

**Accounting & Consulting Group, LLP**

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Certified Public Accountants

STATE OF NEW MEXICO  
BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011



**STATE OF NEW MEXICO**  
**BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2011**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
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**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Official Roster  
June 30, 2011

<u>Name</u>		<u>Title</u>
	<b><u>Board of Education</u></b>	
Sam Chavez		President
Adrian Pino		Vice President
Delores Lola Quintana		Secretary
Larry Lindberg		Member
Lorraine Espinosa		Member
	<b><u>School Officials</u></b>	
Ron Marquez		Superintendent
George Perea		Director of Finance and Business



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**FINANCIAL SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

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

We were engaged to audit the accompanying financial statements of the governmental 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, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the District's nonmajor governmental funds, the combining financial statements for the general fund, and the respective budgetary comparisons for the major capital projects fund, the major debt service 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, 2011 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.

The District has not maintained adequate accounting records and has several material weaknesses in internal control. The District has insufficient or non-existent internal controls over substantially all of its significant transaction classes and general ledger postings cannot be relied upon. In addition, the District has not established and maintained adequate internal controls over its cash and was unable to reconcile cash balances in total, and by fund, as of June 30, 2011. There are no internal controls in place to mitigate the risk of management override, as numerous nonstandard manual journal entries exist in the general ledger with little or no evidence to substantiate its validity. Furthermore, revenues and expenditures for the fiscal year cannot be verified to the bank statements.

As a result of the numerous material weaknesses over the internal control structure of the District, the District's accounting records are inadequate to substantiate the account balances for revenues, expenditures and cash presented in the financial statements. In addition, the District does not have the underlying supporting documentation or reconciliations that provide evidence for numerous nonstandard manual journal entries posted within its general ledger. There is insufficient evidence available to determine that the account distributions for revenue and expenditures amounts are accurate and management assertions cannot be adequately examined to afford a basis for an opinion. The District's records do not permit the application of other auditing procedures to its revenues, expenditures and cash.

Because we were unable to obtain adequate supporting documentation and evidence for the District's revenues, expenditures, and cash account balances, the scope of our work was not sufficient to enable us to express, and we do not express opinions on the governmental activities, each major fund, the budgetary comparison of the general fund and the aggregate remaining fund information of the District. Also, because we were unable to obtain adequate supporting documentation and evidence for the District's revenues, expenditures, and cash account balances, the scope of our work was not sufficient to enable us to express, and we do not express opinions on the District's nonmajor governmental funds, the combining financial statements for the general fund, and the respective budgetary comparisons for the major capital projects fund, the major debt service fund and the remaining nonmajor governmental funds presented as supplementary information.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2012 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 District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

We were engaged 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 the District. Because of the significance of the matters discussed in the preceding paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express an opinion regarding whether schedules I through IV or the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements, and the remaining nonmajor governmental fund financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on that information.

*Accounting + Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
July 20, 2012

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Statement of Net Assets  
 June 30, 2011

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 9,903,623
Property taxes receivable	1,409,652
Due from other governments	1,785,057
Inventory	<u>169,631</u>
Total current assets	<u>13,267,963</u>
Noncurrent assets	
Restricted cash and cash equivalents	4,498,232
Bond discounts, net of amortization of \$27,341	26,612
Bond issuance costs, net of amortization of \$49,776	144,309
Capital assets	101,560,640
Less: accumulated depreciation	<u>(40,948,091)</u>
Total noncurrent assets	<u>65,281,702</u>
Total assets	<u><u>\$ 78,549,665</u></u>

The accompanying notes are an integral part of these financial statements

	Governmental Activities
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 743,851
Accrued payroll	607,762
Accrued interest	380,909
Current portion of accrued compensated absences	331,499
Current portion of bonds payable	<u>2,650,000</u>
Total current liabilities	<u>4,714,021</u>
Noncurrent liabilities	
Bond premiums, net of amortization of \$83,788	145,204
Bonds payable	21,955,000
Accrued compensated absences	<u>259,488</u>
Total noncurrent liabilities	<u>22,359,692</u>
Total liabilities	<u>27,073,713</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	36,007,549
Restricted for:	
Special revenue	2,129,050
Debt service	7,793,166
Capital projects	1,992,206
Unrestricted	<u>3,553,981</u>
Total net assets	<u>51,475,952</u>
Total liabilities and net assets	<u>\$ 78,549,665</u>



**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Statement of Activities  
 For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Governmental Activities:</b>			
<b>Education:</b>			
Instruction	\$ 24,662,144	\$ 85,152	\$ 4,515,009
Support services	8,358,260	28,859	1,530,184
Central services	1,600,514	5,526	293,013
Operation and maintenance of plant	5,025,503	17,352	920,041
Student transportation	1,713,582	-	1,413,654
Food services	2,676,452	220,621	2,280,256
Community services operations	54,334	188	9,947
Interest on long-term debt	901,849	-	-
Amortization	16,247	-	-
	<u>45,008,885</u>	<u>357,698</u>	<u>10,962,104</u>
Total governmental activities	<u>\$ 45,008,885</u>	<u>\$ 357,698</u>	<u>\$ 10,962,104</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 of capital assets

Subtotal, general revenues

Changes in net assets

Net assets, beginning

Net assets, ending

The accompanying notes are an integral part of these financial statements

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	<u>Governmental Activities</u>
\$ 176	\$ (20,061,807)	
60	(6,799,157)	
11	(1,301,963)	
36	(4,088,074)	
-	(299,928)	
-	(175,575)	
-	(44,199)	
-	(901,849)	
-	(16,247)	
<u>\$ 284</u>	<u>(33,688,799)</u>	

202,687
4,765,549
1,221,522
30,410,201
1,203
16,746
<u>(43,352)</u>
<u>36,574,556</u>
2,885,757
<u>48,590,195</u>
<u>\$ 51,475,952</u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Balance Sheet  
 Governmental Funds  
 June 30, 2011

	General Fund	Bond Building Fund	Debt Service Fund
<i>Assets</i>			
Cash and cash equivalents	\$ 3,033,324	\$ 3,822,665	\$ 4,498,232
Property taxes receivable	53,257	-	1,080,392
Due from other governments	422,686	-	-
Inventory	81,866	-	-
Due from other funds	2,127,199	-	-
<i>Total assets</i>	\$ 5,718,332	\$ 3,822,665	\$ 5,578,624
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 337,682	\$ 361,578	\$ -
Accrued payroll	607,762	-	-
Deferred revenue	49,674	-	951,405
Due to other funds	1,103,551	-	-
<i>Total liabilities</i>	2,098,669	361,578	951,405
<i>Fund balances</i>			
Nonspendable			
Inventory	81,866	-	-
Spendable			
Restricted for:			
Extracurricular activities	-	-	-
Education	-	-	-
Debt service	-	-	4,627,219
Capital acquisition and improvements	-	3,461,087	-
Committed for:			
Subsequent year expenditures	997,034	-	-
Unassigned	2,540,763	-	-
<i>Total fund balances</i>	3,619,663	3,461,087	4,627,219
<i>Total liabilities and fund balances</i>	\$ 5,718,332	\$ 3,822,665	\$ 5,578,624

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 3,047,634	\$ 14,401,855
276,003	1,409,652
1,362,371	1,785,057
87,765	169,631
<u>973,215</u>	<u>3,100,414</u>
<u>\$ 5,746,988</u>	<u>\$ 20,866,609</u>
\$ 44,591	\$ 743,851
-	607,762
243,857	1,244,936
<u>1,996,863</u>	<u>3,100,414</u>
<u>2,285,311</u>	<u>5,696,963</u>
87,765	169,631
47,565	47,565
2,168,311	2,168,311
-	4,627,219
1,324,184	4,785,271
-	997,034
<u>(166,148)</u>	<u>2,374,615</u>
<u>3,461,677</u>	<u>15,169,646</u>
<u>\$ 5,746,988</u>	<u>\$ 20,866,609</u>

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**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Reconciliation of the Balance Sheet to the Statement of Net Assets  
 Governmental Funds  
 June 30, 2011

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund balances - total governmental funds	\$	15,169,646
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		60,612,549
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		1,244,936
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Bond issuance costs		144,309
Bond discounts		26,612
Other liabilities are not due and payable with current financial resources and, therefore are not reported in the funds		
Bond premiums		(145,204)
Accrued interest		(380,909)
Current portion of accrued compensated absences		(331,499)
Current portion of bonds payable		(2,650,000)
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable		(21,955,000)
Accrued compensated absences		(259,488)
		(22,214,488)
Total net assets - governmental activities	\$	51,475,952

**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, 2011

	General Fund	Bond Building Fund	Debt Service Fund
<i>Revenues</i>			
Property taxes	\$ 156,354	\$ -	\$ 3,890,903
Federal flowthrough	860,572	-	-
Federal direct	19,715	-	-
Local sources	-	-	-
State flowthrough	250,029	284	-
State direct	30,410,201	-	-
Transportation distribution	1,413,654	-	-
Charges for services	57,369	-	-
Investment income	-	217	-
Miscellaneous	15,394	-	-
<i>Total revenues</i>	33,183,288	501	3,890,903
<i>Expenditures</i>			
<i>Current</i>			
Instruction	18,118,233	-	39,051
Support services	6,879,535	-	-
Central services	1,543,181	-	-
Operation and maintenance of plant	3,831,100	95,163	-
Student transportation	1,681,948	-	-
Food services operations	-	-	-
Community services operations	54,334	-	-
Capital outlay	-	1,396,182	-
<i>Debt service</i>			
Principal	-	-	2,575,000
Interest	-	-	968,604
<i>Total expenditures</i>	32,108,331	1,491,345	3,582,655
<i>Net change in fund balances</i>	1,074,957	(1,490,844)	308,248
<i>Fund balances - beginning</i>	2,544,706	4,951,931	4,318,971
<i>Fund balances - ending</i>	\$ 3,619,663	\$ 3,461,087	\$ 4,627,219

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 997,489	\$ 5,044,746
7,023,370	7,883,942
660,596	680,311
649	649
541,476	791,789
192,043	30,602,244
-	1,413,654
300,329	357,698
986	1,203
1,352	16,746
<u>9,718,290</u>	<u>46,792,982</u>
3,884,651	22,041,935
1,480,039	8,359,574
57,333	1,600,514
1,099,240	5,025,503
31,634	1,713,582
2,676,452	2,676,452
-	54,334
693,293	2,089,475
-	2,575,000
-	968,604
<u>9,922,642</u>	<u>47,104,973</u>
(204,352)	(311,991)
<u>3,666,029</u>	<u>15,481,637</u>
<u>\$ 3,461,677</u>	<u>\$ 15,169,646</u>



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**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  
 Governmental Funds  
 For the year ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$ (311,991)
--	--------------

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	2,089,475
Depreciation expense	(2,546,891)
Loss on disposition of assets	(43,352)

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

Change in deferred revenue related to property taxes receivable	1,145,011
---	-----------

Expenses in the Statements of Activities that do not consume current financial resources are not reported as expenditures in the funds:

Increase in the reserve for compensated absences	(72,004)
Decrease in accrued interest	50,547

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	(16,246)
Amortization of bond discounts and premiums	16,208
Principal payments on bonds	<u>2,575,000</u>

Change in net assets of governmental activities	<u><u>\$ 2,885,757</u></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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 170,235	\$ 170,235	\$ 159,006	\$ (11,229)
Federal flowthrough	58,993	58,993	562,603	503,610
Federal direct	4,000	4,000	21,468	17,468
Local grants	-	-	-	-
State flowthrough	316,050	316,050	179,354	(136,696)
State direct	31,245,598	30,371,187	30,410,201	39,014
Transportation distribution	1,456,389	1,413,654	1,413,654	-
Charges for services	50,350	50,350	57,260	6,910
Investment income	2,500	2,500	-	(2,500)
Miscellaneous	-	-	15,394	15,394
<i>Total revenues</i>	<u>33,304,115</u>	<u>32,386,969</u>	<u>32,818,940</u>	<u>431,971</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	19,459,571	18,783,212	18,894,215	(111,003)
Support services	7,909,710	7,933,906	6,699,142	1,234,764
Central services	1,477,073	1,592,073	1,540,888	51,185
Operation and maintenance of plant	4,242,182	4,095,985	3,803,817	292,168
Student transportation	1,574,596	1,531,861	1,686,079	(154,218)
Food services operations	-	-	-	-
Community services operations	54,368	54,368	54,334	34
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>34,717,500</u>	<u>33,991,405</u>	<u>32,678,475</u>	<u>1,312,930</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,413,385)</u>	<u>(1,604,436)</u>	<u>140,465</u>	<u>1,744,901</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,413,385	1,604,436	-	(1,604,436)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,413,385</u>	<u>1,604,436</u>	<u>-</u>	<u>(1,604,436)</u>
<i>Net change in fund balances</i>	-	-	140,465	140,465
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,916,507</u>	<u>3,916,507</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,056,972</u>	<u>\$ 4,056,972</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 140,465
Adjustments to revenues for state flowthrough revenues and property taxes				364,348
Adjustments to expenditures for salary, materials, other charges, and buses expenditures				570,144
<i>Net changes in fund balances (GAAP Basis)</i>				<u>\$ 1,074,957</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2011

Exhibit D-1

<i>Assets</i>	
Cash and cash equivalents	\$ 487,954
	<u>487,954</u>
<i>Total assets</i>	<u><u>\$ 487,954</u></u>
 <i>Liabilities</i>	
Due to student organizations	\$ 448,518
Accounts payable	39,436
	<u>39,436</u>
<i>Total liabilities</i>	<u><u>\$ 487,954</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, 2011

**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 the District's management that is responsible for the financial statements. The financial statements 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 financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to this same limitation. The District 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.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*B. Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net 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. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 levied. 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 property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period, and the government considers grant revenues to be available if they are collected within one year. 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.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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. 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.

The *Bond Building Capital Projects 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 School District.

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 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*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 Local Government Investment Pool. The Local Government Investment 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. As of June 30, 2011 the District does not have any investments.

**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 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 Valencia and Socorro Counties. The funds are collected by the County Treasurers and are remitted to the District the following month.

Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2011 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2011. Period of availability is deemed to be sixty days subsequent to year end.

Certain Special Revenue funds are administered on a reimbursement method of funding, were the funds incurred the cost and submitted the necessary request for reimbursement.

**Inventory:** The District's method of accounting for inventory is the consumption method. 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. Inventory is valued at cost and 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, 2011.



**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**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 assets 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>
Buildings and improvements	10-50
Furniture and equipment	5-15
Vehicles	10

**Deferred Revenues:** There are two sets of circumstances in which the District accrues deferred revenue.

- *Unearned revenue* - Under both the 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 a corresponding liability for *deferred revenue*.
- *Unavailable revenue* – Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual (it must be both measureable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue. The District has recorded \$1,244,936 in deferred revenue related to property taxes considered “unavailable.”

**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.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**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, or the straight-line method, if the difference is inconsequential compared to 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 Balance Classification Policies and Procedures:** For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used.

**Nonspendable Fund Balance:** At June 30, 2011, the nonspendable fund balance in the general fund and food service fund is made up of inventory in the amounts of \$81,866 and \$87,765 respectively.

**Restricted and Committed Fund Balance:** At June 30, 2011, the restricted fund balance on the governmental funds balance sheet is made up of \$2,168,311 for providing education to the students of the District, \$4,785,271 for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, \$4,627,219 for the payment of principal and interest of the future debt service requirements, and \$47,565 for athletics administered within the District.

Also, the District has committed fund balance on the governmental funds balance sheet for subsequent year expenditures in the amount of \$997,034.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**Minimum Fund Balance Policy:** The District does not have a policy for maintaining a minimum amount of fund balance for operations to help minimize any sudden and unplanned discontinuity to programs, operations or for unforeseen contingencies.

**Equity Classifications**

*Government-wide Statements*

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

- a. Invested in Capital Assets, Net of Related Debt:  
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.
- 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, capital projects, and debt service” are described on pages 30 and 56-59.
- 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.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Revenues (continued)*

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 \$30,410,201 in state equalization guarantee distributions during the year ended June 30, 2011.

**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 \$5,044,746 in tax revenues in the governmental fund financial statements during the year ended June 30, 2011. 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 \$1,413,654 in transportation distributions during the year ended June 30, 2011.

**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, 2011 totaled \$36,594.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Revenues (continued)*

**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 \$0 in state SB-9 matching during the year ended June 30, 2011.

**Public School Capital Outlay:** The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions 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).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, 2011, the District received \$0 in state flow-through capital outlay funds.

**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.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

Budgets for the General, Special Revenue, Debt Service and Capital Projects 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.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information (continued)*

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. Support services has several “sub-functions” presented, including support services, central services, operation and maintenance of plant, and student transportation, as the activity is descriptive of the goods and services rendered for the District. 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.

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. 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 State of New Mexico Public Education Department.

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information (continued)*

7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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, 2011, 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	\$ (1,413,385)	\$ (1,604,436)
Bond Building Fund	\$ (5,941,787)	\$ (5,941,787)
Debt Service Fund	\$ (3,789,797)	\$ (3,789,797)
Nonmajor Funds	\$ 1,873,213	\$ 1,911,097

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 are included in each individual budgetary comparison.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**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, 2011.

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 (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state were insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts at all FDIC-insured depository institutions. The separate coverage on non-interest bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2011 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transactions (demand deposit) accounts.

*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, 2011, \$10,358,622 of the District's bank balance of \$15,044,700 was subject to custodial credit risk. Although, the entire amount was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the District's name.



**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**NOTE 3. Deposits and Investments (continued)**

	<u>Wells Fargo Bank</u>	<u>US Bank</u>	<u>Total</u>
Amount of deposits	\$ 2,964,335	\$ 12,080,365	\$ 15,044,700
Deposit Accounts covered by the "Dodd-Frank Deposit Insurance Provision"	(2,964,335)	(971,743)	(3,936,078)
FDIC Coverage	<u>(250,000)</u>	<u>(500,000)</u>	<u>(750,000)</u>
 Total uninsured public funds	 <u>-</u>	 <u>10,608,622</u>	 <u>10,358,622</u>
 Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	  <u>-</u>	  <u>10,608,623</u>	  <u>10,608,623</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Collateral requirement (50% of uninsured funds)	 \$ -	 \$ 5,304,311	 \$ 5,179,311
Pledged Collateral	<u>1,544,569</u>	<u>11,878,437</u>	<u>13,423,006</u>
Over (Under) collateralized	<u>\$ 1,544,569</u>	<u>\$ 6,574,126</u>	<u>\$ 8,243,695</u>

**Repurchase Agreement**

*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 issued 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, 2011, \$1,620,870 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.

	<u>Wells Fargo Bank</u>
Repurchase agreements	<u>\$ 1,620,870</u>
Total uninsured public funds	<u>1,620,870</u>
 Securities underlying an overnight repurchase agreement	 <u>1,620,870</u>
Total investments subject to custodial credit risk	<u>\$ 1,620,870</u>
 Collateral requirement for repurchase agreements (102% of value of underlying securities)	 \$ 1,653,287
Pledged Collateral	<u>1,653,287</u>
Over (Under) collateralized	<u>\$ -</u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**NOTE 3. Deposits and Investments (continued)**

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 should be reclassified as due to/from accounts in the combining balance sheets as of June 30, 2011. However, due to the District having unreconciled cash balances, Due to/from accounts is not accurate or complete at year end. Funds 24000 through 25000 are federal funds and 14000, and 27000 through 31400 are nonfederal funds. The following individual funds had negative cash balances as of June 30, 2011:

Fund #	Special Revenue Funds:		
14000	Instructional Materials	\$	130,336
24101	Title I IASA (Federal)		295,063
24106	Entitlement IDEA-B (Federal)		173,420
24113	Education for the Homeless (Federal)		18,705
24118	Fresh Fruits & Vegetables USDA (Federal)		29,151
24120	IDEA B "Risk Pool" (Federal)		2,403
24149	Enhancing Education Thru Technology (E2Y2-C) (Federal)		12,994
24153	Title III-A (Federal)		20,351
24154	Teacher/Principal Training & Recruiting (Federal)		20,436
24162	Title I School Improvement (Federal)		57,835
24174	Carl Perkins Secondary (Federal)		13,967
24167	Reading First (Federal)		1,145
24183	USDA 2010 Equipment Assistance (Federal)		19,922
24201	Title I - IASA - Federal Stimulus (Federal)		87,193
24206	Entitlement IDEA-B Federal Stimulus (Federal)		48,276
24209	Preschool IDEA-B Federal Stimulus (Federal)		2,439
24213	Education for Homeless (Federal)		1,363
24626	School Improvements Stimulus (Federal)		35,857
25250	Operational Federal Stabilization (Federal)		819,792
25255	Education Job Fund (Federal)		249,083
27139	Truancy Prevention/Intervention		847
28178	GEAR UP CHE		39,342
29102	Private Direct Grants (Categorical)		1,528
			<hr/>
	Total	\$	<u><u>2,081,448</u></u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**NOTE 3. Deposits and Investments (continued)**

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:

Cash and cash equivalents- Governmental Activities Exhibit A-1	\$ 9,903,623
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	4,498,232
Fiduciary funds - Exhibit D-1	<u>487,954</u>
Total cash and cash equivalents	<u>14,889,809</u>
Add: Unreconciled difference in cash	432,916
Less: Repurchase agreement	1,620,870
Less: Deposits in transit	260,868
Add: Outstanding checks	1,604,713
Less: Petty cash	<u>1,000</u>
Bank balance of deposits	<u><u>\$ 15,044,700</u></u>

**NOTE 4. Accounts Receivable**

Accounts receivable as of June 30, 2011, are as follows:

	<b>General</b>	<b>Bond Building Fund</b>	<b>Debt Service</b>	<b>Nonmajor Funds</b>	<b>Total</b>
Property taxes	\$ 53,257	\$ -	\$ 1,080,392	\$ 276,003	\$ 1,409,652
Other receivables:					
Intergovernmental-grants:					
State	422,686	-	-	60,932	483,618
Federal	<u>-</u>	<u>-</u>	<u>-</u>	1,301,439	1,301,439
Totals by category	<u><u>\$ 475,943</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,080,392</u></u>	<u><u>\$ 1,638,374</u></u>	<u><u>\$ 3,194,709</u></u>

The above receivables are deemed 100% collectible.

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**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. However, due to the District having unreconciled cash balances, Due to/from accounts is not accurate or complete at June 30, 2011.

The composition of interfund balances recorded by the District during the year ended June 30, 2011 is as follows:

<b>Governmental Activities</b>	<b>Due from other funds</b>	<b>Due to other funds</b>
General Fund	\$ 2,127,199	\$ 973,215
Operational Federal Stabilization	973,215	-
Instructional Materials	-	130,336
Title I IASA	-	295,063
Entitlement IDEA-B	-	173,420
Education of the Homeless	-	18,705
Fresh Fruits & Vegetables USDA	-	29,151
IDEA B "Risk Pool"	-	2,403
Total Wellness Program	-	3,000
Title III- Incentive Award	-	3,000
Enhancing Education Thru Technology (E2Y2-C)	-	12,994
Title III-A	-	20,351
Teacher/Principal Training & Recruiting	-	21,185
Title I School Improvement	-	57,835
Carl Perkins Secondary	-	13,967
Carl Perkins Secondary- Redistribution	-	1,145
USDA 2010 Equipment Assistance	-	19,922
Title I - IASA - Federal Stimulus	-	87,193
Entitlement IDEA-B Federal Stimulus	-	48,276
Preschool IDEA-B- Federal Stimulus	-	2,439
Education for Homeless	-	1,363
School Improvements Stimulus	-	35,857
Operational Federal Stabilization	-	819,792
Education Job Fund	-	249,083
Truancy Prevention/ Intervention	-	847
Training & Professional Development for Teachers	-	13,286
GEAR UP CHE	-	39,342
Private Direct Grants	-	1,528
Special Capital Outlay State	-	25,716
	<hr/>	<hr/>
Totals	<u>\$ 3,100,414</u>	<u>\$ 3,100,414</u>

All interfund balances are to be repaid within one year.

There were no operating transfers during the year ended June 30, 2011.

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2011 follows.  
 Land and construction in progress are not subject to depreciation.

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,083,600	\$ -	\$ -	\$ 2,083,600
Construction in progress	-	684,802	-	684,802
<b>Total capital assets not being depreciated</b>	<b>2,083,600</b>	<b>684,802</b>	<b>-</b>	<b>2,768,402</b>
Capital assets being depreciated:				
Buildings and improvements	90,403,067	1,368,005	954,226	90,816,846
Furniture and equipment	3,635,217	36,668	75,544	3,596,341
Vehicles	4,509,051	-	130,000	4,379,051
<b>Total capital assets being depreciated</b>	<b>98,547,335</b>	<b>1,404,673</b>	<b>1,159,770</b>	<b>98,792,238</b>
Less accumulated depreciation:				
Buildings and improvements	34,038,356	2,026,938	910,674	35,154,620
Furniture and equipment	2,504,904	165,438	75,544	2,594,798
Vehicles	2,974,358	354,515	130,200	3,198,673
<b>Total accumulated depreciation</b>	<b>39,517,618</b>	<b>2,546,891</b>	<b>1,116,418</b>	<b>40,948,091</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ 61,113,317</b>	<b>\$ (457,416)</b>	<b>\$ 43,352</b>	<b>\$ 60,612,549</b>

Depreciation expense was unallocated for the year ended June 30, 2011.

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**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 \$27,180,000. The District did not issue any general obligation bonds for fiscal year 2011. 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, 2011 are for governmental activities.

Bonds outstanding at June 30, 2011, are comprised of the following:

	<u>Series</u> <u>10/15/2002</u>	<u>Series</u> <u>10/31/2003</u>	<u>Series</u> <u>11/2/2004</u>	<u>Series</u> <u>3/29/2005</u>
Original Issue:	\$ 2,000,000	\$ 4,000,000	\$ 1,700,000	\$ 9,620,000
Maturity Date	8/1/2015	8/1/2017	8/1/2018	8/1/2017
Principal	August 1	August 1	August 1	August 1
Interest Rate	3.00-4.50%	0.84-3.76%	2.30-3.80%	3.25-5.00%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
	<u>Series</u> <u>11/27/2007</u>	<u>Series</u> <u>12/2/2008</u>	<u>Series</u> <u>11/24/2009</u>	
Original Issue:	\$ 8,000,000	\$ 5,000,000	\$ 4,605,000	
Maturity Date	8/1/2022	8/1/2022	8/1/2019	
Principal	August 1	August 1	August 1	
Interest Rate	3.65-5.0%	4.00-5.00%	2.00-4.00%	
Interest	February 1 August 1	February 1 August 1	February 1 August 1	

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011, including interest payments are as follows:

Series 2002	<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
	2012	\$ 200,000	\$ 53,800	\$ 253,800
	2013	200,000	46,950	246,950
	2014	400,000	36,600	436,600
	2015	400,000	22,300	422,300
	2016	400,000	7,500	407,500
		<u>\$ 1,600,000</u>	<u>\$ 167,150</u>	<u>\$ 1,767,150</u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**NOTE 7. Long-term Debt (continued)**

Series 2003	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
	2012	\$ 225,000	\$ 78,191	\$ 303,191
	2013	225,000	71,408	296,408
	2014	225,000	64,337	289,337
	2015	350,000	54,908	404,908
	2016	400,000	42,124	442,124
	2017-2018	950,000	36,360	986,360
		<u>\$ 2,375,000</u>	<u>\$ 347,328</u>	<u>\$ 2,722,328</u>
	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
Series 2004	2012	\$ 125,000	\$ 38,788	\$ 163,788
	2013	150,000	33,975	183,975
	2014	200,000	28,100	228,100
	2015	200,000	21,475	221,475
	2016	200,000	14,600	214,600
	2017-2019	300,000	16,850	316,850
		<u>\$ 1,175,000</u>	<u>\$ 153,788</u>	<u>\$ 1,328,788</u>
	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
Series 2005	2012	\$ 1,000,000	\$ 137,000	\$ 1,137,000
	2013	900,000	99,000	999,000
	2014	400,000	73,000	473,000
	2015	400,000	58,000	458,000
	2016	400,000	42,500	442,500
	2017-2018	800,000	34,000	834,000
		<u>\$ 3,900,000</u>	<u>\$ 443,500</u>	<u>\$ 4,343,500</u>
	Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
Series 2007	2012	\$ 200,000	\$ 268,900	\$ 468,900
	2013	100,000	263,275	363,275
	2014	100,000	259,525	359,525
	2015	100,000	255,650	355,650
	2016	350,000	244,900	594,900
	2017-2021	3,550,000	945,850	4,495,850
	2022-2023	2,700,000	109,425	2,809,425
		<u>\$ 7,100,000</u>	<u>\$ 2,347,525</u>	<u>\$ 9,447,525</u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
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**NOTE 7. Long-term Debt (continued)**

Series 2008	Fiscal Year	Principal	Interest	Total Debt
	Ending June 30,			Service
	2012	\$ 150,000	\$ 188,763	\$ 338,763
	2013	100,000	183,451	283,451
	2014	100,000	179,201	279,201
	2015	100,000	174,951	274,951
	2016	100,000	170,701	270,701
	2017-2021	2,500,000	629,455	3,129,455
	2022-2023	1,450,000	63,989	1,513,989
		<u>\$ 4,500,000</u>	<u>\$ 1,590,511</u>	<u>\$ 6,090,511</u>

Series 2009	Fiscal Year	Principal	Interest	Total Debt
	Ending June 30,			Service
	2012	\$ 750,000	\$ 99,926	\$ 849,926
	2013	435,000	88,076	523,076
	2014	405,000	78,663	483,663
	2015	570,000	66,475	636,475
	2016	395,000	53,425	448,425
	2017-2020	1,400,000	87,550	1,487,550
		<u>\$ 3,955,000</u>	<u>\$ 474,115</u>	<u>\$ 4,429,115</u>

The following is a summary of the long-term debt and the activity for the year ended June 30, 2011:

	Balance	Additions	Retirements	Balance	Due Within
	June 30, 2010			June 30, 2011	One Year
<b>Governmental Activities</b>					
Bonds	\$ 27,180,000	\$ -	\$ 2,575,000	\$ 24,605,000	\$ 2,650,000
Compensated Absences	518,983	403,503	331,499	590,987	331,499
<b>Total Long-Term Debt</b>	<u>\$ 27,698,983</u>	<u>\$ 403,503</u>	<u>\$ 2,906,499</u>	<u>\$ 25,195,987</u>	<u>\$ 2,981,499</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, 2011, compensated absences increased \$72,004 from the prior year accrual. 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.



**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Notes to Financial Statements  
June 30, 2011

**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, 2011, there have been no claims that have exceeded insurance coverage.

**NOTE 9. ERA Pension Plan**

**Plan Description.** Substantially all of the District'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 (ERB) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges, and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P. O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

**Funding Policy.** Effective July 1, 2009 through June 30, 2011, plan members were required by statute to contribute 7.90% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.40% of their gross salary. The District was required to contribute 12.40% of the gross covered salary for employees earning \$20,000 or less, and 10.90% of the gross salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The District is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. 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 ERB for the fiscal years ending June 30, 2011, 2010 and 2009 were \$2,640,478, \$2,716,043, and \$2,771,301, respectively.

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
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 June 30, 2011

**NOTE 10. Post-Employment Benefits – Retiree Health Care Plan**

*Plan Description:* The 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 event the time period required for employee and employer contributions shall become the period of time between the employer’s effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee’s annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

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

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The District’s contribution to the RHCA for the years ended June 30, 2011, 2010, and 2009 were \$378,391, \$304,350, and \$311,687 respectively, which equal the required contribution for each year.

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**NOTE 11. 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 12. Subsequent Events**

The District had several construction projects in 2011 that were not completed at year end. The five projects are La Merced bus drop off, bus wash bay, Rio Grande Drainage, La Promesa Outdoor Classroom, and the BHS Auditorium. At year end, the total projected cost to complete these projects totaled \$1,776,380.

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is July 20, 2012 which is the date on which the financial statements were available to be issued.

**NOTE 13. Joint Powers Agreements**

JPA for one (1) School Resource Officer (SRO) from the Belen Police Department  
 Participants – City of Belen and 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.  
 Contract period- Fiscal year 2010- 201; Estimated amount of project – Not to exceed \$50,000  
 Cost to the District: Not to exceed \$50,000; 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.

**NOTE 14. Other Required Individual Fund Disclosures**

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

**Governmental Funds**

A. The following funds maintained a deficit fund balance as of June 30, 2011:

Instructional Materials	\$ 130,336
Education of Homeless Special Revenue Fund	18,705
Fresh Fruits & Vegetables USDA Special Revenue Fund	24,822
Total Wellness Program Special Revenue Fund	3,000
Title III- Incentive Award Special Revenue Fund	3,000
Enhancing Education Thru Technology (E2Y2-C)	12,994
Title III- A Special Revenue Fund	20,351
Teacher/Principal Training & Recruiting Special Revenue Fund	749
Title I School Improvement Special Revenue Fund	57,835
Carl Perkins Secondary- Redistribution Special Revenue Fund	1,145
Title I- IASA Federal Stimulus Special Revenue Fund	3,679
Education for Homeless Special Revenue Fund	454
School Improvements Stimulus Special Revenue Fund	14,088

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Notes to Financial Statements  
 June 30, 2011

**NOTE 14. Other Required Individual Fund Disclosures (continued)**

Truancy Prevention/ Intervention Special Revenue Fund	612
GEAR UP CHE Special Revenue Fund	686
Private Direct Grants (Categorical) Special Revenue Fund	1,528
Special Capital Outlay State Capital Projects Fund	<u>2,500</u>
Total Governmental Funds	<u>\$ 296,484</u>

**B.** The following funds maintained expenditures in excess of budgeted authority for the year ended June 30, 2011:

Preschool IDEA-B Special Revenue Fund	
Support Services	\$ 1,988
Enhancing Education Through Tech (E2Y2-C) Special Revenue Fund	
Support Services	71
Teacher/Principal Training & Recruiting Special Revenue Fund	
Support Services	7,641
Safe & Drug Free Schools & Communities Special Revenue Fund	
Support Services	8,563
Title I- IASA- Federal Stimulus Special Revenue Fund	
Support Services	139,851
Food Service Operations	652
School Improvements Stimulus Special Revenue Fund	
Support Services	3,646
Title XIX Medicaid 0/2 Years Special Revenue Fund	
Instruction	11,585
Operational Federal Stabilization Special Revenue Fund	
Support Services	43,496
Education Jobs Fund Special Revenue Fund	
Support Services	60,012
GEAR UP CHE Special Revenue Fund	
Support Services	34,890
Private Direct Grants (Categorical) Special Revenue Fund	
Instruction	7,186
Capital Improvements SB-9 Capital Projects Fund	
Instruction	8,225
Capital Outlay	19,963
Debt Service Fund	
Instruction	3,615
Operational Fund (Statement D-3)	
Instruction	123,975
Instructional Materials Fund	
Support Services	<u>11,404</u>
Total Governmental Funds	<u>\$ 486,763</u>

**STATE OF NEW MEXICO**  
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 Notes to Financial Statements  
 June 30, 2011

**NOTE 14. Other Required Individual Fund Disclosures (continued)**

C. The following funds maintained designated cash appropriations in excess of available balances for the year ended June 30, 2011. They are as follows:

Instructional Materials Fund	\$ 2,448
Athletics Special Revenue Fund	7,684
Special Capital Outlay Capital Projects Fund	102
Special Capital Outlay State Capital Projects Fund	151,000
Bond Building Capital Projects Fund	<u>804,199</u>
Total Governmental Funds	<u>\$ 965,433</u>

**NOTE 15. Restricted Net Assets**

The Statement of Net Assets reports \$15,380,299 of restricted net assets, of which all is restricted by enabling legislation.

**NOTE 16. Payroll Related Expenditures**

The District’s expenditures are budgeted on a cash basis, with the exception of those expenditures related to payroll. Payroll expenditures are budgeted on the accrual basis and the beginning fund balance and current year actual expenditures on the budgetary comparisons in those funds that have accrued payroll for held checks at year end have been adjusted to account for this requirement.

**NOTE 17. Subsequent Pronouncements**

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements* Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The standard is expected to have no effect on the District in upcoming years.

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the District in upcoming years.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The District will implement this standard during fiscal year June 30, 2013.

In June 2011, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the District in upcoming years.

**NOTE 18. Concentrations**

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**



**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Nonmajor Fund Descriptions  
June 30, 2011

**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:

**Food Service (21000)** – The Food Service Special Revenue Fund is used to account for all financial transactions related to the food service operation.

**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.

**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 Public Education Department (PED).

**Fresh Fruits & Vegetables USDA (24118)** – To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769.

**IDEA B “Risk Pool” (24120)** – Reallocation by PED based upon available amounts from Fund 24106 Entitlement IDEA-B. This fund accounts 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 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.

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

**Title III Incentive (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)

**Enhancing Education Thru Technology (E2Y2-C) (24149)** – To account for a federal grant designed to strengthen teacher learning in the field of technology. HAF/H2,3,4,5,6 and 10 a (PL 103-382).

**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, 2011

**SPECIAL REVENUE FUNDS (continued)**

**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 - Redistribution (24176)** – Redistribution for the program as described above.

**USDA 2010 Equipment Assistance (24183)** – This grant provided a one-time appropriation for equipment assistant to School Food Authorities (SFA) participating in the National School Lunch Program (NSLP) thru application process.

**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.

**Title I - IASA - Federal Stimulus (24201)** - To account for the American Recovery and Reinvestment Act of 2009 (ARRA) funding for Title I Part A to meet the educational needs of the District.

**Entitlement IDEA-B Federal Stimulus (24206)** – To account for a program funded by the American Recovery and Reinvestment Act 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 - Federal Stimulus (24209)** - To account for the American Recovery and Reinvestment Act of 2009 (ARRA) funding for Entitlement IDEA-B to meet the educational needs of the District. American Recovery and Reinvestment Act of 2009.

**Education for Homeless (24213)** - The Funding under this award must be used as specified by the American Recovery and Reinvestment Act of 2009 to assist homeless children and youth in enrolling, attending, and succeeding in school. In particular, the funds may support any of the activities under section 723(d) of the McKinney-Vento Act (42 U.S.C. 11433(d)).

**School Improvements Stimulus (24262)** – The purpose of this program is to help districts improve academic achievements.

**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.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Nonmajor Fund Descriptions  
June 30, 2011

**SPECIAL REVENUE FUNDS (continued)**

**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.

**Operational Federal Stabilization (25250)** - As a result of revenue shortfalls and the subsequent passage of the American Recovery and Reinvestment Act (ARRA), \$164,700,000 in federal stabilization dollars is appropriated as part of the state equalization guarantee (SEG) for FY10. Stabilization dollars must be distributed and accounted for separately in order to provide the assurances required by the U.S. Department of Education and the ARRA. This fund is to account for the appropriated amount awarded to the District. American Recovery and Reinvestment Act of 2009.

**Education Jobs Fund (25255)** – To account for the U.S. Department of Education (USDOE) assistance to states to save or create education jobs for the 2010-2011 school year. This allocation was allocated through the public school funding formula. The allocation was based on the same units used during the FY11 budget season for the general fund portion of the state equalization guarantee (SEG) to meet the educational needs of the District.

**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.

**2008 GO Bond Student Library (27105)** – To account for Senate Bill 333, 2008 which makes an appropriation to fund all public, charter and juvenile justice schools for public school library improvement or acquisition per school and to acquire library books, equipment, and library resources for public school and state-supported school libraries statewide.

**Solar Energy at Schools - ARRA (27110)** – To purchase and install a 50 KWPV Solar Energy System.

**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.

**Truancy Prevention/Intervention (27139)** – Continue implementation of programs and strategies for the purpose of identifying best practices for truancy prevention that are unique to New Mexico populations and cultures that will assist students to stay in school and succeed. NMSA 22-2-8-10.

**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.

**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.

**Training & Professional Development for Teachers (27520)** – To improve the skills of teachers and the quality of instruction throughout the District.

**Library Books (27549)** – Funds awarded to the District by the Instructional Materials Bureau in accordance with 2008 Senate Bill 471 for purchases of library books.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Nonmajor Fund Descriptions  
June 30, 2011

**SPECIAL REVENUE FUNDS (continued)**

**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 7<sup>th</sup> graders. Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

**Private Direct Grants (Categorical) (29102)** – To account for local grants awarded to provide additional funding for specific projects. AEL was awarded to provide training for the LLHS Administration. Milken was used for beautification purposes at a school site.

**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 services, 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. HB 622 2006 Severance Tax Bonds.

**Capital Improvements SB-9 (31700)** – To provide financing for purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

Special Revenue

	<u>Food Service</u>	<u>Athletics</u>	<u>Title I IASA</u>	<u>Entitlement IDEA-B</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 884,700	\$ 47,565	\$ -	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	-	-	446,766	197,254
Inventory	87,765	-	-	-
Due from other funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total assets</i>	<u>\$ 972,465</u>	<u>\$ 47,565</u>	<u>\$ 446,766</u>	<u>\$ 197,254</u>
<i>Liabilities</i>				
Accounts payable	\$ 10,006	\$ -	\$ -	\$ 10,028
Deferred revenue	-	-	-	-
Due to other funds	-	-	295,063	173,420
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total liabilities</i>	<u>10,006</u>	<u>-</u>	<u>295,063</u>	<u>183,448</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	87,765	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	47,565	-	-
Education	874,694	-	151,703	13,806
Capital acquisition and improvements	-	-	-	-
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total fund balances</i>	<u>962,459</u>	<u>47,565</u>	<u>151,703</u>	<u>13,806</u>
<i>Total liabilities and fund balances</i>	<u>\$ 972,465</u>	<u>\$ 47,565</u>	<u>\$ 446,766</u>	<u>\$ 197,254</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Preschool IDEA-B</u>	<u>Education of the Homeless</u>	<u>Fresh Fruits &amp; Vegetables USDA</u>	<u>IDEA B "Risk Pool"</u>	<u>Total Wellness Program</u>	<u>Title III - Incentive Award</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	4,329	2,403	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,329</u>	<u>\$ 2,403</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	18,705	29,151	2,403	3,000	3,000
-	18,705	29,151	2,403	3,000	3,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(18,705)	(24,822)	-	(3,000)	(3,000)
-	(18,705)	(24,822)	-	(3,000)	(3,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,329</u>	<u>\$ 2,403</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

Special Revenue

	Enhancing Education Thru Technology (E2Y2-C)	Title III-A	Teacher/Principal Training & Recruiting	Safe & Drug Free Schools & Communities
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 58
Property taxes receivable	-	-	-	-
Due from other governments	-	-	20,436	147
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,436</u>	<u>\$ 205</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Due to other funds	12,994	20,351	21,185	-
<i>Total liabilities</i>	<u>12,994</u>	<u>20,351</u>	<u>21,185</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	-	-	-	205
Capital acquisition and improvements	-	-	-	-
Unassigned	(12,994)	(20,351)	(749)	-
<i>Total fund balances</i>	<u>(12,994)</u>	<u>(20,351)</u>	<u>(749)</u>	<u>205</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,436</u>	<u>\$ 205</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Title I School Improvement</u>	<u>Reading First</u>	<u>Carl Perkins Secondary</u>	<u>Carl Perkins Secondary - Redistribution</u>	<u>USDA 2010 Equipment Assistance</u>	<u>Deferred Sick Leave</u>
\$ -	\$ 10,265	\$ -	\$ -	\$ -	\$ 10,943
-	-	-	-	-	-
-	-	13,967	-	19,922	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 10,265</u>	<u>\$ 13,967</u>	<u>\$ -</u>	<u>\$ 19,922</u>	<u>\$ 10,943</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>57,835</u>	<u>-</u>	<u>13,967</u>	<u>1,145</u>	<u>19,922</u>	<u>-</u>
<u>57,835</u>	<u>-</u>	<u>13,967</u>	<u>1,145</u>	<u>19,922</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	10,265	-	-	-	10,943
-	-	-	-	-	-
<u>(57,835)</u>	<u>-</u>	<u>-</u>	<u>(1,145)</u>	<u>-</u>	<u>-</u>
<u>(57,835)</u>	<u>10,265</u>	<u>-</u>	<u>(1,145)</u>	<u>-</u>	<u>10,943</u>
<u>\$ -</u>	<u>\$ 10,265</u>	<u>\$ 13,967</u>	<u>\$ -</u>	<u>\$ 19,922</u>	<u>\$ 10,943</u>



**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

Special Revenue

	<u>Title I - IASA - Federal Stimulus</u>	<u>Entitlement IDEA- B Federal Stimulus</u>	<u>Preschool IDEA- B Federal Stimulus</u>	<u>Education for Homeless</u>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	87,051	48,276	2,439	909
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 87,051</u>	<u>\$ 48,276</u>	<u>\$ 2,439</u>	<u>\$ 909</u>
<i>Liabilities</i>				
Accounts payable	\$ 3,537	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Due to other funds	87,193	48,276	2,439	1,363
	<u>87,193</u>	<u>48,276</u>	<u>2,439</u>	<u>1,363</u>
<i>Total liabilities</i>	<u>90,730</u>	<u>48,276</u>	<u>2,439</u>	<u>1,363</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisition and improvements	-	-	-	-
Unassigned	(3,679)	-	-	(454)
	<u>(3,679)</u>	<u>-</u>	<u>-</u>	<u>(454)</u>
<i>Total fund balances</i>	<u>(3,679)</u>	<u>-</u>	<u>-</u>	<u>(454)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 87,051</u>	<u>\$ 48,276</u>	<u>\$ 2,439</u>	<u>\$ 909</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

School Improvements Stimulus	GRADS Child Care CYFD	Title XIX Medicaid 0/2 Years	Child Care Block Grant	TANF/GRADS	Operational Federal Stabilization
\$ -	\$ 3,000	\$ 436,621	\$ 59,181	\$ 8,250	\$ -
-	-	-	-	-	-
35,857	-	-	-	-	71,795
-	-	-	-	-	-
-	-	-	-	-	973,215
<u>\$ 35,857</u>	<u>\$ 3,000</u>	<u>\$ 436,621</u>	<u>\$ 59,181</u>	<u>\$ 8,250</u>	<u>\$ 1,045,010</u>
\$ 14,088	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
35,857	-	-	-	-	819,792
<u>49,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>819,792</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	3,000	436,621	59,181	8,250	225,218
-	-	-	-	-	-
(14,088)	-	-	-	-	-
<u>(14,088)</u>	<u>3,000</u>	<u>436,621</u>	<u>59,181</u>	<u>8,250</u>	<u>225,218</u>
<u>\$ 35,857</u>	<u>\$ 3,000</u>	<u>\$ 436,621</u>	<u>\$ 59,181</u>	<u>\$ 8,250</u>	<u>\$ 1,045,010</u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

Special Revenue

	<u>Education Jobs Fund</u>	<u>New Mexico Community Foundation</u>	<u>2008 GO Bond Student Library</u>	<u>Solar Energy At Schools- ARRA</u>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 2,465	\$ -	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	349,888	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 349,888</u>	<u>\$ 2,465</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Due to other funds	249,083	-	-	-
<i>Total liabilities</i>	<u>249,083</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	100,805	2,465	-	-
Capital acquisition and improvements	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>100,805</u>	<u>2,465</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 349,888</u>	<u>\$ 2,465</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Technology for Education PED</u>	<u>Truancy Prevention/ Intervention</u>	<u>Family &amp; Youth Resource Program</u>	<u>Beginning Teacher Mentoring Program</u>	<u>Breakfast in the Classroom</u>	<u>Training &amp; Professional Development for Teachers</u>
\$ 1,314	\$ -	\$ -	\$ 6,629	\$ 64,603	\$ 13,286
-	-	-	-	-	-
-	235	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,314</u>	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ 6,629</u>	<u>\$ 64,603</u>	<u>\$ 13,286</u>
\$ 791	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	847	-	-	-	13,286
<u>791</u>	<u>847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,286</u>
-	-	-	-	-	-
-	-	-	-	-	-
523	-	-	6,629	64,603	-
-	-	-	-	-	-
-	(612)	-	-	-	-
<u>523</u>	<u>(612)</u>	<u>-</u>	<u>6,629</u>	<u>64,603</u>	<u>-</u>
<u>\$ 1,314</u>	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ 6,629</u>	<u>\$ 64,603</u>	<u>\$ 13,286</u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue			
	Library Books	GEAR UP CHE	Private Direct Grants (Categorical)	School Based Health Center
<i>Assets</i>				
Cash and cash equivalents	\$ 6,452	\$ -	\$ -	\$ 170,907
Property taxes receivable	-	-	-	-
Due from other governments	-	38,656	-	22,041
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>\$ 6,452</u>	<u>\$ 38,656</u>	<u>\$ -</u>	<u>\$ 192,948</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Due to other funds	-	39,342	1,528	-
	<u>-</u>	<u>39,342</u>	<u>1,528</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>39,342</u>	<u>1,528</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	6,452	-	-	192,948
Capital acquisition and improvements	-	-	-	-
Unassigned	-	(686)	(1,528)	-
	<u>6,452</u>	<u>(686)</u>	<u>(1,528)</u>	<u>192,948</u>
<i>Total fund balances</i>	<u>6,452</u>	<u>(686)</u>	<u>(1,528)</u>	<u>192,948</u>
<i>Total liabilities and fund balances</i>	<u>\$ 6,452</u>	<u>\$ 38,656</u>	<u>\$ -</u>	<u>\$ 192,948</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>			
<u>Special Capital Outlay</u>	<u>Special Capital Outlay State</u>	<u>Capital Improvements SB-9</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,675	\$ 23,216	\$ 1,295,504	\$ 3,047,634
-	-	276,003	276,003
-	-	-	1,362,371
-	-	-	87,765
-	-	-	973,215
<u>\$ 2,675</u>	<u>\$ 23,216</u>	<u>\$ 1,571,507</u>	<u>\$ 5,746,988</u>
\$ -	\$ -	\$ 6,141	\$ 44,591
-	-	243,857	243,857
-	25,716	-	1,996,863
<u>-</u>	<u>25,716</u>	<u>249,998</u>	<u>2,285,311</u>
-	-	-	87,765
-	-	-	47,565
-	-	-	2,168,311
2,675	-	1,321,509	1,324,184
-	(2,500)	-	(166,148)
<u>2,675</u>	<u>(2,500)</u>	<u>1,321,509</u>	<u>3,461,677</u>
<u>\$ 2,675</u>	<u>\$ 23,216</u>	<u>\$ 1,571,507</u>	<u>\$ 5,746,988</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, 2011

	Special Revenue			
	Food Service	Athletics	Title I IASA	Entitlement IDEA-B
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	2,246,454	-	1,590,980	1,183,415
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	33,802	-	-	-
Charges for services	220,621	79,708	-	-
Investment income	452	534	-	-
Miscellaneous income	1,352	-	-	-
<i>Total revenues</i>	2,502,681	80,242	1,590,980	1,183,415
<i>Expenditures</i>				
Current				
Instruction	-	104,965	1,065,397	756,097
Support services	-	-	482,631	369,028
Central services	-	-	28,739	13,557
Operation and maintenance of plant	-	-	-	36,512
Student transportation	-	-	2,649	4,903
Food services operations	2,537,450	-	-	-
Capital outlay	18,675	-	-	-
<i>Total expenditures</i>	2,556,125	104,965	1,579,416	1,180,097
<i>Net change in fund balances</i>	(53,444)	(24,723)	11,564	3,318
<i>Fund balances - beginning</i>	1,015,903	72,288	140,139	10,488
<i>Fund balances - ending</i>	\$ 962,459	\$ 47,565	\$ 151,703	\$ 13,806

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Preschool IDEA-B</u>	<u>Education of the Homeless</u>	<u>Fresh Fruits &amp; Vegetables USDA</u>	<u>IDEA B "Risk Pool"</u>	<u>Total Wellness Program</u>	<u>Title III - Incentive Award</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,367	5,182	105,328	2,403	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,367</u>	<u>5,182</u>	<u>105,328</u>	<u>2,403</u>	<u>-</u>	<u>-</u>
-	-	-	2,403	-	-
4,367	23,887	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	133,761	-	-	-
-	-	-	-	-	-
<u>4,367</u>	<u>23,887</u>	<u>133,761</u>	<u>2,403</u>	<u>-</u>	<u>-</u>
-	(18,705)	(28,433)	-	-	-
-	-	3,611	-	(3,000)	(3,000)
<u>\$ -</u>	<u>\$ (18,705)</u>	<u>\$ (24,822)</u>	<u>\$ -</u>	<u>\$ (3,000)</u>	<u>\$ (3,000)</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, 2011

Special Revenue

	Enhancing Education Thru Technology (E2Y2-C)	Title III-A	Teacher/Principal Training & Recruiting	Safe & Drug Free Schools & Communities
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	38,541	247,040	13,510
Federal direct	-	-	-	-
Local sources	-	-	-	649
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>38,541</u>	<u>247,040</u>	<u>14,159</u>
<i>Expenditures</i>				
Current				
Instruction	13,111	39,007	215,145	4,947
Support services	71	-	26,630	5,054
Central services	-	-	117	-
Operation and maintenance of plant	-	-	910	530
Student transportation	-	-	36	2,979
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>13,182</u>	<u>39,007</u>	<u>242,838</u>	<u>13,510</u>
<i>Net change in fund balances</i>	(13,182)	(466)	4,202	649
<i>Fund balances - beginning</i>	<u>188</u>	<u>(19,885)</u>	<u>(4,951)</u>	<u>(444)</u>
<i>Fund balances - ending</i>	<u>\$ (12,994)</u>	<u>\$ (20,351)</u>	<u>\$ (749)</u>	<u>\$ 205</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Title I School Improvement</u>	<u>Reading First</u>	<u>Carl Perkins Secondary</u>	<u>Carl Perkins Secondary - Redistribution</u>	<u>USDA 2010 Equipment Assistance</u>	<u>Deferred Sick Leave</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	43,887	-	19,922	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	43,887	-	19,922	-
-	-	35,627	840	-	-
-	-	2,210	305	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,589	-
-	-	2,660	-	15,333	-
-	-	40,497	1,145	19,922	-
-	-	3,390	(1,145)	-	-
(57,835)	10,265	(3,390)	-	-	10,943
<u>\$ (57,835)</u>	<u>\$ 10,265</u>	<u>\$ -</u>	<u>\$ (1,145)</u>	<u>\$ -</u>	<u>\$ 10,943</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, 2011

	Special Revenue			
	Title I - IASA - Federal Stimulus	Entitlement IDEA- B Federal Stimulus	Preschool IDEA- B Federal Stimulus	Education for Homeless
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	345,552	249,484	2,439	14,470
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	345,552	249,484	2,439	14,470
<i>Expenditures</i>				
<i>Current</i>				
Instruction	179,618	218,329	1,919	14,470
Support services	150,334	16,270	520	-
Central services	-	-	-	-
Operation and maintenance of plant	1,067	-	-	-
Student transportation	5,450	14,885	-	-
Food services operations	652	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	337,121	249,484	2,439	14,470
<i>Net change in fund balances</i>	8,431	-	-	-
<i>Fund balances - beginning</i>	(12,110)	-	-	(454)
<i>Fund balances - ending</i>	\$ (3,679)	\$ -	\$ -	\$ (454)

The accompanying notes are an integral part of these financial statements

Special Revenue

School Improvements Stimulus	GRADS Child Care CYFD	Title XIX Medicaid 0/2 Years	Child Care Block Grant	TANF/GRADS	Operational Federal Stabilization
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39,656	-	-	-	-	-
-	3,250	286,465	42,455	5,250	323,176
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>39,656</u>	<u>3,250</u>	<u>286,465</u>	<u>42,455</u>	<u>5,250</u>	<u>323,176</u>
50,098	-	11,585	-	-	224,371
3,646	-	296,629	-	-	4,161
-	-	4,800	-	-	-
-	-	-	-	-	35,601
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>53,744</u>	<u>-</u>	<u>313,014</u>	<u>-</u>	<u>-</u>	<u>264,133</u>
(14,088)	3,250	(26,549)	42,455	5,250	59,043
-	(250)	463,170	16,726	3,000	166,175
<u>\$ (14,088)</u>	<u>\$ 3,000</u>	<u>\$ 436,621</u>	<u>\$ 59,181</u>	<u>\$ 8,250</u>	<u>\$ 225,218</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, 2011

Special Revenue

	Education Jobs Fund	New Mexico Community Foundation	2008 GO Bond Student Library	Solar Energy At Schools- ARRA
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	870,740	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	300,000
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>870,740</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
<i>Expenditures</i>				
Current				
Instruction	709,923	-	-	-
Support services	60,012	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	300,000
<i>Total expenditures</i>	<u>769,935</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
<i>Net change in fund balances</i>	100,805	-	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>2,465</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ 100,805</u>	<u>\$ 2,465</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Technology for Education PED</u>	<u>Truancy Prevention/ Intervention</u>	<u>Family &amp; Youth Resource Program</u>	<u>Beginning Teacher Mentoring Program</u>	<u>Breakfast in the Classroom</u>	<u>Training &amp; Professional Development for Teachers</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	13,730	-	-	37,941	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>13,730</u>	<u>-</u>	<u>-</u>	<u>37,941</u>	<u>-</u>
29,314	14,342	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,314</u>	<u>14,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(29,314)	(612)	-	-	37,941	-
<u>29,837</u>	<u>-</u>	<u>-</u>	<u>6,629</u>	<u>26,662</u>	<u>-</u>
<u>\$ 523</u>	<u>\$ (612)</u>	<u>\$ -</u>	<u>\$ 6,629</u>	<u>\$ 64,603</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, 2011

	Special Revenue			
	Library Books	GEAR UP CHE	Private Direct Grants (Categorical)	School Based Health Center
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	72,764	117,041
State direct	-	158,241	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	-	158,241	72,764	117,041
<i>Expenditures</i>				
Current				
Instruction	-	127,865	57,053	-
Support services	-	34,284	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	58	-	-
Student transportation	-	548	184	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	162,755	57,237	-
<i>Net change in fund balances</i>	-	(4,514)	15,527	117,041
<i>Fund balances - beginning</i>	6,452	3,828	(17,055)	75,907
<i>Fund balances - ending</i>	\$ 6,452	\$ (686)	\$ (1,528)	\$ 192,948

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>			
<u>Special Capital Outlay</u>	<u>Special Capital Outlay State</u>	<u>Capital Improvements SB- 9</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 997,489	\$ 997,489
-	-	-	7,023,370
-	-	-	660,596
-	-	-	649
-	-	-	541,476
-	-	-	192,043
-	-	-	300,329
-	-	-	986
-	-	-	1,352
-	-	<u>997,489</u>	<u>9,718,290</u>
-	-	8,225	3,884,651
-	-	-	1,480,039
-	-	10,120	57,333
-	-	1,024,562	1,099,240
-	-	-	31,634
-	-	-	2,676,452
-	-	356,625	693,293
-	-	<u>1,399,532</u>	<u>9,922,642</u>
-	-	(402,043)	(204,352)
<u>2,675</u>	<u>(2,500)</u>	<u>1,723,552</u>	<u>3,666,029</u>
<u>\$ 2,675</u>	<u>\$ (2,500)</u>	<u>\$ 1,321,509</u>	<u>\$ 3,461,677</u>



## STATE OF NEW MEXICO

Statement B-1

Belen Consolidated School District No. 2

Food Service 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	2,115,000	2,115,000	2,151,316	36,316
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	33,802	33,802
Combined state/local	-	-	-	-
Charges for services	164,000	164,000	220,621	56,621
Investment income	-	-	452	452
Miscellaneous	-	-	1,352	1,352
<i>Total revenues</i>	<u>2,279,000</u>	<u>2,279,000</u>	<u>2,407,543</u>	<u>128,543</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	2,806,787	2,806,787	2,427,203	379,584
Community services operations	-	-	-	-
Capital outlay	35,000	35,000	18,675	16,325
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,841,787</u>	<u>2,841,787</u>	<u>2,445,878</u>	<u>395,909</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(562,787)</u>	<u>(562,787)</u>	<u>(38,335)</u>	<u>524,452</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	562,787	562,787	-	(562,787)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>562,787</u>	<u>562,787</u>	<u>-</u>	<u>(562,787)</u>
<i>Net change in fund balances</i>	-	-	(38,335)	(38,335)
<i>Fund balances - beginning of year</i>	-	-	923,035	923,035
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 884,700</u>	<u>\$ 884,700</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (38,335)
Adjustments to revenues for federal flowthrough grants				95,138
Adjustment to expenditures for food service operations				(110,247)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (53,444)</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

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, 2011

	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	25,000	25,000	79,708	54,708
Investment income	-	-	534	534
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>25,000</u>	<u>25,000</u>	<u>80,242</u>	<u>55,242</u>
<i>Expenditures</i>				
Current				
Instruction	104,972	104,972	104,965	7
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>104,972</u>	<u>104,972</u>	<u>104,965</u>	<u>7</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(79,972)</u>	<u>(79,972)</u>	<u>(24,723)</u>	<u>55,249</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	79,972	79,972	-	(79,972)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>79,972</u>	<u>79,972</u>	<u>-</u>	<u>(79,972)</u>
<i>Net change in fund balances</i>	-	-	(24,723)	(24,723)
<i>Fund balances - beginning of year</i>	-	-	72,288	72,288
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,565</u>	<u>\$ 47,565</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (24,723)
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (24,723)</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

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	1,352,435	1,792,827	1,394,305	(398,522)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,352,435</u>	<u>1,792,827</u>	<u>1,394,305</u>	<u>(398,522)</u>
<i>Expenditures</i>				
Current				
Instruction	828,869	1,269,261	1,080,878	188,383
Support services	502,788	502,788	482,631	20,157
Central services	13,061	13,061	28,739	(15,678)
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	2,649	(2,649)
Food services operations	7,717	7,717	-	7,717
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,352,435</u>	<u>1,792,827</u>	<u>1,594,897</u>	<u>197,930</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(200,592)</u>	<u>(200,592)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	-	-	(200,592)	(200,592)
<i>Fund balances - beginning of year</i>	-	-	(94,471)	(94,471)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (295,063)</u>	<u>\$ (295,063)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (200,592)
Adjustments to revenues for federal flowthrough grants				196,675
Adjustments to expenditures for instructional expenditures				15,481
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 11,564</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	1,221,333	1,221,333	1,216,835	(4,498)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,221,333</u>	<u>1,221,333</u>	<u>1,216,835</u>	<u>(4,498)</u>
<i>Expenditures</i>				
Current				
Instruction	778,647	778,647	746,069	32,578
Support services	387,661	387,661	382,374	5,287
Central services	10,195	10,195	13,557	(3,362)
Operation and maintenance of plant	40,830	40,830	36,512	4,318
Student transportation	4,000	4,000	4,903	(903)
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,221,333</u>	<u>1,221,333</u>	<u>1,183,415</u>	<u>37,918</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>33,420</u>	<u>33,420</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	<u>-</u>	<u>-</u>	<u>33,420</u>	<u>33,420</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(206,840)</u>	<u>(206,840)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (173,420)</u>	<u>\$ (173,420)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 33,420
Adjustments to revenues for federal flowthrough grant				(33,420)
Adjustments to expenditures for student support services and instruction materials				3,318
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 3,318</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  
 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	20,717	20,717	4,375	(16,342)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20,717</u>	<u>20,717</u>	<u>4,375</u>	<u>(16,342)</u>
<i>Expenditures</i>				
Current				
Instruction	18,338	18,338	-	18,338
Support services	2,379	2,379	4,367	(1,988)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20,717</u>	<u>20,717</u>	<u>4,367</u>	<u>16,350</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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	8
<i>Fund balances - beginning of year</i>	-	-	(8)	(8)
<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
Adjustments to revenues for federal flowthrough grant				(8)
No adjustments to expenditures				-
<i>Net change 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 the 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	12,000	36,795	5,182	(31,613)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	12,000	36,795	5,182	(31,613)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	12,000	36,795	23,887	12,908
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	12,000	36,795	23,887	12,908
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(18,705)	(18,705)
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(18,705)	(18,705)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (18,705)	\$ (18,705)
<i>Net change in fund balances (Budget Basis)</i>				\$ (18,705)
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ (18,705)

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-7

Belen Consolidated School District No. 2  
 Fresh Fruits & Vegetables USDA 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	260,900	391,350	100,999	(290,351)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	260,900	391,350	100,999	(290,351)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	391,350	133,761	257,589
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	391,350	133,761	257,589
<i>Excess (deficiency) of revenues over expenditures</i>	260,900	-	(32,762)	(32,762)
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(260,900)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(260,900)	-	-	-
<i>Net change in fund balances</i>	-	-	(32,762)	(32,762)
<i>Fund balances - beginning of year</i>	-	-	3,611	3,611
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (29,151)	\$ (29,151)
<i>Net change in fund balances (Budget Basis)</i>				\$ (32,762)
Adjustments to revenues for federal flowthrough grant				4,329
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ (28,433)

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-8

Belen Consolidated School District No. 2  
 IDEA B "Risk Pool" 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	20,926	20,926	-	(20,926)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20,926</u>	<u>20,926</u>	<u>-</u>	<u>(20,926)</u>
<i>Expenditures</i>				
Current				
Instruction	-	19,780	2,403	17,377
Support services	-	573	-	573
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>20,353</u>	<u>2,403</u>	<u>17,950</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>20,926</u>	<u>573</u>	<u>(2,403)</u>	<u>(2,976)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(20,926)	(573)	-	573
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(20,926)</u>	<u>(573)</u>	<u>-</u>	<u>573</u>
<i>Net change in fund balances</i>	-	-	(2,403)	(2,403)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,403)</u>	<u>\$ (2,403)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (2,403)
Adjustments to revenues for federal flowthrough grant				2,403
No adjustments to expenditures				-
<i>Net change 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  
 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, 2011

	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>	<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				
Principal	-	-	-	-
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 (increase in budgeted 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>	-	-	(3,000)	(3,000)
<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 adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change 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, 2011

	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>	<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				
Principal	-	-	-	-
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 (increase in budgeted 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>	-	-	(3,000)	(3,000)
<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 adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change 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-11

Belen Consolidated School District No. 2  
 Enhancing Education Thru Technology (E2Y2-C) 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	17,622	18,624	230	(18,394)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>17,622</u>	<u>18,624</u>	<u>230</u>	<u>(18,394)</u>
<i>Expenditures</i>				
Current				
Instruction	-	18,624	13,111	5,513
Support services	-	-	71	(71)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>18,624</u>	<u>13,182</u>	<u>5,442</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>17,622</u>	<u>-</u>	<u>(12,952)</u>	<u>(12,952)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(17,622)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(17,622)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(12,952)	(12,952)
<i>Fund balances - beginning of year</i>	-	-	(42)	(42)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,994)</u>	<u>\$ (12,994)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (12,952)
Adjustments to revenues for federal flowthrough grant				(230)
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (13,182)</u>

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	19,456	39,167	38,541	(626)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>19,456</u>	<u>39,167</u>	<u>38,541</u>	<u>(626)</u>
<i>Expenditures</i>				
Current				
Instruction	19,456	39,167	39,007	160
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>19,456</u>	<u>39,167</u>	<u>39,007</u>	<u>160</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(466)</u>	<u>(466)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	-	-	(466)	(466)
<i>Fund balances - beginning of year</i>	-	-	(19,885)	(19,885)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,351)</u>	<u>\$ (20,351)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (466)
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (466)</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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	385,956	577,485	267,209	(310,276)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	385,956	577,485	267,209	(310,276)
<i>Expenditures</i>				
Current				
Instruction	365,904	557,433	219,345	338,088
Support services	20,052	20,052	26,630	(6,578)
Central services	-	-	117	(117)
Operation and maintenance of plant	-	-	910	(910)
Student transportation	-	-	36	(36)
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	385,956	577,485	247,038	330,447
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	20,171	20,171
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	20,171	20,171
<i>Fund balances - beginning of year</i>	-	-	(41,356)	(41,356)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (21,185)	\$ (21,185)
<i>Net change in fund balances (Budget Basis)</i>				\$ 20,171
Adjustments to revenues for federal flowthrough grant				(20,169)
Adjustments to expenditures for instructional materials				4,200
<i>Net change in fund balances (GAAP Basis)</i>				\$ 4,202

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	14,015	14,015	13,523	(492)
Federal direct	-	-	-	-
Local grants	-	-	649	649
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	14,015	14,015	14,172	157
<i>Expenditures</i>				
Current				
Instruction	-	14,015	4,947	9,068
Support services	-	-	5,054	(5,054)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	530	(530)
Student transportation	-	-	2,979	(2,979)
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	14,015	13,510	505
<i>Excess (deficiency) of revenues over expenditures</i>	14,015	-	662	662
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(14,015)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(14,015)	-	-	-
<i>Net change in fund balances</i>	-	-	662	662
<i>Fund balances - beginning of year</i>	-	-	(604)	(604)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 58	\$ 58
<i>Net change in fund balances (Budget Basis)</i>				\$ 662
Adjustments to revenues for federal flowthrough grant				(13)
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ 649

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, 2011

	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>	<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				
Principal	-	-	-	-
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 (increase in budgeted 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>	-	-	(57,835)	(57,835)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,835)</u>	<u>\$ (57,835)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change 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, 2011

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	15,466	15,466
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>15,466</u>	<u>15,466</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				
Principal	-	-	-	-
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>15,466</u>	<u>15,466</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	-	-	15,466	15,466
<i>Fund balances - beginning of year</i>	-	-	(5,201)	(5,201)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,265</u>	<u>\$ 10,265</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 15,466
Adjustments to revenues for federal flowthrough grant				(15,466)
No adjustments to expenditures				-
<i>Net change 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-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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	52,109	50,341	35,709	(14,632)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>52,109</u>	<u>50,341</u>	<u>35,709</u>	<u>(14,632)</u>
<i>Expenditures</i>				
Current				
Instruction	49,899	44,595	41,677	2,918
Support services	2,210	2,210	2,210	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>52,109</u>	<u>46,805</u>	<u>43,887</u>	<u>2,918</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>3,536</u>	<u>(8,178)</u>	<u>(11,714)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	(3,536)	-	3,536
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(3,536)</u>	<u>-</u>	<u>3,536</u>
<i>Net change in fund balances</i>	-	-	(8,178)	(8,178)
<i>Fund balances - beginning of year</i>	-	-	(5,789)	(5,789)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,967)</u>	<u>\$ (13,967)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (8,178)
Adjustments to revenues for federal flowthrough grant				8,178
Adjustments to expenditures for instructional expenditures				<u>3,390</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 3,390</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 - 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	7,191	7,191	-	(7,191)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,191</u>	<u>7,191</u>	<u>-</u>	<u>(7,191)</u>
<i>Expenditures</i>				
Current				
Instruction	6,886	6,886	840	6,046
Support services	305	305	305	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,191</u>	<u>7,191</u>	<u>1,145</u>	<u>6,046</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,145)</u>	<u>(1,145)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	<u>-</u>	<u>-</u>	<u>(1,145)</u>	<u>(1,145)</u>
<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>\$ (1,145)</u>	<u>\$ (1,145)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (1,145)
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (1,145)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-19

Belen Consolidated School District No. 2  
 USDA 2010 Equipment Assistance 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	20,083	20,083	-	(20,083)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	20,083	20,083	-	(20,083)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	20,083	19,922	161
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	20,083	19,922	161
<i>Excess (deficiency) of revenues over expenditures</i>	20,083	-	(19,922)	(19,922)
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(20,083)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(20,083)	-	-	-
<i>Net change in fund balances</i>	-	-	(19,922)	(19,922)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (19,922)	\$ (19,922)
<i>Net change in fund balances (Budget Basis)</i>				\$ (19,922)
Adjustments to revenues for federal flowthrough grant				19,922
No adjustments to expenditures				-
<i>Net change 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, 2011

	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>	<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				
Principal	-	-	-	-
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 (increase in budgeted 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>	-	-	10,943	10,943
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,943</u>	<u>\$ 10,943</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change 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-21

Belen Consolidated School District No. 2  
 Title I - IASA - Federal Stimulus 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	400,747	407,574	267,897	(139,677)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>400,747</u>	<u>407,574</u>	<u>267,897</u>	<u>(139,677)</u>
<i>Expenditures</i>				
Current				
Instruction	383,747	390,574	188,191	202,383
Support services	17,000	17,000	150,334	(133,334)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	1,067	(1,067)
Student transportation	-	-	5,450	(5,450)
Food services operations	-	-	652	(652)
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>400,747</u>	<u>407,574</u>	<u>345,694</u>	<u>61,880</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(77,797)</u>	<u>(77,797)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	-	-	(77,797)	(77,797)
<i>Fund balances - beginning of year</i>	-	-	(9,396)	(9,396)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (87,193)</u>	<u>\$ (87,193)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (77,797)
Adjustments to revenues for federal flowthrough grant				77,655
Adjustments to expenditures for instructional materials				<u>8,573</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 8,431</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  
Entitlement IDEA-B Federal Stimulus 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	1,070,703	1,070,703	212,015	(858,688)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,070,703	1,070,703	212,015	(858,688)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	870,363	218,329	652,034
Support services	-	42,488	16,270	26,218
Central services	-	-	-	-
Operation and maintenance of plant	-	157,852	-	157,852
Student transportation	-	-	14,885	(14,885)
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	1,070,703	249,484	821,219
<i>Excess (deficiency) of revenues over expenditures</i>	1,070,703	-	(37,469)	(37,469)
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(1,070,703)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(1,070,703)	-	-	-
<i>Net change in fund balances</i>	-	-	(37,469)	(37,469)
<i>Fund balances - beginning of year</i>	-	-	(10,807)	(10,807)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (48,276)	\$ (48,276)
<i>Net change in fund balances (Budget Basis)</i>				\$ (37,469)
Adjustments to revenues for federal flowthrough grant				37,469
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-23

Belen Consolidated School District No. 2  
 Preschool IDEA-B Federal Stimulus 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	48,560	48,560	-	(48,560)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	48,560	48,560	-	(48,560)
<i>Expenditures</i>				
Current				
Instruction	-	41,466	1,919	39,547
Support services	-	7,094	520	6,574
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	48,560	2,439	46,121
<i>Excess (deficiency) of revenues over expenditures</i>	48,560	-	(2,439)	(2,439)
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(48,560)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(48,560)	-	-	-
<i>Net change in fund balances</i>	-	-	(2,439)	(2,439)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (2,439)	\$ (2,439)
<i>Net change in fund balances (Budget Basis)</i>				\$ (2,439)
Adjustments to revenues for federal flowthrough grant				2,439
No adjustments to expenditures				-
<i>Net change 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  
 Education for 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	15,000	15,000	13,561	(1,439)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>15,000</u>	<u>15,000</u>	<u>13,561</u>	<u>(1,439)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	15,000	14,470	530
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>15,000</u>	<u>14,470</u>	<u>530</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>15,000</u>	<u>-</u>	<u>(909)</u>	<u>(909)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(15,000)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(909)	(909)
<i>Fund balances - beginning of year</i>	-	-	(454)	(454)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,363)</u>	<u>\$ (1,363)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (909)
Adjustments to revenues for federal flowthrough grant				909
No adjustments to expenditures				-
<i>Net change 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  
School Improvements Stimulus 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	167,506	167,506	22,203	(145,303)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>167,506</u>	<u>167,506</u>	<u>22,203</u>	<u>(145,303)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	167,506	36,010	131,496
Support services	-	-	3,646	(3,646)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>167,506</u>	<u>39,656</u>	<u>127,850</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>167,506</u>	<u>-</u>	<u>(17,453)</u>	<u>(17,453)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(167,506)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(167,506)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(17,453)	(17,453)
<i>Fund balances - beginning of year</i>	-	-	(18,404)	(18,404)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,857)</u>	<u>\$ (35,857)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (17,453)
Adjustments to revenues for federal flowthrough grant				17,453
Adjustments to expenditures for instructional expenditures				<u>(14,088)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (14,088)</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  
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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	3,250	3,250
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	3,250	3,250
<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				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	3,250	3,250
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	3,250	3,250
<i>Fund balances - beginning of year</i>	-	-	(250)	(250)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 3,000	\$ 3,000
<i>Net change in fund balances (Budget Basis)</i>				\$ 3,250
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ 3,250

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-27

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	381,110	381,110	286,465	(94,645)
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	381,110	381,110	286,465	(94,645)
<i>Expenditures</i>				
Current				
Instruction	-	-	11,585	(11,585)
Support services	-	381,110	296,629	84,481
Central services	-	-	4,800	(4,800)
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	381,110	313,014	68,096
<i>Excess (deficiency) of revenues over expenditures</i>	381,110	-	(26,549)	(26,549)
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(381,110)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(381,110)	-	-	-
<i>Net change in fund balances</i>	-	-	(26,549)	(26,549)
<i>Fund balances - beginning of year</i>	-	-	463,170	463,170
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 436,621	\$ 436,621
<i>Net change in fund balances (Budget Basis)</i>				\$ (26,549)
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ (26,549)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	42,455	42,455
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>42,455</u>	<u>42,455</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				
Principal	-	-	-	-
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>42,455</u>	<u>42,455</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	-	-	42,455	42,455
<i>Fund balances - beginning of year</i>	-	-	16,726	16,726
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,181</u>	<u>\$ 59,181</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 42,455
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 42,455</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

Statement B-29

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	5,250	5,250
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>5,250</u>	<u>5,250</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				
Principal	-	-	-	-
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>5,250</u>	<u>5,250</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	-	-	5,250	5,250
<i>Fund balances - beginning of year</i>	-	-	3,000	3,000
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,250</u>	<u>\$ 8,250</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 5,250
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 5,250</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-30

Belen Consolidated School District No. 2  
Operational Federal Stabilization 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	321,895	323,176	359,888	36,712
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	321,895	323,176	359,888	36,712
<i>Expenditures</i>				
Current				
Instruction	321,895	323,176	224,371	98,805
Support services	-	-	7,895	(7,895)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	35,601	(35,601)
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	321,895	323,176	267,867	55,309
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	92,021	92,021
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	92,021	92,021
<i>Fund balances - beginning of year</i>	-	-	61,402	61,402
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 153,423	\$ 153,423
<i>Net change in fund balances (Budget Basis)</i>				\$ 92,021
Adjustments to revenues for federal flowthrough grants				(36,712)
Adjustments to expenditures for instructional expenditures				3,734
<i>Net change in fund balances (GAAP Basis)</i>				\$ 59,043

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-31

Belen Consolidated School District No. 2  
 Education Jobs Fund 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	870,740	520,852	(349,888)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	870,740	520,852	(349,888)
<i>Expenditures</i>				
Current				
Instruction	-	870,740	709,923	160,817
Support services	-	-	60,012	(60,012)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	870,740	769,935	100,805
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(249,083)	(249,083)
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(249,083)	(249,083)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (249,083)	\$ (249,083)
<i>Net change in fund balances (Budget Basis)</i>				\$ (249,083)
Adjustments to revenues for federal flowthrough grants				349,888
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ 100,805

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-32

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, 2011

	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				
Principal	-	-	-	-
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 (increase in budgeted 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>	-	-	2,465	2,465
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,465</u>	<u>\$ 2,465</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change 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  
 2008 GO Bond Student Library 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	12,910	12,910
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	12,910	12,910
<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				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	12,910	12,910
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	12,910	12,910
<i>Fund balances - beginning of year</i>	-	-	(12,910)	(12,910)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Net change in fund balances (Budget Basis)</i>				\$ 12,910
Adjustments to revenues for federal direct grant				(12,910)
No adjustments to expenditures				-
<i>Net change 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  
 Solar Energy at Schools- ARRA 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	300,000	300,000	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	300,000	300,000	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	300,000	300,000	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	300,000	300,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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 adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change 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  
 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	31,809	31,809	-	(31,809)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	31,809	31,809	-	(31,809)
<i>Expenditures</i>				
Current				
Instruction	-	31,809	28,523	3,286
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	31,809	28,523	3,286
<i>Excess (deficiency) of revenues over expenditures</i>	31,809	-	(28,523)	(28,523)
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(31,809)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(31,809)	-	-	-
<i>Net change in fund balances</i>	-	-	(28,523)	(28,523)
<i>Fund balances - beginning of year</i>	-	-	29,837	29,837
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 1,314	\$ 1,314
<i>Net change in fund balances (Budget Basis)</i>				\$ (28,523)
No adjustments to revenues				-
Adjustments to expenditures for instructional expenditures				(791)
<i>Net change in fund balances (GAAP Basis)</i>				\$ (29,314)

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-36

Belen Consolidated School District No. 2  
 Truancy Prevention/ Intervention 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	15,000	15,000	13,495	(1,505)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	15,000	15,000	13,495	(1,505)
<i>Expenditures</i>				
Current				
Instruction	-	15,000	14,342	658
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	15,000	14,342	658
<i>Excess (deficiency) of revenues over expenditures</i>	15,000	-	(847)	(847)
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(15,000)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(15,000)	-	-	-
<i>Net change in fund balances</i>	-	-	(847)	(847)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (847)	\$ (847)
<i>Net change in fund balances (Budget Basis)</i>				\$ (847)
Adjustments to revenues for state flowthrough grant				235
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ (612)

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-37

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	15,144	15,144
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	15,144	15,144
<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				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	15,144	15,144
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	15,144	15,144
<i>Fund balances - beginning of year</i>	-	-	(15,144)	(15,144)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Net change in fund balances (Budget Basis)</i>				\$ 15,144
Adjustments to revenues for state flowthrough grant				(15,144)
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-38

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, 2011

	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 and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	-	-	6,629	6,629
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 6,629	\$ 6,629
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change 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  
 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	37,941	37,941	37,941	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	37,941	37,941	37,941	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	37,941	-	37,941
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	37,941	-	37,941
<i>Excess (deficiency) of revenues over expenditures</i>	37,941	-	37,941	37,941
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(37,941)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(37,941)	-	-	-
<i>Net change in fund balances</i>	-	-	37,941	37,941
<i>Fund balances - beginning of year</i>	-	-	26,662	26,662
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 64,603	\$ 64,603
<i>Net change in fund balances (Budget Basis)</i>				\$ 37,941
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ 37,941

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-40

Belen Consolidated School District No. 2  
 Training & Professional Development for Teachers 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, 2011

	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>	<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				
Principal	-	-	-	-
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 (increase in budgeted 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 adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change 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-41

Belen Consolidated School District No. 2  
 Library Books 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, 2011

	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>	<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				
Principal	-	-	-	-
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 (increase in budgeted 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>	-	-	6,452	6,452
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,452</u>	<u>\$ 6,452</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change 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-42

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, 2011

	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	173,489	173,489	119,585	(53,904)
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>173,489</u>	<u>173,489</u>	<u>119,585</u>	<u>(53,904)</u>
<i>Expenditures</i>				
Current				
Instruction	-	173,489	137,952	35,537
Support services	-	-	34,284	(34,284)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	58	(58)
Student transportation	-	-	548	(548)
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>173,489</u>	<u>172,842</u>	<u>647</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>173,489</u>	<u>-</u>	<u>(53,257)</u>	<u>(53,257)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(173,489)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(173,489)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(53,257)	(53,257)
<i>Fund balances - beginning of year</i>	-	-	13,915	13,915
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,342)</u>	<u>\$ (39,342)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (53,257)
Adjustments to revenues for state direct grants				38,656
Adjustments to expenditures for instructional materials				<u>10,087</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (4,514)</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  
 Private Direct Grants (Categorical) 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	57,367	57,367	-	(57,367)
State flowthrough	-	-	72,764	72,764
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>57,367</u>	<u>57,367</u>	<u>72,764</u>	<u>15,397</u>
<i>Expenditures</i>				
Current				
Instruction	-	49,867	57,053	(7,186)
Support services	-	3,000	-	3,000
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	4,500	184	4,316
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>57,367</u>	<u>57,237</u>	<u>130</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>57,367</u>	<u>-</u>	<u>15,527</u>	<u>15,527</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	(57,367)	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(57,367)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	15,527	15,527
<i>Fund balances - beginning of year</i>	-	-	(17,055)	(17,055)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,528)</u>	<u>\$ (1,528)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 15,527
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 15,527</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-44

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	95,000	95,000
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	95,000	95,000
<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				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	95,000	95,000
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	95,000	95,000
<i>Fund balances - beginning of year</i>	-	-	75,907	75,907
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 170,907	\$ 170,907
<i>Net change in fund balances (Budget Basis)</i>				\$ 95,000
Adjustments to revenues for state flowthrough grants				22,041
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ 117,041

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-45

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property axes	\$ -	\$ -	\$ -	\$ -
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 and maintenance of plant	2,778	2,777	-	2,777
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital utlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	2,778	2,777	-	2,777
<i>Excess (deficiency) of revenues over expenditures</i>	(2,778)	(2,777)	-	2,777
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	2,778	2,777	-	(2,777)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	2,778	2,777	-	(2,777)
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	2,675	2,675
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 2,675	\$ 2,675
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-46

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, 2011

	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>				
<i>Current</i>				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	148,500	148,500	-	148,500
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	148,500	148,500	-	148,500
<i>Excess (deficiency) of revenues over expenditures</i>	(148,500)	(148,500)	-	148,500
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	148,500	148,500	-	(148,500)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	148,500	148,500	-	(148,500)
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	(2,500)	(2,500)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (2,500)	\$ (2,500)
<i>Net change in fund balances (Budget Basis)</i>				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				\$ -

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-47

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,016,649	\$ 1,016,649	\$ 1,002,539	\$ (14,110)
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	238,731	-	(238,731)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,016,649</u>	<u>1,255,380</u>	<u>1,002,539</u>	<u>(252,841)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	8,225	(8,225)
Support services	7,000	7,000	-	7,000
Central services	125,000	125,000	10,120	114,880
Operation and maintenance of plant	1,980,819	2,219,550	1,333,305	886,245
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	25,000	25,000	44,963	(19,963)
<i>Debt service</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,137,819</u>	<u>2,376,550</u>	<u>1,396,613</u>	<u>979,937</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,121,170)</u>	<u>(1,121,170)</u>	<u>(394,074)</u>	<u>727,096</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	1,121,170	1,121,170	-	(1,121,170)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,121,170</u>	<u>1,121,170</u>	<u>-</u>	<u>(1,121,170)</u>
<i>Net change in fund balances</i>	-	-	(394,074)	(394,074)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,689,578</u>	<u>1,689,578</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,295,504</u>	<u>\$ 1,295,504</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (394,074)
Adjustments to revenues for capital outlay				(5,050)
Adjustments to expenditures for capital outlay				<u>(2,919)</u>
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (402,043)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-48

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	284	284
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	217	217
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	501	501
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	800,000	800,000	95,163	704,837
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	5,141,787	5,141,787	1,220,261	3,921,526
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	5,941,787	5,941,787	1,315,424	4,626,363
<i>Excess (deficiency) of revenues over expenditures</i>	(5,941,787)	(5,941,787)	(1,314,923)	4,626,864
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	5,941,787	5,941,787	-	(5,941,787)
<i>Total other financing sources (uses)</i>	5,941,787	5,941,787	-	(5,941,787)
<i>Net change in fund balances</i>	-	-	(1,314,923)	(1,314,923)
<i>Fund balances - beginning of year</i>	-	-	5,137,588	5,137,588
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 3,822,665	\$ 3,822,665
<i>Net change in fund balances (Budget Basis)</i>				\$ (1,314,923)
No adjustments to revenues				-
Adjustments to expenditures for services, contract services, and construction services				(175,921)
<i>Net change in fund balances (GAAP Basis)</i>				\$ (1,490,844)

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**

Statement B-49

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 3,543,605	\$ 3,543,605	\$ 3,905,933	\$ 362,328
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,543,605</u>	<u>3,543,605</u>	<u>3,905,933</u>	<u>362,328</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	35,436	35,436	39,051	(3,615)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	6,329,362	6,329,362	2,575,000	3,754,362
Interest	968,604	968,604	968,604	-
<i>Total expenditures</i>	<u>7,333,402</u>	<u>7,333,402</u>	<u>3,582,655</u>	<u>3,750,747</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,789,797)</u>	<u>(3,789,797)</u>	<u>323,278</u>	<u>4,113,075</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	3,789,797	3,789,797	-	(3,789,797)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,789,797</u>	<u>3,789,797</u>	<u>-</u>	<u>(3,789,797)</u>
<i>Net change in fund balances</i>	-	-	323,278	323,278
<i>Fund balances - beginning of year</i>	-	-	4,174,954	4,174,954
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,498,232</u>	<u>\$ 4,498,232</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 323,278
Adjustments to revenues for property tax revenues				(15,030)
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 308,248</u>

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, 2011

Statement D-1

	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 3,020,960	\$ 12,364	\$ -	\$ 3,033,324
Property taxes receivable	53,257	-	-	53,257
Due from other governments	422,686	-	-	422,686
Inventory	81,866	-	-	81,866
Due from other funds	2,127,199	-	-	2,127,199
<i>Total assets</i>	<u>\$ 5,705,968</u>	<u>\$ 12,364</u>	<u>\$ -</u>	<u>\$ 5,718,332</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 334,256	\$ 3,426	\$ -	\$ 337,682
Accrued payroll	607,762	-	-	607,762
Deferred revenue	49,674	-	-	49,674
Due to other funds	973,215	-	130,336	1,103,551
<i>Total liabilities</i>	1,964,907	3,426	130,336	2,098,669
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	81,866	-	-	81,866
<i>Spendable</i>				
Committed for:				
Subsequent year expenditures	997,034	-	-	997,034
Unassigned	2,662,161	8,938	(130,336)	2,540,763
<i>Total fund balances</i>	3,741,061	8,938	(130,336)	3,619,663
<i>Total liabilities and fund balances</i>	<u>\$ 5,705,968</u>	<u>\$ 12,364</u>	<u>\$ -</u>	<u>\$ 5,718,332</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  
 General Fund  
 For the Year Ended June 30, 2011

Statement D-2

	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
<i>Revenues</i>				
Property taxes	\$ 156,354	\$ -	\$ -	\$ 156,354
Federal flowthrough	860,572	-	-	860,572
Federal direct	19,715	-	-	19,715
State flowthrough	213,435	-	36,594	250,029
State direct	30,410,201	-	-	30,410,201
Transportation distribution	-	1,413,654	-	1,413,654
Charges for services	57,369	-	-	57,369
Investment income	-	-	-	-
Miscellaneous	15,394	-	-	15,394
<i>Total revenues</i>	<u>31,733,040</u>	<u>1,413,654</u>	<u>36,594</u>	<u>33,183,288</u>
<i>Expenditures</i>				
Current				
Instruction	17,795,776	-	322,457	18,118,233
Support services	6,868,131	-	11,404	6,879,535
Central services	1,543,181	-	-	1,543,181
Operation and maintenance of plant	3,831,100	-	-	3,831,100
Student transportation	272,437	1,409,511	-	1,681,948
Community services operations	54,334	-	-	54,334
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>30,364,959</u>	<u>1,409,511</u>	<u>333,861</u>	<u>32,108,331</u>
<i>Net change in fund balances</i>	1,368,081	4,143	(297,267)	1,074,957
<i>Fund balances - beginning</i>	<u>2,372,980</u>	<u>4,795</u>	<u>166,931</u>	<u>2,544,706</u>
<i>Fund balances - ending</i>	<u>\$ 3,741,061</u>	<u>\$ 8,938</u>	<u>\$ (130,336)</u>	<u>\$ 3,619,663</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Operational 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 170,235	\$ 170,235	\$ 159,006	\$ (11,229)
Federal flowthrough	58,993	58,993	562,603	503,610
Federal direct	4,000	4,000	21,468	17,468
Local grants	-	-	-	-
State flowthrough	150,000	150,000	142,760	(7,240)
State direct	31,245,598	30,371,187	30,410,201	39,014
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	50,350	50,350	57,260	6,910
Investment income	2,500	2,500	-	(2,500)
Miscellaneous	-	-	15,394	15,394
<i>Total revenues</i>	31,681,676	30,807,265	31,368,692	561,427
<i>Expenditures</i>				
<i>Current</i>				
Instruction	19,293,521	18,426,111	18,550,086	(123,975)
Support services	7,909,710	7,933,906	6,687,738	1,246,168
Central services	1,477,073	1,592,073	1,540,888	51,185
Operation and maintenance of plant	4,242,182	4,095,985	3,803,817	292,168
Student transportation	118,207	118,207	272,437	(154,230)
Food services operations	-	-	-	-
Community services operations	54,368	54,368	54,334	34
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	33,095,061	32,220,650	30,909,300	1,311,350
<i>Excess (deficiency) of revenues over expenditures</i>	(1,413,385)	(1,413,385)	459,392	1,872,777
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	1,413,385	1,413,385	-	(1,413,385)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	1,413,385	1,413,385	-	(1,413,385)
<i>Net change in fund balances</i>	-	-	459,392	459,392
<i>Fund balances - beginning of year</i>	-	-	3,715,552	3,715,552
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 4,174,944	\$ 4,174,944
<i>Net change in fund balances (Budget Basis)</i>				\$ 459,392
Adjustments to revenues for operating grants				364,348
Adjustments to expenditures for salary, health and medical premium, and other charges				544,341
<i>Net change in fund balances (GAAP Basis)</i>				\$ 1,368,081

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, 2011

	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	-	-	-	-
Transportation distribution	1,456,389	1,413,654	1,413,654	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,456,389</u>	<u>1,413,654</u>	<u>1,413,654</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	1,456,389	1,413,654	1,413,642	12
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,456,389</u>	<u>1,413,654</u>	<u>1,413,642</u>	<u>12</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted 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>	-	-	12	12
<i>Fund balances - beginning of year</i>	-	-	12,352	12,352
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,364</u>	<u>\$ 12,364</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 12
No adjustments to revenues				-
Adjustments to expenditures for salary, supply maintenance, and transportation expenditures				4,131
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 4,143</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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	166,050	166,050	36,594	(129,456)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>166,050</u>	<u>166,050</u>	<u>36,594</u>	<u>(129,456)</u>
<i>Expenditures</i>				
Current				
Instruction	166,050	357,101	344,129	12,972
Support services	-	-	11,404	(11,404)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>166,050</u>	<u>357,101</u>	<u>355,533</u>	<u>1,568</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(191,051)</u>	<u>(318,939)</u>	<u>(127,888)</u>
<i>Other financing sources (uses)</i>				
Designated cash (increase in budgeted cash)	-	191,051	-	(191,051)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>191,051</u>	<u>-</u>	<u>(191,051)</u>
<i>Net change in fund balances</i>	-	-	(318,939)	(318,939)
<i>Fund balances - beginning of year</i>	-	-	188,603	188,603
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (130,336)</u>	<u>\$ (130,336)</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ (318,939)
No adjustments to revenues				-
Adjustments to expenditures for instructional materials and library and visual expenditures				21,672
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ (297,267)</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, 2011

Schedule I

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Belen High School	\$ 317,484	\$ 289,824	\$ 279,514	\$ 327,794
Belen Middle School	34,480	61,092	47,557	48,015
Central Elementary	18,550	15,249	14,180	19,619
Dennis Chavez Elementary	1,013	19,218	17,330	2,901
Gil Sanchez Elementary	8,265	32,936	33,171	8,030
Jaramillo Elementary	14,049	61,507	60,048	15,508
La Merced Elementary	9,430	51,615	49,968	11,077
La Promesa Elementary	13,319	2,742	2,946	13,115
Rio Grande Middle School	6,544	24,332	24,136	6,740
Infinity High School	1,434	2,181	2,071	1,544
Logsdon Middle School	1,019	-	-	1,019
Family School	666	231	-	897
Administration	<u>17,969</u>	<u>22,526</u>	<u>12,973</u>	<u>27,522</u>
Total	<u>\$ 444,222</u>	<u>\$ 583,453</u>	<u>\$ 543,894</u>	<u>\$ 483,781</u>
Add: Outstanding Deposits				<u>4,173</u>
Total fiduciary fund cash				<u>\$ 487,954</u>

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, 2011

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2011
<b>US Bank</b>				
	MBS GNMA I Platinum 871763	6/15/2019	36225B5YO	\$ 1,146,419
	MBS GNMA I 781651 15YR	9/15/2018	36225BZQ4	1,708,395
	GNR 2009-67 GA	1/16/2031	38373AQS8	810,021
	GNR 2009-68 HC	11/16/2031	38373AWV4	3,259,316
	GNR 2009-42 MA	1/20/2036	38374UWL1	52,652
	GNR 2008-58 PA	6/16/2036	38375DLM8	1,848,315
	GNR 2009-116 AT	8/16/2037	38376PF47	<u>3,053,319</u>
	Total US Bank			<u>11,878,437</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**

	FN 870765	6/1/2036	31409GMN3	100,019
	FN 915969	4/1/2037	31411VT25	1,105,225
	FN 745577	6/1/2036	31403DJWO	163,368
	FN871343	5/1/2036	31409HBL7	156,459
	FG EO2766	9/1/2025	31294MCB5	<u>19,498</u>
	Total Wells Fargo Bank			<u>1,544,569</u>

**Wells Fargo Bank (Repurchase Agreement)**

	FN-15 932681	4/1/2025	31412RFW2	<u>1,653,287</u>
	Total Wells Fargo Bank			<u>1,653,287</u>

Name and location of safekeeper for above pledged collateral:

Wells Fargo Bank, 420 Montgomery, 11th Floor, San Francisco, CA

Total	<u>\$ 15,076,293</u>
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See accompanying independent auditors' report

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**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Schedule of Deposits  
 June 30, 2011

Schedule III

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
<b>US Bank</b>					
Debt Service	Checking	\$ 3,846,805	\$ -	\$ -	\$ 3,846,805
Federal Grants	Checking	971,743	26,962	-	998,705
Student Nutrition	Checking	888,079	-	43	888,036
Athletic Activity	Checking	20,328	34,716	-	55,044
Activities	Checking	483,780	4,112	61	487,831
Capital Projects	Checking	3,842,724	-	-	3,842,724
Capital Improvement	Checking	1,340,426	-	-	1,340,426
Certificate of Deposit	Time	686,480	-	-	686,480
<b>Total US Bank</b>		<b>12,080,365</b>	<b>65,790</b>	<b>104</b>	<b>12,146,051</b>
<b>Wells Fargo Bank</b>					
Ops/Tran/Instr/State Grants	Checking	800,173	2,862	120,365	682,670
Ops/Tran/Instr/State Grants	Repurchase	1,620,870	-	-	1,620,870
Deferred Sick Leave	Checking	56,908	-	-	56,908
Accounts Payable Clearing	Checking	217,394	47,889	206,750	58,533
Payroll Clearing	Checking	1,889,860	144,327	1,277,494	756,693
<b>Total Wells Fargo Bank</b>		<b>4,585,205</b>	<b>195,078</b>	<b>1,604,609</b>	<b>3,175,674</b>
Unreconciled difference in cash		-	-	-	(432,916)
Petty Cash		-	-	-	1,000
<b>Total</b>		<b>\$ 16,665,570</b>	<b>\$ 260,868</b>	<b>\$ 1,604,713</b>	<b>\$ 14,889,809</b>
<b>Cash per financial statements</b>					
Cash and cash equivalents- Governmental Activities Exhibit A-1				\$ 9,903,623	
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1				4,498,232	
Fiduciary funds - Exhibit D-1				487,954	
<b>Total cash and cash equivalents</b>					<b>\$ 14,889,809</b>

See accompanying independent auditors' report

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Cash Reconciliation  
 For the Year Ended June 30, 2011

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Cash, June 30, 2010	\$ 3,215,501	\$ 12,352	\$ 188,603	\$ 923,035
Add:				
2010-2011 revenues	31,368,692	1,413,654	36,594	2,407,543
Repayment of loans	-	-	-	-
Loans from other funds	-	-	130,336	-
Bond proceeds	-	-	-	-
Total cash available	<u>34,584,193</u>	<u>1,426,006</u>	<u>355,533</u>	<u>3,330,578</u>
Less:				
2010-2011 expenditures	30,909,300	1,413,642	355,533	2,445,878
Repayment of loans	-	-	-	-
Loans to other funds	<u>653,933</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2011	<u><u>\$ 3,020,960</u></u>	<u><u>\$ 12,364</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 884,700</u></u>

See accompanying independent auditors' report

Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
\$ 72,288	\$ 3,611	\$ 482,896	\$ 2,465	\$ 82,866
80,242	3,608,558	1,218,160	-	379,490
-	-	-	-	-
-	370,177	156,812	-	-
-	-	-	-	-
<u>152,530</u>	<u>3,982,346</u>	<u>1,857,868</u>	<u>2,465</u>	<u>462,356</u>
104,965	3,972,023	1,350,816	-	342,865
-	-	-	-	27,207
-	-	-	-	-
<u>\$ 47,565</u>	<u>\$ 10,323</u>	<u>\$ 507,052</u>	<u>\$ 2,465</u>	<u>\$ 92,284</u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Cash Reconciliation  
 For the Year Ended June 30, 2011

	State Direct 28000	Local/State 29000	Bond Building 31100	Special Capital Outlay-Local 31300
Cash, June 30, 2010	\$ 13,915	\$ 75,907	\$ 5,137,588	\$ 2,675
Add:				
2010-2011 revenues	119,585	167,764	501	-
Repayment of loans	-	-	-	-
Loans from other funds	39,342	-	-	-
Bond proceeds	-	-	-	-
Total cash available	<u>172,842</u>	<u>243,671</u>	<u>5,138,089</u>	<u>2,675</u>
Less:				
2010-2011 expenditures	172,842	57,237	1,315,424	-
Repayment of loans	-	15,527	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ 170,907</u></u>	<u><u>\$ 3,822,665</u></u>	<u><u>\$ 2,675</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
\$ 23,216	\$ 1,689,578	\$ 4,174,954	\$ 10,943	\$ 16,112,393
-	1,002,539	3,905,933	-	45,709,255
-	-	-	-	-
-	-	-	-	696,667
-	-	-	-	-
<u>23,216</u>	<u>2,692,117</u>	<u>8,080,887</u>	<u>10,943</u>	<u>62,518,315</u>
-	1,396,613	3,582,655	-	47,419,793
-	-	-	-	42,734
-	-	-	-	653,933
<u>\$ 23,216</u>	<u>\$ 1,295,504</u>	<u>\$ 4,498,232</u>	<u>\$ 10,943</u>	<u>\$ 14,401,855</u>



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**COMPLIANCE SECTION**



Accounting & Consulting Group, LLP  
Certified Public Accountants

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

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

We were engaged to audit the accompanying financial statements of the governmental 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, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated July 20, 2012. We were also engaged to audit the financial statements of each of the District's nonmajor governmental funds, the combining financial statements for the general fund, and the respective budgetary comparisons for the major capital projects fund, the debt service 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, 2011 as listed in the table of contents. We rendered a disclaimer of opinion due to a scope limitation not allowing us to obtain sufficient evidence to support account balances and related disclosures presented within the District's financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as items FS 07-06, FS 08-02, FS 09-03, FS 09-04, FS 10-01, FS 10-02, FS 10-04, FS 10-06, FS 10-10, and FS 11-02 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as items FS 07-03, FS 09-01, and FS 10-05 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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* and which are described in the accompanying schedule of findings and questioned costs as items FS 07-05, FS 10-07, and FS 10-09.

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 findings FS 09-02, FS 10-03, FS 10-08, and FS 11-01.

The District'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, the Board of Education, the Office of the State Auditor, the New Mexico Legislature, federal awarding agencies and pass-through entities, such as the New Mexico Public Education Department, and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, NM  
July 20, 2012

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**FEDERAL FINANCIAL ASSISTANCE**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

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

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

Compliance

We have audited Belen Consolidated School District's (District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular *A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular *A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular *A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

We were not able to obtain sufficient evidence to substantiate the account balances of cash, revenues and expenditures of each major program, nor were we able to satisfy ourselves as to the District's compliance with other auditing procedures.

As described in items FA 10-02, FA 10-03, FA 10-04, FA 10-05, FA 11-05, FA 11-06, in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding cash management, allowable costs, and reporting requirements that are applicable to all major programs. Compliance with such requirements is necessary, in our opinion, for the District, to comply with the requirements applicable to those programs.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the District did not comply in all material respects, with the requirements referred to in the preceding paragraph that could have a direct and material effect on each of its major programs. The results of our auditing procedures also disclosed other instances of non compliance with those requirements which are required to be reported in accordance with OMB Circular *A-133* and which are described in the accompanying schedule of findings and questioned costs as items FA 10-01, FA 10-06, FA 11-01, FA 11-02, FA 11-03, FA 11-04 .

## Internal Control Over Compliance

Management of the District 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 the District'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 the auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal controls over compliance that we considered to be material weaknesses, and other deficiencies that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items FA 10-02, FA 10-03, FA 10-04, FA 10-05, and FA 11-05 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirements of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items FA 10-01, FA 10-06, FS 11-01, FS 11-02, and FS 11-04 to be significant deficiencies.

The Belen Consolidated School District No. 2's responses to the finding 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, the Board of Education, the Office of the State Auditor, the New Mexico Legislature, federal awarding agencies and pass-through entities, such as the New Mexico Public Education Department, and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
July 20, 2012



**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Pass- through Number	Federal C.F.D.A. Number		Expenditures
<u>Federal Department of Education</u>				
<i>Passed through from New Mexico Public Education Department</i>				
Improving America's Schools Title I	24101	84.010	* (1)	\$ 1,579,416
Individuals With Disabilities Act - Entitlement	24106	84.027	* (2)	1,180,097
Individuals With Disabilities Act - Preschool	24109	84.173	* (2)	4,367
Education of Homeless	24113	84.196O		23,887
Individuals With Disabilities Act- Risk Pool	24120	84.027	* (2)	2,403
Enhancing Education Thru Technology (E2Y2-C)	24149	84.318X		13,182
Title III-A English Language Acquisition	24153	84.365A		39,007
Improving Teacher Quality	24154	84.367A		242,838
Carl Perkins Secondary - Current Year	24174	84.048O		40,497
Carl D. Perkins Secondary Redistribution	24176	84.048O		1,145
Carl D. Perkins Secondary Redistribution 2	24183	84.048O		19,922
Title I - IASA - Federal Stimulus- ARRA	24201	84.389	* (1)	337,121
Individuals With Disabilities Act - Entitlement - ARRA	24206	84.391	* (2)	249,484
Individuals With Disabilities Act - Federal Stimulus - ARRA	24209	84.392	* (2)	2,439
Title I School Improvement - Federal Stimulus- ARRA	24262	84.010	* (1)	53,744
<i>Flowthrough Children, Youth and Families Department</i>				
Title IV Drug-free Schools	24157	84.186		13,510
Education of Homeless - Federal Stimulus- ARRA	24213	84.196O		<u>14,470</u>
<i>Direct U.S. Department of Education</i>				
Operational Federal Stabilization- ARRA	25250	84.394		264,133
Education Jobs Fund Federal Stabilization- ARRA	25255	84.410	*	<u>769,935</u>
Total U.S. Department of Education				<u>4,851,597</u>

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2010

Federal Grantor/Pass Through Grantor/Program Title	Pass- through Number	Federal C.F.D.A. Number	Expenditures
<u>Department of Agriculture</u>			
<i>Passed through from New Mexico Public Education Department</i>			
Rural Development, Forestry, and Communities- Indirect Costs	11000	10.672	511,515
<i>Direct programs</i>			
Forest Reserve - General Fund	11000	10.665	3,958
Nutrition Program			
Food Distribution	21000	10.553 * (3)	153,670
National School Lunch Act	21000	10.555 * (3)	2,092,784
Fresh Fruits and Vegetables USDA	24118	10.582	<u>133,761</u>
Total Department of Agriculture			<u>2,895,688</u>
Total Expenditures of Federal Awards			<u>\$ 7,747,285</u>

\* Major program

**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, 2011 was \$153,670 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.550.

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, 2011

Schedule V  
Page 3 of 3

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 7,747,285
Total expenditures funded by other sources	<u>39,357,688</u>
Total expenditures	<u><u>\$ 47,104,973</u></u>

See accompanying independent auditors' report

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2011

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors' report issued   | Disclaimer |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the basic financial statements noted?               | Yes        |

*Federal Awards:*

- |   |         |
|---|---------|
| 1. Internal control over major programs:  |         |
| a. Material weaknesses identified?  | Yes     |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | Yes     |
| 2. Type of auditors' report issued on compliance for major programs   | Adverse |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | Yes     |
| 4. Identification of major programs:  |         |

CFDA Number	Federal Program
84.010 and 84.389	Title I Program
10.550 and 10.555	Child Nutrition Cluster
84.027	IDEA B Program
84.410	Education Jobs Fund

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee?                                   | No        |

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

**FS 07-03 — Inventory Discrepancies – Significant Deficiency**

*Condition:* Due to the timing of the audit, inventory count procedures could not be performed. Consequently, the District was not able to provide evidence that a corrective action plane or internal controls are in place and working to prevent, detect or correct inventory discrepancies.

*Criteria:* NMAC 6.20.2.16 states that “School District shall establish adequate internal accounting control procedures over inventory in accordance with GAAP.”

*Effect:* Inventory is subject to theft and this could also result in misstatements to inventory amounts reported on the District’s financial statements.

*Cause:* Due to the turnover in management several times throughout the prior year and during half of the current year, there was a lack of oversight by management to enforce policies and procedures over the inventory process and ensure internal controls were implemented and working properly..

*Auditors’ 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, particularly in the areas of shipping and packing, inventory counts and clerical accuracy.

*Management’s Response:* The District has a new finance director that has been working with the procurement and warehouse personnel to ensure accurate and timely inventory counts are taken at the end of each fiscal year. The inventories taken are at all sites, departments, and warehouse stock. These physical counts will be matched up with our general ledger for compliance and accuracy. The results can be made available to the audit committee annually.

**STATE OF NEW MEXICO**  
 Belen Consolidated School District No. 2  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2011

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 07-05 — Cash Appropriations in Excess of Available Cash Balances – Material Noncompliance**

*Condition:* The District designated cash appropriations in excess of available balances in the following funds in fiscal year 2011:

Instructional Materials Fund	\$	2,448
Athletics Special Revenue Fund		7,684
Special Capital Outlay Capital Projects Fund		102
Special Capital Outlay State Capital Projects Fund		151,000
Bond Building Capital Projects Fund		<u>804,199</u>
 Total Governmental Funds	 \$	 <u><u>965,433</u></u>

*Criteria:* Section 2.2.2.10. (P) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

*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.

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

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

*Management's Response:* Due to the timing of audits, and staff turnover, this problem exists. The new finance director will ensure that cash balances are reconciled, and reviewed regularly for budget adjustments as necessary. The budget adjustments will be presented to the finance committee and board for approval in order to resolve this matter. Any cash overages will be budgeted and any cash shortfalls will be in the form of budget decreases.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 07-06 — Preparation of Financial Statements – Material Weakness**

*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. 115, 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.

*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.

*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.

*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:* The District will ensure that staff has the proper training and knowledge to carry out the above duties. The new finance director has been training in some of the above areas already. The district's new finance director and staff has not had enough time to prepare these since they were tasked with other priorities with PED and district mandated and needs, such as PED reports, and budget development.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 08-02 — Internal Controls – Lack of Segregation of Duties (Receipts and Disbursements Cycle) – Material Weakness**

*Condition:* During our walkthrough of the receipts and disbursements transaction cycle, we observed a lack of segregation of duties. It was observed that internal controls were not properly working and employees were allowed to perform all duties during the receipting and disbursements cycle respectively.

*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.

*Effect:* The District overlooked the potential for misappropriation of assets by allowing the same individuals to perform all duties in relation to the receipting and disbursements cycle respectively. When one single person can perform duties related to an individual cycle an opportunity for irregularities exists.

*Cause:* Due to the turnover in management several times throughout the prior year and during half of the current year, there was a lack of oversight by management to enforce policies and procedures over the receipting and disbursement process and ensure internal controls were working properly.

*Auditors' Recommendation:* We suggest that the District's management ensures that the system of checks and balances that were implemented in prior years are working properly.

*Management's Response:* The District finance director has reviewed the internal controls process and procedures with respect to the above finding. The procedures have been modified and staff trained in the segregation of duties. The District had experienced staff turnover in the past that attributed to this. This will be reviewed and discussed with the audit committee.



**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 09-01 — Accrued Compensated Absences – Significant Deficiency**

*Condition:* During accrued compensation test work, we found that for 5 out of the 5 employees eligible for vacation time had discrepancies in the amounts reported on year end accrued compensation for vacation. The discrepancies are:

1. The District's Leave Policy states that employees with 10 or more years of service can earn up to 15 days a year, at a rate of .625 days per pay period for 24 pay periods. Also, employees with less than 10 years can earn up to 12 days at a rate of .50 days per pay period for a 24 pay period. However, the district is on a 26 pay period schedule, therefore any employee with 10 or more years of service that works the entire 26 pay period year will actually earn 16.25 days of leave, and employees with less than ten years are earning 13 days per year.
2. Per the Leave Policy and the system there is not an identifiable correlation to determine how employees with less than 10 years of service are earning their leave.

*Criteria:* The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

*Effect:* With insufficient internal controls in place, leave accrual amounts are more susceptible to error and could result in misstatements to leave accrual amounts reported on the District's financial statements.

*Cause:* In preparing the Sick and Vacation Accrual Report, management hand keyed numbers for the report rather than using formulas. Hand keying the numbers with out a formula to verify the accuracy of the input allowed errors to go uncorrected.

*Auditors' Recommendation:* We recommend that the District ensure internal control processes are in place for the preparation of leave accruals. Management should ensure that amounts reported in the Sick and Vacation Accrual Report are verified against recalculations and that the report is reviewed for reasonableness and accuracy.

*Management's Response:* The District will ensure that the policy will align with our payroll procedures by reviewing and seeking approval of the necessary changes through our policy committee and Board.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 09-02 — Procurement Code (Related Parties) – Other Matters**

*Condition:* The District did not have proper segregation of duties in relation to a related party transaction. The prior finance director requested the goods, approved the requisition, approved the purchase order, and signed as receiver of goods. The total cost for the items purchased were \$856.

*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.

*Effect:* Not following the procurement code while purchasing items from a related party can promote favoritism within the organization and set a bad example for employees. This condition can also open the District to potential litigation.

*Cause:* There was an oversight and lack of segregation by management while purchasing these items and did not review to ensure proper policy compliance.

*Auditors' Recommendation:* We recommend the District incorporate internal controls to monitor the policy that is already in place to ensure that all procurement, including related party transactions, follow procurement codes.

*Management's Response:* The District will ensure that policies and procedures are followed with respect to related party transactions. The finance director will work with our policy committee and board to reflect the necessary changes.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 09-03 — Capital Assets – Material Weakness**

*Condition:* During the capital asset inventory procedures, we noted the following issues:

- The capital assets system was not being reconciled and the cost of several assets did not foot correctly. The ending capital assets balance for the prior year end did not agree with current year beginning balance.
- The District incorrectly included 5 assets in the amount of \$94,810 in their capital asset listing, and omitted 7 assets from their capital asset listing and improperly included them as repairs and maintenance in the amount of \$199,353.
- Ending accumulated depreciation for the District's capital asset equipment did not tie to the beginning balance for fiscal year 2011 due to the District incorrectly disposing of assets by completely deleting the asset from their system during disposal. The District was unable to reconcile the amount.
- Construction in progress was completely left off of the Districts capital asset listing, and the District had to manually supply the auditors with construction in progress several months after year end due to not timely tracking the progress. The total construction in progress at year end totaled \$684,802.
- The District did not perform an annual inventory count of their capital assets.
- The District did not allocate depreciation by function for fiscal year 2011.

*Criteria:* Section 2.2.2.10.Y(2), NMAC, requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

*Effect:* The District's capital asset listing may have capital assets that do not exist or there may be capital assets omitted that should be on the capital asset inventory, all of which may result in a material misstatement on the government wide financial statement.

*Cause:* The District does not have personnel trained and knowledgeable in the maintenance and record keeping of capital assets for the District.

*Auditors' Recommendation:* The District must formalize its policies with regards to the required capital assets yearly inventory count and ensure that a proper count of movable chattels and equipment takes place every year. The District must also incorporate internal controls to ensure that capital asset detail reports are accurate and complete.

*Management's Response:* The District will ensure that a physical inventory of all assets be conducted at year end. This listing and stated values will be reconciled with our accounting system. The new finance director will work with our inventory specialist to ensure compliance and that the listings are complete and accurate. The finance director will approve all purchases to ensure that capital assets are properly coded and placed on our accounting system. This will be provided to our audit committee annually.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 09-04 — Interfund Activity – Material Weakness**

*Condition:* The interfund balances of the District are not accurate or complete.

*Criteria:* GASB 34, paragraph 112 requires that all interfund receivables/payables be recorded properly, in a timely manner. Also, Public Education Department (PED) Manual of Procedures PSAB Supplement #7 states cash controls requires that temporary inter-fund transfers be recorded as “due from” and “due to” accounts to indicate inter-fund receivables and payables.

*Effect:* The District’s interfund balances are misstated at year end. In addition, the District is not able to make informed financial decisions as the trial balance does not represent an accurate financial position. Also, the risk of fraud, errors, or irregularities not being prevented or detected in a timely manner is high due to the deteriorated nature of their financial information.

*Cause:* Due to the turnover several times throughout the prior year and half of the current year, as well as the District not having reconciled bank accounts, the District having incorrect revenue and expenditure postings, and the District having numerous incorrect manual journal entries posted throughout the year, there was an oversight by management to ensure all loans from one fund to another were properly accounted for and posted to the general ledger.

*Auditors’ Recommendation:* We recommend that the District review and incorporate policies and processes to ensure interfund balances are correctly accounted for.

*Management’s Response:* The District will ensure by review of the “due to” and “due from” that they balance out to a -0- net amount. There shall be no entry or amount posted without the finance director approval. The audit committee will be made aware of the progress of this matter.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-01— Entity-Wide Control Deficiency – Material Weakness**

*Condition:* During our process of understanding the entity and its environment, we noted instances where elements of the framework of Committee of Sponsoring Organizations COSO were nonexistent or deficient. We noted that the risk assessment element and monitoring element were not documented or sufficiently designed. We also noted the following deficiencies:

- During our audit procedures, we noted the District has insufficient internal controls to properly identify and assess fraud risks.
- During our audit procedures, we noted the District has insufficient internal controls to properly identify and assess risks related to employee turnover and employee retirements.
- During our review of the District, the tone from the top was not sufficient to ensure all internal controls were in place and working properly throughout the year.
- During our disbursements and payroll test work, we noted that the District does not review master files for inaccurate or unauthorized changes.
- During our disbursements test work, we noted that the District does not have a formal purchasing policy in place for procurement and several checks tested through our the audit procedures did not follow internal control processes.
- During our review of the general ledger and trial balance, we noted that the District did not capture several transactions related to revenues and expenditures when given the initial trial balance and was not ever given a complete and accurate general ledger and trial balance.
- During our review over the bank reconciliation, we noted that the District does not have proper internal controls over bank reconciliations and voided checks.
- During our review of the cash, we noted that the PED report submitted to the New Mexico Public Education Department was neither correct nor complete. This report was also not submitted in a timely manner.
- During our review of the general ledger, due to the issues related to cash, revenues, and expenditures, we could not gather sufficient evidence to rely on the Schedule of Expenditures of Federal Awards.
- District did not properly provide accurate accounts payable or accounts receivable listing at year end.
- During review of voided checks the District is not correctly tracking voided checks to ensure all are properly voided and voided checks are supported manually and in the accounting system.
- During audit review and testing procedures performed, there were several instances of incorrect account coding to miscellaneous expenditure accounts.

*Criteria:* The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-01— Entity-Wide Control Deficiency (continued) – Material Weakness**

*Effect:* Without all of the five elements of the COSO framework present, the District is exposing itself to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the District.

*Cause:* Due to the turnover in management several times throughout the prior year and half of the current year, the District's internal controls that were implemented in prior years were not implemented or monitored during the fiscal year 2011.

*Auditors' Recommendation:* We recommend that the District incorporate the five elements of the COSO internal control integrated framework in their organization as planned.

*Management's Response:* The District will ensure that the five elements of COSO internal controls framework be incorporated. The new finance director has made changes to the internal controls procedures to ensure compliance with above matters. All staff trained and understands the roles and importance of these issues. The audit committee will be kept aware of the status of these issues for compliance.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-02 — Internal Controls Over Non-Standard Journal Entries – Material Weakness**

*Condition:* The District does not have adequate internal controls over non-standard journal entries entered into its accounting system. Non standard journal entries are not properly reviewed and improper employees are allowed to post journal entries to the general ledger without proper training or knowledge of the transactions.

*Criteria:* State Board of Education Title 6, section 6.20.2.11 states that Policies and Procedures document administrative and accounting controls. Sound business practice recommends review and approval of all non-standard journal entries, and to have proper and knowledgeable employees post to the general ledger.

*Effect:* Due to the lack of internal controls over manual journal entries, there are numerous journal entries that were incorrectly posted, then changed, then posted several other times throughout the year, causing some manual journal entries to display materially incorrect amounts in the financial data. Also, the lack of proper internal controls and review processes on journal entries may result in fraud, errors, or irregularities going undetected or not being detected in a timely manner. The District may be at risk for fraudulent activity without a proper internal controls and review process over journal entries.

*Cause:* The District has not complied with its own policies for all non-standard journal entries. As a result, proper controls over journal entries have not been maintained. Journal entries are processed by improper employees, and without an adequate approval process.

*Auditors' Recommendation:* The District should follow their previously incorporated policies and procedures manual regarding the review and approval of journal entries and implement a procedure to insure non-standard journal entries are reviewed, approved and supported.

*Management's Response:* The District will ensure that internal controls over journal entries are approved and reviewed by the finance director prior to posting. The finance director has included this procedure in the internal control requirements and trained staff in the procedures. The audit committee will be kept up to date on the status of this matter.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-03 — Travel and Per Diem Compliance –Other Matters**

*Condition:* During our testwork over travel and per diem, we noted the following:

- 3 out of 30 items tested did not have the proper documentation filed to support expenditure. These transactions were for a total cost of \$959.19.
- 15 out of 30 purchases were made before authorization in the amount of \$411.05.
- 1 out of 30 items tested improperly reimbursed an employee for mileage on a mileage log that had not yet been earned in the amount of \$6.91.
- 3 out of 30 items tested did not have the dates on the mileage log for when miles were driven. These transactions totaled \$125.69.

*Criteria:* State Auditor Rule 2.2.2.10 H. 2, requires that for Travel and Per Diem, an entity must be able to support the expenditure with supporting documentation.

*Effect:* Without proper supporting documentation, or proper review of documentation, the risk of misuse or unauthorized purchases is high.

*Cause:* Due to the turnover in management, support documentation was not properly reviewed and internal controls were not in place to ensure proper compliance with travel and per diem requirements.

*Auditors' Recommendation:* We recommend that the District follow the District policies in place while processing travel and per diem transactions in order to comply with the State Auditor Rule 2.2.2.10 H. 2.

*Management's Response:* The District will ensure that all receipts and supporting documents will be attached prior to any payments being issued. A review of this by 3 different staff members will be required prior to release of the check. The business office has provided training to staff on the issues of travel and per diem on July 31<sup>st</sup> of this year. The audit committee will be kept up to date on this matter.



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**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-04 — Internal Controls over Bank Reconciliations – Material Weakness**

*Condition:* During our walkthrough of cash reconciliation procedures, we noted the following:

- The District did not correctly reconcile their bank accounts throughout the year, which lead to 11 out of the 12 bank accounts to have variances at year end. These variances resulting in unreconciled cash balance of \$432,916.
- The District supplied several different bank reconciliations that were incorrect throughout the audit that left out revenues and expenditures that cleared in the District's bank accounts.
- The District's postings of several journal entries to cash and interfund balances in prior year to try and reconcile bank accounts were not corrected in current year in the amounts of \$1,300,000 and \$975,215.
- The District incorrectly accounted for certificate of deposits on their general ledger in the amounts of \$686,480 and \$6,689.
- The District carried forward unreconciled general ledger cash amounts from prior year that the District is not able to identify in the amount of \$1,288,100.

*Criteria:* The New Mexico Public Education Department issued regulation 6.20.2 NMAC governing budgeting and accounting for New Mexico public schools. This regulation applies to public school districts, charter schools and regional education cooperatives in the State of New Mexico. Per Section 6.20.2.14.K. NMAC, "all bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration". Also, per Section 6.20.14.L NMAC "the school district shall submit cash reports to the department by the last working day of the month following the end of the reporting period, unless extended to a later date by the secretary of education".

*Effect:* Bank accounts were off materially at year end and the true results of financial data are incomplete. Also, inaccurate bank reconciliations may lead to poor management decisions based on incomplete information and possible errors or fraudulent activity within the account may occur without detection.

*Cause:* Due to the turnover several times throughout the prior year and half of the current year at the management level and implementation of a new software system in the prior year, the District materially incorrectly posted revenue and expenditure transactions and allowed prior year errors to roll forward without correction. The District's internal controls that were implemented in prior years were not implemented or monitored during the fiscal year 2011.

*Auditors' Recommendation:* We recommend that the District's bank reconciliations be completed in a timely and accurate manner, and are also reviewed by a member of management. This review should be documented in the form of initialing each reconciliation.

*Management's Response:* The District is working at reconciling all bank statements with no variances. Due to staff turnover the variances were not reconciled. The new finance director is working at identifying these variances and will have the progress of this reported to the audit committee. All bank accounts will be reviewed and reconciled timely in the future. The audit committee will be kept up to date on the status of this issue.

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-05 — Internal Controls over Credit Cards – Significant Deficiency**

*Condition:* During our test work of credit cards, we noted that the District was misusing the District's credit cards as follows:

- 2 out of 5 transactions tested totaling \$79.09 did not have sufficient documentation to support the purchase.
- 2 out of 5 transactions tested totaling \$88.01 was completed before the purchase orders were approved.
- During our review of journal entry postings of credit card expenditures, we noted several instances where the credit card transactions were posted improperly to incorrect general supplies and other expenditure line items.

*Criteria:* NMAC 6.20.2.17 states that each school shall establish and implement written policies and procedures for purchasing, which shall be in compliance with the procurement code Section 13-1-21, NMSA 1978.

*Effect:* The District did not comply with NMSA 1978 Section 13-1-21 and NMAC 6.20.2.17. In addition, the proper disbursement internal controls were not monitored, which increases the risk of misuse of funding by the District.

*Cause:* The District did not maintain necessary monitoring of the credit card process, and failed to follow disbursement internal controls when processing checks for credit card payments.

*Auditors' Recommendation:* We recommend the District implement a procurement policy in relation to credit card use, in accordance with NMSA 1978 Section 13-1-21, that monitors the credit card holders' usage, and ensures that proper authorization is being performed before credit card transactions are executed.

*Management's Response:* The District will ensure that all documentation relating to credit cards will be attached prior to making payments. The finance director will not approve any payments without all appropriate supporting documentation in accordance with policies, laws, and regulations.

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-06 — Lack of Internal Controls – Use of Manual Checks – Material Weakness**

*Condition:* The District used manual checks for several disbursements instead of generating checks from their accounting system. These checks do not go through the same procedures as the system generated checks and are more susceptible to fraud.

*Criteria:* *The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as a possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Good internal control policy dictates that the District shall establish and maintain a consistent cash disbursement policy to safeguard against errors and fraud. Systems of internal control with the most favorable designs include procedures designed to prevent or detect errors due to misclassification of transactions in the accounting records. (AU 325.21 appdx) Section 12-6-5, NMSA 1978 requires the audit report to set out in detail any violation of good accounting practices found by the audit.

*Effect:* The use of manual checks increases the risk that misstatement due to error or fraud is being made at the District.

*Cause:* Due to the turnover in management several times throughout the prior year and half of the current year the District's internal controls that were implemented in prior years were not implemented or monitored during the fiscal year 2011 and due to this, there were many accounting errors that were corrected by manual checks.

*Auditors' Recommendation:* The District should maintain internal controls to ensure printing checks off the accounting system is required.

*Management's Response:* The District will ensure that all checks issues will go through our accounting system general ledger. It was discovered in prior year that the district was using these checks to transfer monies between funds (bank accounts) when journal entries were needed and the funds were at different banks. The audit committee will be kept up to date regarding the status of this issue.

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**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-07 — Late Filing of Audit Report – Material Noncompliance**

*Condition:* The District did not issue its 2011 audit report by November 15, 2011 as required by the Office of the State Auditor. The report was issued on August 30, 2012.

*Criteria:* The District is required to submit their audit reports for the year ended June 30, on or before November 15 subsequent to the entities' fiscal year end in accordance with State Statute (Chapter 12, Section 6: NMSA 1978) and Section 2.2.2.9.A (1) of NMAC.

*Effect:* The District could be affected by a late submission by not catching problems in a timely fashion to correct findings. The financial statements are not available for use by the District in a timely fashion for purposes such as debt applications.

*Cause:* The District was unable to submit the June 30, 2011 audit report on a timely basis due to the turnover in management several times throughout the prior year and half of the current year, and implementation of a new software system in prior year, which caused information to be misplaced, incorrect, or incomplete which lead to the inability of the District to close out their account records at year end 2010 which then rolled forward to 2011.

*Auditors' Recommendation:* The District must ensure that all future audit reports are filed in a timely manner. The District should ensure this process is timely in the future through communication with the auditor and timely close out of accounting records at year end.

*Management's Response:* The District has been through substantial staff turnover at the finance director level. The new finance director and newly hired superintendent have been working with auditors and the state auditor's office to get caught up with our annual audits. Once this audit has been filed and approved the District will be on track to be up to date with our audits. The lateness was due to staff turnover. The audit committee and Board have all been aware of this matter.

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**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-08 — Budget Adjustment Requests – Other Matters**

*Condition:* During our test work on the budget adjustment requests, we could not trace the budget adjustment requests from the original budget to the final budget because the District could not provide all of the request forms in order for us to verify the adjustment to the final budget.

*Criteria:* Sound good budget management requires the District to maintain the original and final approved budget documents for purposes of independent verification and audit of the District's budget.

*Effect:* The effect of this condition is that we are unable to test the budget adjustments to make sure the District is correctly changing the adjusted amounts from the original budget.

*Cause:* Due to the turnover in management several times throughout the prior year and half of the current year, the District's internal controls that were implemented in prior years were not implemented or monitored during the fiscal year 2011 in relation to the budget adjustment requests.

*Auditors' Recommendation:* We recommend that the District keep the proper budget documentation in order for an independent auditor to review and test for compliance.

*Management's Response:* The District's new finance direct has been processing and reviewing all BAR's with the Superintendent, finance committee and Board prior to send them to PED. We currently have a BAR log and binder in which all BAR's approved and submitted are kept for auditors and public to review.

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**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-09 — Expenditures in Excess of Budget – Material Noncompliance**

*Condition:* The District over expended its budget in the following funds:

Preschool IDEA-B Special Revenue Fund		
Support Services	\$	1,988
Enhancing Education Through Tech (E2Y2-C) Special Revenue Fund		
Support Services		71
Teacher/Principal Training & Recruiting Special Revenue Fund		
Support Services		7,641
Safe & Drug Free Schools & Communities Special Revenue Fund		
Support Services		8,563
Title I- IASA- Federal Stimulus Special Revenue Fund		
Support Services		139,851
Food Service Operations		652
School Improvements Stimulus Special Revenue Fund		
Support Services		3,646
Title XIX Medicaid 0/2 Years Special Revenue Fund		
Instruction		11,585
Operational Federal Stabilization Special Revenue Fund		
Support Services		43,496
Education Jobs Fund Special Revenue Fund		
Support Services		60,012
GEAR UP CHE Special Revenue Fund		
Support Services		34,890
Private Direct Grants (Categorical) Special Revenue Fund		
Instruction		7,186
Capital Improvements SB-9 Capital Projects Fund		
Instruction		8,225
Capital Outlay		19,963
Debt Service Fund		
Instruction		3,615
Operational Fund (Statement D-3)		
Instruction		123,975
Instructional Materials Fund		
Support Services		11,404
Total Governmental Funds	<u>\$</u>	<u>486,763</u>

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**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-09 — Expenditures in Excess of Budget – Material Noncompliance (continued)**

*Criteria:* All District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Department of Finance and Administration – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

*Effect:* Any expenditure in excess of the approved budget(s) shall be a liability against the officials so allowing or paying such claims or warrants, and recovery of such excess amounts so allowed or paid may be had against the bondsmen of such official.

*Cause:* Oversight during the budgeting procedure is the reasons for these instances of noncompliance with budget requirements.

*Auditors' Recommendations:* We recommend that the District monitor its budget closely and prepare budget adjustments as necessary.

*Management's Response:* The District finance director and accounting manager will provide periodic reports to the superintendent and finance committee of the financial status and condition of the district. This would include the budget status to be in line with approved amounts. The finance committee will be kept up to date with this matter.

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**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 10-10 — Incomplete Trial Balance and Inadequate Closing Cycle – Material Weakness**

*Condition:* During our fieldwork, we noted that the District's trial balance was neither complete nor accurate. There were several accounts that contained balances that were negative in relation to the normal operating nature of the account (debit/credit) balances. Also, the closing cycle was not being performed in a timely manner, and was given to the auditors several months after year end. In addition, it appears that management did not perform a review of the trial balance to ensure each fund accurately reflected the year's activity.

*Criteria:* Per Section 6.20.2.13 of NMAC, the District shall establish and maintain a general ledger in accordance with GAAP. The general ledger will be comprised of individual funds and account groups using the department's uniform chart of accounts and shall be reconciled every fiscal year with department records. School districts shall use funds to report their financial position and operating results. Funds are classified into three broad categories: a) governmental funds, b) proprietary funds and c) fiduciary funds. All school districts shall prepare, maintain, and report budget and financial information utilizing a standard and uniform chart of accounts. In accordance with GASB 34, school districts shall use a full accrual basis of accounting in preparation of annual financial statements and cash basis of accounting for budgeting and reporting.

*Effect:* As a result, the District's trial balance did not represent an accurate picture of the District's operational transactions or equity position at year end. Revenues and expenditures appear to have been either omitted or in many cases posted with no evidence to support the transaction. Also, due to the server condition of the financial data, several audit procedures could not be performed to obtain reasonable assurance over account balances which can lead to a high risk of not identifying fraudulent, erroneous, or unusual transactions.

*Cause:* Due to the turnover several times throughout the prior year and half of the current year at the management level, implementation of a new software system in prior year, unreconciled bank accounts, the District materially incorrectly posting revenue and expenditure transactions, as well as the District having numerous incorrect manual journal entries posted throughout the year, the District's internal controls that were implemented in prior years were not implemented or monitored during the fiscal year 2011.

*Auditors' Recommendation:* We recommend the District receive training and necessary updates in order to be able to produce a complete and accurate trial balance. In addition, an appropriate closing cycle must be implemented to ensure fund balances are properly tracked from year to year.

*Management's Response:* The District will ensure that in the future all transactions in the trial balance will be submitted to our auditors in accurate and complete format. The finance director will also train staff on the contents and format of the trial balance.



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**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 11-01 — Procurement Code – Bids- Other Matter**

*Condition:* During our procurement testwork, we noted the following item:

- In 1 instance out of 5 the bid was not properly accompanied by the Campaign Contribution Disclosure Form.
- In 1 instance out of 5 the bid file did not contain evidence of publication of bid and did not have evidence of a recommendation letter for awarding the bid.

*Criteria:* According to 2006 New Mexico Statutes Annotated section 13-1-200, effective May 17, 2006, Chapter 81, Laws of 2006 requires any prospective contractor seeking to enter into a contract with any state agency or local public body to file a “Campaign Contribution Disclosure Form” with that state agency or local public body. Additionally, according to Section 13-1-1 to 13-1-199 NMSA 1978 and 2009 State Audit Rule 2.2.2.10 H, regarding the procurement code, in particular Section 13-1-21, application of preferences bids received from resident business shall be awarded to the lowest vendor or the bid nearest to the bid price.

*Effect:* It is not evident whether or not the bidding contractor contributed to a campaign for the District, nor if the winning bid was awarded properly.

*Cause:* The District does not have the appropriate controls in place to verify that all necessary information for the bids is properly completed and that the bids are properly awarded.

*Auditors’ Recommendation:* We recommend the District implement a system of internal controls in order to verify that bid files are complete and are properly awarded.

*Management’s Response:* The District will ensure that all bid files have the appropriate documentation and procedures are adhered to. The finance director will provide training on the requirements and the support services director will ensure all bid files are complete. The finance committee will be kept up to date on the status of this matter.

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**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**FS 11-02 — Internal Controls – Missing Check – Material Weakness**

*Condition:* During our extended procedures performed in the area of cash, the District was not able to provide requested check in the amount of \$203.25.

*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.

*Effect:* Due to the fact that the check could not be located, auditors could not perform required testing to ensure this check was appropriate and reasonable.

*Cause:* Due to the turnover in management several times throughout the prior year and half of the current year, there was a lack of oversight by management to enforce policies and procedures over the disbursement process and ensure internal controls were working properly.

*Auditors' Recommendation:* We suggest that the District's management ensure that all documentation required to process a payment is retained and filed correctly for inspection.

*Management's Response:* The District will ensure that all staff is trained as to the importance of accounting for all checks in the appropriate areas. The finance director will assist the accounting manager in verifying that all checks are accounted for. We feel that due to staff turnover in the past that this check was just misfiled but was properly recorded in our accounting system.

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**C. FEDERAL AWARD FINDINGS**

**FA 10-01 — Excluded Parties List – Significant Deficiency**

Federal Program Information:

Funding agency: U.S. Department of Education and U.S. Department of Agriculture  
Title: All major programs  
CFDA number: All major programs

*Condition:* During our review of the procurement process, for all major programs tested, it was noted the District does not reference the Excluded Parties List System contracts of goods or services in which more than \$25,000 is expended.

*Criteria:* OMB A-133 stipulates non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered Transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction that is expected to equal or exceed \$25,000 or meet other certain specified criteria.

*Questioned Costs:* Undeterminable

*Effect:* The District could be contracting with vendors for services or goods that are included on the suspension and debarment listing which potentially decrease federal funding received since this is considered non-compliance.

*Cause:* The District has not implemented checking the Excluded Parties List System website into their purchasing process.

*Auditors' Recommendation:* We recommend that the District implement procedures to ensure all vendors for services and goods over \$25,000 be verified that they do not exist on the suspension and debarment listing.

*Management's Response:* The District will ensure that purchases will be reviewed and compared to the “Excluded Parties List System” for compliance. Due to staff turnover it was noted that business office staff were not aware of this requirement in the past. We will also incorporate this within our finance policies and procedures. The audit committee will be kept up to date with the progress of this issue.

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**C. FEDERAL AWARD FINDINGS (continued)**

**FA 10-02 — Internal Controls – Inaccurate Posting of Revenues to the General Ledger – Material Weakness**

Federal Program Information:

Funding agency: U.S. Department of Education and U.S. Department of Agriculture  
Title: Title I  
School Breakfast Program (SBP), National School Lunch Program (NSLP)  
CFDA number: 84.010  
10.553, 10.555

*Condition:* During our testwork on federal program receipts, it was noted that revenue for the Title I and the School Breakfast Program/National School Lunch Program were not correctly recorded on the general ledger. At the time that the trial balance was provided to the auditors, the general ledger showed revenue of \$3,325,346 for the Title I program, however actual revenue received on a cash basis was \$1,595,346. This was corrected by the client when the second trial balance was provided to the auditors, over a year after the error had occurred. The general ledger for the School Breakfast Program/National School Lunch Program showed revenue of \$2,141,878, however actual revenue received on a cash basis was \$2,076,747.

*Criteria:* The 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.

*Questioned Costs:* Undeterminable

*Effect:* At the time of the original provision of the trial balance to the auditors, revenue and cash for the Title I Program were overstated by \$1,730,000, and revenue and cash for the School Breakfast Program/National School Lunch Program were overstated by \$65,131.

*Cause:* The District did not have internal controls in place to prevent or detect these errors. The error within the Title I program was caused by a clerical error in the receipting of federal program revenues. The error within the School Breakfast Program/National School Lunch Program was caused by the receipting of other grant monies into the School Lunch fund in error. This was contributed to the fact the bank reconciliations were not being performed or reviewed timely and sufficient documentation was not being kept.

*Auditors' Recommendation:* We recommend that the District review cash management procedures with the responsible individuals often to ensure that each is aware of the requirements and to review posting to the general ledger to verify revenue is properly accounted for.

*Management's Response:* The District will ensure through regular reviews of the revenues and expenditures that all postings are accurately booked and accounted for. Due to staff turnover this was not detected until recently reviewed by the new finance director. The accounting manager will work with the finance director for compliance with this issue. The audit committee will be kept informed of this matter.

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**C. FEDERAL AWARD FINDINGS (continued)**

**FA 10-03 — Deficiencies in Internal Control Structure Design, Operation and Oversight – Documented Procedures for Preparing and Filing Financial Reports – Material Weakness**

Federal Program Information:

Funding agency: U.S. Department of Education  
Title: Title I  
IDEA – B  
Education Jobs Fund  
CFDA number: 84.010, 84.389  
84.027, 84.173, 84.391, 84.392  
84.410

*Condition:* Due to the untimely preparation of bank reconciliations the District was unable to submit accurate and timely requests for reimbursement for the 09-10 fiscal year causing the District to have many of their Requests for Reimbursements delayed by New Mexico Public Education Department. One Request for Reimbursement prepared for the IDEA-B program was missing evidence of management review and approval.

*Criteria:* The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that management maintain adequate supporting documentation for filing financial reports with grantors.

*Questioned Costs:* Undeterminable

*Effect:* Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* For the fiscal year 2011 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal awards.

*Auditors' Recommendation:* The District should ensure that a comprehensive internal control structure, including a documented schedule for preparation of financial reports filed with grantors, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Management's Response:* The District will work with staff to ensure that all request for reimbursement be given to the finance director for review, filing, and recording. All requests for reimbursement are currently kept in the files with respect to each program. The accounting manager will work with the finance director to provide a monthly recap of the status of all RFR's. The audit committee will be informed of the progress with this matter.

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**C. FEDERAL AWARD FINDINGS (continued)**

**FA 10-04 — Deficiencies in Internal Control Structure Design, Operation and Oversight – Mechanisms to Identify Risks of Inaccurate Financial Reporting – Material Weakness**

Federal Program Information:

Funding agency: U.S. Department of Education and U.S. Department of Agriculture  
Title: All major programs  
CFDA number: All major programs

*Condition:* The District does not have the mechanisms in place to identify risks of faulty reporting caused by items such as lack of current knowledge, inconsistent application, or carelessness or disregard for standards and reporting requirements of federal awards.

*Criteria:* The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require mechanisms to identify risks of faulty reporting be established.

*Questioned Costs:* Undeterminable

*Effect:* Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* For the fiscal year 2011 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal awards.

*Auditors' Recommendation:* The District should ensure that a comprehensive internal control structure, including mechanisms to identify risks of faulty reporting, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Management's Response:* The finance director will be reviewing, training, and implementing internal controls that would help deter the risk of fraud. The finance director will present those policies and procedures to the superintendent for review and approval, along with review by the audit committee. This was also attributed to staff turnover in the past.

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**C. FEDERAL AWARD FINDINGS (continued)**

**FA 10-05 — Schedule of Federal Expenditures – Material Weakness**

Federal Program Information:

Funding agency: U.S. Department of Education and U.S. Department of Agriculture  
Title: All major programs  
CFDA number: All major programs

*Condition:* The District failed to produce an accurate SEFA. In the preparation of the SEFA, they did not remedy expenditures being larger than grant awards for several grants. Management was also unable to provide us with the information to produce an accurate SEFA.

*Criteria:* The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that management have procedures in place for identifying federal, state, and other awards.

*Questioned Costs:* Undeterminable

*Effect:* Without proper grant awards reported on the SEFA, it is impossible to know if grant records are correct and if administrators are not over expending their awards, thus causing the District to spend money out of its funds that will not be reimbursed.

*Cause:* An accurate SEFA was not produced due to repeated turnover in key management at the District during the fiscal year. The turnover of management causes a lack of communication and structure in regards to the amount of funds awarded and expended for the current year.

*Auditors' Recommendation:* The District should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process, which includes the periodic review of financial reports, which includes establishing procedures to identify federal, state, and other awards.

*Management's Response:* The finance director will be presenting the internal control structure to the superintendent and audit committee. These procedures will reviewed and discussed with appropriate business office staff. The finance director and accounting manager will provide periodic reviews of financial reports to the superintendent, audit, and finance committee.

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**C. FEDERAL AWARD FINDINGS (continued)**

**FA 10-06 — Late Data Collection Form Submission – Significant Deficiency**

Federal Program Information:

Funding agency: U.S. Department of Education and U.S. Department of Agriculture

Title: All major programs

CFDA number: All major programs

*Condition:* The Data Collection Form cannot be submitted to the Federal Audit Clearinghouse until the annual financial audit has been completed; therefore, the A-133 compliance audit for June 30, 2011 was not submitted by the required final due date of March 31, 2012.

*Criteria:* OMB Circular A-133 Section .320(a) states that the Data Collection Form and Audit report shall be submitted within the earlier of 30 days after receipt of the auditor(s) report, or nine months after the end of the audit period. Based on this regulation, the latest the District could have filed the Data Collection Form was March 31, 2012.

*Questioned Costs:* Undeterminable

*Effect:* The District is in violation of OMB Circular A-133 Section .320(a). This violation could potentially jeopardize the District's eligibility to receive federal funding. Late audit report submission also prevents the timely release of financial data.

*Cause:* The audit of the District was not completed timely.

*Auditors' Recommendation:* We recommend that future audits be completely in a timely manner to ensure that the Data Collection Form can also be filed timely.

*Management's Response:* The District had experienced staff turnover which in turn lead to the late audit issue. Since audits were late the DATA COLLECTION FORM could not be filed timely. The district feels that we are on the road to getting all audits caught up and in turn we should be able to file the appropriate forms timely. The audit committee will be kept informed regarding this matter.



**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**C. FEDERAL AWARD FINDINGS (continued)**

**FA 11-01 — Circular A-87 Cost Principles and Allowable Activities – Significant Deficiency**

Federal Program Information:

Funding agency: U.S. Department of Education and U.S. Department of Agriculture  
Title: All major programs  
CFDA number: All major programs

*Condition:* During our review of the procurement process, for all major programs tested, it was noted the District does not reference the Cost Principles contained in Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, applicable to costs charged to federal programs and that District staff were unaware of this document. Also, During testwork performed on internal controls over compliance with compliance requirements that could have a direct and material effect on major programs, we noted that two expenditures (totaling \$565.35), out of eighteen tested (totaling \$7,215.19) for the Title I program, were missing evidence of review by an individual familiar with allowable costs and activities, the supplement not supplant requirement, and the period of availability requirements for the Title I program.

*Criteria:* OMB Circular A-133 stipulates that non-federal entities must follow the Cost Principles as applicable to their entity for all costs charged to federal programs. Also, the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that staff reviewing federal expenditures be familiar with federal program compliance requirements.

*Questioned Costs:* Undeterminable

*Effect:* Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* The District has not implemented a review of Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, into its procurement processes for federal awards. Also, For the fiscal year 2011 management did not have a documented policy to ensure internal controls were in place and working properly. Lastly, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal awards

*Auditors' Recommendations:* We recommend that the District implement procedures to ensure that all staff charged with administration of federal programs be made aware of the Cost Principles contained in Circular A-87 and understand the importance of abiding by the Cost Principles. The District should ensure that a comprehensive internal control structure, including procedures for ensuring that all federal program expenditures are reviewed and approved by management personnel familiar with the applicable compliance requirements, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process

*Management's Response:* The District will ensure that staff are aware and follow the Circular A-87 Cost Principles requirements. Due to staff turnover and lack of experience and knowledge this was not done. The finance director will be training and ensuring all appropriate staff complies with this requirement. The audit committee will be made aware of this matter regularly.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**C. FEDERAL AWARD FINDINGS (continued)**

**FA 11-02 — Unsupported Cost – Compliance (Questioned Cost)**

Federal Program Information:

Funding agency: U.S. Department of Agriculture  
Title: School Breakfast Program (SBP)/National School Lunch Program (NSLP)  
CFDA number: 10.553, 10.555

*Condition:* During testwork performed on federal program disbursements, we discovered one expenditure (totaling \$42.70) charged to the School Breakfast Program/National School Lunch Program (out of 21 items totaling \$5,663.70 tested), supported only by a purchase order, purchase requisition, and a check copy. A handwritten note was present in the file stating that the receipt for the purchase was not available .

*Criteria:* Public Law No. 107-300, the Improper Payments Information Act of 2002, as amended by Public Law No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520, includes in its definition of “improper payment” any payment where it is impossible to discern whether a payment was proper as a result of insufficient or a lack of documentation. Per the OMB A-133 Compliance Supplement, such improper payments are not allowable costs for federal programs.

*Questioned Costs:* \$42.70

*Effect:* An improper payment was made to a vendor using federal funds. The District may be required to reimburse the federal program for the amount of the improper payment from general District funds.

*Cause:* The individual making the purchase of items for a school cafeteria did not provide the receipt to the District for its files.

*Auditors’ Recommendations:* The District should establish procedures whereby facsimile invoices and/or receipts are requested and received from the vendor in cases such as the above prior to approval of payment. The procedures should not allow the District to issue payment to vendors without proper and full documentation of the purchases.

*Management’s Response:* The finance director will ensure that prior to any payments being made that all supporting, required and appropriate documents are attached. The accounting manager will report to the finance director any non compliance of this matter. Due to staff turnover it was noted that review of this was not done. The new finance director has implemented processes and procedures to eliminate this from happening. The audit committee will be made aware of this situations progress.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**C. FEDERAL AWARD FINDINGS (continued)**

**FA 11-03 — Indirect Costs – Compliance**

Federal Program Information:

Funding Agency: U.S. Department of Education

Title: IDEA-B Preschool

CFDA Number: 84.173

*Condition:* During our review of indirect costs charged to federal programs, it was noted that the District overcharged indirect costs to the IDEA-B Preschool fund, charging \$879 when they should have charged \$191 based on the direct costs charged to this fund.

*Criteria:* OMB Circular No. A-87, Cost Principles for State, Local, and Indian Tribal Governments, requires that indirect costs be consistent with policies, regulations, and procedures that apply to Federal awards.

*Questioned Costs:* Undeterminable

*Effect:* The District overcharged for indirect costs.

*Cause:* This was caused by an oversight by the District in preparing the indirect costs for this grant.

*Auditors' Recommendation:* We recommend that the District implement internal controls to review indirect cost calculations to ensure proper indirect cost amounts.

*Management's Response:* The District finance director reviews all budgets and finance reports. The finance director and accounting manger will ensure that appropriate indirect costs will be assessed in accordance with rules and laws. We will also train all program managers how the calculation of indirect costs is done and make sure that they also do not approve or allow incorrect amounts to be paid. The audit committee will be made aware of the progress of this issue.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**C. FEDERAL AWARD FINDINGS (continued)**

**FA 11-04 — Inaccurate Special Reporting – Significant Deficiency**

Federal Program Information:

Funding Agency: U.S. Department of Agriculture

Title: School Breakfast Program (SBP)/National School Lunch Program (NSLP)

CFDA Number: 10.553, 10.555

*Condition:* During testwork performed on the Basic Claim Reports submitted by the District to the State of New Mexico to fulfill its Special Reporting requirements for this program, we noted that the reports submitted did not match the summary sheets from the school cafeterias for the number of meals served under the program. We tested two months' reporting packages. For these two months, the District requested reimbursement totaling \$339,443, while the summary information from the cafeterias supported reimbursements totaling \$339,326.

*Criteria:* The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that reports be prepared accurately and that a thorough review of all reports be conducted prior to submittal.

*Questioned Costs:* Undeterminable

*Effect:* The Basic Claim Reports submitted for this program were inaccurate. Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* For the fiscal year 2011 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal awards.

*Auditors' Recommendations:* The District should ensure that a comprehensive internal control structure, including procedures for ensuring that all federal program expenditures are reviewed and approved by management personnel familiar with the applicable compliance requirements, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Management's Response:* The District finance director will work with this department to ensure that all expenditures and reimbursement are accurately stated. The finance director will work with the support services director in verifying the claims are accurate and ready for submittal. The audit committee will be kept informed of the progress of this matter.

**C. FEDERAL AWARD FINDINGS (continued)**

**FA 11-05 — Inadequate Controls over Program Income – Material Weakness**

Federal Program Information:

Funding Agency: U.S. Department of Agriculture

Title: School Breakfast Program (SBP)/National School Lunch Program (NSLP)

CFDA Number: 10.553, 10.555

*Condition:* We were unable to complete testwork on internal controls over the program income compliance requirements, and testwork on compliance with the program income compliance requirements, since the District's system does not retain information about student prepayments and student charges for meals past the end of the school year. It was not possible to determine the total cash received on a given day from the available information.

*Criteria:* The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that complete information regarding cash receipts and revenues be available and reconciled to cash deposited on a daily basis.

*Questioned Costs:* Undeterminable

*Effect:* There is no way to determine if all of the cash received by the District was properly recorded and deposited. It is impossible to determine if the District complied with the program income compliance requirements applicable to the School Breakfast Program and the National School Lunch Program. Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

*Cause:* For the fiscal year 2011 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal awards.

*Auditors' Recommendations:* The District should ensure that a comprehensive internal control structure, including procedures for ensuring that cash receipts are properly recorded, controlled, and deposited, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Management's Response:* The District will ensure that all cash receipts, deposits, and posting of these are done in compliance with Policies, Laws, and Regulation governing them. The finance director will provide training to staff regarding this matter and the support.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**C. FEDERAL AWARD FINDINGS (continued)**

**FA 11-06 — Reimbursement Requests in Excess of Federal Expenditures - Compliance**

Federal Program Information:

Funding Agency: U.S. Department of Education  
Title: Education Jobs Fund  
CFDA Number: 10.553, 10.555

*Condition:* During testwork in the Education Jobs Fund program, we noted that expenditure data had been submitted to the New Mexico Public Education Department (NMPED) listing expenditures of \$870,740 for the claim period from July 1, 2010 through June 30, 2011. We noted that the trial balance provided by the District listed only \$769,935 in expenditures in the fund used to account for Education Jobs Fund expenditures, a difference of \$100,805. We were unable to locate and reconcile the difference.

*Criteria:* The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that all reports for federal awards be prepared accurately and be supported by general ledger data and supporting documentation.

*Questioned Costs:* \$100,805

*Effect:* The District requested reimbursement from NMPED for expenditures that were not included in the proper fund.

*Cause:* For the fiscal year 2011 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal awards.

*Auditors' Recommendations:* The District should ensure that a comprehensive internal control structure, including procedures for ensuring that all reports and requests for reimbursement are prepared from general ledger data and reviewed prior to submission, whether electronic or manual, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Management's Response:* The District has supplied the auditors with a trial balance that did not include all of the reclassifications to this fund that would total the amount reported to PED. The finance director that was new at the time was not aware of this until after the close of the fiscal year. The finance director now reviews all transactions including journal entries, financial reports such as revenue and expenses for accuracy and completeness. This will be rectified for the future and progress reported to the audit committee and superintendent.

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI

**D. PRIOR YEAR AUDIT FINDINGS**

FS 07-03— Inventory Discrepancies - Repeated

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

FS 07-06— Preparation of Financial Statements- Repeated

FS 08-02— Internal Controls – Lack of Segregation of Duties (Receipts and Disbursements Cycle)- Repeated

FS 09-01— Accrued Compensated Absences- Repeated

FS 09-02— Procurement Code (Related Parties) - Repeated

FS 09-03— Capital Assets- Repeated

FS 09-04— Interfund Activity- Repeated

FS 10-01— Entity-Wide Control Deficiency- Repeated

FS 10-02 — Internal Controls Over Non-Standard Journal Entries- Repeated

FS 10-03 — Travel and Per Diem Compliance- Repeated

FS 10-04 —Internal Controls over Bank Reconciliations- Repeated

FS 10-05— Internal Controls over Credit Cards- Repeated

FS 10-06 — Lack of Internal Controls – Use of Manual Checks- Repeated

FS 10-07 — Late Filing of Audit Report- Repeated

FS 10-08 — Budget Adjustment Requests- Repeated

FS 10-09 — Expenditures in Excess of Budget- Repeated

FS 10-10 — Incomplete Trial Balance and Inadequate Closing Cycle- Repeated

FA 10-01— Excluded Parties List – Significant Deficiency- Repeated

FA 10-02 — Internal Controls – Inaccurate Posting of Revenues to the General Ledger- Repeated

FA 10-03 — Deficiencies in Internal Control Structure Design, Operation and Oversight – Documented Procedures for Preparing and Filing Financial Reports- Repeated

FA 10-04 — Deficiencies in Internal Control Structure Design, Operation and Oversight – Mechanisms to Identify Risks of Inaccurate Financial Reporting- Repeated

FA 10-05 — Schedule of Federal Expenditures- Repeated

FA 10-06 — Late Data Collection Form Submission- Repeated

**STATE OF NEW MEXICO**  
Belen Consolidated School District No. 2  
Other Disclosures  
June 30, 2011

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

Accounting and Consulting, Group, LLP prepared the GAAP-basis financial statements and footnotes of the Belen Consolidated School District No. 2 from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.

**B. EXIT CONFERENCE**

The contents of this report were discussed on August 24, 2012. The following individuals were in attendance.

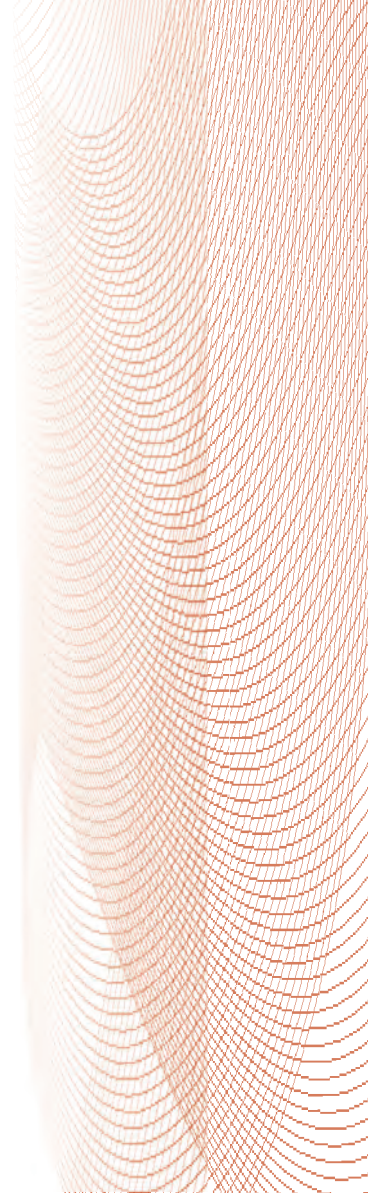
Belen Consolidated School District No. 2

Sam Chavez, Board President  
Larry Lindberg, Board Member  
Ron Marquez, Superintendent  
George Perea, Finance Director

Accounting & Consulting Group, LLP

Ray Roberts, CPA  
Robert Gonzales





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