

STATE OF NEW MEXICO
BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
ANNUAL FINANCIAL REPORT
JUNE 30, 2008

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Official Roster
June 30, 2008

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
Jamie Goldberg		President
Sam Chavez		Vice President
Delores Lola Quintana		Secretary
Adrian Pino		Member
Julian Luna		Member
	<u>School Officials</u>	
Dr. Patricia Rael		Superintendent
Art Castillo		Deputy Superintendent

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Education
Belen Consolidated School District No. 2
Belen, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison for the general fund and the aggregate remaining fund information of Belen Consolidated School District No. 2 (District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons for the bond building fund, the capital improvements SB-9 fund, debt service fund, proprietary fund and the nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

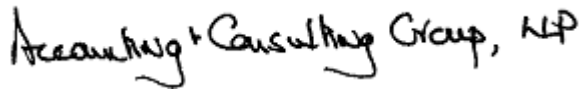
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Belen Consolidated School District No. 2, as of June 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the bond building fund, the capital improvements SB-9 fund, debt service fund, proprietary fund, and the nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2008 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 10 through 15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as supporting Schedules I through IV in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Belen Consolidated School District No. 2. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and each of the nonmajor governmental funds financial statements, and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements and the nonmajor governmental funds financial statements, taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.



Accounting & Consulting Group, LLP
Albuquerque, NM
October 30, 2008

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Management Discussion & Analysis
June 30, 2008

This Management Discussion and Analysis of the fiscal performance of the Belen Consolidated School District No. 2 for the period ending June 30, 2008 represents the school district's fourth year of implementation of the Government Accounting Standards Board Statement No. 34 (GASB 34).

Introduction

The discussion and analysis of the Belen Consolidated School District's financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the school district's financial performance as a whole. Furthermore, readers of the discussion and analysis should also review the basic financial statements and notes to enhance their understanding of the school district's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- The school district has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- The school district's net assets increased from \$43,202,587 for the year ending June 30, 2007 to \$45,970,474 for the year ended June 30, 2008. This represents an increase of 6%, or \$2,767,887. The increase in net assets reflects an improvement in school district's financial position. The cause of this change is the result of many factors, which are outlined in different sections of this Management Discussion and Analysis.
- General Fund revenues increased from \$34,367,874 for the year ended June 30, 2007 to \$36,440,580 for the fiscal year ended June 30, 2008, an increase of 6% or \$2,072,706. The most significant reason for the increase is due to increased funds from state grants.
- Total actual general fund revenues and other financing sources exceeded total expenditures and other financing uses by \$565,392.

Using the Basic Financial Statements

The annual report consists of a series of detailed, audited financial statements, and notes to those statements. The information includes the Independent Auditors' Report, the Report on Compliance on Internal Control (Government Accounting Standards), the Report on Compliance with Requirements Applicable in each Major Program (OMB A-133), and a Schedule of Findings and Questioned Costs. Additionally, the report includes a Management Discussion and Analysis, a Statement of Net Assets, and a Statement of Activities. All of these statements are organized so the reader can gain a better understanding of the school district's overall financial performance.

The Management Discussion and Analysis, the Statement of Net Assets, and the Statement of Activities provide a review of the school district's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2008. These statements provide both an aggregate view of the school district's finances and a longer-term view of those finances.

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Management Discussion & Analysis
June 30, 2008

The individual fund financial statements are the next level of detail; they are reported on a modified accrual basis of accounting. For governmental funds, these statements show how services were financed in the short-term, as well as, what remains for future spending. The statements also show the most significant funds with all other non-major funds presented in total. The most significant fund in the school district is the General Fund.

The Management Discussion and Analysis will focus on the financial performance of the school district as a whole, rather than looking at specific areas of performance within individual funds.

District Wide Financial Statements

Statement of Net Assets

The Statement of Net Assets is a relatively new financial statement to the Belen Consolidated School District No. 2 annual report. The statement is required by GASB 34 and is prepared using the accrual basis of accounting. The statement reports all of the funds used by the school district to provide programs and activities during the fiscal year ended June 30, 2008. The statement is provided at Exhibit A-1.

The statement is divided into two types of activities (1) Governmental Activities and (2) Business-Type Activities. The Governmental Activities include the majority of the school district's programs and services. These services include instruction, instructional support, support services, operation and maintenance of plant, pupil transportation, and extra curricular activities. The Business-Type Activities include services that are on a charge for goods or services basis. The Food Services enterprise fund is reported as a business activity.

The statement shows that the school district's total assets in the governmental activities increased from \$63,944,344 for the year ended June 30, 2007 to \$72,228,210, for the year ended June 30, 2008. This represents an increase of 13%, or \$8,283,866. The increase in total assets is accounted for in the next several paragraphs.

The district's current assets increased from \$11,329,144 for the year ended June 30, 2007 to \$15,418,811 for the year ended June 30, 2008. This represents an increase of 36%, or \$4,089,667. The increase in current assets is primarily due to an increase in the amount of cash and cash equivalents and investments the district had at the end of the year because of budgeted spending and district oversight.

Additionally, the district's non-current assets increased from \$52,615,200 for the year ended June 30, 2007 to \$56,809,399 for the year ended June 30, 2008. This represents a increase of 8%, or \$4,194,199.

The statement also reports the district's total liabilities increased from \$20,741,757 for the year ended June 30, 2007 to \$26,257,736 for the year ended June 30, 2008. This represents an increase of 27%, or \$5,515,979. The increase in total liabilities is accounted for in the next several sentences. The districts current liabilities decreased from \$3,893,131 for the year ended June 30, 2007 to \$3,685,381 for the year ended June 30, 2008. This represents a decrease of 5%, or \$207,750. Non-current liabilities increased from \$16,848,626 for the year ended June 30, 2007 to \$22,572,355. This represents a increase of 34%, or \$5,223,729. The largest single non-current liability is outstanding general obligation bonds (\$21,950,000), which increased \$5,675,000.

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Management Discussion & Analysis
 June 30, 2008

BELEN CONSOLIDATED SCHOOL DISTRICT No. 2 NET ASSETS
June 30, 2008

	District Activities	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 18,360,457	\$ 11,670,232
Capital assets	<u>53,124,038</u>	<u>52,274,112</u>
Total assets	<u>\$ 72,228,210</u>	<u>\$ 63,944,344</u>
Long-term liabilities outstanding	\$ 22,572,355	\$ 16,848,626
Other liabilities	<u>3,666,615</u>	<u>3,893,131</u>
Total liabilities	<u>26,257,736</u>	<u>20,741,757</u>
Net assets:		
Invested in capital assets, net of related debt	36,849,038	33,574,112
Restricted	7,018,658	8,098,868
Unrestricted	<u>1,377,829</u>	<u>1,529,607</u>
Total net assets	<u>\$ 45,970,474</u>	<u>\$ 43,202,587</u>

Statement of Activities

The Statement of Activities is also a relatively new financial statement to the Belen Consolidated School District No. 2 annual report. The statement is required by GASB 34 and is prepared using the accrual basis of accounting. The report compliments the Statement of Net Assets by showing the overall change in the school district's net assets during the fiscal year ended June 30, 2008. The statement is provided as Exhibit A-2. The primary differences in the two statements is that the Statement of Net Assets provides a balance sheet view of the school district, and the Statement of Activities provides a revenue and expense view of the school district.

The reader of the financial statements will notice that several of the lines on the Statement of Activities indicate a deficiency of revenues compared to expenses. This deficiency is primarily due to the presentation of the statement not including property tax revenues and the state equalization guarantee.

The statement shows that the school district's total net assets increased from \$43,202,587 for the year ended June 30, 2007 to \$45,970,474 for the year ended June 30, 2008. This represents an increase of 6%, or \$2,767,887. The increase in net assets reflects an improvement in school district's financial position. The cause of this change is the result of many factors, which are outlined in different sections of this Management Discussion and Analysis.

This section contains a condensed comparison of revenues and expenditures and explanations for significant differences. The table shows the summarized revenues and expenditures for the year ended June 30, 2008 and June 30, 2007.

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Management Discussion & Analysis
 June 30, 2008

	<u>District Activities</u>	
	<u>2008</u>	<u>2007</u>
Program revenues:		
Charges for services	\$ 454,221	\$ 429,776
Operating grants and contributions	10,935,309	9,637,041
Capital grants and contributions	1,607,898	1,285,518
General revenues:		
Property taxes	4,499,366	3,717,838
State equalization guarantee	32,124,056	30,955,700
Miscellaneous revenue	447,171	57,855
Interest and investment earnings	<u>622,674</u>	<u>273,464</u>
Total revenues	<u>50,690,695</u>	<u>46,357,192</u>
 Program expenses:		
Education	45,627,971	43,203,792
Business-type: Student nutrition	<u>2,294,837</u>	<u>2,301,476</u>
Total expenses	<u>47,922,808</u>	<u>45,505,268</u>
 Increase in net assets	 <u>\$ 2,767,887</u>	 <u>\$ 851,924</u>

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the school district's major funds. The school district uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the school district's most significant funds. The school district's only major governmental funds are the General, Bond Building, Capital Improvement SB-9 and Debt Service funds.

Governmental Funds

Most of the school district's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at the fiscal year end for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the school district's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as the business-type activities. However, with the implementation of GASB 34, Food Services is classified as an Enterprise Fund.

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Management Discussion & Analysis
June 30, 2008

Governmental Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

Business-Type Activity

The only business-type activity of the school district is the student nutrition operation. This program had a decrease in operating and non-operating revenues from \$2,527,270 for the year ended June 30, 2007 to \$2,109,638 for the year ended June 30, 2008. The decrease is 17%, or \$417,632. The decrease in revenues is primarily the result decreased grants revenue.

Total operating expenses decreased for this program from \$2,301,476 for the year ended June 30, 2007 to \$2,294,837 for the year ended June 30, 2008. The decrease represents a decrease of 0.3%, or \$6,639. The decrease is primarily attributed to a decrease in the amount of food costs purchased during the year.

The food services operation remains self-operating without assistance from the General Fund.

The School District's Governmental Funds

The school district's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds' revenues and other financing sources increased from \$44,823,313 for the year ended June 30, 2007 to \$55,980,233 for the year ended June 30, 2008. The increase represents an overall change of 25%, or \$11,156,920. The increase is the result of issuance of new bonds in the amount of \$8,000,000, and an increase in state equalization guarantee and transportation distribution revenue compared to the prior year.

Additionally, the total governmental funds' expenditures and other financing uses increased from \$43,824,931 for the year ended June 30, 2007 to \$48,948,479 for the year ended June 30, 2008. This represents an overall increase of 12%, or \$5,123,548. The increase is the result increased debt service payments and operation and maintenance of plant expenditures compared to the prior year. In addition, two (2) Bond Building projects were completed during the year.

The net change in fund balance for the year was an increase of \$7,031,754. The increase is primarily the result of revenue exceeding debt service and capital outlay expenditures during the fiscal year.

General Fund Budgeting Highlights

The school district's budget is prepared according to New Mexico law and State Public Education Department regulations. Additionally, it is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the school district amended its General Fund budget as needed. The school district uses a site-based budget, which is tightly controlled, but provides flexibility for site management. The only significant change in the general fund was an increase in support services expenditures.

For the General Fund, final actual revenues exceeded expenditures and other financing uses by \$565,392.

The increase was due to increased state equalization guarantee and transportation distribution revenue and a cut in expenditures in comparison to the increases of revenue from the previous year.

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Management Discussion & Analysis
June 30, 2008

Capital Assets and Debt Administration

Capital Assets

The school district has \$88,951,449 invested in capital assets with corresponding accumulated depreciation of \$35,808,726 for the year ended June 30, 2008. The capital assets decreased by 0.1%, or \$111,442, from the fiscal year ended June 30, 2007 amount of \$89,062,891. The decrease was the result of the deletion of several school buses.

Debt

The school district had outstanding bonds payable of \$24,275,000 at June 30, 2008. The district had an A3 bond rating for the fiscal year ended June 30, 2007. The school district issued \$8,000,000 in G.O. School Building Bonds for improvement school facilities and building improvements and made principal payments of \$2,425,000 on existing debt during the year. The school district has never defaulted on any of its debt or other obligations.

Future Events

The District knows of no facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations in the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the school district's finances and to reflect the school district's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

Art Castillo
Finance Director
Belen Consolidated School District No. 2
520 North Main Street
Belen, NM 87002
Phone: (505) 966-1000
Fax: (505) 966-1060

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Statement of Net Assets
 June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 11,333,640	\$ 643,197	\$ 11,976,837
Property taxes receivable	1,208,377	-	1,208,377
Due from other governments	1,300,250	-	1,300,250
Other receivables	739,699	-	739,699
Inventory	111,815	81,833	193,648
	<u>14,693,781</u>	<u>725,030</u>	<u>15,418,811</u>
Total current assets			
Noncurrent assets			
Restricted cash and cash equivalents	3,550,255	-	3,550,255
Bond discounts, net of amortization of \$14,217	39,736	-	39,736
Bond issuance costs, net of amortization of \$11,752	76,685	-	76,685
Capital assets	88,920,961	30,488	88,951,449
Less: accumulated depreciation	<u>(35,796,923)</u>	<u>(11,803)</u>	<u>(35,808,726)</u>
	<u>56,790,714</u>	<u>18,685</u>	<u>56,809,399</u>
Total noncurrent assets			
Total assets	<u>\$ 71,484,495</u>	<u>\$ 743,715</u>	<u>\$ 72,228,210</u>

The accompanying notes are an integral part of these financial statements

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 695,282	\$ 4,044	\$ 699,326
Accrued compensated absences	-	14,722	14,722
Accrued interest	433,949	-	433,949
Deferred revenue	212,384	-	212,384
Current portion of bonds payable	2,325,000	-	2,325,000
	<u>3,666,615</u>	<u>18,766</u>	<u>3,685,381</u>
Total current liabilities			
Noncurrent liabilities			
Bond premiums, net of amortization of \$35,910	100,365	-	100,365
Bonds payable	21,950,000	-	21,950,000
Accrued compensated absences	521,990	-	521,990
	<u>22,572,355</u>	<u>-</u>	<u>22,572,355</u>
Total noncurrent liabilities			
Total liabilities	<u>26,238,970</u>	<u>18,766</u>	<u>26,257,736</u>
Net assets			
Invested in capital assets, net of related debt	36,849,038	18,685	36,867,723
Restricted for:			
Special revenue	554,361	-	554,361
Debt service	4,034,871	-	4,034,871
Capital projects	2,429,426	-	2,429,426
Unrestricted	1,377,829	706,264	2,084,093
	<u>45,245,525</u>	<u>724,949</u>	<u>45,970,474</u>
Total net assets	<u>\$ 45,245,525</u>	<u>\$ 724,949</u>	<u>\$ 45,970,474</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Statement of Activities
 For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental Activities:			
Education:			
Instruction	\$ 26,073,280	\$ 49,362	\$ 3,699,599
Support services	8,921,298	-	901,237
Central services	1,577,029	25,995	74,946
Operation & maintenance of plant	5,896,174	-	1,229,660
Student transportation	2,098,899	-	2,835,378
Community services operations	84,851	-	84,851
Interest on long-term debt	969,738	-	-
Amortization	6,702	-	-
Total governmental activities	45,627,971	75,357	8,825,671
Business-type Activities:			
Student nutrition	2,294,837	378,864	2,109,638
Total school district	<u>\$ 47,922,808</u>	<u>\$ 454,221</u>	<u>\$ 10,935,309</u>
General Revenues:			
Taxes			
Property taxes, levied for operating programs			
Property taxes, levied for debt services			
Property taxes, levied for capital projects			
State equalization guarantee			
Interest and investment earnings			
Miscellaneous			
Loss on disposal on capital assets			
Special Item (Insurance Recovery)			
Subtotal, general revenues			
Changes in net assets			
Net assets, beginning			
Net assets, ending			

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets			
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ 255,228	\$ (22,069,091)	\$ -	\$ (22,069,091)
7,826	(8,012,235)	-	(8,012,235)
35,182	(1,440,906)	-	(1,440,906)
1,309,662	(3,356,852)	-	(3,356,852)
-	736,479	-	736,479
-	-	-	-
-	(969,738)	-	(969,738)
-	(6,702)	-	(6,702)
<u>1,607,898</u>	<u>(35,119,045)</u>	<u>-</u>	<u>(35,119,045)</u>
-	-	193,665	193,665
<u>\$ 1,607,898</u>	<u>(35,119,045)</u>	<u>193,665</u>	<u>(34,925,380)</u>
	143,718	-	143,718
	3,461,431	-	3,461,431
	894,217	-	894,217
	32,124,056	-	32,124,056
	617,541	5,133	622,674
	61,419	-	61,419
	(344,087)	-	(344,087)
	<u>729,839</u>	<u>-</u>	<u>729,839</u>
	<u>37,688,134</u>	<u>5,133</u>	<u>37,693,267</u>
	2,569,089	198,798	2,767,887
	<u>42,676,436</u>	<u>526,151</u>	<u>43,202,587</u>
	<u>\$ 45,245,525</u>	<u>\$ 724,949</u>	<u>\$ 45,970,474</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Balance Sheet
 Governmental Funds
 June 30, 2008

	General Fund	Bond Building Fund	Capital Improvements SB-9
<i>Assets</i>			
Cash and cash equivalents	\$ 1,035,834	\$ 8,505,587	\$ 1,190,136
Property taxes receivable	46,782	-	236,328
Due from other governments	-	-	-
Other receivables	9,860	729,839	-
Inventory	111,815	-	-
Due from other funds	1,108,989	-	-
	<u>\$ 2,313,280</u>	<u>\$ 9,235,426</u>	<u>\$ 1,426,464</u>
<i>Total assets</i>			
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 326,442	\$ 244,846	\$ 7,694
Deferred revenue	41,981	-	205,583
Due to other funds	-	-	-
	<u>368,423</u>	<u>244,846</u>	<u>213,277</u>
<i>Total liabilities</i>			
<i>Fund balances</i>			
Reserved for:			
Inventory	111,815	-	-
Designated for subsequent year	766,401	8,029,391	1,068,115
Unreserved			
Unreserved, reported in			
General fund	1,066,641	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	961,189	145,072
	<u>1,944,857</u>	<u>8,990,580</u>	<u>1,213,187</u>
<i>Total fund balances</i>			
<i>Total liabilities and fund balances</i>	<u>\$ 2,313,280</u>	<u>\$ 9,235,426</u>	<u>\$ 1,426,464</u>

The accompanying notes are an integral part of these financial statements

Debt Service Fund	Other Governmental Funds	Total
\$ 3,550,255	\$ 602,083	\$ 14,883,895
925,267	-	1,208,377
-	1,300,250	1,300,250
-	-	739,699
-	-	111,815
-	-	1,108,989
<u>\$ 4,475,522</u>	<u>\$ 1,902,333</u>	<u>\$ 19,353,025</u>
\$ -	\$ 116,300	\$ 695,282
805,904	212,384	1,265,852
-	1,108,989	1,108,989
<u>805,904</u>	<u>1,437,673</u>	<u>3,070,123</u>
-	-	111,815
32,675	282,063	10,178,645
-	-	1,066,641
-	214,153	214,153
3,636,943	-	3,636,943
-	(31,556)	1,074,705
<u>3,669,618</u>	<u>464,660</u>	<u>16,282,902</u>
<u>\$ 4,475,522</u>	<u>\$ 1,902,333</u>	<u>\$ 19,353,025</u>

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STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Governmental Funds
 Reconciliation of the Balance Sheet to the Statement of Net Assets
 June 30, 2008

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

Fund balances - total governmental funds	\$	16,282,902
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		53,124,038
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities		1,053,468
Bond discounts		39,736
Bond issuance costs		76,685
Bond premiums		(100,365)
Accrued interest		(433,949)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(24,796,990)</u>
Total net assets - governmental funds	\$	<u><u>45,245,525</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2008

	General Fund	Bond Building Fund	Capital Improvements SB- 9
<i>Revenues</i>			
Property taxes	\$ 122,249	\$ -	\$ 782,464
Federal flowthrough	64,973	-	-
Federal direct	11,995	-	-
Local grants	-	-	-
State flowthrough	1,017,797	-	442,662
State direct	32,124,056	-	-
Combined state/local	-	-	-
Transportation distribution	2,835,378	-	-
Charges for services	49,362	-	-
Investment income	153,351	340,079	37,873
Miscellaneous	61,419	-	-
<i>Total revenues</i>	<u>36,440,580</u>	<u>340,079</u>	<u>1,262,999</u>
<i>Expenditures</i>			
Current			
Instruction	19,812,770	-	-
Support services	7,921,008	-	7,826
Central services	1,460,310	-	35,182
Operation and maintenance of plant	4,529,883	478,946	716,254
Student transportation	2,071,692	-	-
Community services operations	79,525	-	-
Capital outlay	-	2,100,032	502,824
Debt service			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	51,632	-
<i>Total expenditures</i>	<u>35,875,188</u>	<u>2,630,610</u>	<u>1,262,086</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>565,392</u>	<u>(2,290,531)</u>	<u>913</u>
<i>Other financing sources (uses)</i>			
Bond proceeds	-	8,000,000	-
Extraordinary items (Insurance recovery)	-	729,839	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>8,729,839</u>	<u>-</u>
<i>Net change in fund balances</i>	565,392	6,439,308	913
<i>Fund balances - beginning</i>	<u>1,379,465</u>	<u>2,551,272</u>	<u>1,212,274</u>
<i>Fund balances - ending</i>	<u>\$ 1,944,857</u>	<u>\$ 8,990,580</u>	<u>\$ 1,213,187</u>

The accompanying notes are an integral part of these financial statements

Debt Service Fund	Other Governmental Funds	Total
\$ 3,033,739	\$ -	\$ 3,938,452
-	3,983,960	4,048,933
-	17,000	28,995
-	5,600	5,600
-	1,803,211	3,263,670
-	90,993	32,215,049
-	160,000	160,000
-	-	2,835,378
-	25,995	75,357
83,599	2,639	617,541
-	-	61,419
<u>3,117,338</u>	<u>6,089,398</u>	<u>47,250,394</u>
-	3,784,450	23,597,220
30,337	901,237	8,860,408
-	74,946	1,570,438
-	154,456	5,879,539
-	21,516	2,093,208
-	5,326	84,851
-	1,112,755	3,715,611
2,425,000	-	2,425,000
670,572	-	670,572
-	-	51,632
<u>3,125,909</u>	<u>6,054,686</u>	<u>48,948,479</u>
<u>(8,571)</u>	<u>34,712</u>	<u>(1,698,085)</u>
-	-	8,000,000
-	-	729,839
-	-	8,729,839
(8,571)	34,712	7,031,754
<u>3,678,189</u>	<u>429,948</u>	<u>9,251,148</u>
<u>\$ 3,669,618</u>	<u>\$ 464,660</u>	<u>\$ 16,282,902</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 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, 2008

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

Net change in fund balances - total governmental funds	\$	7,031,754
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Governmental funds report capital outlays as expenditures. However in
 the statement of activities, the cost of those assets is allocated over their
 estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		3,715,611
Depreciation expense		(2,499,927)
Loss on disposal of capital assets		(344,087)

Revenues in the statement of activities that do not provide current financial
 resources are not reported as revenue in the funds:

Property taxes		560,914
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
 resources to governmental funds, while the repayment of the principal of long-term
 debt consumes the current financial resources of governmental funds. Neither
 transaction, however, has any effect on net assets. Also, governmental funds
 report the effect of issuance costs, premiums, discounts, and similar items when
 debt is first issued, whereas these amounts are deferred and amortized in the
 statement of activities:

Amortization of bond issuance costs		(6,702)
Amortization of bond discounts and premiums		10,397
Bond issuance costs capitalized		51,632
Increase in the reserve for compensated absences		(65,940)
Increase in accrued interest		(309,563)
Bond proceeds		(8,000,000)
Principal payments on bonds		2,425,000

Change in net assets of governmental activities	\$	<u>2,569,089</u>
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STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 General Fund

Exhibit C-1

Statement of Revenue, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 123,341	\$ 123,341	\$ 123,073	\$ (268)
Federal flowthrough	42,358	42,358	64,973	22,615
Federal direct	14,000	14,000	11,995	(2,005)
Local grants	-	-	-	-
State flowthrough	553,307	688,177	1,072,562	384,385
State direct	31,768,198	32,124,735	32,124,056	(679)
Combined state/local	-	-	-	-
Transportation distribution	1,774,246	2,835,378	2,835,378	-
Charges for services	21,000	21,000	49,362	28,362
Investment income	100,000	100,000	153,351	53,351
Miscellaneous	(2)	38,685	61,419	22,734
<i>Total revenues</i>	34,396,448	35,987,674	36,496,169	508,495
<i>Expenditures</i>				
<i>Current</i>				
Instruction	21,630,750	19,961,742	19,825,841	135,901
Support services	6,644,649	8,404,841	8,011,893	392,948
Central services	1,392,243	1,725,927	1,465,739	260,188
Operation and maintenance of plant	4,440,983	4,554,247	4,320,554	233,693
Student transportation	1,866,283	3,025,142	2,989,903	35,239
Food services operations	-	-	-	-
Community services operations	120,300	120,300	78,554	41,746
Facilities acquisition and construction	-	-	-	-
<i>Debt service</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	36,095,208	37,792,199	36,692,484	1,099,715
<i>Excess (deficiency) of revenues over expenditures</i>	(1,698,760)	(1,804,525)	(196,315)	1,608,210
<i>Other financing sources (uses)</i>				
Designated cash	1,698,760	1,804,525	-	(1,804,525)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	1,698,760	1,804,525	-	(1,804,525)
<i>Net change in fund balances</i>	-	-	(196,315)	(196,315)
<i>Fund balances - beginning of year</i>	-	-	2,341,138	2,341,138
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 2,144,823	\$ 2,144,823
<i>Net change in fund balances (Budget Basis)</i>				\$ (196,315)
Adjustments to revenues for prior year refunds and instructional material revenues				(55,589)
Adjustments to expenditures for salary, materials, other charges, and buses expenditures				817,296
<i>Net changes in fund balances (GAAP Basis)</i>				\$ 565,392

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Statement of Net Assets
 Proprietary Funds - Food Service
 June 30, 2008

Exhibit D-1

<i>Assets</i>	
<i>Current assets</i>	
Cash and cash equivalents	\$ 643,197
Inventory	81,833
	<u>81,833</u>
<i>Total current assets</i>	<u>725,030</u>
 <i>Noncurrent assets</i>	
Capital assets, net of accumulated depreciation	18,685
	<u>18,685</u>
<i>Total noncurrent assets</i>	<u>18,685</u>
<i>Total assets</i>	<u>\$ 743,715</u>
 <i>Liabilities and net assets</i>	
<i>Current liabilities</i>	
Accounts payable	4,044
Accrued compensated absences	14,722
	<u>14,722</u>
<i>Total current liabilities</i>	<u>18,766</u>
 <i>Net assets</i>	
Invested in capital assets, net of related debt	18,685
Unrestricted	706,264
	<u>706,264</u>
<i>Total net assets</i>	<u>724,949</u>
<i>Total liabilities and net assets</i>	<u>\$ 743,715</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds - Food Service
 For the Year Ended June 30, 2008

Exhibit D-2

<i>Operating revenues</i>	
Charges for services	\$ 378,864
<i>Total operating revenues</i>	378,864
 <i>Operating expenses</i>	
Payroll costs	1,151,789
Contractual services	24,450
Supplies and materials	105,594
Food costs	997,357
Depreciation	2,986
Other operating costs	12,661
<i>Total operating expenses</i>	2,294,837
<i>Operating income (loss)</i>	(1,915,973)
 <i>Non-operating revenues (expenses)</i>	
Interest income	5,133
Grants	2,109,638
<i>Total non-operating revenues</i>	2,114,771
<i>Change in net assets</i>	198,798
<i>Total net assets, beginning of year</i>	526,151
<i>Total net assets, end of year</i>	\$ 724,949

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Statement of Cash Flows
 Proprietary Fund - Food Service
 For the Year Ended June 30, 2008

Exhibit D-3

<i>Cash flows from operating activities</i>	
Cash received from user charges	\$ 380,379
Cash payments to employees for services	(1,152,798)
Cash payments to suppliers for goods and services	<u>(1,189,265)</u>
Net cash used by operating activities	<u>(1,961,684)</u>
<i>Cash flows from noncapital financing activities</i>	
Nonoperating grants received	<u>2,109,638</u>
Net cash provided by noncapital financing activities	<u>2,109,638</u>
<i>Cash flows from investing activities</i>	
Interest income	<u>5,133</u>
Net cash provided by investing activities	<u>5,133</u>
<i>Net increase in cash and cash equivalents</i>	153,087
<i>Cash and cash equivalents - beginning of year</i>	<u>490,110</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 643,197</u></u>
<i>Reconciliation of operating (loss) to net cash used by operating activities:</i>	
Operating (loss)	\$ (1,915,973)
Adjustments to reconcile operating (loss) to net cash (used) from operating activities:	
Depreciation	2,986
Changes in assets and liabilities	
Receivables	1,515
Inventories	(44,762)
Accrued compensated absences	(1,009)
Accounts payable	<u>(4,441)</u>
Net cash used by operating activities	<u><u>\$ (1,961,684)</u></u>
<u>Summary of noncash operating activities</u>	
Interest receivable	\$ 3,766
Commodities received	<u>147,729</u>
	<u><u>\$ 151,495</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

Exhibit E-1

<i>Assets</i>	
Cash and cash equivalents	\$ 366,520
Receivables	<u>4,218</u>
<i>Total assets</i>	<u><u>\$ 370,738</u></u>
 <i>Liabilities</i>	
Due to student organizations	\$ 367,694
Accounts payable	<u>3,044</u>
<i>Total liabilities</i>	<u><u>\$ 370,738</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies

Belen Consolidated School District No. 2 is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the City of Belen. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Belen Consolidated School's management who is responsible for their integrity and objectivity. The financial statements and disclosures of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

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

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements (continued)

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

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are accrued as receivable when levied, net of estimated refund and uncollectible amounts. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The *Bond Building Fund* is used to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to any furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the Schools.

The *Capital Improvements SB-9* is used to account for erecting, remodeling, making additions to furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. (Section 22-25-1 to 22-25-10, NMSA, 1978)

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Additionally, the District reports the following enterprise fund:

The *Food Service Fund* is used to account for all financial transactions related to the food service operation.

Additionally, the District reports the following agency fund:

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

D. Assets, Liabilities and Net Assets or Equity

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

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

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

Restricted Assets: The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

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

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

The District receives monthly income from a tax levy in Socorro County and Valencia County. The funds are collected by the County Treasurers and are remitted to the District the following month.

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2008 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2008.

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

Inventory: The District has changed its method of accounting for inventory in its fund financial statements from the purchase method to the consumption method. Under the purchase method, inventories of materials and supplies are recognized immediately as expenditures when they are purchased. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. There was no change to net assets as a result of this change in accounting method for inventory from the purchase method to the consumption method.

Inventory is valued at cost utilizing the consumption basis of accounting. Inventory in the Proprietary Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

U.S.D.A. commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No deferred revenue was recorded for unused commodity inventory as of June 30, 2008.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District was a phase II government for purposes of implementing GASB 34 however, the District does not have any infrastructure asset to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Land improvements	30
Buildings and improvements	10-50
Furniture and equipment	5-15
Vehicles	10

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Deferred Revenues: Under both accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by corresponding liability for deferred revenue. Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

Compensated Absences: Twelve month employees are entitled to accumulate annual leave up to 15 days per year, depending on length of service, and the employee’s hire date. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 20 days.

Qualified employees are entitled to accumulate sick leave. There is no limit to the amount of sick leave which an employee may accumulate; however, the only employees that are eligible to be paid out are those that are retiring and have completed at least five years of service with the District. These employees will be compensated at 30 percent of their daily rate of pay for unused sick leave upon retirement up to a maximum of 150 days.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Equity Classifications

Government-wide Statements

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

- a. Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. At June 30, 2008 the 2007 bond series general obligation bond of \$8,000,000 had not yet been expended for capital assets. Therefore, it was excluded from the debt that reduced net assets invested in capital assets per GASB 34, paragraph 33.
- b. **Restricted Net Assets:**
Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net assets restricted for "special revenue" and "capital projects" are described on pages 53-55. The government-wide statement of net assets reported \$7,018,658 of restricted net assets, of which \$1,629,355 is restricted by enabling legislation.
- c. **Unrestricted Net assets:**
All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Reclassifications: Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

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

E. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs.

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$32,124,056 in state equalization guarantee distributions during the year ended June 30, 2008.

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$3,938,452 in tax revenues in the governmental fund financial statements during the year ended June 30, 2008. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$2,835,378 in transportation distributions during the year ended June 30, 2008.

Instructional Materials: The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2008 totaled \$469,870.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$442,662 in state SB-9 matching during the year ended June 30, 2008.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B), core administrative function of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4 (G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

During the year ended June 30, 2008, the District received \$1,165,236 through state flow-through in capital outlay funds.)

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise fund, the food services fund, are charges to customers for sales. Operating expenses for the enterprise fund includes the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Debt Service, Capital Projects Funds and Enterprise Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis. Budgeted expenditures exclude encumbrances and the budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, when the budget is approved those funds are legally restricted and shown as reserved fund balance.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Public Education Department.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board and the New Mexico Public Education Department.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Enterprise Funds.
6. Budgets for the General, Special Revenue, Debt Service, Capital Projects Funds and Enterprise Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Budget basis expenditures exclude encumbrances

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.

The appropriated budget for the year ended June 30, 2008, was properly amended by the District's Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (1,698,760)	\$ (1,804,525)
Bond Building	\$ (4,836,445)	\$ (4,836,445)
Capital Improvements SB-9	\$ (896,327)	\$ (896,327)
Debt Service Fund	\$ (3,067,855)	\$ (3,067,855)
Food Service – Enterprise Fund	\$ (73,285)	\$ (73,285)
Nonmajor Funds	\$ (77,730)	\$ (136,619)

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund and enterprise fund are included in each individual budgetary comparison.

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 3. Deposits and Investments

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2008.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2008, \$17,150,962 of the District's bank balance of \$17,450,962 was exposed to custodial credit risk. \$9,427,006 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name and \$7,723,956 was uninsured and uncollateralized. At June 30, 2008, the carrying amount of all deposits was \$15,527,092.

	<u>Wells Fargo Bank</u>	<u>First Community Bank</u>	<u>Total</u>
Amount of deposits	\$ 2,651,219	\$ 14,799,743	\$ 17,450,962
FDIC Coverage	<u>(100,000)</u>	<u>(200,000)</u>	<u>(300,000)</u>
Total uninsured public funds	<u>2,551,219</u>	<u>14,599,743</u>	<u>17,150,962</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>1,797,702</u>	<u>7,629,304</u>	<u>9,427,006</u>
Uninsured and uncollateralized	<u>\$ 753,517</u>	<u>\$ 6,970,439</u>	<u>\$ 7,723,956</u>
Collateral requirement (50% of uninsured funds)	\$ 1,325,610	\$ 7,399,872	\$ 8,725,481
Pledged Collateral	<u>1,797,702</u>	<u>7,629,304</u>	<u>9,427,006</u>
Over (Under) collateralized	<u>\$ 472,093</u>	<u>\$ 229,433</u>	<u>\$ 701,525</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Investments For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issue to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2008, \$784,069 of the District's investment balance was exposed to custodial credit risk because it was collateralized by collateral held by the counterparty, not in the District's name.

Repurchase Agreement-	Wells Fargo Bank	Total
	<u> </u>	<u> </u>
Repurchase agreements	\$ 884,069	\$ 884,069
FDIC Coverage	<u>(100,000)</u>	<u>(100,000)</u>
Total uninsured public funds	<u>784,069</u>	<u>784,069</u>
Collateralized by securities held by the pledging institution or by the trust department or agency in other than the District's name	<u>784,069</u>	<u>784,069</u>
Total investments subject to custodial credit risk	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement for repurchase agreements (102% of value of underlying securities)	<u>\$ 799,750</u>	<u>\$ 799,750</u>
Over (Under) collateralized	<u>\$ -</u>	<u>\$ -</u>

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

The District utilizes pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheets as of June 30, 2008. Funds 24000 through 25000 are federal funds and 26000 through 31700 are nonfederal funds. The following individual funds had negative cash balances as of June 30, 2008:

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 3. Deposits and Investments (continued)

Fund #	Special Revenue Funds:	
24101	Title I IASA (Federal)	\$ 372,893
24109	Preschool IDEA-B (Federal)	337
24113	Education of Homeless (Federal)	1,549
24121	Total Wellness Program (Federal)	3,000
24143	Title III- Incentive Award (Federal)	3,000
24153	Title III-A (Federal)	919
24154	Teacher/Principal Training & Recruiting (Federal)	83,190
24154	Safe & Drug Free Schools & Communities (Federal)	14,816
24174	Carl Perkins Secondary (Federal)	13,919
24175	Carl Perkins Secondary Redistribution (Federal)	13,446
27140	Family & Youth Resource Program	15,739
27141	Truancy Initiative	10,706
27158	Scientific Research Reading Materials	57,859
27163	Schools in Need of Improvement	16,110
27164	Schools on the Rise	2,345
27165	Alternative to Suspension	56,342
27170	Libraries- G.O. Bonds	8,440
28178	GEAR UP CHE	79,090
	Capital Projects Fund:	
31400	Special Capital Outlay State	<u>355,289</u>
	Total	<u><u>\$ 1,108,989</u></u>

Reconciliation to the Statements of Net Assets

The carrying amount of deposits and investments shown above are included in the District's statement of net assets as follows:

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents- Governmental Activities Exhibit A-1	\$ 11,333,640
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	3,550,255
Business-type Activities - Exhibit A-1	643,197
Fiduciary funds - Exhibit E-1	<u>366,520</u>
Total cash and cash equivalents	15,893,612
Plus: reconciling items	<u>2,441,419</u>
Bank balance of deposits	<u><u>\$ 18,335,031</u></u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2008, are as follows:

	<u>General Fund</u>	<u>Bond Building</u>	<u>Capital Improvement SB-9</u>	<u>Debt Service</u>
Property taxes receivable	\$ 46,782	\$ -	\$ 236,328	\$ 925,267
Due from other governments				
Federal sources	-	-	-	-
State sources	-	-	-	-
Other receivables	<u>9,860</u>	<u>729,839</u>	<u>-</u>	<u>-</u>
	<u>\$ 56,642</u>	<u>\$ 729,839</u>	<u>\$ 236,328</u>	<u>\$ 925,267</u>
	<u>Total Nonmajor Funds</u>	<u>Total</u>		
Property taxes receivable	\$ -	\$ 1,208,377		
Due from other governments				
Federal sources	953,080	953,080		
State sources	347,170	347,170		
Other receivables	<u>-</u>	<u>739,699</u>		
	<u>\$ 1,300,250</u>	<u>\$ 3,248,326</u>		

The above receivables are deemed 100% collectible.

At June 30, 2008, other receivables consist of \$729,839 from an insurance claim for hail damage in the Bond Building Fund that was received in August of 2008, and \$9,860 in miscellaneous operating receivables in the General Fund.

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2008 is as follows:

Governmental Activities	Due from other funds	Due to other funds
	<u> </u>	<u> </u>
General Fund	\$ 1,108,989	\$ -
Title I IASA	-	372,893
Preschool IDEA-B	-	337
Education of Homeless	-	1,549
Total Wellness Program	-	3,000
Title III- Incentive Award	-	3,000
Title III-A	-	919
Teacher/Principal Training & Recruiting	-	83,190
Safe & Drug Free Schools & Communities	-	14,816
Carl Perkins Secondary	-	13,919
Carl Perkins Secondary Redistribution	-	13,446
Family & Youth Resource Program	-	15,739
Truancy Initiative	-	10,706
Scientific Research Reading Materials	-	57,859
Schools in Need of Improvement	-	16,110
Schools on the Rise	-	2,345
Alternative to Suspension	-	56,342
Libraries- G.O. Bonds	-	8,440
GEAR UP CHE	-	79,090
Special Capital Outlay State	-	355,289
	<u> </u>	<u> </u>
Totals	<u>\$ 1,108,989</u>	<u>\$ 1,108,989</u>

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2008.

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2008 follows. Land is not subject to depreciation.

	Balance June 30, 2007	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2008
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,444,270	\$ -	\$ -	\$ 1,444,270
Total capital assets not being depreciated	<u>1,444,270</u>	<u>-</u>	<u>-</u>	<u>1,444,270</u>
Capital assets being depreciated:				
Buildings and improvements	78,601,763	2,304,425	1,921,614	78,984,574
Equipment	4,124,161	169,551	651,739	3,641,973
Vehicles	4,862,209	1,241,635	1,253,700	4,850,144
Total capital assets being depreciated	<u>87,588,133</u>	<u>3,715,611</u>	<u>3,827,053</u>	<u>87,476,691</u>
Less accumulated depreciation:				
Buildings and improvements	30,283,869	1,837,889	1,921,614	30,200,144
Equipment	3,063,528	217,321	307,652	2,973,197
Vehicles	3,432,565	444,717	1,253,700	2,623,582
Total accumulated depreciation	<u>36,779,962</u>	<u>2,499,927</u>	<u>3,482,966</u>	<u>35,796,923</u>
Total capital assets, net of depreciation	<u>\$ 52,252,441</u>	<u>\$ 1,215,684</u>	<u>\$ 344,087</u>	<u>\$ 53,124,038</u>

For the year ended June 30, 2008, depreciation expense was charged to the following functions:

Governmental Activities	
Instruction	\$ 2,433,804
Support services	41,182
Central services	8,857
Operations and maintenance of plant	<u>16,084</u>
Total	<u>\$ 2,499,927</u>

	Balance June 30, 2007	Addition and Transfers In	Deletions and Transfers Out	Balance June 30, 2008
Business-type Activities				
Capital assets being depreciated:				
Vehicles	\$ 30,488	\$ -	\$ -	\$ 30,488
Total capital assets being depreciated	<u>30,488</u>	<u>-</u>	<u>-</u>	<u>30,488</u>
Total capital assets	<u>30,488</u>	<u>-</u>	<u>-</u>	<u>30,488</u>
Less accumulated depreciation:				
Vehicles	8,817	2,986	-	11,803
Total accumulated depreciation	<u>8,817</u>	<u>2,986</u>	<u>-</u>	<u>11,803</u>
Total capital assets net of depreciation	<u>\$ 21,671</u>	<u>\$ (2,986)</u>	<u>\$ -</u>	<u>\$ 18,685</u>

For the year ended June 30, 2008, depreciation expense for business-type activities was \$2,986.

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 7. Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$28,220,000. During the year, general obligation bonds for the same purpose totaling \$8,000,000 were issued. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2008 are for governmental activities.

Bonds outstanding at June 30, 2008, are comprised of the following:

	Series 9/1/1998	Series 11/1/2000	Series 8/1/2001	Series 10/15/2002
Original Issue:	\$ 3,400,000	\$ 4,000,000	\$ 2,500,000	\$ 2,000,000
Maturity Date	8/1/2007	8/1/2008	8/1/2017	8/1/2015
Principal	August 1	August 1	August 1	August 1
Interest Rate	4.30-5.00%	5.00-6.50%	4.25-5.75%	3.00-4.50%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1

	Series 10/31/2003	Series 11/2/2004	Series 3/29/2005	Series 8/4/2006
Original Issue:	\$ 4,000,000	\$ 1,700,000	\$ 9,620,000	\$ 1,000,000
Maturity Date	8/1/2017	8/1/2018	8/1/2017	8/1/2008
Principal	August 1	August 1	August 1	August 1
Interest Rate	0.84-3.76%	2.30-3.80%	3.25-5.00%	3.47-3.54%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1

	Series 11/27/2007
Original Issue:	\$ 8,000,000
Maturity Date	8/1/2008
Principal	August 1
Interest Rate	3.65-5.0%
Interest	February 1 August 1

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 7. Long-term Debt (continued)

The following is a summary of the long-term debt and the activity for the year ended June 30, 2008:

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Due Within One Year
Governmental Activities					
Bonds	\$ 18,700,000	\$ 8,000,000	\$ 2,425,000	\$ 24,275,000	\$ 2,325,000
Compensated Absences	475,747	634,084	587,841	521,990	17,303
Total Long-Term Debt	<u>\$ 19,175,747</u>	<u>\$ 8,634,084</u>	<u>\$ 3,012,841</u>	<u>\$ 24,796,990</u>	<u>\$ 2,342,303</u>

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Due Within One Year
Business-type Activities					
Compensated Absences	\$ 15,731	\$ 13,568	\$ 14,577	\$ 14,722	\$ 14,722
Total Long-Term Debt	<u>\$ 15,731</u>	<u>\$ 13,568</u>	<u>\$ 14,577</u>	<u>\$ 14,722</u>	<u>\$ 14,722</u>

The annual requirements to amortize the November 1, 2000 Series general obligation bonds outstanding as of June 30, 2008, including interest payments are as follows:

2000	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
	2009	\$ 175,000	\$ 4,375	\$ 179,375
		<u>\$ 175,000</u>	<u>\$ 4,375</u>	<u>\$ 179,375</u>

The annual requirements to amortize the August 1, 2001 Series general obligation bonds outstanding as of June 30, 2008, including interest payments are as follows:

2001	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
	2009	\$ 100,000	\$ 105,475	\$ 205,475
	2010	100,000	99,725	199,725
	2011	100,000	93,975	193,975
	2012	100,000	88,975	188,975
	2013	300,000	80,250	380,250
	2014-2018	1,575,000	193,575	1,768,575
		<u>\$ 2,275,000</u>	<u>\$ 661,975</u>	<u>\$ 2,936,975</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the October 15, 2002 Series general obligation bonds outstanding as of June 30, 2008, including interest payments are as follows:

2002	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
	2009	\$ 50,000	\$ 67,050	\$ 117,050
	2010	100,000	64,050	164,050
	2011	100,000	59,550	159,550
	2012	200,000	53,800	253,800
	2013	200,000	46,950	246,950
	2014-2017	1,200,000	66,400	1,266,400
		<u>\$ 1,850,000</u>	<u>\$ 357,800</u>	<u>\$ 2,207,800</u>

The annual requirements to amortize the October 31, 2003 Series general obligation bonds outstanding as of June 30, 2008, including interest payments are as follows:

2003	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
	2009	\$ 200,000	\$ 94,759	\$ 294,759
	2010	200,000	90,136	290,136
	2011	225,000	84,600	309,600
	2012	225,000	78,191	303,191
	2013	225,000	71,408	296,408
	2014-2018	1,925,000	197,729	2,122,729
		<u>\$ 3,000,000</u>	<u>\$ 616,823</u>	<u>\$ 3,616,823</u>

The annual requirements to amortize the November 2, 2004 Series general obligation bonds outstanding as of June 30, 2008, including interest payments are as follows:

2004	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
	2009	\$ 100,000	\$ 49,075	\$ 149,075
	2010	100,000	46,075	146,075
	2011	100,000	42,725	142,725
	2012	125,000	38,787	163,787
	2013	150,000	33,975	183,975
	2014-2018	800,000	219,125	1,019,125
	2019-2023	100,000	1,900	101,900
		<u>\$ 1,475,000</u>	<u>\$ 431,662</u>	<u>\$ 1,906,662</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the March 29, 2005 Series general obligation bonds outstanding as of June 30, 2008, including interest payments are as follows:

2005	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
	2009	\$ 1,000,000	\$ 266,750	\$ 1,266,750
	2010	1,300,000	229,375	1,529,375
	2011	1,100,000	184,500	1,284,500
	2012	1,000,000	137,000	1,137,000
	2013	900,000	99,000	999,000
	2014-2018	2,000,000	207,500	2,207,500
		<u>\$ 7,300,000</u>	<u>\$ 1,124,125</u>	<u>\$ 8,424,125</u>

The annual requirements to amortize the August 4, 2006 Series general obligation bonds outstanding as of June 30, 2008, including interest payments are as follows:

2006	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
	2009	\$ 200,000	\$ 3,536	\$ 203,536
		<u>\$ 200,000</u>	<u>\$ 3,536</u>	<u>\$ 203,536</u>

The annual requirements to amortize the November 11, 2007 Series general obligation bonds outstanding as of June 30, 2008, including interest payments are as follows:

2007	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
	2009	\$ 500,000	\$ 351,496	\$ 851,496
	2010	200,000	283,900	483,900
	2011	200,000	276,400	476,400
	2012	200,000	268,900	468,900
	2013	100,000	263,275	363,275
	2014-2018	1,000,000	1,215,375	2,215,375
	2019-2023	5,800,000	599,975	6,399,975
		<u>\$ 8,000,000</u>	<u>\$ 3,259,321</u>	<u>\$ 11,259,321</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2008, compensated absences increased \$45,234 from the prior year accrual. See Note 1 for more details.

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Notes to Financial Statements
 June 30, 2008

NOTE 8. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors omissions; and natural disasters, for which the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2008, there have been no claims that have exceeded insurance coverage.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2008:

Special Capital Outlay State	\$ <u>63,160</u>
Total Governmental Funds	\$ <u>63,160</u>

- B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2008:

None

- C. Designated cash appropriations in excess of available balances. The following funds exceeded approved budgetary authority for the year ended June 30, 2008:

Athletics	\$ 5,722
Carl Perkins Secondary	<u>173</u>
Total Governmental Funds	\$ <u>5,895</u>

In order to rectify this noncompliance, the District will prepare a Budget Adjustment Request (BAR) based upon cash balance at June 30th for all funds. This document will be submitted to the Public Education Department (PED) for review and approval. When approval is received the District will adjust our records to reflect this amount.

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 10. ERA Pension Plan

Plan Description. Substantially all of Belen Consolidated School District No. 2's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (ERA) (Chapter 22, Article 11 NMSA 1978.) The Educational Retirement Board is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERA, P. O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. Plan members are required to contribute 7.825% of their gross salary. The District is required to contribute 10.90% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERA for the years ended June 30, 2008, 2007, and 2006 were \$2,614,089, \$2,260,077, and \$1,996,792 respectively.

NOTE 11. Post-Employment Benefits

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

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

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

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

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 11. Post-Employment Benefits (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

For the years ended June 30, 2008, 2007 and 2006, the District remitted \$311,687, \$292,104, and \$279,152, in employer contributions and \$155,843, \$146,052, and \$139,576, in employee contributions, respectively, which equal the required contributions for each year.

NOTE 12. Loss Contingencies

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 13. Subsequent Events

The District is in the planning process for the construction of two new facilities. The first facility is the new Infinity High School which has an estimated cost of construction of six million dollars. The second facility is a new alternative academy, with an estimated cost of construction of two million dollars. These new facilities will be funded through the 2007 bond that was released in the 2008 fiscal year, and they will be built through the Public School Facilities Authority.

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Notes to Financial Statements
June 30, 2008

NOTE 14. Joint Powers Agreements

JPA for one (1) School Resource Officer (SRO) from the Belen Police Department

Participants – City of Belen

Belen Consolidated School District

Responsible party – Each participant

Description – To assist the Belen Consolidated School District in providing a safe learning environment and improve relationships between law enforcement officers and today's youth.

Beginning date – August 14, 2007

Ending date – June 1, 2008

Estimated amount of project - The SRO pay rate was set by the City of Belen.

Audit responsibility – Each participant

Fiscal agent – All actual costs to the Belen Police Department associated with the SRO were paid by Belen Consolidated School District.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Nonmajor Fund Descriptions
June 30, 2008

SPECIAL REVENUE FUNDS

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

Athletics (22000) – To account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

Title I IASA (24101) – To account for a program funded by a Federal grant to assist the District in the improvement of educational opportunities to deprived children. (P.L. 100-297).

Entitlement IDEA-B (24106) – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

Preschool IDEA-B (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

Title VI IASA (24112) – To account for a program funded by a Federal grant to assist the District to make improvements in elementary and secondary education. Funding authorized by Elementary and Secondary Education Act of 1965, as amended, Title I, Chapter 2, Part A; Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvements of 1988, Public Law 100-297, 20 U.S.C. 2911-2952, 2971-2976.

Education of the Homeless (24113) – To provide tutoring and remedial academic services to homeless children and youth within the District. Funding is by the New Mexico Department of Education.

Total Wellness Program (24121) – To accounts for federal funds to provide awareness to children about overall wellness and well-being.

Title IV Drug Free Schools (24128) – The objective of this program is to provide federal funds for the implementation of programs and/or curricula designed to prevent drug abuse from kindergarten through grade twelve. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Public Law 103-382.

Enhancing Education Through Technology (24133) – To account for a federal grant designed to strengthen teacher learning in the field of technology. (P.L. 103-382)

Title III Incentive Award (24143) – To account for federal resources to improve the education of limited English proficient children by helping them learn English and meet challenging state academic content and student academic achievement standards. (*Elementary and Secondary Education Act of 1965*, as amended, Title III, Secs. 3111 - 3141; 20 U.S.C. 6821—6871)

Title V Innovative Education Program (24150) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources, as outlined in the NCLB Act of 2002 (No Child Left Behind).

Title III-A (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. (P.L. 100-77)

Teacher / Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. (P.L. 103-382)

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Nonmajor Fund Descriptions
June 30, 2008

Safe & Drug Free Schools & Communities (24157) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.(P.L. 106-553)

Title I School Improvement (24162) – To account for funds used to provide financial assistance to districts to purchase and install an Infrared Audio Enhancement System to help improve the quality of teaching and learning in their schools.(PL 100-297)

Reading First (24167) – To account for federal resources administered by the New Mexico Public Education Department for a comprehensive reading approach which will incorporate research-based materials, intensive and systematic on-site professional development and an assessment-teaching-learning cycle that feeds assessment data into dynamic instructional decision-making. (P.L. 100-297)

Carl Perkins Secondary (24174) – To account for federal funds to provide vocational and technical education for secondary education. (P.L. 105-332).

Carl Perkins Secondary - PY (24175) – To account for federal funds carried over from prior year to provide vocational and technical education for secondary education . (P.L. 105-332).

Carl Perkins Secondary Redistribution (24176) – Redistribution for the program as described above.

Deferred Sick Leave (42000) – To account for resources reserved and restricted for the payment of sick leave to District employees. Authorized administratively by the District’s School Board.

GRADS Child Care CYFD (25149) – To account for a Public Education Department grant through Children, Youth, and Families Department to provide for the maintenance and expansion of the teen parent programs.

Title XIX Medicaid 0/2 Years (25152) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. (P.L. 105-33)

Child Care Block Grant (25157) – To account for funds received for the transition assistance program funding through the Children, Youth and Families Department and the State of New Mexico.

TANF/GRADS (25162) – To assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193.

PNM Foundation, Inc. (26123) – To account for a grant received from Public Service Company of New Mexico for an educational project.

New Mexico Community Foundation (26176) – The purpose of this grant is to assist the community with opportunities for all children and youth, by expanding equitable access to quality healthcare, and addressing basic human needs.

Technology for Education PED (27117) – The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

Incentives for School Impr. Act PED (27138) – To account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

Family & Youth Resource Program (27140) – To account for funds allocated to improve families’ access to social and health care services to help students increase academic achievement by addressing non-academic barriers.

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STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Nonmajor Fund Descriptions
June 30, 2008

Truancy Initiative (27141) – The truancy prevention initiative focuses on a school cluster approach to prevention and intervention. The truancy program identifies students early in the school year who show the potential for an excessive absence pattern or who have been issued an off-campus truancy citation. Student attendance is tracked and, if needed, intervention to help manage absences is put in place.

Beginning Teacher Mentoring Program (27154) – The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

Breakfast in the Classroom (27155) – To account for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation.

Scientific Research Reading Material (27158) – To Improve reading for children in high poverty schools and in schools needing improvement by supporting research- based reading instruction and tutoring

School in Need of Improvement (27163) – Implement an extended school day program to focus on student needs and monitor student progress. Results are reported to New Mexico Public Education Department.

Schools on the Rise (27163) – This grant is to promote stability in helping schools be successful in meeting APY.

Alternatives to Suspension (27165) – This grant assists in funding material and supplies that are necessary to promote alternatives to suspensions and expulsions.

Libraries G.O. Bond (27170) – Funds are used for the improvement or acquisition of all public school libraries and expand library collections in order to circulate and provide access of materials to students and teachers.

GEAR UP CHE (28178) – To account for a six year grant to help low-income, first generation students prepare for and succeed in postsecondary education. GEAR UP will provide funds for services to a cohort of approximately 6,000 7th graders. Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

School Based Health Center (29130) – To account for contract services with New Mexico Department of Health to provide quality direct care through integrated primary care and behavioral health services, as well as coordination for these service, through a Level Three School Based Health Center.

CAPITAL PROJECTS FUNDS

Special Capital Outlay (31300) – To account for special capital outlay projects funded locally to match state funds provided under Chapter 4, Laws of 1996.

Special Capital Outlay State (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects.

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2008

	Special Revenue			
	Athletics	Title I IASA	Entitlement IDEA-B	Preschool IDEA-B
<i>Assets</i>				
Cash and cash equivalents	\$ 22,863	\$ -	\$ 23,834	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	-	533,893	-	5,202
Other receivables	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>\$ 22,863</u>	<u>\$ 533,893</u>	<u>\$ 23,834</u>	<u>\$ 5,202</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 4,671	\$ 14,908	\$ 4,865
Accrued compensated absences	-	-	-	-
Deferred revenue	-	156,329	8,926	-
Due to other funds	-	372,893	-	337
	<u>-</u>	<u>533,893</u>	<u>23,834</u>	<u>5,202</u>
<i>Fund balances</i>				
Reserved				
Designated for subsequent year	26,453	-	-	-
Unreserved				
Special revenue	(3,590)	-	-	-
Capital projects	-	-	-	-
	<u>22,863</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 22,863</u>	<u>\$ 533,893</u>	<u>\$ 23,834</u>	<u>\$ 5,202</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Title VI IASA	Education of Homeless	Total Wellness Program	Title IV Drug Free Schools	Enhancing Education Through Technology
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	1,549	3,000	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,549</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	1,549	3,000	-	-
<u>-</u>	<u>1,549</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,549</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2008

	Special Revenue			
	Title III - Incentive Award	Title V Innovative Education Program	Title III-A	Teacher/Principal Training & Recruiting
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	3,000	-	2,489	101,897
Other receivables	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>3,000</u>	<u>-</u>	<u>2,489</u>	<u>101,897</u>
<i>Total assets</i>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 2,489</u>	<u>\$ 101,897</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 1,570	\$ 18,707
Accrued compensated absences	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	3,000	-	919	83,190
	<u>3,000</u>	<u>-</u>	<u>919</u>	<u>83,190</u>
<i>Total liabilities</i>	<u>3,000</u>	<u>-</u>	<u>2,489</u>	<u>101,897</u>
<i>Fund balances</i>				
Reserved				
Designated for subsequent year	-	-	-	30,000
Unreserved				
Special revenue	-	-	-	(30,000)
Capital projects	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 2,489</u>	<u>\$ 101,897</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Safe & Drug Free Schools & Communities</u>	<u>Title I School Improvement</u>	<u>Reading First</u>	<u>Carl Perkins Secondary</u>	<u>Carl Perkins Secondary - PY</u>	<u>Carl Perkins Secondary - Redistribution</u>
\$ -	\$ -	\$ 10,265	\$ -	\$ -	\$ -
-	-	-	-	-	-
14,816	-	-	13,919	-	13,446
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 14,816</u>	<u>\$ -</u>	<u>\$ 10,265</u>	<u>\$ 13,919</u>	<u>\$ -</u>	<u>\$ 13,446</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	10,265	-	-	-
14,816	-	-	13,919	-	13,446
<u>14,816</u>	<u>-</u>	<u>10,265</u>	<u>13,919</u>	<u>-</u>	<u>13,446</u>
350	-	-	-	-	-
(350)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 14,816</u>	<u>\$ -</u>	<u>\$ 10,265</u>	<u>\$ 13,919</u>	<u>\$ -</u>	<u>\$ 13,446</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2008

	Special Revenue			
	Deferred Sick Leave	GRADS Child Care CYFD	Title XIX Medicaid 0/2 Years	Child Care Block Grant
<i>Assets</i>				
Cash and cash equivalents	\$ 23,029	\$ -	\$ 405,033	\$ 3,256
Property taxes receivable	-	-	-	-
Due from other governments	-	-	9,126	-
Other receivables	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>\$ 23,029</u>	<u>\$ -</u>	<u>\$ 414,159</u>	<u>\$ 3,256</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued compensated absences	-	-	-	-
Deferred revenue	-	-	-	3,256
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,256</u>
<i>Fund balances</i>				
Reserved				
Designated for subsequent year	30,821	-	194,439	-
Unreserved				
Special revenue	(7,792)	-	219,720	-
Capital projects	-	-	-	-
	<u>23,029</u>	<u>-</u>	<u>414,159</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 23,029</u>	<u>\$ -</u>	<u>\$ 414,159</u>	<u>\$ 3,256</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>TANF/GRADS</u>	<u>PNM Foundation, Inc.</u>	<u>NM Community Foundation</u>	<u>Technology for Education PED</u>	<u>Incentives for School Impr. Act PED</u>	<u>Family & Youth Resource Program</u>
\$ -	\$ 2,600	\$ 5,000	\$ 29,877	\$ 11,157	\$ -
-	-	-	-	-	-
-	-	-	-	-	15,739
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,600</u>	<u>\$ 5,000</u>	<u>\$ 29,877</u>	<u>\$ 11,157</u>	<u>\$ 15,739</u>
\$ -	\$ -	\$ -	\$ 12,426	\$ -	\$ -
-	-	-	-	-	-
-	-	5,000	17,451	11,157	-
-	-	-	-	-	15,739
-	-	5,000	29,877	11,157	15,739
-	-	-	-	-	-
-	2,600	-	-	-	-
-	-	-	-	-	-
-	2,600	-	-	-	-
<u>\$ -</u>	<u>\$ 2,600</u>	<u>\$ 5,000</u>	<u>\$ 29,877</u>	<u>\$ 11,157</u>	<u>\$ 15,739</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2008

	Special Revenue			
	Truancy Initiative	Beginning Teacher Mentoring Program	Breakfast in the Classroom	Scientific Research Reading Materials
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	10,706	-	-	57,859
Other receivables	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ 10,706	\$ -	\$ -	\$ 57,859
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued compensated absences	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	10,706	-	-	57,859
	10,706	-	-	57,859
<i>Total liabilities</i>	10,706	-	-	57,859
<i>Fund balances</i>				
Reserved				
Designated for subsequent year	-	-	-	-
Unreserved				
Special revenue	-	-	-	-
Capital projects	-	-	-	-
	-	-	-	-
<i>Total fund balances</i>	-	-	-	-
<i>Total liabilities and fund balances</i>	\$ 10,706	\$ -	\$ -	\$ 57,859

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Schools in Need of Improvement</u>	<u>Schools on the Rise</u>	<u>Alternative to Suspension</u>	<u>Libraries - G.O. Bonds</u>	<u>GEAR UP CHE</u>	<u>School Based Health Center</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,565
-	-	-	-	-	-
16,110	2,345	56,342	12,552	79,090	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 16,110</u>	<u>\$ 2,345</u>	<u>\$ 56,342</u>	<u>\$ 12,552</u>	<u>\$ 79,090</u>	<u>\$ 33,565</u>
\$ -	\$ -	\$ -	\$ 4,112	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
16,110	2,345	56,342	8,440	79,090	-
<u>16,110</u>	<u>2,345</u>	<u>56,342</u>	<u>12,552</u>	<u>79,090</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	33,565
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,565</u>
<u>\$ 16,110</u>	<u>\$ 2,345</u>	<u>\$ 56,342</u>	<u>\$ 12,552</u>	<u>\$ 79,090</u>	<u>\$ 33,565</u>

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STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2008

Schedule A-1
 Page 5 of 5

	Capital Projects		
	Special Capital Outlay	Special Capital Outlay State	Total Nonmajor Governmental Funds
<i>Assets</i>			
Cash and cash equivalents	\$ 31,604	\$ -	\$ 602,083
Property taxes receivable	-	-	-
Due from other governments	-	347,170	1,300,250
Other receivables	-	-	-
Inventory	-	-	-
Due from other funds	-	-	-
	<u>\$ 31,604</u>	<u>\$ 347,170</u>	<u>\$ 1,902,333</u>
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 55,041	\$ 116,300
Accrued compensated absences	-	-	-
Deferred revenue	-	-	212,384
Due to other funds	-	355,289	1,108,989
	<u>-</u>	<u>410,330</u>	<u>1,437,673</u>
<i>Fund balances</i>			
Reserved			
Designated for subsequent year	-	-	282,063
Unreserved			
Special revenue	-	-	214,153
Capital projects	31,604	(63,160)	(31,556)
	<u>31,604</u>	<u>(63,160)</u>	<u>464,660</u>
<i>Total liabilities and fund balances</i>	<u>\$ 31,604</u>	<u>\$ 347,170</u>	<u>\$ 1,902,333</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	Special Revenue			
	Athletics	Title I IASA	Entitlement IDEA-B	Preschool IDEA-B
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	1,266,386	1,146,064	28,218
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	25,995	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	25,995	1,266,386	1,146,064	28,218
<i>Expenditures</i>				
<i>Current</i>				
Instruction	55,445	1,134,025	952,741	27,116
Support services	-	125,238	136,925	1,102
Central services	-	-	-	-
Operation and maintenance of plant	-	1,735	38,031	-
Student transportation	-	5,388	13,041	-
Food services operations	-	-	-	-
Community service operations	-	-	5,326	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	55,445	1,266,386	1,146,064	28,218
<i>Excess (deficiency) of revenues over expenditures</i>	(29,450)	-	-	-
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	(29,450)	-	-	-
<i>Fund balances - beginning</i>	52,313	-	-	-
<i>Fund balances - ending</i>	\$ 22,863	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue

Title VI IASA	Education of Homeless	Total Wellness Program	Title IV Drug Free Schools	Enhancing Education Through Technology
\$ -	\$ -	\$ -	\$ -	\$ -
-	3,935	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	3,935	-	-	-
-	440	-	-	-
-	3,495	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	3,935	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	Special Revenue			
	Title III - Incentive Award	Title V Innovative Education Program	Title III-A	Teacher/Principal Training & Recruiting
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	3,000	7,051	18,378	468,811
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>3,000</u>	<u>7,051</u>	<u>18,378</u>	<u>468,811</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	3,000	4,944	18,066	457,424
Support services	-	1,710	312	11,387
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	397	-	-
Food services operations	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>3,000</u>	<u>7,051</u>	<u>18,378</u>	<u>468,811</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	Special Revenue			
	Deferred Sick Leave	GRADS Child Care CYFD	Title XIX Medicaid 0/2 Years	Child Care Block Grant
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	434,888	12,713
Federal direct	-	5,000	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	2,639	-	-	-
<i>Total revenues</i>	<u>2,639</u>	<u>5,000</u>	<u>434,888</u>	<u>12,713</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	5,000	-	12,713
Support services	-	-	239,540	-
Central services	72,850	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>72,850</u>	<u>5,000</u>	<u>239,540</u>	<u>12,713</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(70,211)</u>	<u>-</u>	<u>195,348</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(70,211)	-	195,348	-
<i>Fund balances - beginning</i>	<u>93,240</u>	<u>-</u>	<u>218,811</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ 23,029</u>	<u>\$ -</u>	<u>\$ 414,159</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>TANF/GRADS</u>	<u>PNM Foundation, Inc.</u>	<u>NM Community Foundation</u>	<u>Technology for Education PED</u>	<u>Incentives for School Impr. Act PED</u>	<u>Family & Youth Resource Program</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
12,000	-	-	-	-	-
-	5,600	-	-	-	-
-	-	-	85,100	39,369	45,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,000</u>	<u>5,600</u>	<u>-</u>	<u>85,100</u>	<u>39,369</u>	<u>45,000</u>
12,000	3,000	-	70,253	28,281	-
-	-	-	12,523	10,603	45,000
-	-	-	2,096	-	-
-	-	-	228	-	-
-	-	-	-	485	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,000</u>	<u>3,000</u>	<u>-</u>	<u>85,100</u>	<u>39,369</u>	<u>45,000</u>
-	2,600	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,600	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	Special Revenue			
	Truancy Initiative	Beginning Teacher Mentoring Program	Breakfast in the Classroom	Scientific Research Reading Materials
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	23,948	53,878	44,282	57,859
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>23,948</u>	<u>53,878</u>	<u>44,282</u>	<u>57,859</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	53,878	44,282	56,786
Support services	23,948	-	-	1,073
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>23,948</u>	<u>53,878</u>	<u>44,282</u>	<u>57,859</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

Schedule A-2
 Page 5 of 5

	Capital Projects		Total Nonmajor Governmental Funds
	Special Capital Outlay	Special Capital Outlay State	
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
Federal flowthrough	-	-	3,983,960
Federal direct	-	-	17,000
Local grants	-	-	5,600
State flowthrough	-	1,165,236	1,803,211
State direct	-	-	90,993
Combined state/local	-	-	160,000
Charges for services	-	-	25,995
Investment income	-	-	2,639
<i>Total revenues</i>	-	1,165,236	6,089,398
<i>Expenditures</i>			
<i>Current</i>			
Instruction	-	-	3,784,450
Support services	-	-	901,237
Central services	-	-	74,946
Operation and maintenance of plant	-	114,462	154,456
Student transportation	-	-	21,516
Food services operations	-	-	-
Community service operations	-	-	5,326
Capital outlay	-	1,112,755	1,112,755
<i>Total expenditures</i>	-	1,227,217	6,054,686
<i>Excess (deficiency) of revenues over expenditures</i>	-	(61,981)	34,712
<i>Other financing sources (uses)</i>			
Transfers in (out)	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net change in fund balances</i>	-	(61,981)	34,712
<i>Fund balances - beginning</i>	31,604	(1,179)	429,948
<i>Fund balances - ending</i>	\$ 31,604	\$ (63,160)	\$ 464,660

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-1

Belen Consolidated School District No. 2

Athletics Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	30,000	30,000	25,995	(4,005)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>30,000</u>	<u>30,000</u>	<u>25,995</u>	<u>(4,005)</u>
<i>Expenditures</i>				
Current				
Instruction	88,035	88,035	55,445	32,590
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>88,035</u>	<u>88,035</u>	<u>55,445</u>	<u>32,590</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(58,035)</u>	<u>(58,035)</u>	<u>(29,450)</u>	<u>28,585</u>
<i>Other financing sources (uses)</i>				
Designated cash	58,035	58,035	-	(58,035)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>58,035</u>	<u>58,035</u>	<u>-</u>	<u>(58,035)</u>
<i>Net change in fund balances</i>	-	-	(29,450)	(29,450)
<i>Fund balances - beginning of year</i>	-	-	52,313	52,313
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,863</u>	<u>\$ 22,863</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (29,450)
No adjustments				-
No adjustments				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (29,450)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

Belen Consolidated School District No. 2
 Title I IASA Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	1,413,423	1,428,573	1,006,807	(421,766)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,413,423</u>	<u>1,428,573</u>	<u>1,006,807</u>	<u>(421,766)</u>
<i>Expenditures</i>				
Current				
Instruction	1,220,260	1,220,260	1,132,447	87,813
Support services	126,105	146,247	125,238	21,009
Central services	-	-	-	-
Operation and maintenance of plant	-	1,739	1,735	4
Student transportation	67,058	60,327	5,388	54,939
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,413,423</u>	<u>1,428,573</u>	<u>1,264,808</u>	<u>163,765</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(258,001)</u>	<u>(258,001)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(258,001)	(258,001)
<i>Fund balances - beginning of year</i>	-	-	(114,892)	(114,892)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (372,893)</u>	<u>\$ (372,893)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (258,001)
Adjustments to revenues for federal flowthrough grants				259,579
Adjustments to expenditures for other contract services, general supplies, and supply assets				(1,578)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

Belen Consolidated School District No. 2
Entitlement IDEA-B Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	1,157,962	1,238,228	1,206,656	(31,572)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,157,962	1,238,228	1,206,656	(31,572)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	909,153	1,012,260	945,540	66,720
Support services	178,685	149,881	136,925	12,956
Central services	-	-	-	-
Operation and maintenance of plant	45,124	38,037	38,031	6
Student transportation	-	13,050	13,041	9
Food services operations	-	-	-	-
Community services operations	25,000	25,000	5,326	19,674
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,157,962	1,238,228	1,138,863	99,365
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	67,793	67,793
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	67,793	67,793
<i>Fund balances - beginning of year</i>	-	-	(43,959)	(43,959)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 23,834	\$ 23,834
<i>Net change in fund balances (Budget Basis)</i>				\$ 67,793
Adjustments to revenues for federal flowthrough grant				(60,592)
Adjustments to expenditures for other text books and fixed asset expenditure				(7,201)
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

Belen Consolidated School District No. 2
 Preschool IDEA-B Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	21,546	35,243	28,227	(7,016)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>21,546</u>	<u>35,243</u>	<u>28,227</u>	<u>(7,016)</u>
<i>Expenditures</i>				
Current				
Instruction	-	31,443	22,251	9,192
Support services	21,546	3,800	1,102	2,698
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,546</u>	<u>35,243</u>	<u>23,353</u>	<u>11,890</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>4,874</u>	<u>4,874</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	4,874	4,874
<i>Fund balances - beginning of year</i>	-	-	(5,211)	(5,211)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (337)</u>	<u>\$ (337)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 4,874
Adjustments to revenues for federal flowthrough grants				(9)
Adjustments to expenditures for supply asset expenditures				(4,865)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

Belen Consolidated School District No. 2
 Title VI IASA Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	(165)	(165)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>(165)</u>	<u>(165)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(165)</u>	<u>(165)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(165)	(165)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>165</u>	<u>165</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (165)
Adjustments to revenues for federal flowthrough grant				165
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

Belen Consolidated School District No. 2
 Education of Homeless Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	15,000	2,386	(12,614)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>15,000</u>	<u>2,386</u>	<u>(12,614)</u>
<i>Expenditures</i>				
Current				
Instruction	-	9,155	440	8,715
Support services	-	5,515	3,495	2,020
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	330	-	330
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>15,000</u>	<u>3,935</u>	<u>11,065</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,549)</u>	<u>(1,549)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(1,549)	(1,549)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,549)</u>	<u>\$ (1,549)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (1,549)
Adjustments to revenues for federal grant				1,549
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

Belen Consolidated School District No. 2
 Total Wellness Program Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustment				-
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

Belen Consolidated School District No. 2
 Title IV Drug Free Schools Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	(3,578)	(3,578)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>(3,578)</u>	<u>(3,578)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,578)</u>	<u>(3,578)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(3,578)	(3,578)
<i>Fund balances - beginning of year</i>	-	-	3,578	3,578
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (3,578)
Adjustments to revenues for federal grant				3,578
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

Belen Consolidated School District No. 2
 Enhancing Education Through Technology Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	8,361	8,361
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>8,361</u>	<u>8,361</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>8,361</u>	<u>8,361</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	8,361	8,361
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(8,361)</u>	<u>(8,361)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 8,361
Adjustments to revenues for federal flowthrough grant				(8,361)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

Belen Consolidated School District No. 2
 Title III - Incentive Award Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	3,000	-	(3,000)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	3,000	-	(3,000)
<i>Expenditures</i>				
Current				
Instruction	-	3,000	3,000	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	3,000	3,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(3,000)	(3,000)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(3,000)	(3,000)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (3,000)	\$ (3,000)
<i>Net change in fund balances (Budget Basis)</i>				\$ (3,000)
Adjustments to revenues for federal grant				3,000
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

Belen Consolidated School District No. 2
 Title V Innovative Education Program Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	6,340	7,051	8,168	1,117
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	6,340	7,051	8,168	1,117
<i>Expenditures</i>				
Current				
Instruction	4,381	4,944	4,944	-
Support services	1,959	1,710	1,710	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	397	397	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	6,340	7,051	7,051	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,117	1,117
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	1,117	1,117
<i>Fund balances - beginning of year</i>	-	-	(1,117)	(1,117)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Net change in fund balances (Budget Basis)</i>				\$ 1,117
Adjustments to revenues for federal flowthrough grant				(1,117)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

Belen Consolidated School District No. 2

Title III-A Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	21,961	22,114	15,950	(6,164)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>21,961</u>	<u>22,114</u>	<u>15,950</u>	<u>(6,164)</u>
<i>Expenditures</i>				
Current				
Instruction	21,231	21,420	16,496	4,924
Support services	730	694	312	382
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,961</u>	<u>22,114</u>	<u>16,808</u>	<u>5,306</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(858)</u>	<u>(858)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(858)	(858)
<i>Fund balances - beginning of year</i>	-	-	(61)	(61)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (919)</u>	<u>\$ (919)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (858)
Adjustments to revenues for federal flowthrough grant				2,428
Adjustments to expenditures for general supplies and maintenance				(1,570)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

Belen Consolidated School District No. 2
 Teacher/Principal Training & Recruiting Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	382,574	483,515	392,019	(91,496)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>382,574</u>	<u>483,515</u>	<u>392,019</u>	<u>(91,496)</u>
<i>Expenditures</i>				
Current				
Instruction	317,584	471,538	438,717	32,821
Support services	64,990	11,977	11,387	590
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>382,574</u>	<u>483,515</u>	<u>450,104</u>	<u>33,411</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(58,085)</u>	<u>(58,085)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(58,085)	(58,085)
<i>Fund balances - beginning of year</i>	-	-	(25,105)	(25,105)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,190)</u>	<u>\$ (83,190)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (58,085)
Adjustments to revenues for federal flowthrough grant				76,792
Adjustments to expenditures for employee training and employee travel				(18,707)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

Belen Consolidated School District No. 2
 Safe & Drug Free Schools & Communities Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	26,618	29,803	30,874	1,071
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>26,618</u>	<u>29,803</u>	<u>30,874</u>	<u>1,071</u>
<i>Expenditures</i>				
Current				
Instruction	6,788	6,689	6,512	177
Support services	19,648	22,910	22,651	259
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	182	204	207	(3)
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>26,618</u>	<u>29,803</u>	<u>29,370</u>	<u>433</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,504</u>	<u>1,504</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	1,504	1,504
<i>Fund balances - beginning of year</i>	-	-	(16,320)	(16,320)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,816)</u>	<u>\$ (14,816)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 1,504
Adjustments to revenues for federal flowthrough grant				(1,504)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

Belen Consolidated School District No. 2
 Title I School Improvement Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	6,545	6,545
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>6,545</u>	<u>6,545</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>6,545</u>	<u>6,545</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	6,545	6,545
<i>Fund balances - beginning of year</i>	-	-	(6,545)	(6,545)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 6,545
Adjustments to revenues for federal grant				(6,545)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

Belen Consolidated School District No. 2
 Reading First Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	485,549	517,549	656,409	138,860
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	485,549	517,549	656,409	138,860
<i>Expenditures</i>				
Current				
Instruction	473,706	504,641	481,446	23,195
Support services	11,843	12,908	10,516	2,392
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	485,549	517,549	491,962	25,587
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	164,447	164,447
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	164,447	164,447
<i>Fund balances - beginning of year</i>	-	-	(154,182)	(154,182)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 10,265	\$ 10,265
<i>Net change in fund balances (Budget Basis)</i>				\$ 164,447
Adjustments to revenues for federal flowthrough grant				(164,447)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

Belen Consolidated School District No. 2
 Carl Perkins Secondary Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	56,844	57,563	719
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>56,844</u>	<u>57,563</u>	<u>719</u>
<i>Expenditures</i>				
Current				
Instruction	-	56,167	56,102	65
Support services	-	850	850	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>57,017</u>	<u>56,952</u>	<u>65</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(173)</u>	<u>611</u>	<u>784</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	173	-	(173)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>173</u>	<u>-</u>	<u>(173)</u>
<i>Net change in fund balances</i>	-	-	611	611
<i>Fund balances - beginning of year</i>	-	-	(14,530)	(14,530)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,919)</u>	<u>\$ (13,919)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 611
Adjustments to revenues for federal grants				(6,266)
Adjustments to expenditures for supply assets expenditures				5,655
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

Belen Consolidated School District No. 2
 Carl Perkins Secondary - PY Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	9,553	8,441	(1,112)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	9,553	8,441	(1,112)
<i>Expenditures</i>				
Current				
Instruction	-	8,653	7,717	936
Support services	-	900	724	176
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	9,553	8,441	1,112
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustment				-
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

Belen Consolidated School District No. 2
 Carl Perkins Secondary - Redistribution Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	27,023	-	(27,023)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	27,023	-	(27,023)
<i>Expenditures</i>				
Current				
Instruction	-	26,522	13,197	13,325
Support services	-	501	249	252
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	27,023	13,446	13,577
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(13,446)	(13,446)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(13,446)	(13,446)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (13,446)	\$ (13,446)
<i>Net change in fund balances (Budget Basis)</i>				\$ (13,446)
Adjustments to revenues for federal grant				13,446
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

Belen Consolidated School District No. 2
 Deferred Sick Leave Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variences Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	5,000	5,000	2,639	(2,361)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,000</u>	<u>5,000</u>	<u>2,639</u>	<u>(2,361)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	24,695	98,240	72,850	25,390
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>24,695</u>	<u>98,240</u>	<u>72,850</u>	<u>25,390</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(19,695)</u>	<u>(93,240)</u>	<u>(70,211)</u>	<u>23,029</u>
<i>Other financing sources (uses)</i>				
Designated cash	19,695	93,240	-	(93,240)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>19,695</u>	<u>93,240</u>	<u>-</u>	<u>(93,240)</u>
<i>Net change in fund balances</i>	-	-	(70,211)	(70,211)
<i>Fund balances - beginning of year</i>	-	-	93,240	93,240
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,029</u>	<u>\$ 23,029</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (70,211)
No adjustment				-
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (70,211)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

Belen Consolidated School District No. 2
 GRADS Child Care CYFD Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	5,000	5,000	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	5,000	5,000	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustment				-
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

Belen Consolidated School District No. 2
 Title XIX Medicaid 0/2 Years Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	315,161	425,762	110,601
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	315,161	425,762	110,601
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	315,161	264,108	51,053
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	315,161	264,108	51,053
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	161,654	161,654
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	161,654	161,654
<i>Fund balances - beginning of year</i>	-	-	243,379	243,379
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 405,033	\$ 405,033
<i>Net change in fund balances (Budget Basis)</i>				\$ 161,654
Adjustments to revenues for federal grants				9,126
Adjustments to expenditures for contract expenditures				24,568
<i>Net changes in fund balances (GAAP Basis)</i>				\$ 195,348

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

Belen Consolidated School District No. 2
 Child Care Block Grant Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	14,783	6,617	(8,166)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	14,783	6,617	(8,166)
<i>Expenditures</i>				
Current				
Instruction	-	14,783	12,713	2,070
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	14,783	12,713	2,070
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(6,096)	(6,096)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(6,096)	(6,096)
<i>Fund balances - beginning of year</i>	-	-	9,352	9,352
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 3,256	\$ 3,256
<i>Net change in fund balances (Budget Basis)</i>				\$ (6,096)
Adjustments to revenues for federal grants				6,096
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

Belen Consolidated School District No. 2
TANF/GRADS Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	8,000	12,000	12,000	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>8,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	8,000	12,000	12,000	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustment				-
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

Belen Consolidated School District No. 2
 PNM Foundation, Inc. Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	5,600	5,600	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>5,600</u>	<u>5,600</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	5,600	3,000	2,600
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>5,600</u>	<u>3,000</u>	<u>2,600</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,600</u>	<u>2,600</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	2,600	2,600
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,600</u>	<u>\$ 2,600</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 2,600
No adjustment				-
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 2,600</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

Belen Consolidated School District No. 2
 New Mexico Community Foundation Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	5,000	5,000	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	5,000	5,000	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	5,000	-	5,000
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	5,000	-	5,000
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	5,000	5,000
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	5,000	5,000
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 5,000	\$ 5,000
<i>Net change in fund balances (Budget Basis)</i>				\$ 5,000
Adjustments to revenues for instructional support grant				(5,000)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

Belen Consolidated School District No. 2
 Technology for Education PED Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	87,178	160,504	73,326
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	87,178	160,504	73,326
<i>Expenditures</i>				
Current				
Instruction	-	69,027	57,827	11,200
Support services	-	15,597	12,523	3,074
Central services	-	2,326	2,096	230
Operation and maintenance of plant	-	228	228	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	87,178	72,674	14,504
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	87,830	87,830
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	87,830	87,830
<i>Fund balances - beginning of year</i>	-	-	(57,953)	(57,953)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 29,877	\$ 29,877
<i>Net change in fund balances (Budget Basis)</i>				\$ 87,830
Adjustments to revenues for state flowthrough grant				(75,404)
Adjustments to expenditures for supply asset expenditures				(12,426)
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

Belen Consolidated School District No. 2
 Incentives for School Impr. Act PED Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	50,528	50,526	(2)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	50,528	50,526	(2)
<i>Expenditures</i>				
Current				
Instruction	-	36,822	28,281	8,541
Support services	-	13,106	10,603	2,503
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	600	485	115
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	50,528	39,369	11,159
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	11,157	11,157
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	11,157	11,157
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 11,157	\$ 11,157
<i>Net change in fund balances (Budget Basis)</i>				\$ 11,157
Adjustments to revenues for state flowthrough grant				(11,157)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-29

Belen Consolidated School District No. 2
 Family & Youth Resource Program Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	45,000	42,349	(2,651)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	45,000	42,349	(2,651)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	45,000	45,000	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	45,000	45,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,651)	(2,651)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(2,651)	(2,651)
<i>Fund balances - beginning of year</i>	-	-	(13,088)	(13,088)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (15,739)	\$ (15,739)
<i>Net change in fund balances (Budget Basis)</i>				\$ (2,651)
Adjustments to revenues for state flowthrough grant				2,651
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-30

Belen Consolidated School District No. 2
 Truancy Initiative Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	30,000	13,242	(16,758)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>30,000</u>	<u>13,242</u>	<u>(16,758)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	30,000	23,948	6,052
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>30,000</u>	<u>23,948</u>	<u>6,052</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(10,706)</u>	<u>(10,706)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(10,706)	(10,706)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,706)</u>	<u>\$ (10,706)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (10,706)
Adjustments to revenues for state flowthrough grant				10,706
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-31

Belen Consolidated School District No. 2
 Beginning Teacher Mentoring Program Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	53,878	64,999	11,121
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	53,878	64,999	11,121
<i>Expenditures</i>				
Current				
Instruction	-	53,878	53,878	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	53,878	53,878	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	11,121	11,121
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	11,121	11,121
<i>Fund balances - beginning of year</i>	-	-	(11,121)	(11,121)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Net change in fund balances (Budget Basis)</i>				\$ 11,121
Adjustments to revenues for state flowthrough grant				(11,121)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-32

Belen Consolidated School District No. 2
 Breakfast in the Classroom Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	44,282	44,282	44,282	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>44,282</u>	<u>44,282</u>	<u>44,282</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	44,282	44,282	44,282	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>44,282</u>	<u>44,282</u>	<u>44,282</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustment				-
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-33

Belen Consolidated School District No. 2
 Scientific Research Reading Materials Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	57,859	-	(57,859)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	57,859	-	(57,859)
<i>Expenditures</i>				
Current				
Instruction	-	56,786	56,786	-
Support services	-	1,073	1,073	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	57,859	57,859	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(57,859)	(57,859)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(57,859)	(57,859)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (57,859)	\$ (57,859)
<i>Net change in fund balances (Budget Basis)</i>				\$ (57,859)
Adjustments to revenues for state flowthrough grant				57,859
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-34

Belen Consolidated School District No. 2
 Schools in Need of Improvement Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	142,000	125,890	(16,110)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	142,000	125,890	(16,110)
<i>Expenditures</i>				
Current				
Instruction	-	142,000	142,000	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	142,000	142,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(16,110)	(16,110)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(16,110)	(16,110)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (16,110)	\$ (16,110)
<i>Net change in fund balances (Budget Basis)</i>				\$ (16,110)
Adjustments to revenues for state flowthrough grant				16,110
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-35

Belen Consolidated School District No. 2
 Schools on the Rise Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	4,000	1,655	(2,345)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	4,000	1,655	(2,345)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	4,000	4,000	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	4,000	4,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,345)	(2,345)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(2,345)	(2,345)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (2,345)	\$ (2,345)
<i>Net change in fund balances (Budget Basis)</i>				\$ (2,345)
Adjustments to revenues for state flowthrough grant				2,345
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-36

Belen Consolidated School District No. 2
 Alternative to Suspension Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	125,000	49,434	(75,566)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>125,000</u>	<u>49,434</u>	<u>(75,566)</u>
<i>Expenditures</i>				
Current				
Instruction	-	73,609	54,742	18,867
Support services	-	51,391	51,034	357
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>125,000</u>	<u>105,776</u>	<u>19,224</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(56,342)</u>	<u>(56,342)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(56,342)	(56,342)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,342)</u>	<u>\$ (56,342)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (56,342)
Adjustments to revenues for state flowthrough grant				56,342
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-37

Belen Consolidated School District No. 2
 Libraries - G.O. Bonds Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	40,561	24,211	(16,350)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>40,561</u>	<u>24,211</u>	<u>(16,350)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	40,561	32,651	7,910
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>40,561</u>	<u>32,651</u>	<u>7,910</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(8,440)</u>	<u>(8,440)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(8,440)	(8,440)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,440)</u>	<u>\$ (8,440)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (8,440)
Adjustments to revenues for state flowthrough grant				12,552
Adjustments to expenditures for library and audio video expenditures				(4,112)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-38

Belen Consolidated School District No. 2
 GEAR UP CHE Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	105,949	80,986	(24,963)
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	105,949	80,986	(24,963)
<i>Expenditures</i>				
Current				
Instruction	-	103,949	103,949	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	2,000	1,998	2
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	105,949	105,947	2
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(24,961)	(24,961)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(24,961)	(24,961)
<i>Fund balances - beginning of year</i>	-	-	(54,129)	(54,129)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (79,090)	\$ (79,090)
<i>Net change in fund balances (Budget Basis)</i>				\$ (24,961)
Adjustments to revenues for local grant				10,007
Adjustments to expenditures for other contract services				14,954
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-39

Belen Consolidated School District No. 2
School Based Health Center Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	150,000	182,100	32,100
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	150,000	182,100	32,100
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	161,594	161,594	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	161,594	161,594	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	(11,594)	20,506	32,100
<i>Other financing sources (uses)</i>				
Designated cash	-	11,594	-	(11,594)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	11,594	-	(11,594)
<i>Net change in fund balances</i>	-	-	20,506	20,506
<i>Fund balances - beginning of year</i>	-	-	13,059	13,059
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 33,565	\$ 33,565
<i>Net change in fund balances (Budget Basis)</i>				\$ 20,506
Adjustments to revenues for refund of prior year expenditure				(22,100)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ (1,594)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-40

Belen Consolidated School District No. 2
Special Capital Outlay Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	31,604	-	31,604
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	31,604	-	31,604
<i>Excess (deficiency) of revenues over expenditures</i>	-	(31,604)	-	31,604
<i>Other financing sources (uses)</i>				
Designated cash	-	31,604	-	31,604
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	31,604	-	31,604
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	31,604	31,604
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 31,604	\$ 31,604
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustment				-
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-41

Belen Consolidated School District No. 2
 Special Capital Outlay State Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	1,362,000	2,158,354	820,256	(1,338,098)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,362,000	2,158,354	820,256	(1,338,098)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	138,759	114,462	24,297
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital Outlay	1,362,000	2,019,595	1,057,714	961,881
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,362,000	2,158,354	1,172,176	986,178
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(351,920)	(351,920)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(351,920)	(351,920)
<i>Fund balances - beginning of year</i>	-	-	(3,369)	(3,369)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (355,289)	\$ (355,289)
<i>Net change in fund balances (Budget Basis)</i>				\$ (351,920)
Adjustments to revenues for special capital outlay				344,980
Adjustments to expenditures for special capital outlay expenditures				(55,041)
<i>Net changes in fund balances (GAAP Basis)</i>				\$ (61,981)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-42

Belen Consolidated School District No. 2
 Bond Building Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	12,000	12,000	464,315	452,315
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>12,000</u>	<u>12,000</u>	<u>464,315</u>	<u>452,315</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	120,000	903,216	490,081	413,135
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital Outlay	4,728,445	3,891,591	1,956,034	1,935,557
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	53,638	51,632	2,006
<i>Total expenditures</i>	<u>4,848,445</u>	<u>4,848,445</u>	<u>2,497,747</u>	<u>2,350,698</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,836,445)</u>	<u>(4,836,445)</u>	<u>(2,033,432)</u>	<u>2,803,013</u>
<i>Other financing sources (uses)</i>				
Designated cash	2,336,445	2,336,445	-	(2,336,445)
Bond proceeds	2,500,000	2,500,000	8,000,000	5,500,000
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,836,445</u>	<u>4,836,445</u>	<u>8,000,000</u>	<u>3,163,555</u>
<i>Net change in fund balances</i>	-	-	5,966,568	5,966,568
<i>Fund balances - beginning of year</i>	-	-	2,539,019	2,539,019
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,505,587</u>	<u>\$ 8,505,587</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 5,966,568
Adjustments to revenues for interest revenue and insurance recovery revenues				605,603
Adjustments to expenditures for services, contract services, and construction services				<u>(132,863)</u>
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 6,439,308</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-43

Belen Consolidated School District No. 2
 Capital Improvements SB-9 Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 770,550	\$ 770,550	\$ 784,716	\$ 14,166
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	397,662	442,662	45,000
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	56,945	56,945
Miscellaneous	-	-	-	-
<i>Total revenues</i>	770,550	1,168,212	1,284,323	116,111
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services	-	8,300	7,826	474
Central services	346,327	230,970	30,282	200,688
Operation & maintenance of plant	745,550	903,892	491,023	412,869
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Facilities acquisition and construction	575,000	921,377	725,261	196,116
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,666,877	2,064,539	1,254,392	810,147
<i>Excess (deficiency) of revenues over expenditures</i>	(896,327)	(896,327)	29,931	926,258
<i>Other financing sources (uses)</i>				
Designated cash	896,327	896,327	-	(896,327)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	896,327	896,327	-	(896,327)
<i>Net change in fund balances</i>	-	-	29,931	29,931
<i>Fund balances - beginning of year</i>	-	-	1,160,205	1,160,205
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 1,190,136	\$ 1,190,136
<i>Net change in fund balances (Budget Basis)</i>				\$ 29,931
Adjustments to revenues for residential/ non residential revenues and interest income				(21,324)
Adjustments to expenditures for maintenance and repair, software expenditures				(7,694)
<i>Net changes in fund balances (GAAP Basis)</i>				\$ 913

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-44

Belen Consolidated School District No. 2

Debt Service Fund

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

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 3,095,572	\$ 3,095,572	\$ 3,042,046	\$ (53,526)
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	165,335	165,335
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,095,572</u>	<u>3,095,572</u>	<u>3,207,381</u>	<u>111,809</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	30,956	30,956	30,337	619
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service				
Principal	5,461,898	5,461,898	2,425,000	3,036,898
Interest	670,573	670,573	670,572	1
<i>Total expenditures</i>	<u>6,163,427</u>	<u>6,163,427</u>	<u>3,125,909</u>	<u>3,037,518</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,067,855)</u>	<u>(3,067,855)</u>	<u>81,472</u>	<u>3,149,327</u>
<i>Other financing sources (uses)</i>				
Designated cash	3,067,855	3,067,855	-	(3,067,855)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,067,855</u>	<u>3,067,855</u>	<u>-</u>	<u>(3,067,855)</u>
<i>Net change in fund balances</i>	-	-	81,472	81,472
<i>Fund balances - beginning of year</i>	-	-	3,468,783	3,468,783
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,550,255</u>	<u>\$ 3,550,255</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 81,472
Adjustments to revenues for residential/ non residential and investment income				(90,043)
No adjustment				-
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ (8,571)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Food Service Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

Statement C-1

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Charges for services	\$ 344,000	\$ 344,000	\$ 378,864	\$ 34,864
<i>Total operating revenues</i>	344,000	344,000	378,864	34,864
<i>Operating expenses</i>				
Payroll costs	1,119,084	1,177,010	1,152,798	24,212
Contractual services	33,000	27,210	24,450	2,760
Supplies and materials	166,789	132,844	107,911	24,933
Food costs	1,033,912	1,009,193	1,044,242	(35,049)
Other operating costs	8,000	14,528	12,661	1,867
<i>Total operating expenses</i>	2,360,785	2,360,785	2,342,062	18,723
<i>Operating income (loss)</i>	(2,016,785)	(2,016,785)	(1,963,198)	53,587
<i>Non-operating revenues (expenses)</i>				
Interest income	-	-	6,648	6,648
Grants	1,943,500	1,943,500	2,109,638	166,138
<i>Total non-operating revenues</i>	1,943,500	1,943,500	2,116,286	172,786
<i>Change in net assets</i>	(73,285)	(73,285)	153,088	226,373
Designated cash	73,285	73,285	-	(73,285)
<i>Total net assets - beginning of year</i>	-	-	490,109	490,109
<i>Total net assets - end of year</i>	\$ -	\$ -	\$ 643,197	\$ 643,197
<i>Net change in fund balances (Budget Basis)</i>				\$ 153,088
Adjustments to revenues for investment income				(1,515)
Adjustments to expenditures for depreciation, salary, and food/non-food expenditures				47,225
<i>Net changes in fund balances (GAAP Basis)</i>				\$ 198,798

The accompanying notes are an integral part of these financial statements

GENERAL FUND

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Combining Balance Sheet
 General Fund
 June 30, 2008

Statement D-1

	General Fund	Transportation Fund	Instructional Materials Fund	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 914,625	\$ 21,563	\$ 99,646	\$ 1,035,834
Property taxes receivable	46,782	-	-	46,782
Other receivables	9,860	-	-	9,860
Inventory	111,815	-	-	111,815
Due from other funds	1,108,989	-	-	1,108,989
	<u>\$ 2,192,071</u>	<u>\$ 21,563</u>	<u>\$ 99,646</u>	<u>\$ 2,313,280</u>
<i>Total assets</i>				
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 316,727	\$ 857	\$ 8,858	\$ 326,442
Accrued compensated absences	-	-	-	-
Deferred revenue	41,981	-	-	41,981
Due to other funds	-	-	-	-
	<u>358,708</u>	<u>857</u>	<u>8,858</u>	<u>368,423</u>
	<i>Total liabilities</i>			
<i>Fund balances</i>				
Reserved for:				
Inventory	111,815	-	-	111,815
Designated for subsequent year	766,401	-	-	766,401
Unreserved				
Unreserved, reported in General fund	955,147	20,706	90,788	1,066,641
	<u>1,833,363</u>	<u>20,706</u>	<u>90,788</u>	<u>1,944,857</u>
	<i>Total fund balances</i>			
	<u>\$ 2,192,071</u>	<u>\$ 21,563</u>	<u>\$ 99,646</u>	<u>\$ 2,313,280</u>
	<i>Total liabilities and fund balances</i>			

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 General Fund
 For the Year Ended June 30, 2008

Statement D-2

	General Fund	Transportation Fund	Instructional Materials Fund	Total
<i>Revenues</i>				
Property taxes	\$ 122,249	\$ -	\$ -	\$ 122,249
Federal flowthrough	64,973	-	-	64,973
Federal direct	11,995	-	-	11,995
State flowthrough	504,670	-	513,127	1,017,797
State direct	32,124,056	-	-	32,124,056
Transportation distribution	-	2,835,378	-	2,835,378
Charges for services	49,362	-	-	49,362
Investment income	153,351	-	-	153,351
Miscellaneous	29,458	31,961	-	61,419
<i>Total revenues</i>	<u>33,060,114</u>	<u>2,867,339</u>	<u>513,127</u>	<u>36,440,580</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	19,334,566	-	478,204	19,812,770
Support services	7,886,212	-	34,796	7,921,008
Central services	1,460,310	-	-	1,460,310
Operation and maintenance of plant	4,529,883	-	-	4,529,883
Student transportation	144,127	1,927,565	-	2,071,692
Community services operations	79,525	-	-	79,525
<i>Total expenditures</i>	<u>33,434,623</u>	<u>1,927,565</u>	<u>513,000</u>	<u>35,875,188</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(374,509)</u>	<u>939,774</u>	<u>127</u>	<u>565,392</u>
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(374,509)	939,774	127	565,392
<i>Fund balances - beginning</i>	<u>2,207,872</u>	<u>(919,068)</u>	<u>90,661</u>	<u>1,379,465</u>
<i>Fund balances - ending</i>	<u>\$ 1,833,363</u>	<u>\$ 20,706</u>	<u>\$ 90,788</u>	<u>\$ 1,944,857</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 General Fund

Statement D-3

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

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 123,341	\$ 123,341	\$ 123,073	\$ (268)
Federal flowthrough	42,358	42,358	64,973	22,615
Federal direct	14,000	14,000	11,995	(2,005)
Local grants	-	-	-	-
State flowthrough	99,456	99,456	544,691	445,235
State direct	31,768,198	32,124,735	32,124,056	(679)
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	21,000	21,000	49,362	28,362
Investment income	100,000	100,000	153,351	53,351
Miscellaneous	(2)	6,722	29,458	22,736
<i>Total revenues</i>	32,168,351	32,531,612	33,100,959	569,347
<i>Expenditures</i>				
<i>Current</i>				
Instruction	21,161,291	19,366,208	19,351,992	14,216
Support services	6,603,351	8,353,701	7,978,721	374,980
Central services	1,392,243	1,725,927	1,465,739	260,188
Operation & maintenance of plant	4,440,983	4,554,247	4,320,554	233,693
Student transportation	92,037	157,802	144,127	13,675
Food services operations	-	-	-	-
Community services operations	120,300	120,300	78,554	41,746
Capital outlay	-	-	-	-
<i>Debt service</i>				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	33,810,205	34,278,185	33,339,687	938,498
<i>Excess (deficiency) of revenues over expenditures</i>	(1,641,854)	(1,746,573)	(238,728)	1,507,845
<i>Other financing sources (uses)</i>				
Designated cash	(1,641,854)	(1,746,573)	-	(1,746,573)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(1,641,854)	(1,746,573)	-	(1,746,573)
<i>Net change in fund balances</i>	-	-	(238,728)	(238,728)
<i>Fund balances - beginning of year</i>	-	-	2,262,342	2,262,342
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 2,023,614	\$ 2,023,614
<i>Net change in fund balances (Budget Basis)</i>				\$ (238,728)
Adjustments to revenues for prior year refund				(40,845)
Adjustments to expenditures for salary, health and medical premium, and other charges expenditures				(94,936)
<i>Net changes in fund balances (GAAP Basis)</i>				\$ (374,509)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-4

Belen Consolidated School District No. 2

Transportation Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	1,774,246	2,835,378	2,835,378	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	31,963	31,961	(2)
<i>Total revenues</i>	<u>1,774,246</u>	<u>2,867,341</u>	<u>2,867,339</u>	<u>(2)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	1,774,246	2,867,340	2,845,776	21,564
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,774,246</u>	<u>2,867,340</u>	<u>2,845,776</u>	<u>21,564</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>1</u>	<u>21,563</u>	<u>21,562</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	1	-	1
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
<i>Net change in fund balances</i>	-	-	21,563	21,563
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,563</u>	<u>\$ 21,563</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 21,563
No adjustment				-
Adjustments to expenditures for salary, supply maintenance, and buses expenditures				918,211
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 939,774</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement D-5

Belen Consolidated School District No. 2

Instructional Materials Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	453,851	588,721	527,871	(60,850)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>453,851</u>	<u>588,721</u>	<u>527,871</u>	<u>(60,850)</u>
<i>Expenditures</i>				
Current				
Instruction	469,459	595,534	473,849	121,685
Support services	41,298	51,140	33,172	17,968
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>510,757</u>	<u>646,674</u>	<u>507,021</u>	<u>139,653</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(56,906)</u>	<u>(57,953)</u>	<u>20,850</u>	<u>78,803</u>
<i>Other financing sources (uses)</i>				
Designated cash	56,906	57,953	-	(57,953)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>56,906</u>	<u>57,953</u>	<u>-</u>	<u>(57,953)</u>
<i>Net change in fund balances</i>	-	-	20,850	20,850
<i>Fund balances - beginning of year</i>	-	-	78,796	78,796
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,646</u>	<u>\$ 99,646</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 20,850
Adjustments to revenues for instructional material revenues				(14,744)
Adjustments to expenditures for instructional materials and library and visual expenditures				(5,979)
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 127</u>

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Schedule of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2008

Schedule I

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Belen High School	\$ 212,690	\$ 323,801	\$ 327,970	\$ 208,521
Belen Middle School	30,101	51,092	42,544	38,649
Central Elementary	12,326	25,539	20,574	17,291
Dennis Chavez Elementary	10,071	22,804	29,554	3,321
Gil Sanchez Elementary	10,031	27,893	31,243	6,681
Jaramillo Elementary	9,312	56,953	50,357	15,908
La Merced Elementary	13,058	39,651	49,234	3,475
La Promesa Elementary	12,718	9,918	8,229	14,407
Rio Grande Middle School	9,255	29,256	31,348	7,163
Infinity High School	1,494	3,027	1,091	3,430
Logsdan Middle School	417	200	277	340
Family School	371	507	399	479
Administration	27,812	6,284	17,869	16,227
Interest receivables	-	30,628	-	30,628
Accounts receivable	-	4,218	-	4,218
Total	\$ 349,656	\$ 631,771	\$ 610,689	\$ 370,738

See accompanying independent auditors' report

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Schedule of Collateral Pledged By Depository
 For Public Funds
 June 30, 2008

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2008
First Community Bank				
	FNCL AGENCY NOTE	8/15/2008	31330XOLJ6	\$ 500,725
	FNCL AGENCY NOTE	8/15/2008	3133XOLJ6	80,116
	FNCL AGENCY NOTE	11/14/2008	3133X2BZ7	125,462
	FNCL AGENCY NOTE	4/15/2009	3133X4ZC8	75,108
	FHR 2836 DY	8/15/2014	31395F6H2	353,718
	CARLSBAD NM MUN	8/1/2016	142735CY3	500,000 *
	GRANTS & CIBOLA COUNTY	11/15/2017	388240EB5	550,000 *
	CARLSBAD NM MUN	8/18/2018	142735DA4	650,000 *
	MBS FGLMC Gold 15 yr	12/1/2020	3128M1ET2	1,370,685
	MBS FGLMC Gold 15 yr	12/1/2020	3128M1ET2	649,272
	FNR 2003-70 BR	4/25/2022	31393DBW0	80,314
	BELEN MN CONS SD #02	8/1/2022	077581MS2	1,500,000 *
	RUIDOSO NM MUN	8/1/2022	72133EGP7	500,000 *
	FHR 2435 GE	6/15/2031	31339WS49	364,827
	MBS FNMA 30 YR	2/1/2032	31389KJ77	178,674
	FHR 26140 NA	4/15/2033	31393QN81	150,403
	Total First Community Bank			<u>7,629,304</u>
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank of Dallas 5606 N. MacArthur Blvd. Dallas, TX				
Wells Fargo Bank				
	FNCL 883567	5/1/2036	31410ATY2	<u>2,597,452</u>
	Total Wells Fargo Bank			<u>2,597,452</u>
Name and location of safekeeper for above pledged collateral: Wells Fargo Bank 420 Montgomery, 11th Floor San Francisco, CA				
	Total			<u>\$ 10,226,756</u>

* As per NMSA 2.2.2.10 (N) (4), the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be par value.

See accompanying independent auditors' report

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STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Schedule of Deposits
 June 30, 2008

Schedule III

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First Community Bank					
Debt Service	Checking	\$ 2,678,920	\$ -	\$ -	\$ 2,678,920
Federal Grants	Checking	488,321	-	45,932	442,389
Student Nutrition	Checking	636,622	-	74	636,548
Athletic Activity	Checking	22,863	-	-	22,863
Activities	Checking	40,901	-	9	40,892
Capital Projects	Checking	756,241	2,190	3,370	755,061
Capital Improvement	Checking	383,190	-	-	383,190
Certificate of Deposit	Time	7,782,129	-	-	7,782,129
Certificate of Deposit	Time	871,335	-	-	871,335
Certificate of Deposit	Time	6,648	-	-	6,648
Certificate of Deposit	Time	325,628	-	-	325,628
Certificate of Deposit	Time	806,945	-	-	806,945
Total First Community Bank		14,799,743	2,190	49,385	14,752,548
Wells Fargo Bank					
Ops/Tran/Instr/State Grants	Sweep Acct.	884,069	-	-	884,069
Ops/Tran/Instr/State Grants	Checking	569,305	-	355,288	214,017
Deferred Sick Leave	Checking	23,029	-	-	23,029
Accounts Payable Clearing	Checking	167,525	-	167,523	2
Payroll Clearing	Checking	1,891,360	-	1,871,413	19,947
Total Wells Fargo Bank		3,535,288	-	2,394,224	1,141,064
Total cash in bank		<u>\$ 18,335,031</u>	<u>\$ 2,190</u>	<u>\$ 2,443,609</u>	<u>\$ 15,893,612</u>
Cash per financial statements					
Cash and cash equivalents- Governmental Activities Exhibit A-1				\$ 11,333,640	
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1				3,550,255	
Business-type Activities - Exhibit A-1				643,197	
Fiduciary funds - Exhibit E-1				<u>366,520</u>	
Total cash and cash equivalents					<u>\$ 15,893,612</u>

See accompanying independent auditors' report

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Cash Reconciliation
For the Year Ended June 30, 2008

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Cash, June 30, 2007	\$ 1,729,399	\$ -	\$ 78,796	\$ 490,110
Add:				
2007-2008 revenues	33,100,959	2,867,339	527,871	2,347,421
Loans from other funds	-	-	-	-
Bond proceeds	-	-	-	-
Total cash available	<u>34,830,358</u>	<u>2,867,339</u>	<u>606,667</u>	<u>2,837,531</u>
Less:				
2007-2008 expenditures	33,339,687	2,845,776	507,021	2,194,334
Loans to other funds	<u>576,046</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2008	<u>\$ 914,625</u>	<u>\$ 21,563</u>	<u>\$ 99,646</u>	<u>\$ 643,197</u>

See accompanying independent auditors' report

Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
\$ 52,313	\$ 3,743	\$ 252,731	\$ -	\$ -
25,995	3,424,663	449,379	10,600	577,092
-	113,786	-	-	85,379
-	-	-	-	-
<u>78,308</u>	<u>3,542,192</u>	<u>702,110</u>	<u>10,600</u>	<u>662,471</u>
55,445	3,508,093	293,821	3,000	621,437
-	-	-	-	-
<u>\$ 22,863</u>	<u>\$ 34,099</u>	<u>\$ 408,289</u>	<u>\$ 7,600</u>	<u>\$ 41,034</u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Cash Reconciliation
 For the Year Ended June 30, 2008

	State Direct 28000	Local/State 29000	Bond Building 31100	Special Capital Outlay-Local 31300
Cash, June 30, 2007	\$ -	\$ 13,059	\$ 2,539,019	\$ 31,604
Add:				
2007-2008 revenues	80,986	182,100	464,315	-
Loans from other funds	24,961	-	-	-
Bond proceeds	-	-	8,000,000	-
Total cash available	<u>105,947</u>	<u>195,159</u>	<u>11,003,334</u>	<u>31,604</u>
Less:				
2007-2008 expenditures	105,947	161,594	2,497,747	-
Loans to other funds	-	-	-	-
Cash, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ 33,565</u></u>	<u><u>\$ 8,505,587</u></u>	<u><u>\$ 31,604</u></u>

See accompanying independent auditors' report

Special Capital Outlay State 31400	Capital Improvements SB-9 31700	Debt Service 41000	Deferred Sick Leave 42000	Total
\$ -	\$ 1,160,205	\$ 3,468,783	\$ 93,240	\$ 9,913,002
820,256	1,284,323	3,207,381	2,639	49,521,048
351,920	-	-	-	576,046
-	-	-	-	8,000,000
<u>1,172,176</u>	<u>2,444,528</u>	<u>6,676,164</u>	<u>95,879</u>	<u>68,010,096</u>
1,172,176	1,254,392	3,125,909	72,850	51,906,958
-	-	-	-	576,046
<u>\$ -</u>	<u>\$ 1,190,136</u>	<u>\$ 3,550,255</u>	<u>\$ 23,029</u>	<u>\$ 15,527,092</u>

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COMPLIANCE SECTION

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Education
Belen Consolidated School District No. 2
Belen, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison for the general fund and the aggregate remaining fund information of Belen Consolidated School District No. 2, New Mexico, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 30, 2008. We also have audited the financial statements of each of the District's nonmajor governmental funds and budgetary comparisons for the bond building fund, the capital improvements SB-9 fund, debt service fund, the proprietary fund and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Belen Consolidated School District No. 2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as item FS 07-03, FS 07-06, FS 08-02, and FS 08-03.

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

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

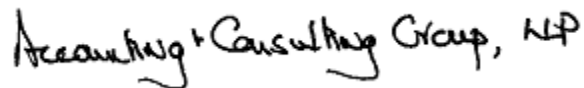
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Belen Consolidated School District No. 2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 item FS 07-05.

We noted certain matters that are required to be reported under *Government Auditing Standards, January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding FS 08-01.

Belen Consolidated School District No. 2's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee management, others within the organization, Board of Education, the Office of the State Auditor, the Public Education Department, the New Mexico Legislature, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Accounting & Consulting Group, LLP
Albuquerque, NM
October 30, 2008

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FEDERAL FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Education
Belen Consolidated School District No. 2
Belen, New Mexico

Compliance

We have audited the compliance of Belen Consolidated School District No. 2, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Belen Consolidated School District No. 2's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Belen Consolidated School District No. 2's management. Our responsibility is to express an opinion on Belen Consolidated School District No. 2's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Belen Consolidated School District No. 2's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Belen Consolidated School District No. 2's compliance with those requirements.

In our opinion, Belen Consolidated School District No. 2 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Belen Consolidated School District No. 2 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Belen Consolidated School District No. 2's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Belen Consolidated School District No. 2's internal control over compliance.

A control deficiency in Belen Consolidated School District No. 2's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Belen Consolidated School District No. 2's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more the inconsequential will not be prevented or detected by Belen Consolidated School District No. 2's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Belen Consolidated School District No. 2's internal control.

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

This report is intended solely for the information and use of management, others within Belen Consolidated School District No. 2, the Board of Education, the Office of the State Auditor, the Public Education Department, the New Mexico Legislature, and applicable federal grantors and pass through entities, and is not intended to be and should not be used by anyone other than these parties.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
October 30, 2008

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2008

Schedule V
 Page (1 of 2)

Federal Grantor/Pass Through Grantor/Program Title	Passthrough Number	Federal C.F.D.A. Number	Expenditures
<u>Federal Department of Education</u>			
Passed through from New Mexico			
Public Education Department			
Improving America's Schools Title I	24101	84.010	\$ 1,266,386
Individuals With Disabilities Act	24106	84.027	1,146,064
Individuals With Disabilities Act-Preschool	24109	84.173	28,218
Education of Homeless	24113	84.196O	3,935
ELL Title III- Incentive Awards	24143	84.364A	3,000
Title V-Elementary and Secondary Education Act	24150	84.298	7,051
Title III-A English Language Acquisition	24153	84.365A	18,378
Improving Teacher Quality	24154	84.367A	468,811
Reading First	24167	84.357A	491,962
Carl Perkins Secondary - Current Year	24174	84.048O	51,297
Carl Perkins Secondary - Prior Year Unliquidated Obligations	24175	84.048O	8,441
Carl D. Perkins Secondary Redistribution	24176	84048O	13,446
Flowthrough Children, Youth and Families Department			
Title IV Drug-free Schools	24157	84.186	29,370
Total US Department of Education			<u>3,536,359</u>
<u>Department of Health and Human Services</u>			
Flowthrough from NM Department of Health			
NM Grads/Childcare	25149	93.590	5,000
Child Care Block Grant CYFD	25157	93.037	12,713
NM Grads	25162	93.558O	12,000
Total Department of Health and Human Services			<u>29,713</u>
<u>Department of Agriculture</u>			
Direct programs			
Nutrition Program			
Food Distribution	21000	10.550 (1) (*)	147,729
National School Breakfast	21000	10.530 (1) (*)	579,833
National School Lunch Act	21000	10.550 (1) (*)	1,567,275
Total Department of Agriculture			<u>2,294,837</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,860,909</u></u>

(1) Nutrition Cluster

(*) Major program

See accompanying independent auditors' report

STATE OF NEW MEXICO
Belen Consolidated School District No. 2
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Schedule V
Page (2 of 2)

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Belen Consolidated School District No. 2, New Mexico (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements except the Department of Agriculture awards that are presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Subrecipients

The District did not provide any federal awards to subrecipients during the year.

Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2008 was \$147,729 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.550.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 5,860,909
Total expenditures funded by other sources	<u>45,399,710</u>
Total expenditures	<u><u>\$ 51,260,619</u></u>

See accompanying independent auditors' report

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Schedule of Findings and Questioned Costs
 June 30, 2008

A. SUMMARY OF AUDIT RESULTS*Financial Statements:*

- | | |
|--|-------------|
| 1. Type of auditors' report issued | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the basic financial statements noted? | No |

Federal Awards:

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors' report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
10.550, 10.530, & 10.550	School Nutrition Fund

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Schedule of Findings and Questioned Costs
 June 30, 2008

B. FINDINGS-FINANCIAL STATEMENT AUDIT**FS 07-03- Inventory**

Condition: During inventory test work, we found that for 4 out of the 10 items tested had discrepancies between amounts reported on year end inventory, and what was actually in the inventory warehouse. The discrepancies are:

1. Item # 200-4164 had on hand 468 units, however, per the Inventory History Report, there should have been 493 units in stock. The total discrepancy was an inventory overstatement of \$86.00.
2. Item # 100-1026 had on hand 507 units, however, per the Inventory History Report, there should have been 498 units in stock. The total discrepancy was an inventory understatement of \$122.67.
3. Item #200-4233 had on hand 2839 units, however, per the Inventory History Report, there should have been 2845 units in stock. The total discrepancy was an inventory overstatement of \$21.06.
4. Item #200-4234 had on hand 316 units, however, per the Inventory History Report, there should have been 318 units in stock. The total discrepancy was an inventory overstatement of \$13.44.

Criteria: NMAC 6.20.2.16 states that "School Districts shall establish adequate internal accounting control procedures over inventory in accordance with GAAP."

Cause: There is a lack of internal control in the receiving and shipment of items and a miscount of ending inventory on hand at year end.

Effect: With insufficient internal controls in place, inventory amounts are more susceptible to fraudulent activity, misappropriation, and could result in misstatements to inventory amounts reported on the Districts financial statements..

Recommendation: We recommend that the District ensure compliance with NMAC 6.20.2.16 by implementing internal control processes that will safeguard inventory, and increase monitoring and control related to inventory.

Management's Response: Staff has been made aware of the discrepancy in maintaining the consumable inventory. Staff will be required to reconcile actual inventory to the perpetual records on a monthly basis. Differences will be reported directly to the Business Office for resolution.

FS 07-05- Cash Appropriations in Excess of Available Cash Balances

Condition: The District designated cash appropriations in excess of available balances in the following funds in fiscal year 2008:

Athletics Special Revenue Fund	\$ 5,722
Carl Perkins Secondary Special Revenue Fund	<u>173</u>
Total Governmental Funds	<u><u>\$ 5,895</u></u>

The District designated cash appropriations in excess of available balances in the following funds in its fiscal year 2009 budget:

Athletics Special Revenue Fund	\$ 3,590
Deferred Sick Leave Fund	<u>7,792</u>
Total Governmental Funds	<u><u>\$ 11,382</u></u>

STATE OF NEW MEXICO
 Belen Consolidated School District No. 2
 Schedule of Findings and Questioned Costs
 June 30, 2008

Criteria: All District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the Public Education Department for approval. The District may not budget for nonexistent cash amounts and once adopted, any claims or warrants in excess of budget are a violation of Section 6.20.2.9.

Cause: Inadequate monitoring of cash available to be budgeted in subsequent year caused this noncompliance.

Effect: The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the District incurring debt to pay for current year budgeted expenditures, which would result in noncompliance with the Bateman Act.

Auditor's Recommendation: Greater attention should be given to the cash balances actually available to cover budgeted expenditures in excess of budgeted revenues.

Management's Response: The District will prepare a Budget Adjustment Request (BAR) based upon Cash Balance at June 30th for all Funds. This document will be submitted to the Public Education Department (PED) for their review and approval. When approval is received we will adjust our records to reflect this amount.

FS 07-06- Preparation of Financial Statements

Condition: Financial statements and related footnote disclosures were not prepared by the District.

Criteria: According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems should be implemented and should include controls over financial statement preparation, footnote disclosure preparation, and should give the entity the ability to catch material errors that may effect the financial statements.

Cause: District personnel do not have the time to prepare the district's financial statements, or adequate training to understand the elements of external financial reporting including the preparation of financial statements, the preparation of the related footnote disclosures, or the ability to recognize material errors.

Effect: When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

Auditors' Recommendation: We recommend the District's management and personnel receive training on understanding the requirements of external financial reporting. The training should include, but not be limited to:

- Selection of appropriate accounting policies:
 - Governmental Accounting Standards Board (GASB)
 - Generally Accepted Accounting Principles (specifically as applied to governmental units)
 - Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information, including Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the District develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

Management's Response: Belen Business Office staff has been trained in the preparation of the District's financial statements. Staff will begin the preparation of these statements in the current fiscal year. Additional training will be provided by a Certified Public Accountant.

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 Schedule of Findings and Questioned Costs
 June 30, 2008

FS 08-01- Internal Control (Credit Cards)

Condition: During our credit card testwork, we noted that the District has 51 gas credit cards assigned throughout the District, however, there were only 3 transactions in total that took place during fiscal year 2008.

Criteria: According to NMAC 6.20.2.11, all school districts shall establish and maintain an internal control structure including credit card controls, to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization.

Cause: Management does have controls in place to ensure authorized users have access to gas credit cards, however, they were not aware of the large amount of cards assigned to employees compared to gas credit card transactions.

Effect: Large amounts of unused gas credit cards assigned to employees, with very little activity, raises the risk of fraudulent and/ or abusive activities.

Recommendation: ACG recommends that the District reduce the amount of gas credit cards assigned to employees, and only issue gas credit cards to employees that have a need for them.

Management's Response: These gasoline credit cards have been assigned to the School Transportation Department for many years to be utilized for field trips and athletic trips. The District will retrieve all of the credit cards and re-assign a maximum of 5 cards to the Transportation Department. In addition, guidelines will be developed for the issuance of these gasoline cards.

FS 08-02- Internal Controls – Lack of Segregation of Duties (Receipting Cycle)

Condition: During our Single Audit procedures of the School Nutrition Program, we observed a lack of segregation of duties in the receipting cycle. It was observed that the same cafeteria cashiers that are responsible for receiving and counting monies, are also the same personnel that deposit the monies.

Criteria: Section 6.20.2.11 of NMAC requires each school district to develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

Cause: Staffing needs and convenience has made it easier for the organization to rely on the individuals that receive and count the monies to make the deposits.

Effect: The District overlooked the potential for misappropriation of assets by allowing the same individuals that receive and count the monies to also make the deposits. When one single person is in control of the monies from the time it is received to time that it is deposited, an opportunity for irregularities exists.

Recommendation: We suggest that the District implement a system of checks and balances, and involve at least one additional person in the process. We were informed that each individual school has an on-site lunch program manager. One potential remedy to the lack of Segregation of duties could be as follows:

- The District could have the cashier continue to receive and count the monies.
- The manager could then recount the money and be responsible for completing the deposit.

Management's Response: The District will continue to have the cashier receive funds and prepare the actual deposit. The deposit will be submitted to the Cook Manager for verification and actual deposit at the local bank.

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FS 08-03- Internal Control (Cash)

Condition: During our testwork of cash, we noted that the District's bank reconciliations are not reviewed by any member of management on a timely basis.

Criteria: NMAC 6.20.2.14 states that a School District 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 102, and applicable state and federal laws and regulations.

Cause: The District has simply overlooked the internal control of a monthly review of bank reconciliations for all accounts.

Effect: The lack of a timely management review of bank reconciliation results in an increased risk that errors or irregularities in the bank accounts will not be detected timely.

Recommendation: ACG recommends that the District implement procedures that provide for a monthly review of all bank reconciliation by a member of management.

Management's Response: Currently all bank reconciliations are reviewed on a quarterly basis when our staff prepares the required cash report and submitted to the Public Education Department (PED). Either the Business Manager or the Supervisor of Accounting will review and approval all bank reconciliations when they are completed every month.

C. PRIOR YEAR AUDIT FINDINGS

FS 07-01: Lack of Proper Authorization for Disbursements- Resolved

FS 07-02: Missing W-4- Resolved

FS 07-03: Inventory- Repeated

FS 07-04: Personal Use of Company Vehicle- Resolved

FS 07-05: Cash Appropriation in Excess of Available Cash Balances- Repeated

FS 07-06: Preparation of Financial Statements- Repeated

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Other Disclosures
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D. AUDITOR PREPARED FINANCIAL STATEMENTS

Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

E. EXIT CONFERENCE

The contents of this report were discussed on November 7, 2008. The following individuals were in attendance.

Belen Consolidated School District No. 2

Lola Quintana, Board Member

Dr. Patricia Rael, Superintendent

Art Castillo, Finance Director

Sandra Sanchez, Accounting Supervisor

Accounting & Consulting Group, LLP

Ray Roberts, CPA

Robert Cordova, CPA

Robert Gonzales