	9,527	9,428	-	9,428	99
Total expenditures	<u>330,000</u>	<u>399,921</u>	<u>387,294</u>	<u>-</u>	<u>387,294</u>	<u>12,627</u>
Net change	-	(35,421)	16,383	<u>\$ (16,383)</u>	<u>\$ -</u>	51,804
Cash balance, beginning of year	<u>35,421</u>	<u>35,421</u>	<u>35,421</u>			<u>-</u>
Cash balance, end of year	<u>\$ 35,421</u>	<u>\$ -</u>	<u>\$ 51,804</u>			<u>\$ 51,804</u>
Explanation of Differences:						
Change in unearned revenues				<u>\$ (16,383)</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
WORKFORCE INVESTMENT ACT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 446,000	\$ 490,497	\$ 425,794	\$ (18,931)	\$ 406,863	\$ (64,703)
Expenditures:						
Current:						
Support services:						
General administration	89,502	24,277	24,496	-	24,496	(219)
Central services	16,736	36,334	38,818	-	38,818	(2,484)
Operation of plant	5,000	27,456	24,705	(1,407)	23,298	2,751
Operation services:						
Community	<u>334,762</u>	<u>402,430</u>	<u>320,251</u>	<u>-</u>	<u>320,251</u>	<u>82,179</u>
Total expenditures	<u>446,000</u>	<u>490,497</u>	<u>408,270</u>	<u>(1,407)</u>	<u>406,863</u>	<u>82,227</u>
Net change	-	-	17,524	<u>\$ (17,524)</u>	<u>\$ -</u>	17,524
Cash balance, beginning of year	-	-	-			-
Cash repaid to the general fund	<u>-</u>	<u>-</u>	<u>(17,524)</u>			<u>(17,524)</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				\$ (20,468)		
Change in accounts payable				1,407		
Change in unearned revenues				<u>1,537</u>		
				<u>\$ (17,524)</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
HUBBARD FOUNDATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Miscellaneous	\$ -	\$ -	\$ -	\$ 4,151	\$ 4,151	\$ -
Expenditures:						
Current:						
Support services:						
Students	-	-	-	-	-	-
(Deficiency) of revenues over expenditures	-	-	-	4,151	4,151	-
Other Financing Sources (Uses):						
Transfers out	-	-	(4,151)	-	(4,151)	(4,151)
Net change	-	-	(4,151)	<u>\$ 4,151</u>	<u>\$ -</u>	(4,151)
Cash balance, beginning of year	<u>4,151</u>	<u>4,151</u>	<u>4,151</u>			-
Cash balance, end of year	<u><u>\$ 4,151</u></u>	<u><u>\$ 4,151</u></u>	<u><u>\$ -</u></u>			<u><u>\$ (4,151)</u></u>
Explanation of Differences:						
Change in unearned revenues				<u><u>\$ 4,151</u></u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
BIRTH TO TWO YEAR FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 40,694	\$ 51,850	\$ 70,718	\$ (30,024)	\$ 40,694	\$ 18,868
Expenditures:						
Current:						
Support services:						
Students	31,069	31,395	12,563	-	12,563	18,832
General administration	1,781	35,311	28,131	-	28,131	7,180
Total expenditures	<u>32,850</u>	<u>66,706</u>	<u>40,694</u>	<u>-</u>	<u>40,694</u>	<u>26,012</u>
Net change	7,844	(14,856)	30,024	<u>\$ (30,024)</u>	<u>\$ -</u>	44,880
Cash balance, beginning of year	<u>14,856</u>	<u>14,856</u>	<u>14,856</u>			<u>-</u>
Cash balance, end of year	<u>\$ 22,700</u>	<u>\$ -</u>	<u>\$ 44,880</u>			<u>\$ 44,880</u>
Explanation of Differences:						
Change in receivables				\$ 9,040		
Change in unearned revenues				<u>(39,064)</u>		
				<u>\$ (30,024)</u>		

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
DOH HEALTHIER SCHOOLS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental:						
State	\$ 77,250	\$ 124,687	\$ 100,086	\$ 16,410	\$ 116,496	\$ (24,601)
Expenditures:						
Current:						
Support services:						
Students	<u>77,250</u>	<u>147,454</u>	<u>141,494</u>	<u>(398)</u>	<u>141,096</u>	<u>5,960</u>
Excess (deficiency) of revenues over expenditures	-	(22,767)	(41,408)	16,012	(24,600)	(18,641)
Other Financing Sources (Uses):						
Transfers in	<u>-</u>	<u>-</u>	<u>24,600</u>	<u>-</u>	<u>24,600</u>	<u>24,600</u>
Net change	-	(22,767)	(16,808)	<u>\$ 16,012</u>	<u>\$ -</u>	5,959
Cash balance, beginning of year	22,768	22,768	26,958			-
Cash repaid to the general fund	<u>-</u>	<u>-</u>	<u>(5,960)</u>			<u>(5,960)</u>
Cash balance, end of year	<u>\$ 22,768</u>	<u>\$ 1</u>	<u>\$ 4,190</u>			<u>\$ (1)</u>
Explanation of Differences:						
Change in accounts payable				\$ 398		
Change in unearned revenues				<u>16,410</u>		
				<u>\$ 16,808</u>		

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
 SCHEDULE OF REGION IX EDUCATION COOPERATIVE'S
 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
 LAST TEN FISCAL YEARS *

	2015
Cooperative's proportionate of the net pension liability (asset)	.08754%
Cooperative's proportionate share of the net pension liability (asset)	\$ 4,994,790
Cooperative's covered-employee payroll	\$ 2,412,855
Cooperative's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	207.01%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

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

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
 SCHEDULE OF REGION IX EDUCATION COOPERATIVE'S CONTRIBUTIONS
 EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
 LAST TEN FISCAL YEARS *

	2015
Contractually required contribution	\$ 317,193
Contributions in relation to the contractually required contribution	317,193
Contribution deficiency (excess)	-
Cooperative's covered-employee payroll	\$ 2,412,855
Contributions as a percentage of covered-employee payroll	13.15%

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

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

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 not disclosure *General Information on the Pension Plan*.

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

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.75% to 0.50%
2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

See also the *Actuarial Assumptions* subsection of the financial statement not disclosure *General Information on the Pension Plan*.

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

OTHER SCHEDULES REQUIRED BY SECTION 2.2.2 NMAC

**STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 SCHEDULE OF CASH ACCOUNTS
 JUNE 30, 2015**

<u>Financial Institution/Account Description</u>	<u>Type of Account</u>	<u>Financial Institution Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
First Savings Bank 2713 Sudderth Drive Ruidoso, New Mexico 88345				
General Fund	Checking	\$ 3,077,281	\$ 2,455,000	\$ 622,281
Lincoln County Head Start Fund	Checking	<u>19,456</u>	<u>(90,840)</u>	<u>(71,384)</u>
Total checking accounts		<u><u>\$ 3,096,737</u></u>	<u><u>\$ 2,364,160</u></u>	<u><u>\$ 550,897</u></u>

**STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 SCHEDULE OF PLEDGED COLLATERAL
 JUNE 30, 2015**

First Savings Bank
 2713 Sudderth Drive
 Ruidoso, New Mexico 88345

Security	CUSIP	Maturity	Market Value
FHLMC 10 YR	31294MN72	04/01/22	\$ 148,956
FHLMC 10 YR	3128MDNT6	03/01/23	291,185
FNMA 10 YR	31418AVM7	07/01/23	475,709
FNMA 10 YR	31418AVM7	07/01/23	246,664
FNMA 15 YR	31417D5C3	12/01/27	461,403
FNMA 15 YR	3138EKJA4	01/01/28	115,222
FNR 2012-145 DC	3136AA2L8	01/25/28	100,675
GNR 2011-4 MD	38377TBL4	11/20/38	153,636
GNR 2011-4 MD	38377TBL4	11/20/38	38,409
GNR 2011-4 MD	38377TBL4	11/20/38	153,636
			\$ 2,185,495

The holder of the security pledged by First Savings Bank is the First Savings Bank 201 N. 3rd Street, Beresford, SD 57004.

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF CASH RECONCILIATIONS
ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

Fund	Cash 06/30/14	Restatement	Restated Cash 06/30/14	Revenues	Expenditures	Net Transfers In/Out	Interfund Advance/ Repayment	Cash 06/30/15
General	\$ (1,198,174)	\$ 55,687	\$ (1,142,487)	\$ 12,533,045	\$ (10,898,037)	\$ (20,449)	\$ (68,397)	\$ 403,675
State Directed Activities	-	-	-	720,573	(1,381,486)	-	660,913	-
Title XIX Medicaid (3 to 21)	78,934	-	78,934	200,925	(168,378)	-	-	111,481
English Language Acquisition	-	-	-	22,311	(22,815)	-	504	-
IDEA-B Discretionary	-	-	-	672,187	(445,323)	-	(226,864)	-
Carl Perkins Secondary	-	-	-	67,467	(65,944)	-	(1,523)	-
Carl Perkins Secondary Redist.	-	-	-	11,936	(3,395)	-	(8,541)	-
Carl Perkins	-	-	-	269,783	(4,043)	-	(265,740)	-
Head Start	-	-	-	968,422	(975,192)	-	(64,614)	(71,384)
Schools with Solar	-	-	-	108,875	(96,180)	-	(2,254)	10,441
Title XIX Medicaid (Birth to 2)	35,421	-	35,421	403,677	(387,294)	-	-	51,804
Workforce Investment Act	-	-	-	425,794	(408,270)	-	(17,524)	-
Hubbard Foundation	4,151	-	4,151	-	-	(4,151)	-	-
Birth to Two Year	14,856	-	14,856	70,718	(40,694)	-	-	44,880
DOH Healthier Schools	22,768	-	22,768	100,086	(141,494)	24,600	(5,960)	-
	<u>\$ (1,042,044)</u>	<u>\$ 55,687</u>	<u>\$ (986,357)</u>	<u>\$ 16,575,799</u>	<u>\$ (15,038,545)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,897</u>

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES FOR THE AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance 06/30/14	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/15
E-Rate Fund				
Assets:				
Cash	\$ 11,789	\$ -	\$ 11,789	\$ -
Liabilities:				
Deposits held for others	\$ 11,789	\$ -	\$ 11,789	\$ -
BPA Fund				
Assets:				
Cash	\$ 2,598	\$ -	\$ 2,598	\$ -
Liabilities:				
Deposits held for others	\$ 2,598	\$ -	\$ 2,598	\$ -
DECA Fund				
Assets:				
Cash	\$ 7,393	\$ -	\$ 7,393	\$ -
Liabilities:				
Deposits held for others	\$ 7,393	\$ -	\$ 7,393	\$ -
FCCLA Fund				
Assets:				
Cash	\$ 6,375	\$ -	\$ 6,375	\$ -
Liabilities:				
Deposits held for others	\$ 6,375	\$ -	\$ 6,375	\$ -
HOSA Fund				
Assets:				
Cash	\$ 5,593	\$ -	\$ 5,593	\$ -
Liabilities:				
Deposits held for others	\$ 5,593	\$ -	\$ 5,593	\$ -
Skills USA Fund				
Assets:				
Cash	\$ 10,186	\$ -	\$ 10,186	\$ -
Liabilities:				
Deposits held for others	\$ 10,186	\$ -	\$ 10,186	\$ -

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES FOR THE AGENCY FUNDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>06/30/14</u>	<u>Increases/</u> <u>Receipts</u>	<u>Decreases/</u> <u>Disbursements</u>	<u>Balance</u> <u>06/30/15</u>
TSA Fund				
Assets:				
Cash	<u>\$ 5,161</u>	<u>\$ -</u>	<u>\$ 5,161</u>	<u>\$ -</u>
Liabilities:				
Deposits held for others	<u>\$ 5,161</u>	<u>\$ -</u>	<u>\$ 5,161</u>	<u>\$ -</u>
Fall Conference Fund				
Assets:				
Cash	<u>\$ 1,972</u>	<u>\$ -</u>	<u>\$ 1,972</u>	<u>\$ -</u>
Liabilities:				
Deposits held for others	<u>\$ 1,972</u>	<u>\$ -</u>	<u>\$ 1,972</u>	<u>\$ -</u>

ADDITIONAL INFORMATION

**STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 SCHEDULE OF VENDOR INFORMATION
 FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
 FOR THE YEAR ENDED JUNE 30, 2015**

RFB#/ RFP#	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendor(s) 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 No) for Federal Funds Answer N/A	Brief Description of the Scope of Work
0003	RFP	Alvarez & Marshal Public Sector Services, Inc.	\$ 325,000	\$ 325,000	Alvarez & Marshal Public Sector Services, Inc. 555 13th Street NW Washington, DC 20004	Out-of-State	N/A	Prepare a report for NMPED/PSB to provide recommendations to align budgets with instructional changes for schools graded D & F and to ensure that funds are spent in accordance with student academic needs.
N/A	Bid	Buffalo Thunder, Inc.	\$ 134,605	\$ 134,605	Buffalo Thunder, Inc. 20 Buffalo Thunder Trail Santa Fe, NM 87506	In-State	N/A	Hotel and conference room accomdations.
N/A	Bid	Buffalo Thunder, Inc.	\$ 85,600	\$ 85,600	Buffalo Thunder, Inc. 20 Buffalo Thunder Trail Santa Fe, NM 87506	In-State	N/A	Hotel and conference room accomdations.
N/A	Sole Source	Center for Civic Values, Inc.	\$ 109,608	\$ 109,608	Center for Civic Values, Inc. 200 3rd St NW Albuquerque, NM 87102	In-State	N/A	Plan and implement the 2014-2015 NM High School Mock Trial Program.
N/A	Sole Source	CN Resource	\$ 127,100	\$ 127,100	CN Resource 1930 N. Arboleda Suite 101 Mesa, AZ 85213	Out-of-State	N/A	Perform validation and administrative reviews under the direction of the CSHWB's Student Nutrition Bureau.
N/A	Sole Source	College Board	\$ 351,484	\$ 351,484	College Board 45 Columbus Ave. New York, NY 10023	Out-of-State	N/A	PSAT Exams for 10th graders in NM schools.
N/A	Sole Source	College Board	\$ 259,600	\$ 259,600	College Board 45 Columbus Ave. New York, NY 10023	Out-of-State	N/A	Professional Development - Workshops and Materials for AP Teachers

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF VENDOR INFORMATION
FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2015**

RFB#/ RFP#	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendor(s) 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 No) for Federal Funds Answer N/A	Brief Description of the Scope of Work
N/A	Sole Source	College Board	\$ 111,612	\$ 111,612	College Board 45 Columbus Ave. New York, NY 10023	Out-of-State	N/A	Materials for Springboard Program
N/A	Sole Source	College Board	\$ 68,500	\$ 68,500	College Board 45 Columbus Ave. New York, NY 10023	Out-of-State	N/A	Professional Development - Workshops and Materials for AP Teachers.
N/A	Sole Source	Coop Consulting, Inc.	\$ 244,440	\$ 244,440	Coop Consulting, Inc. 2889 MA Trades West Santa Fe, NM 87507	In-State	N/A	Continue to facilitate a state-level planning process to enhance access in Early Childhood Investment Zone communities to a continuum of family support services, including a high- quality home visiting program.
N/A	Sole Source	Andrew L. Egel	\$ 100,611	\$ 100,611	Andrew L. Egel 6453 River Run Columbia, MD 21044	Out-of-State	N/A	Provide professional development in the area of Autism Spectrum Disorders for directors, principals, teachers and school staff.
N/A	Sole Source	Karen Haughness	\$ 99,389	\$ 99,389	Karen Haughness 925 White Oaks Ave. White Oaks, NM 88301	In-State	N/A	Provide professional development in the area of Autism Spectrum Disorders for directors, principals, teachers and school staff.
N/A	Bid	Hyatt Regency Albuquerque	\$ 67,500	\$ 67,500	Hyatt Regency 300 Tijeras Ave., NW Albuquerque, NM 87102	In-State	N/A	Hotel and conference accomdations.
N/A	Sole Source	NM Association for Infant Mental Health	\$ 70,000	\$ 70,000	NM Association for Infant Mental Health 630 Manzano St., Suite B, NE Albuquerque, NM 87110	In-State	N/A	Work collaboratively with CYFD to develop a cadre of Infant Mental Health Treatment professional, by providing Reflect Consultation Services.

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF VENDOR INFORMATION
FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2015**

RFB#/ RFP#	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendor(s) 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 No) for Federal Funds Answer N/A	Brief Description of the Scope of Work
N/A	IGA	New Mexico State University	\$ 90,000	\$ 90,000	NMSU 1780 E. University Ave. Las Cruces, NM 88003	In-State	N/A	Develop curriculum for CYFD early childhood education. Design a website for New Mexico Developmental Interaction and manage a blog.
N/A	Sole Source	Southern Regional Education Board	\$ 1,217,700	\$ 1,217,700	Southern Regional Education Board 592 10th St., NW Atlanta, GA 30318	Out-of-State	N/A	Provide, at the direction of NMPED, regional training support for school administrators and leaders on the teacher evaluation tools, domains and implementation.
N/A	Sole Source	Southern Regional Education Board	\$ 96,898	\$ 96,898	Southern Regional Education Board 592 10th St., NW Atlanta, GA 30318	Out-of-State	N/A	Provide professional services to support implementation of the High Schools-That-Work (HSTW) framework in the Schools supported by the CCR, under the direction of the NMPED.
1415-001	RFP	Top Echelon Contracting, Inc.	\$ 115,200	\$ 115,200	Top Echelon Contracting, Inc. Suite 200 Canton, OH 44718	Out-of-State	N/A	Physical Therapy services for SY14-15.
N/A	Sole Source	Voyager Sopris Learning	\$ 124,000	\$ 124,000	Voyager Sopris Learning 17855 N. Dallas Pkwy, Ste 400 Dallas, TX 75287	Out-of-State	N/A	LETRS materials for LETRS professional development.
N/A	Sole Source	Voyager Sopris Learning	\$ 78,000	\$ 78,000	Voyager Sopris Learning 17855 N. Dallas Pkwy, Ste 400 Dallas, TX 75287	Out-of-State	N/A	LETRS professional development for reading teachers in New Mexico.
N/A	Sole Source	Voyager Sopris Learning	\$ 75,000	\$ 75,000	Voyager Sopris Learning 17855 N. Dallas Pkwy, Ste 400 Dallas, TX 75287	Out-of-State	N/A	Early Childhood LETRS professional development for reading teachers in New Mexico.

**STATE OF NEW MEXICO
 REGION IX EDUCATION COOPERATIVE
 SCHEDULE OF VENDOR INFORMATION
 FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
 FOR THE YEAR ENDED JUNE 30, 2015**

RFB#/ RFP#	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendor(s) 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 No) for Federal Funds Answer N/A	Brief Description of the Scope of Work
N/A	Sole Source	Voyager Sopris Learning	\$ 66,281	\$ 66,281	Voyager Sopris Learning 17855 N. Dallas Pkwy, Ste 400 Dallas, TX 75287	Out-of-State	N/A	LETRS Materials for LETRS professional development.
N/A	Sole Source	Voyager Sopris Learning	\$ 65,000	\$ 65,000	Voyager Sopris Learning 17855 N. Dallas Pkwy, Ste 400 Dallas, TX 75287	Out-of-State	N/A	LETRS professional development for reading teachers in New Mexico.
0002	RFP	WestEd	\$ 235,283	\$ 235,283	WestEd 730 Harrison St San Francisco, CA 94107	Out-of-State	N/A	Enhancements and modifications to NMPED WebEPSS application.

SUPPLEMENTAL FEDERAL FINANCIAL INFORMATION

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Grant Number	Award Amount	Expenditures
U.S. Department of Labor				
Workforce Investment Act	17.259	CYP14/15-Region IX	\$ 490,000	\$ 406,863
U.S. Department of Education/Passed through NM Public Education Department				
Discretionary IDEA-B	84.027	PEDA5707GY14	531,500	445,323
Carl D. Perkins	84.048	13-924-00004	4,043	4,043
Carl D. Perkins Secondary	84.048	V048A140031	67,059	65,944
Carl D. Perkins Secondary Redistribution	84.048	V048A130031	20,004	3,395
English Language Acquisition	84.365	S365A130031	31,450	22,815
Total U.S. Department of Education				541,520
U.S. Department of Health and Human Services				
Abuse and Mental Health Issues	93.243	10SM60305A	99,814	96,180
Head Start	93.600	06CH7149/01	409,782	409,782
Head Start	93.600	06CH7149/02	894,391	566,143
Total U.S. Department of Health and Human Services				1,072,105
U.S. Department of Health and Human Services/ Passed through NM Human Services Department				
Medicaid	93.778	1750418281	364,500	387,294
Medicaid	93.778	1922195544	195,000	168,704
Total U.S. Department of Health and Human Services				555,998
Total Expenditures of Federal Awards				\$ 2,576,486

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

1. BASIS OF PRESENTATION

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

2. BASIS OF ACCOUNTING

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

3. FEDERAL EXPENDITURES

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

4. RECONCILIATION OF FINANCIAL STATEMENTS TO FEDERAL AWARDS

Federal expenditures on the schedule of expenditures of federal awards amount to \$2,576,486. The amount of expenditures within the funds is reflected within the financial statements as follows:

Special Revenue Funds		
IDEA-B Discretionary Fund	\$	445,323
Carl Perkins Fund		4,043
English Language Acquisition Fund		22,815
Carl Perkins Secondary Fund		65,944
Carl Perkins Secondary Redistribution Fund		3,395
Head Start Fund		975,925
Schools with Solar Fund		96,180
Title XIX Medicaid (Birth to Two) Fund		387,294
Title XIX Medicaid (3 to 21) Fund		168,704
Workforce Investment Act Fund		406,863
		\$ 2,576,486

ADDITIONAL INDEPENDENT AUDITORS' REPORTS

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

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 Auditors' Report

Timothy Keller, State Auditor
and
Coordinating Council
Region IX Education Cooperative
Ruidoso, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Region IX Education Cooperative (Cooperative), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Cooperative, presented as supplemental information, and have issued our report thereon dated September 21, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2012-002, 2013-001 and 2014-004.

The Cooperative's Responses to Findings

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

Purpose of this Report

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



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

September 21, 2015

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

Report on Compliance for Each Major Federal Program; Report
on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditors' Report

Timothy Keller, State Auditor
and
Coordinating Council
Region IX Education Cooperative
Ruidoso, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Region IX Education Cooperative's (Cooperative) compliance, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Cooperative's major federal programs for the year ended June 30, 2015. The Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cooperative's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Cooperative's compliance.

Opinion on Each Major Federal Program

In our opinion, the Cooperative complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended, June 30, 2015.

Report on Internal Control over Compliance

Management of the Cooperative is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cooperative's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

September 21, 2015

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified? Yes None reported
- Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified? Yes None reported

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

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

Program tested as major programs include:

Program	CFDA No.
Special Education - Grants to States (IDEA-B)	84.027
Medical Assistance Program	93.778

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

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINDINGS – FINANCIAL STATEMENTS

Item 2012-002 – Other Noncompliance – Cash Receipts

Statement of Condition – During the course of the audit, we performed tests of cash receipts. Our sample size was sixty deposits which contained eighty-three cash receipts received and recorded by the Cooperative, and contained the following discrepancies:

- From the sixty deposits tested we noted forty-four instances where a timely accounting entry was not entered into the accounting system reflecting the receipt of funds. The delay in entering the data into the accounting varied from a few days to several weeks. There were four instances where the receipts were recorded in the accounting system one month after the Cooperative received and deposited the funds.
- From the sixty deposits we noted six instances where the receipts were issued out of numerical sequence.

We performed another audit procedure testing the numerical issuance of receipts for an entire month. For the month selected for testing, the Cooperative issued forty-three receipts and we noted nine instances where the numerical receipts were issued out of sequence.

In the previous year's audit report, the REC responded to the audit finding by stating that a review of the New Mexico Manual of Procedures for Public School Accounting and Budgeting Supplement 8 - Public Fund Deposits and Investments would be reviewed and an effort would be made to adhere to the required procedures. The Cooperative has corrected the previously reported condition of not depositing monies received on a timely basis; however, the Cooperative continues to delay the recording of revenues received within the accounting records. The Cooperative has not improved the internal control procedure of issuing receipts in a sequential numerical sequence.

Criteria – Section 6.20.2.14A of the New Mexico Administrative Code states, “*School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular A-102, and applicable state and federal laws and regulations.*”

Effect – Not issuing a receipt for each cash transaction, at the time of the deposit, could allow unintentional or intentional errors to occur, and not be detected and fully reconciled, in a proper manner, or on a timely basis.

Cause – The Cooperative's finance department failed to record into the accounting system monies received within a timely manner.

Recommendation – We recommend the Cooperative's finance department review the accounting procedures concerning all money received and deposited. Furthermore, we recommend the Cooperative implement the necessary changes to their accounting procedures to ensure all money received is recorded in a timely manner.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2012-002 – Other Noncompliance – Cash Receipts (continued)

Views of Responsible Officials and Planned Corrective Actions – The responsibility of recording into the accounting system shifted this year. The knowledge of how revenues are received and flow was learned. Compliance of recording into the accounting system will continue to be improved upon and reviewed.

Item 2013-001 – Other Noncompliance – Per Diem and Mileage Act

Statement of Condition – During the course of the audit, we performed tests of travel and per diem expenditures for the purpose of determining compliance with State statutes and administrative rules along with REC established administrative procedures. Our sample size was sixty transactions, which were selected throughout the fiscal year, and contained the following discrepancies:

- There were two separate employee reimbursements in which the reimbursements were incorrectly calculated and the employees were unpaid a total of \$32.
- There was one instance where the travel request form was not signed by the REC Executive Director.

In the previous year's audit report, the Cooperative's response to the audit finding stated that major policies and procedures had been implemented along with compliance training, and learning to ensure compliance with the Per Diem and Mileage Act. The Cooperative continues to make improvements of implementing the changes to their policies and procedures concerning the Per Diem and Mileage Act; however, there are a few issues regarding the Cooperative's compliance that need to be resolved.

Criteria – The New Mexico Department of Finance and Administration (DFA) has issued regulations in the form of Title 2, Chapter 42, Part 2, *Travel and Per Diem Regulations Governing the Per Diem and Mileage Act* of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978.

Section 2.42.2.8C(3) of the Travel and Per Diem regulations states, “*On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed. Divide the number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:*

- a. *For less than 2 hours, none;*
- b. *For 2 hours, but less than 6 hours, \$12.00;*
- c. *For 6 hours or more, but less than 12 hours, \$20.00;*
- d. *For 12 hours or more, \$30.00.*

The REC has established administrative procedures requiring the executive director to review and approve all travel and per diem reimbursements. Evidence of such a review is indicated by the executive director signature on the reimbursement form.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2013-001 – Other Noncompliance – Per Diem and Mileage Act (continued)

Effect – Non-compliance with the state of New Mexico Travel and Per Diem Act subjects officials and employees to penalties as required by state statutes. Further, noncompliance with the REC administrative procedures could allow unauthorized payments to occur.

Cause – Although the REC staff worked diligently on implementing new travel and mileage forms and procedures, the staff made calculation errors when computing partial day reimbursements. The Executive Director is responsible for reviewing and approving many documents prepared by the staff. Apparently, the reimbursement lacking the proper signature was missed when other documents were reviewed.

Recommendation – We recommend the REC staff revisit the Per Diem and Mileage Act and the administrative code in particular the discussion on the partial day reimbursement to ensure compliance with the Act. We also recommend the staff ensure all reimbursement forms have been reviewed by the executive director and a signature is placed on each form.

Views of Responsible Officials and Planned Corrective Actions – We have an enormous amount of per diem processed through REC IX. Great improvements have happened from prior year; policies and procedures have been implemented and trainings held. Attention to compliance and detail will continue, we have fully trained staff in this area now.

Item 2014-004 – Other Noncompliance– Legal Compliance with Adopted Budget

Statement of Condition – During our testing of the Cooperative's statutory budgetary requirements, we noted the Cooperative transferred cash of \$4,151 from the Hubbard Foundation Fund without budgetary authority within the fund. We also noted the Cooperative's final budget within the general fund anticipated a year-end deficit cash balance of \$1,204,577, as budgeted revenues of \$12,806,934, and beginning cash deficit of \$1,198,174 were not sufficient to pay for the budgeted expenditures of \$12,813,337. The original budget within the general fund anticipated a year-end deficit cash balance of \$1,704,583.

In the prior year's audit report, a non-compliance issue regarding the expending of funds in excess of appropriations within two funds was reported. The Cooperative responded that the business manager is providing monthly budgetary reports to the executive director for her review. They also noted that the Cooperative is providing its department heads with quarterly budgetary reports in order that the staff is aware of the remaining amount of authorized spending authority. The Cooperative resolved the finding as previously reported; however, the finding has been modified to report two other matters regarding compliance with budgetary control.

Criteria – Sections 6-6-6 through 6-6-11 NMSA 1978 prohibit local governments from making expenditures without budgetary authority. Additionally, the local governments are not allowed to budget a deficit cash balance within any fund as reflected in the original and final budget within the General Fund. Anticipated ending cash cannot be less than zero.

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2014-004 – Other Noncompliance – Legal Compliance with Adopted Budget (continued)

Effect – Noncompliance with New Mexico state statutes subjects officials and employees to penalties and fines required by state statutes. State Statutes also make public officials liable for expenditures beyond budgetary authority.

Cause – The Cooperative closed the Hubbard Foundation fund during the fiscal year by transferring unrestricted used funds to the general fund. The accounting staff failed to prepare a budget for the transfer of the unused funds. In the general fund, the accounting staff failed to take into consideration the beginning cash balance when preparing the budget.

Recommendation – We recommend the accounting staff verifies proper budget authority has been established prior to transfers made between funds. Additionally, we recommend the accounting staff ensures anticipated end of year cash balances both on the original and final budgets are equal to or greater than zero.

Views of Responsible Officials and Planned Corrective Actions – The Hubbard funds had been stale funds for many years. The decision for those funds to be transferred to the general fund, in order to be best utilized, was determined to be the best direction. The submittal of the Cash Transfer Request was an unintended oversight and future transfers will allow protocol. The General Fund subsidizes reimbursable funds/IGAs hence creating the appearance of an overall negative balance. We operate under the assumption that reimbursement will be made per entered agreements and will continue to do so. Being an education cooperative, we do not receive SEG funding in order to maintain the appearance of a positive or zero cash balance. Because of the nature of education cooperative's business operations, this could very possibly always show as a finding.

SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS – SPECIAL EDUCATION – GRANTS TO STATES (IDEA-B) – CFDA NO. 84.027 AND MEDICAL ASSISTANCE PROGRAM – CFDA NO. 93.778

None.

SECTION IV – PRIOR YEAR'S AUDIT FINDINGS

Item 2012-002 – Cash Receipts – In the prior year's audit, it was noted that all monies received were not deposited timely and the receipts were not created and posted into the accounting software on a timely basis. During the current year, the Cooperative deposited all monies within twenty-four hours; however, the Cooperative did not timely record the deposits into the accounting software. The finding has not been resolved and is updated and repeated.

STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION IV – PRIOR YEAR’S AUDIT FINDINGS (continued)

Item 2013-001 – Per Diem and Mileage Act – In the prior year’s audit, it was noted that the Cooperative was not in compliance with the New Mexico Per Diem and Mileage Act. During the current year, the Cooperative continued to overhaul their policies and procedures in respect to the Per Diem and Mileage Act. However, there are still numerous issues concerning the Cooperative’s compliance with Per Diem and Mileage Act. The finding has not been resolved and is updated and repeated.

Item 2014-001 – IPA Recommendation Form & Audit Contract – In the prior year’s audit, it was noted that the Cooperative failed to submit the IPA recommendation form and audit contract, to the State Auditor’s office, by the required due date. During the current year, the Cooperative submitted the IPA recommendation form and audit contract by the required due date. The finding has been resolved.

Item 2014-002 – Board Minutes – In the prior year’s audit, it was noted that the Cooperative’s board minutes were vague and did not provide the necessary information to inform the reader of the substance of the items discussed. Further, the Cooperative failed to properly enter and exit a closed executive session. During the current year, the Cooperative provided additional information in their board minutes and properly entered and exited closed executive sessions. The finding has been resolved.

Item 2014-003 – Late Audit Report – In the prior year’s audit, it was noted that the audit report was not submitted by the required due date. During the current year, the Cooperative worked with their auditing firm to ensure that the audit report was submitted timely. The finding has been resolved.

Item 2014-004 – Legal Compliance with Adopted Budget – In the prior year’s audit, it was noted that the Cooperative exceeded their respective approved budgets within two funds. During the current year, the Cooperative transferred funds without budgetary authority and budgeted a deficit cash balance within the general fund. The finding has not been resolved and is updated and repeated.

**STATE OF NEW MEXICO
REGION IX EDUCATION COOPERATIVE
EXIT CONFERENCE AND
PREPARATION OF FINANCIAL STATEMENTS
JUNE 30, 2015**

EXIT CONFERENCE

The audit report for the fiscal year ended June 30, 2015, was discussed during the exit conference held on September 30, 2015. Present for the Cooperative was Travis Lightfoot, chairman, Sean Wootton, executive director and Carmen Spann, business manager. Present for the auditing firm was Ed Fierro, CPA.

FINANCIAL STATEMENT PREPARATION

The business manager and the accounting staff prepared the financial statements of Region IX Education Cooperative for the fiscal year ended June 30, 2015. The auditing firm assisted in the preparation of the footnotes to the statements, along with preparing the document that contains all the financial statements, notes to the financial statements and other supplemental financial information.