

Belen Consolidated School District No. 2

Financial Statements
For the Year Ended June 30, 2023



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BELEN CONSOLIDATED SCHOOL DISTRICT NO.2

Table of Contents

June 30, 2023

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		3-4
Official Roster		5
FINANCIAL SECTION		
Independent Auditors' Report		6-9
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position	A-1	12-13
Statement of Activities	A-2	14-15
Fund Financial Statements:		
Balance Sheet - Governmental Funds	B-1	16-17
Reconciliation of the Balance Sheet to the Statement of Net Position		19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		23
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	25
CRRSA ESSER II	C-2	26
K5 Plus 4 & 5 Pilot	C-3	27
NOTES TO FINANCIAL STATEMENTS		28-61
	<u>Statement/ Schedule</u>	
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Proportionate Share of the Net Pension Liability	A-1	64-65
Schedule of Contributions - ERB	A-2	66-67
Notes to Required Supplementary Information		68
Schedule of Proportionate Share of the Net OPEB Liability	B-1	70-71
Schedule of Contributions - OPEB	B-2	72-73
SUPPLEMENTARY INFORMATION		
Nonmajor Governmental Fund Descriptions		78-83
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	A-1	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	A-2	85
Combining Balance Sheet - Nonmajor Special Revenue Funds	B-1	86-97
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	B-2	98-109
Combining Balance Sheet - Nonmajor Capital Projects Funds	C-1	110-111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds	C-2	112-113

BELEN CONSOLIDATED SCHOOL DISTRICT NO.2

Table of Contents

June 30, 2023

	Statement/ Schedule	Page
SUPPLEMENTARY INFORMATION (continued)		
Combining Balance Sheet - Nonmajor Debt Service Fund	D-1	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Fund	D-2	115
Combining Balance Sheet - General Fund	E-1	116-117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund	E-2	118-119
SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository for Public Funds	I	122
Schedule of Deposits and Investments	II	123
Cash Reconciliation	III	124-128
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		132-133
FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance		136-138
Schedule of Expenditures of Federal Awards	IV	140-142
Schedule of Findings and Questioned Costs	V	143-147
OTHER DISCLOSURES		148

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Official Roster

June 30, 2023

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
Aubrey Tucker		President
Larry Lindberg		Vice President
Max Cordova		Secretary
Jim Daner		Member
Larry Garley		Member
	<u>Administrative Officials</u>	
Lawrence A. Sanchez		Superintendent
E. Renee Sanchez		Assistant Superintendent of Academics
Annette Torrez		Associate Superintendent for Finance

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E.
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Education and Management
Belen Consolidated School District No. 2
Belen, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Belen Consolidated Schools District No. 2 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of the District, as of June 30, 2023, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Schedules A-1 through B-2 and notes to the Required Supplementary Information on pages 64 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, the combining financial statements for the general fund, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Supporting Schedules I through III required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the combining financial statements for the general fund, the Schedule of Expenditures of Federal Awards, and Supporting Schedules I through III required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023 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 solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cordova CPAs LLC
Albuquerque, New Mexico
November 14, 2023

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**BASIC
FINANCIAL STATEMENTS**

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 24,650,287
Receivables:	
Property taxes	2,923,538
Due from other governments	7,181,980
Miscellaneous	18,194
Inventory	107,065
Total current assets	<u>34,881,064</u>
Noncurrent assets	
Restricted cash and cash equivalents	11,892,878
Right of use assets, net	79,281
Capital assets	136,130,563
Less: accumulated depreciation	<u>(68,249,976)</u>
Total noncurrent assets	<u>79,852,746</u>
<i>Total assets</i>	<u>114,733,810</u>
Deferred outflows of resources	
Deferred outflows - pension	18,512,394
Deferred outflows - OPEB	4,887,841
<i>Total deferred outflows of resources</i>	<u>23,400,235</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 138,134,045</u></u>

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

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 1,980,086
Accrued payroll	2,232,114
Accrued interest	270,835
Accrued compensated absences	414,550
Current portion of leases payable	63,379
Current portion of bonds payable	3,855,000
	<hr/>
Total current liabilities	8,815,964
	<hr/>
Noncurrent liabilities	
Accrued compensated absences	292,788
Bonds payable	26,625,000
Bond premium, net of accumulated amortization of \$752,579	184,422
Noncurrent portion of leases payable	21,552
Net pension liability	60,078,805
Net OPEB Liability	11,035,650
	<hr/>
Total noncurrent liabilities	98,238,217
	<hr/>
<i>Total liabilities</i>	107,054,181
	<hr/>
Deferred inflows of resources	
Deferred costs on debt refunding	5,714
Deferred inflows - pension	37,371,088
Deferred inflows - OPEB	11,654,253
	<hr/>
<i>Total deferred inflows of resources</i>	49,031,055
	<hr/>
Net position	
Net investment in capital assets	48,665,437
Restricted for:	
Debt service	10,008,841
Capital projects	3,558,962
Special revenue	4,248,995
Unrestricted	(84,433,426)
	<hr/>
<i>Total net position</i>	(17,951,191)
	<hr/>
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 138,134,045
	<hr/> <hr/>

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Statement of Activities
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental Activities:			
Instruction	\$ 31,098,617	\$ 326,729	\$ 7,588,388
Support services - students	4,420,497	46,443	1,078,648
Support services - instruction	711,182	7,472	173,536
Support services - general administration	3,298,990	34,660	804,988
Support services - school administration	2,178,274	22,885	531,522
Central services	1,525,124	16,023	372,146
Operation and maintenance of plant	10,913,333	114,658	2,662,967
Student transportation	2,164,578	-	1,596,367
Food services operations	2,347,103	-	2,716,180
Community services operations	303,603	3,190	74,082
Interest and other charges	642,869	-	-
<i>Total governmental activities</i>	<u>\$ 59,604,170</u>	<u>\$ 572,060</u>	<u>\$ 17,598,824</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

Investment income

Miscellaneous income

Total general revenues

Change in net position

Net position, beginning

Net position - restatement (Note 15)

Net position - as restated

Net position, ending

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

<u>Program Revenues</u>	<u>Net (Expense)</u>
<u>Capital Grants and</u>	<u>Revenue and</u>
<u>Contributions</u>	<u>Changes in Net</u>
	<u>Position</u>
	<u>Governmental</u>
	<u>Activities</u>
\$ 649,935	\$ (22,533,565)
92,385	(3,203,021)
14,863	(515,311)
68,946	(2,390,396)
45,524	(1,578,343)
31,874	(1,105,081)
228,080	(7,907,628)
-	(568,211)
-	369,077
6,345	(219,986)
-	(642,869)
\$ 1,137,952	(40,295,334)
	232,165
	6,618,556
	1,286,560
	40,633,888
	93,173
	93,367
	48,957,709
	8,662,375
	(22,044,989)
	(4,568,577)
	(26,613,566)
	\$ (17,951,191)

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>CRRSA ESSER II 24308</u>	<u>K5 Plus 4 & 5 Pilot 27406</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 9,317,736	\$ -	\$ -
Receivables:			
Property taxes	105,329	-	-
Due from other governments	151,915	1,660,126	1,488,714
Other	18,194	-	-
Inventory	47,333	-	-
Due from other funds	6,189,977	-	-
<i>Total assets</i>	<u>\$ 15,830,484</u>	<u>\$ 1,660,126</u>	<u>\$ 1,488,714</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 301,872	\$ 181,153	\$ -
Accrued payroll	1,855,903	6,520	78,217
Due to other funds	74,511	1,472,937	1,410,497
<i>Total liabilities</i>	<u>2,232,286</u>	<u>1,660,610</u>	<u>1,488,714</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	95,140	-	-
<i>Total deferred inflows of resources</i>	<u>95,140</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory	47,333	-	-
Spendable:			
Restricted for:			
Instructional materials	324,808	-	-
Food services	-	-	-
Extracurricular activities	439,012	-	-
Education	-	-	-
Capital acquisitions and improvements	267,730	-	-
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	10,511,804	-	-
Unassigned	1,912,371	(484)	-
<i>Total fund balances</i>	<u>13,503,058</u>	<u>(484)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 15,830,484</u>	<u>\$ 1,660,126</u>	<u>\$ 1,488,714</u>

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

Bond Building Capital Projects Fund 31100	Debt Service Fund 41000	Other Governmental Funds	Total
\$ 12,478,205	\$ 6,695,791	\$ 8,051,433	\$ 36,543,165
-	2,211,692	606,517	2,923,538
-	-	3,881,225	7,181,980
-	-	-	18,194
-	-	59,732	107,065
-	-	-	6,189,977
<u>\$ 12,478,205</u>	<u>\$ 8,907,483</u>	<u>\$ 12,598,907</u>	<u>\$ 52,963,919</u>
\$ 1,023,219	\$ -	\$ 473,842	\$ 1,980,086
-	-	291,474	2,232,114
-	-	3,232,032	6,189,977
<u>1,023,219</u>	<u>-</u>	<u>3,997,348</u>	<u>10,402,177</u>
-	1,954,765	546,816	2,596,721
-	1,954,765	546,816	2,596,721
-	-	59,732	107,065
-	-	-	324,808
-	-	2,553,697	2,553,697
-	-	35,432	474,444
-	-	1,545,537	1,545,537
11,454,986	-	3,135,540	14,858,256
-	6,952,718	1,266,612	8,219,330
-	-	-	10,511,804
-	-	(541,807)	1,370,080
<u>11,454,986</u>	<u>6,952,718</u>	<u>8,054,743</u>	<u>39,965,021</u>
<u>\$ 12,478,205</u>	<u>\$ 8,907,483</u>	<u>\$ 12,598,907</u>	<u>\$ 52,963,919</u>

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 June 30, 2023

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

Fund balances - total governmental funds	\$ 39,965,021
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	67,880,587
Right of use asset, net of accumulated amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds	79,281
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	2,596,721
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows - pension	18,512,394
Deferred outflows - OPEB	4,887,841
Deferred inflows - pension	(37,371,088)
Deferred inflows - OPEB	(11,654,253)
Liabilities, including bonds payable, deferred gains and costs on debt refundings, and net pension and OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(707,338)
Accrued interest payable	(270,835)
Leases payable	(84,931)
Bonds payable	(30,480,000)
Deferred costs on debt refundings	(5,714)
Bond premiums (net of amortization)	(184,422)
Net pension liability	(60,078,805)
Net OPEB Liability	(11,035,650)
<i>Total net position - governmental activities</i>	<u>\$ (17,951,191)</u>

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

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BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	CRRSA ESSER II 24308	K5 Plus 4 & 5 Pilot 27406
<i>Revenues</i>			
Property taxes	\$ 254,312	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	484,343	2,832,155	-
Federal direct	2,643	-	-
Local sources	500	-	-
State flowthrough	2,415	-	1,488,714
State direct	40,633,888	-	-
Transportation distribution	1,596,367	-	-
Charges for services	379,226	-	-
Investment income	-	-	-
Miscellaneous	84,967	-	-
<i>Total revenues</i>	<u>43,438,661</u>	<u>2,832,155</u>	<u>1,488,714</u>
<i>Expenditures</i>			
Current:			
Instruction	23,824,802	1,143,694	1,415,496
Support services - students	2,922,380	17,824	73,218
Support services - instruction	517,629	3,805	-
Support services - general administration	1,112,064	108,366	-
Support services - school administration	2,411,461	43	-
Central services	1,589,121	76,642	-
Operation and maintenance of plant	6,876,471	975,564	-
Student transportation	1,916,617	-	-
Food services operations	33,261	-	-
Community services operations	316,281	-	-
Capital outlay	255,091	506,701	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<i>Total expenditures</i>	<u>41,775,178</u>	<u>2,832,639</u>	<u>1,488,714</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,663,483</u>	<u>(484)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers (out)	(459,497)	-	-
Bond proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>(459,497)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	1,203,986	(484)	-
<i>Fund balances - beginning</i>	<u>12,299,072</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 13,503,058</u>	<u>\$ (484)</u>	<u>\$ -</u>

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

Bond Building Capital Projects Fund 31100	Debt Service Fund 41000	Other Governmental Funds	Total
\$ -	\$ 5,450,298	\$ 2,683,144	\$ 8,387,754
-	-	9,070,352	12,386,850
-	-	1,077,719	1,080,362
-	-	-	500
-	-	2,029,015	3,520,144
-	-	152,553	40,786,441
-	-	-	1,596,367
-	-	192,834	572,060
92,936	237	-	93,173
-	-	8,400	93,367
<u>92,936</u>	<u>5,450,535</u>	<u>15,214,017</u>	<u>68,517,018</u>
-	-	4,247,345	30,631,337
-	-	1,581,093	4,594,515
-	-	252,133	773,567
-	48,303	709,061	1,977,794
-	-	119,355	2,530,859
-	-	-	1,665,763
2,431,384	-	2,310,436	12,593,855
-	-	69,325	1,985,942
-	-	2,454,294	2,487,555
-	-	-	316,281
599,115	-	1,139,632	2,500,539
-	5,890,000	-	5,890,000
-	529,903	-	529,903
65,000	-	-	65,000
<u>3,095,499</u>	<u>6,468,206</u>	<u>12,882,674</u>	<u>68,542,910</u>
<u>(3,002,563)</u>	<u>(1,017,671)</u>	<u>2,331,343</u>	<u>(25,892)</u>
-	-	791,877	791,877
-	-	(332,380)	(791,877)
6,000,000	-	-	6,000,000
<u>6,000,000</u>	<u>-</u>	<u>459,497</u>	<u>6,000,000</u>
2,997,437	(1,017,671)	2,790,840	5,974,108
<u>8,457,549</u>	<u>7,970,389</u>	<u>5,263,903</u>	<u>33,990,913</u>
<u>\$ 11,454,986</u>	<u>\$ 6,952,718</u>	<u>\$ 8,054,743</u>	<u>\$ 39,965,021</u>

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

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BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$ 5,974,108
--	--------------

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	2,500,539
Depreciation expense	(3,316,367)

Expenses in the Statement of Activities that are not paid from current financial resources are not reported as expenditures in the funds:	(130,240)
---	-----------

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

Change in unavailable revenue related to property taxes receivable	(250,473)
--	-----------

Governmental funds report District pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense (income):

District pension contributions subsequent to measurement date	4,855,570
District OPEB contributions subsequent to measurement date	567,994
Net Pension expense	(4,050,012)
Net OPEB income	2,438,894

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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Principal payments on leases	124,590
Current year amortization of bond premiums and discounts	48,683
Current year amortization of deferred costs on debt refunding	(6,627)
Current year amortization of debt refunding losses	68,543
Bond proceeds	(6,000,000)
Increase in accrued compensated absences not due and payable	(24,502)
Increase in accrued interest payable	(28,325)
Principal payments on bonds	5,890,000
	5,890,000

<i>Change in net position of governmental activities</i>	<u>\$ 8,662,375</u>
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The accompanying notes are an integral part of these financial statements.

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BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended June 30, 2023

Exhibit C-1

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ 246,434	\$ 246,434	\$ 259,862	\$ 13,428
Intergovernmental revenue:				
Federal flowthrough	160,000	160,000	484,343	324,343
Federal direct	-	-	2,643	2,643
Local sources	-	-	500	500
State flowthrough	177,970	177,970	2,415	(175,555)
State direct	40,004,834	40,633,888	40,633,888	-
Transportation distribution	1,671,025	1,745,683	1,444,452	(301,231)
Charges for services	60,000	60,000	81,256	21,256
Miscellaneous	50,000	50,000	66,773	16,773
<i>Total revenues</i>	<u>42,370,263</u>	<u>43,073,975</u>	<u>42,976,132</u>	<u>(97,843)</u>
<i>Expenditures</i>				
Current:				
Instruction	24,261,035	28,191,106	23,567,311	4,623,795
Support services - students	4,644,570	4,222,631	2,917,619	1,305,012
Support services - instruction	1,526,772	708,098	516,769	191,329
Support services - general administration	2,477,536	1,595,481	1,120,325	475,156
Support services - school administration	3,445,060	3,206,593	2,411,461	795,132
Central services	1,660,362	2,574,554	1,589,229	985,325
Operation and maintenance of plant	7,431,854	10,946,743	6,605,356	4,341,387
Student transportation	1,976,209	2,252,815	1,916,289	336,526
Food services operations	29,155	69,153	33,261	35,892
Community services operations	380,776	410,776	316,281	94,495
<i>Total expenditures</i>	<u>47,833,329</u>	<u>54,631,950</u>	<u>41,248,992</u>	<u>13,382,958</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,463,066)</u>	<u>(11,557,975)</u>	<u>1,727,140</u>	<u>13,285,115</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,158,066	11,252,975	-	(11,252,975)
Transfers (out)	-	-	(459,497)	(459,497)
Proceeds from sale of capital assets	305,000	305,000	-	(305,000)
<i>Total other financing sources (uses)</i>	<u>5,463,066</u>	<u>11,557,975</u>	<u>(459,497)</u>	<u>(12,017,472)</u>
<i>Net change in fund balance</i>	-	-	1,267,643	1,267,643
<i>Fund balance - beginning of year</i>	-	-	11,870,644	11,870,644
<i>Plus ending fund balance student activity funds</i>	-	-	439,012	439,012
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,577,299</u>	<u>\$ 13,577,299</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,267,643
Adjustments to revenues for taxes and intergovernmental revenue				163,868
Adjustments to expenditures for supplies and payroll expenditures				(259,320)
Plus student activity funds change in fund balance				31,795
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 1,203,986</u>

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
CRRSA ESSER II
For the Year Ended June 30, 2023

Exhibit C-2

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 2,700,000	\$ 2,907,528	\$ 2,714,762	\$ (192,766)
<i>Total revenues</i>	2,700,000	2,907,528	2,714,762	(192,766)
<i>Expenditures</i>				
Current:				
Instruction	871,500	1,280,403	1,143,694	136,709
Support services - students	-	21,093	17,824	3,269
Support services - instruction	-	3,805	3,805	-
Support services - general administration	103,847	117,536	108,366	9,170
Support services - school administration	-	46	43	3
Central services	29,800	125,717	94,327	31,390
Operation and maintenance of plant	1,000,000	814,045	794,411	19,634
<i>Total expenditures</i>	2,700,000	2,907,528	2,669,171	238,357
<i>Net change in fund balance</i>	-	-	45,591	45,591
<i>Fund balance - beginning of year</i>	-	-	(1,525,048)	(1,525,048)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (1,479,457)	\$ (1,479,457)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 45,591
Adjustments to revenues for intergovernmental revenue				117,393
Adjustments to expenditures for supplies and payroll expenditures				(163,468)
<i>Net change in fund balance (GAAP Basis)</i>				\$ (484)

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
K5 Plus 4 & 5 Pilot
For the Year Ended June 30, 2023

Exhibit C-3

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue:				
State flowthrough	\$ 2,586,222	\$ 2,586,222	\$ 1,023,089	\$ (1,563,133)
<i>Total revenues</i>	2,586,222	2,586,222	1,023,089	(1,563,133)
<i>Expenditures</i>				
Current:				
Instruction	2,522,452	2,505,053	1,415,496	1,089,557
Support services - students	63,770	81,169	73,218	7,951
<i>Total expenditures</i>	2,586,222	2,586,222	1,488,714	1,097,508
<i>Net change in fund balance</i>	-	-	(465,625)	(465,625)
<i>Fund balance - beginning of year</i>	-	-	(1,023,089)	(1,023,089)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (1,488,714)	\$ (1,488,714)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (465,625)
Adjustments to revenues for intergovernmental revenue				465,625
No adjustments to expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				\$ -

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies

The Belen Consolidated School Board was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The Board of Education is the basic level of government, which has oversight responsibility and control over 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.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Belen Consolidated School District No. 2's management, who is responsible for their integrity and objectivity. The financial statements of the Belen Consolidated School District No. 2 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

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 Statement No. 14 as amended by GASB Statement 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 the 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 does not have a component unit and is not a component unit of another government agency.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have business-type activities as of June 30, 2023.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The District's net position is reported in three parts – Net investment in capital assets, restricted net position and unrestricted net position.

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 and major individual enterprise fund are reported as separate columns in the fund financial statements. The District does not have any enterprise funds.

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 statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Property taxes are recognized as revenues in the year for which the taxes 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes (property taxes) 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Under the requirements of GASB Statement No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

General Fund:

The *Operational Fund* is used to account for the State Equalization Guarantee from the NM State Legislature and is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Transportation Fund* is used to account for the costs associated with transporting school-aged children to and from school. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Instructional Materials Fund* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. Authority for the creation of this fund is the New Mexico Public Education Department.

The Local Revenue Operational Fund is used for the maintenance of public-school buildings and grounds. Expenditures include wastewater treatments and the purchase of maintenance and repair equipment. Maintenance supports school safety on the simplest level by preventing and fixing small threats to staff, teachers, and students on school buildings and facilities.

The *Student Activities* are to account for monies maintained by management for various student groups at each location within the District. These are established to direct and account for monies used to support cocurricular and extracurricular student activities. As a general rule, cocurricular activities are any kinds of school-related activities outside the regular classroom that directly add value to the formal or stated curriculum.

Special Revenue Funds:

The *CRRSA ESSER II Fund* is a highly flexible federal program designed to provide local education agencies (LEAs) with funding to safely reopen schools, measure and effectively address significant learning loss, and take other actions to mitigate the impact of COVID-19. By law, awards from the ESSER II Fund are based on LEAs' proportional share of final 2019-20 Title I, Part A allocations received.

The *K5 Plus 4 & 5 Pilot Fund* is to pilot additional instructional time in high-poverty and low-performing elementary schools to provide an additional one hundred forty instructional hours to all elementary school students in an elementary school.

Capital Projects Funds:

The *Bond Building Capital Projects Fund* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. Authority for the creation of this fund is the New Mexico Public Education Department.

Debt Service Funds:

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

As a general rule, the effect of inter-fund 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.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from the state resources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with the function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Liabilities and Net Position or Equity

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

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

Investments for the District are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's 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, 2023, the District did not hold any pool shares in the State Treasurer's Investment Pool.

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2023, there are no items that are required to be valued using valuation techniques.

Restricted Assets: Restricted assets are those that are set aside for restrictions resulting from enabling legislation for future capital outlay expenditures and debt service payments. The District's restricted assets are made up of debt service funds that cannot be spent in the subsequent year.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Receivables and Payables: Inter-fund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund 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 costs as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Socorro and Valencia Counties. The funds are collected by the County Treasurer and are remitted to the District in the following month. Under the modified accrual method of accounting, the amount remitted by the Socorro and Valencia County Treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2023. Period of availability is deemed to be sixty days subsequent to year end for property taxes and ninety days subsequent to year end for other nonexchange revenues.

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

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

Inventory: The District'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 are actually consumed. Inventory is valued at cost. In the General Fund, inventory consists of expendable supplies held for consumption. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies.

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

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, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books are not capitalized.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 during the year ended June 30, 2023.

Capital expenditures made on the District's building construction projects by the New Mexico Public School Facilities Authority are included in the District's capital assets as appropriate.

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

Land improvements	10-25 years
Buildings/building improvements	10-50 years
Furniture, fixture, and equipment	5-20 years
Vehicles	8-10 years

Accrued Payroll Liabilities: In the fund financial statements, governmental fund types recognize the accrual of unpaid salaries, wages, and benefits that employees earned prior to the end of the fiscal year. The amount recognized in the fund financial statements represents the amounts due to employees or due to third parties for the employee benefits.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has four types of items that qualify for reporting in this category related to the pension and OPEB plans which are discussed at Notes 10 and 11.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. 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 inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District has recorded \$2,596,721 related to property taxes that are considered "unavailable". The District also has items related to the pension and OPEB plans which are discussed at Notes 10 and 11.

Compensated Absences: Twelve (12) month employees at the professional level or a classified administrator will be on duty from July 1 through June 30 and will be entitled to sixteen and one quarter (16.25) working days of annual leave which may accumulate to a total of forty (40) days including the current year. An employee who terminates will be paid for all earned leave; however, payment for earned leave may not exceed twenty (20) days. Annual leave will accumulate at a rate of 0.625 days per pay period.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Classified employees who work full time are entitled to a period of annual leave ranging from thirteen (13) to fifteen (15) working days per year depending upon the length of service with the Belen Consolidated Schools. Annual leave may accumulate to a total of forty (40) days of earned vacation. Twelve (12) days paid leave will be allowed for completing each full year of employment up to ten (10) years. Annual leave will accumulate at a rate of 0.50 days per pay period. Sixteen and one quarter (16.25) days of paid vacation will be allowed annually after completing ten (10) full years of employment. Annual leave will accumulate at a rate of 0.6250 days per pay period. If a classified employee terminates, the employee will be paid for all earned annual leave time; however, payments for earned leave may not exceed twenty (20) days salary. No classified employee will be paid for annual leave upon termination before completing six (6) months of employment.

The Board of Education has determined that there are instances in which employees suffer from catastrophic or unusual illnesses or injuries, or disabilities from performing the usual duties of the employee's job, which may not be sufficiently covered by existing board policies relating to sick leave and leaves of absence. As a result, and so that employees not suffer undue economic hardship as the result of such catastrophic or unusual illness, injury or disability, the Board of Education hereby authorizes the creation of a Sick Leave Bank (SLB). This SLB will be used to establish an available pool of sick leave days upon which eligible employees may draw, and into which participating employees may contribute accrued and unused sick leave to be made available to participating employees in the event of catastrophic or unusual illness, injury, or disability. The Sick Leave Bank shall be available only to employees participating in the Sick Leave Bank program.

Employees participating in the SLB are entitled to use the days within the SLB when a catastrophic or unusual illness or injury occurs that requires extended hospitalization or home confinement of the employee or members of his or her immediate family, or results in the employee's disability from performing the usual duties of his or her job. Prior to use of the Sick Leave Bank, an eligible and participating employee must use all accrued sick, personal, or vacation leave. The Board of Education hereby delegates to the Administration the authority to adopt reasonable regulations, guidelines, procedures, and forms for implementing the Sick Leave Bank consistent with the provision adopted in this policy, and to define the relevant conditions for eligibility and grant of benefits under the Sick Leave Bank program. Decisions of the Administration with regard to applications for use of Sick Leave Bank shall not be subject to review.

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. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is inconsequential.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period the bonds are issued. 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 services expenditures.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Net Position and Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the District's fund balances is presented on the face of the fund financial statements.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District maintains unspent bond proceeds in the amount of \$11,454,986 as of June 30, 2023.

Restricted Net Position: Consists of net position with "legally enforceable" 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. Legally enforceable means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

Unrestricted Net Position: All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

The government-wide Statement of Net Position reports \$17,820,188 of restricted net position related to grants, capital projects and debt service.

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For committed and assigned fund balance, the District's highest level of decision-making authority is the Board of Education. Formal action by the Board of Education is required to establish a fund balance commitment or assignment.

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 classifications could be used.

In the governmental fund financial statements, fund balance is classified and displayed in five components, as displayed below:

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. At June 30, 2023, the nonspendable fund balance of the District is comprised of inventory in the General and Food Services funds, \$47,333 and \$59,732, respectively, which are not in spendable form.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Education. Those committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking formal action.

Assigned: Consist of amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed. Formal action by the District's Board of Education is required to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund except for those other governmental funds reflecting a deficit.

Inter-fund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets and the net pension and OPEB liabilities (including the related components).

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 ensure 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 cost.'

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 Secretary of the Public Education Department. The District received \$44,093,040 in state equalization guarantee distributions during the year ended June 30, 2023.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available' on a modified accrual basis. The District recognized \$8,387,754 in tax revenues during the year ended June 30, 2023. 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.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Socorro and Valencia Counties collect County, City, and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

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 Secretary of the Public Education Department. 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 \$1,596,367 in transportation distributions during the year ended June 30, 2023.

Instructional Materials: The New Mexico Public Education Department (PED) 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, fifty percent is restricted to the purchase of materials listed in the PED "Multiple List", while fifty percent of each allocation is available for purchasing directly from vendors. Allocations received from the State for the year ended June 30, 2023 totaled \$0.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed necessary by the public school capital outlay council for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The school district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

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 fiscal year 2023, the District did not receive any special capital outlay funds nor did the District receive any funds from PSFA which flows through the Bond Building Capital Project Fund.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay 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 1st of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, 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 \$266,410 in state SB-9 match during the year end June 30, 2023.

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 is operated under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

F. Pensions

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

G. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (continued)

H. Newly Adopted GASB Pronouncements

During the year ended June 30, 2023 the District assessed GASB Statement No. 87, Lease's effect on its financial statements and management has made the changes to the financial statements, see Note 12 for more detail.

During the year ended June 30, 2023 the District adopted GASB Statements No. 91, *Conduit Debt Obligations*, No. 93 *Replacement of Interbank Offered Rates*, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, No. 96, *Subscription-Based Information Technology Arrangements*, No. 98, *The Annual Comprehensive Financial Report*, No. 99 *Omnibus 2022*. The District's accounting policy for accounting for Right of Use Assets and related liabilities under GASB Statement No. 96 is to capitalize amounts more than \$25,000. None of these pronouncements have a significant impact on these financial statements.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service 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. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented.

These budgets are prepared on the Non-GAAP (Cash) budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. 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, such appropriated balance is legally restricted and is therefore presented as a designated portion of the fund balance.

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

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

The 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 School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the New Mexico Public Education Department.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (continued)

2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the District for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be approved by the local board at an open board meeting and then will be integrated formally into the accounting system prior to July 1st. 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 SBFAB.
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 New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the District and approved by the SBFAB.
8. Legal budgetary control for expenditures is at the function level.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereof.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
11. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balances. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2023, is presented.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (continued)

The appropriated budget for the year ended June 30, 2023, was properly amended by the 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	\$ (5,463,066)	\$ (11,557,975)
CRRSA ESSER II	\$ -	\$ -
K5 Plus 4 & 5 Pilot	\$ -	\$ -

The District is required to balance its budgets each year. Accordingly, amounts in 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 is included in the individual budgetary comparison. The District budgets on a modified cash basis with respect to payroll or held checks being accrued and expensed; therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll which is presented on the accrual basis.

NOTE 3. Deposits and Investments

State statutes authorize the investment of the District's 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, 2023.

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. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 3. Deposits and Investments (continued)

Deposits:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in, the event of 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 the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978.) At June 30, 2023, \$29,302,285 of the District’s deposits of \$29,552,285 was exposed to custodial credit risk. \$29,000,000 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the District’s name. As of June 30, 2023, \$302,285 of the District’s balance was uninsured and uncollateralized. As of June 30, 2023, the carrying amount of these deposits was \$29,240,456; total amount of deposits of \$29,552,285 less outstanding items of \$311,829. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor’s requirements in reporting the insured portion of the deposits.

	<u>U.S. Bank</u>
Amount of deposits	\$ 29,552,285
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>29,302,285</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District’s name	<u>29,000,000</u>
Uninsured and uncollateralized	<u>\$ 302,285</u>
Collateral requirement (50% of uninsured funds)	\$ 14,651,143
Pledged Collateral	<u>29,000,000</u>
Over (Under) collateralized	<u>\$ 14,348,857</u>

The carrying amount of deposits shown above are included in the District’s Statement of Net Position as follows:

Reconciliation to the Statement of Net Position:

Cash and cash equivalents- Governmental Activities Exhibit A-1	\$ 24,650,287
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	<u>11,892,878</u>
Total cash and cash equivalents	36,543,165
Plus: reconciling items	419,428
Less NM Finance Authority	(7,408,658)
Less: petty cash	<u>(1,650)</u>
Bank balance of deposits/ repurchase agreements	<u>\$ 29,552,285</u>

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 3. Deposits and Investments (continued)

The District utilized pooled accounts for their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts should be reclassified as due to/due from accounts in the combining balance sheets at June 30, 2023, see Note 5 for further information.

Investments:

The District has investments held in U.S. Treasury Money Market Mutual Funds at the Bank of Albuquerque in connection with New Mexico Finance Authority (NMFA) for bonds in the amount of \$7,301,059. These funds are backed by the full faith and credit of the U.S. government, therefore, there is no custodial, foreign, or interest rate risk subject to disclosure for the District. These are classified as cash equivalents due the liquidity of the funds.

Interest Rate Risk for Investments -The District does not have a written policy for limiting interest rate risk. However, the average maturity of certificates of deposit is twelve months or less, which is an effective limit of interest rate risk.

Credit Risk -State law limits investments in bonds or negotiable securities of the U.S. Government, the State, municipalities, or school district securities issued by the U.S. Government (or its agencies, either direct obligations or backed and guaranteed by the U.S. Government) and repurchase agreements with banks, savings and loan associations or credit unions. The District has no investment policy that would further limit its investment choices.

NOTE 4. Receivables

Receivables as of June 30, 2023 are as follows:

	<u>General Fund</u>	<u>CRRSA ESSER II</u>	<u>K5 Plus 4 & 5 Pilot</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes receivable	\$ 105,329	\$ -	\$ -	\$ 2,211,692	\$ 606,517	\$ 2,923,538
Due from other governments:						
Federal sources	-	1,660,126	1,488,714	-	3,105,940	6,254,780
State sources	151,915	-	-	-	775,285	927,200
Other receivables:						
Miscellaneous	18,194	-	-	-	-	18,194
	<u>\$ 275,438</u>	<u>\$ 1,660,126</u>	<u>\$ 1,488,714</u>	<u>\$ 2,211,692</u>	<u>\$ 4,487,742</u>	<u>\$ 10,123,712</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$2,596,721, which were not collected within the period of availability have been reclassified as deferred inflows of resources-property taxes in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 5. Interfund Receivables, Payables, and Transfers

The District had the following net operating transfers to close out obsolete funds and provide support for any necessary activities for the year ended June 30, 2023:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Operational Fund - 11000	Local Revenue Operational - 15200	\$ 15,739
Operational Fund - 11000	Athletics - 22000	157,322
Operational Fund - 11000	IDEA-B Discretionary - 27107	5,040
Operational Fund - 11000	IDEA-B Results Plan - 27132	26,299
Operational Fund - 11000	Title I School Improvement - 24162	10,296
Operational Fund - 11000	Truancy Initiative PED - 27141	72,272
Operational Fund - 11000	Kindergarten-Three Plus - 27166	1,203
Operational Fund - 11000	K-3 Plus 4 & 5 Pilot - 27198	165,482
Operational Fund - 11000	GRADS-Instruction - 28190	17,707
Operational Fund - 11000	GRADS Plus - 28203	3,876
Title XIX Medicaid 0/2 Years - 25152	Title XIX Medicaid 3/21 Years - 25153	230,825
Capital Improvements SB-9 - 31700	Capital Improvements SB-9 State Match - 31703	101,555
	Total	<u>\$ 807,616</u>

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 5. Interfund Receivables, Payables, and Transfers (continued)

The District records temporary interfund receivable and payables to enable the funds to operate until grant monies are received. The composition of interfund balances as of June 30, 2023 is as follows:

Due from Other Funds	Due to Other Funds	Amount
Operational - 11000	Pupil Transportation-13000	\$ 74,511
Operational - 11000	Title I - 24101	597,691
Operational - 11000	IDEA-B Entitlement - 24106	584,118
Operational - 11000	IDEA-B Preschool - 24109	5,636
Operational - 11000	Education of the Homeless - 24113	289
Operational - 11000	Fresh Fruits and Vegetables - 24118	76,919
Operational - 11000	English Language Acquisition - 24153	33,396
Operational - 11000	Teacher/Principal Training & Recruitment - 24154	215,764
Operational - 11000	Carl D. Perkins Secondary-Current - 24174	8,425
Operational - 11000	Carl D. Perkins Secondary-Redistribution - 24176	7,433
Operational - 11000	Student Supp Academic Achievement Title IV - 24189	46,592
Operational - 11000	CRRSA, ESSER II - 24308	1,472,937
Operational - 11000	ESSER SEL - 24309	15,224
Operational - 11000	ESSER III ARP - 24330	818,736
Operational - 11000	ESSER III Round 1 - 24341	22,188
Operational - 11000	IDEA ARP Act of 2021 - 24346	157,510
Operational - 11000	IDEA ARP Act of 2021 Preschool - 24349	17,102
Operational - 11000	ESSER III Homeless Children & Youth - 24350	3,504
Operational - 11000	Homeless Emergency Rescue - 24355	15,697
Operational - 11000	REC/District Fiscal Agent Ed Fellows - 26107	30,145
Operational - 11000	2012 GO Bond Student Library - 27107	191,048
Operational - 11000	NM Reads to Lead K-3 Initiative - 27114	36,695
Operational - 11000	Community Schools Planning Grant - 27126	17,552
Operational - 11000	Pre-K Initiative - 27149	72,386
Operational - 11000	NM Grown Fresh Fruit and Vegetables - 27183	645
Operational - 11000	Junior Bill Appropriations CTE - 27400	98,575
Operational - 11000	K5 Plus 4 & 5 Pilot - 27406	1,410,497
Operational - 11000	Family Income Index - 27407	18,809
Operational - 11000	At-Risk Intervention Response -27412	107,973
Operational - 11000	2022 Pediatric Autism/Special Needs - 27414	1,597
Operational - 11000	Career Technical Education Program Pilot - 27502	15,960
Operational - 11000	Special Capital Outlay-State - 31400	14,423
	Total Governmental Funds	\$ 6,189,977

All Interfund balances are expected to be paid within one year.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2023 is included below. Land and construction in progress are not subject to depreciation.

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Adjustments</u>	<u>Balance June 30, 2023</u>
Governmental activities:					
Capital assets not depreciated					
Land	\$ 2,634,999	\$ -	\$ -	\$ -	\$ 2,634,999
Construction in process	-	44,665	-	-	44,665
Total assets not depreciated	<u>2,634,999</u>	<u>44,665</u>	<u>-</u>	<u>-</u>	<u>2,679,664</u>
Capital assets depreciated					
Land Improvements	9,026,666	-	-	(44,144)	8,982,522
Buildings and building improvements	114,363,808	-	-	-	114,363,808
Furniture, fixtures, vehicles and equipment	8,801,569	2,455,874	-	(1,152,874)	10,104,569
Total assets depreciated	<u>132,192,043</u>	<u>2,455,874</u>	<u>-</u>	<u>(1,197,018)</u>	<u>133,450,899</u>
Total assets	134,827,042	2,500,539	-	(1,197,018)	136,130,563
Less accumulated depreciation for:					
Land Improvements	6,029,625	325,512	-	344,608	6,699,745
Buildings	50,748,787	2,381,824	-	2,394,947	55,525,558
Furniture, fixtures, vehicles and equipment	4,783,638	609,031	-	632,004	6,024,673
Total accumulated depreciation	<u>61,562,050</u>	<u>3,316,367</u>	<u>-</u>	<u>3,371,559</u>	<u>68,249,976</u>
Governmental activities capital assets, net	<u>\$ 73,264,992</u>	<u>\$ (815,828)</u>	<u>\$ -</u>	<u>\$ (4,568,577)</u>	<u>\$ 67,880,587</u>

Depreciation expense for the year ended June 30, 2023 was charged to governmental activities as follows:

Instruction	\$ 2,940,129
Support Services – Students	6,389
Support Services – Instruction	1,503
Support Services – School Administration	2,986
Operations / Maintenance of Plant	35,666
Student Transportation	326,693
Food Services	3,001
Total	<u>\$ 3,316,367</u>

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 7. Long-Term Debt

General Obligation Bonds:

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of the outstanding general obligation bonds as of June 30, 2023 was \$42,755,000. 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, 2023 are for governmental activities.

General obligation bonds outstanding at June 30, 2023, are comprised of the following:

	Series 2014 GO Bonds <u>12/30/2014</u>	Series 2016A GO Bonds <u>9/13/2016</u>	Series 2017 GO Bonds <u>10/6/2017</u>	Series 2018 GO Bonds <u>12/14/2018</u>	Series 2020 GO Bonds <u>5/1/2020</u>
Original Issue	\$ 9,500,000	\$ 5,200,000	\$ 4,500,000	\$ 6,300,000	\$ 2,000,000
Maturity Date	8/1/2026	8/1/2030	8/1/2031	8/1/2032	8/1/2033
Principal	August 1	August 1	August 1	August 1	August 1
Interest Rate	2.00%-3.00%	2.00%-2.75%	0.10%-2.66%	1.89%-3.29%	1.10%-2.04%
Principal/Interest	August 1	August 1	August 1	August 1	August 1
Interest	February 1	February 1	February 1	February 1	February 1
	Series 2021 GO Bonds <u>4/2/2021</u>	Series 2021 GO Bonds <u>6/18/2021</u>	Series 2023 GO Bonds <u>5/10/2023</u>	Series 2023A GO Bonds <u>6/16/2023</u>	
Original Issue	\$ 7,255,000	\$ 2,000,000	\$ 2,000,000	\$ 4,000,000	
Maturity Date	8/1/2027	8/1/2034	5/11/2023	8/1/2035	
Principal	August 1	August 1	May 11	August 1	
Interest Rate	0.25%-0.96%	0.10%-0.141%	5.17%	2.669%-3.33%	
Principal/Interest	August 1	August 1	May 11	August 1	
Interest	February 1	February 1	May 11	February 1	

During the year ended June 30, 2023 the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ 30,370,000	\$ 6,000,000	\$ 5,890,000	\$ 30,480,000	\$ 3,855,000
Compensated Absences	682,836	439,052	414,550	707,338	414,550
Total long-term debt	<u>\$ 31,052,836</u>	<u>\$ 6,439,052</u>	<u>\$ 6,304,550</u>	<u>\$ 31,187,338</u>	<u>\$ 4,269,550</u>

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 7. Long-Term Debt (continued)

The annual requirements to amortize the General Obligation Bonds as of June 30, 2023, including interest payments are as follows. The interest rates range from 0.10% to 5.17% with maturity dates until August 1, 2035.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 3,855,000	\$ 536,449	\$ 4,391,449
2025	3,855,000	519,950	4,374,950
2026	4,115,000	446,883	4,561,883
2027	4,040,000	367,592	4,407,592
2028	3,545,000	295,201	3,840,201
2029-2033	9,575,000	670,562	10,245,562
2034-2036	<u>1,495,000</u>	<u>21,691</u>	<u>1,516,691</u>
	<u>\$ 30,480,000</u>	<u>\$ 2,858,328</u>	<u>\$ 33,338,328</u>

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

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of annual leave and all employees are able to accrue an unlimited amount of general leave during the year. During fiscal year June 30, 2023, compensated absences increased \$24,502 over the prior year accrual. See Note 1 for more details.

NOTE 8. Risk Management

The District is a member of the New Mexico Public Schools 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 and Machinery, Underground Storage Tanks and Catastrophic Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$750,000,000 for each property damage claim with a \$25,000 deductible for 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 \$1,250,000 per occurrence for Faithful Performance. A limit of \$1,250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, with all crime coverage subject to 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, 2023, there have been no claims that have exceeded insurance coverage.

BELÉN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 9. Other Required Individual Fund Disclosures

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

- A.** Deficit fund balance of individual funds: The following funds reported a deficit fund balance at June 30, 2023.

Title I - 24101	\$	41,856
IDEA-B Entitlement - 24106		13,917
IDEA-B Preschool - 24109		303
Fresh Fruits and Vegetables - 24118		76,919
English Language Acquisition - 24153		32,954
Teacher/Principal Training & Recruitment - 24154		175,995
Carl D. Perkins Secondary-Current - 24174		548
Carl D. Perkins Secondary-Redistribution - 24176		7,433
Student Supp Academic Achievement Title IV - 24189		14,183
CRRSA ESSER II - 24308		484
2012 GO Bond Student Library - 27107		159,027
NM Reads to Lead K-3 Initiative - 27114		1,341
Pre-K Initiative - 27149		2,263
NM Grown Fresh Fruit and Vegetables - 27183		645
Special Capital Outlay-State - 31400		14,423
		<hr/>
Total Governmental Funds	\$	<u>542,291</u>

These deficits will have to be funded via a permanent cash transfer. This is expected to be resolved in the next current year.

- B.** Excess of expenditures over appropriations: The following funds of the District exceeded approved budgetary authority at the function level for the year ended June 30, 2023.

Excess of Expenditures over budget		
Nonmajor Funds		
Educational Technology Debt Service Fund (Support Services-General Administration)	\$	8,000
		<hr/>
Total Governmental Funds	\$	<u>8,000</u>

- C.** Designated cash appropriations in excess of available balance: No funds of the District exceeded the budgeted cash appropriations for the year ended June 30, 2023.

NOTE 10. Pension Plan – Educational Retirement Board

General Information about the Pension Plan

Plan description. The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB’s comprehensive annual financial report. The report can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-11- 2, NMSA 1978. Employees of public schools, universities, junior and community colleges, public technical and vocational institutions, state special schools, charter schools, regional education cooperatives at state agencies that provide an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

Pension Benefit – A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier.

For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired after June 30, 2019 the multiplier accrues as follows:

Years of Service	Benefit Percentage Earned
10 or less	1.35%
10.25-20	2.35%
20.25-30	3.35%
30.25 plus	2.40%

FAS is the average of the member’s fiscal annual earnings for the last 20 calendar service quarters (60 months) prior to retirement or the highest average fiscal earning for any 20 consecutive calendar quarters.

Summary of Plan Provisions for Retirement Eligibility –

Tier 1: Membership prior to July 1, 2010

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member’s age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013

Chapter 288, Laws of 2009 changed the eligibility requirements for new members who were first employed on, or after, July 1, 2010 but before July 1, 2013—or before July 1, 2010, terminated employment, subsequently withdrew all contributions, and then becomes re-employed after July 1, 2010. These members must meet one of the following requirements:

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Tier 3: Membership beginning on or after July 1, 2013

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013 — or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. (Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.)
- The member's minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit receive reduced retirement benefits.)
- Or, the member's age is 67, and the member has earned 5 or more years of service credit.

Tier 4: Membership beginning on or after July 1, 2019

Section 2-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019 — and had, before that date, been refunded all member contributions and had not restored all refunded contributions and interest before July 1, 2019. A member in this tier must meet one of the following requirements.

- The member's minimum age must be 58, and the member has earned 30 or more years of service credit. (A member who retires earlier than age 58, receives a reduction in benefits equal to the actuarial equivalent of retiring at age 58.)
- The member's minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit, receive reduced retirement benefits.)
- Or, the member's age is 67, and the member has earned 5 or more years of service credit.

Forms of Payment – The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

Benefit Options – The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.

Disability Benefit – An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member’s Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member’s FAS or (b) 2% of the member’s FAS multiplied by total years of service credit projected to age 60.

Cost of Living Adjustment (COLA) – All retired members and beneficiaries receiving benefits may receive an adjustment in their benefit on July 1 following the year a member retires or July 1 following the year a member reaches the age below, whichever is later.

Membership	Age Eligible for Cola
Tier 1	65
Tier 2	65
Tier 3	67
Tier 4	67

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund’s funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.

However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

Refund of Contributions – Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions – For the fiscal year ended June 30, 2023 and 2022 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2023	7-1-22 to 6-30-23	Over \$24K	10.70%	17.15%	27.85%	2.00%
2023	7-1-22 to 6-30-23	\$24K or less	7.90%	17.15%	25.05%	2.00%
2022	7-1-21 to 6-30-22	Over \$24K	10.70%	15.15%	25.85%	1.00%
2022	7-1-21 to 6-30-22	\$24K or less	7.90%	15.15%	23.05%	1.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2023 and 2021, the District paid employer contributions of \$4,855,570 and \$3,663,612 which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the District reported a liability of \$60,078,805 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2022.

The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2021, actuarially determined. At June 30, 2022, the District’s proportion was 0.71338 percent, which was an increase of 0.01686 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$4,050,012. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 2,156,100	\$ 981,331
Net difference between expected and actual investments on pension plan investments	-	1,372,170
Changes of assumptions	10,120,247	33,386,983
Changes in proportion	1,380,477	1,630,604
District's contributions subsequent to the measurement date	<u>4,855,570</u>	<u>-</u>
Total	<u>\$ 18,512,394</u>	<u>\$ 37,371,088</u>

\$4,855,570 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ (14,377,192)
2025	(9,378,393)
2026	(2,048,714)
2027	2,090,035
2028	-
Thereafter	-

Actuarial assumptions. Actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019. At that time, the Board adopted a number of demographic and economic assumption changes. There were no changes in assumptions since the prior valuation.

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	3.00% composed of 2.30% inflation, plus a 0.70% productivity increase rate, plus a step-rate promotional increase for members with less than 5 years of service.
Investment Rate of Return	7.00% compounded annually, net of expenses. This is composed of an assumed 2.30% inflation rate and a 4.70% real rate of return.
Mortality	Healthy Males: 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Healthy Females: 2020 GRS Southwest Region Teacher Mortality Table, set back on year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividend, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

Asset Class	Target Allocation	Long-term Expected Rate of Return
Equities	24%	
Fixed Income	23%	
Alternatives	52%	
Cash	1%	
Total	100%	7.00%

Discount rate. A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2022. This is the same rate used for June 30, 2021. The 7.00% single discount rate was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.69%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District’s proportionate share of the net pension liability	\$ 81,461,842	\$ 60,078,805	\$ 42,406,032

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued NMERB’S financial reports. The reports can be found on NMERB’s Web site at <https://www.erb.nm.gov/annual-reports/>.

Payables to the pension plan. At June 30, 2023, the District had no payables to the ERB plan.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

General Information about the OPEB

Plan description. Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2022, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	53,092
Inactive and eligible for deferred benefit	11,759
Current active members	<u>92,520</u>
	<u>157,371</u>
Active membership	
State general	18,691
State police and corrections	1,919
Municipal general	20,357
Municipal police	1,573
Municipal fire	756
Educational Retirement Board	<u>49,224</u>
	<u>92,520</u>

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the District were \$567,994 for the year ended June 30, 2023.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the District reported a liability of \$11,035,650 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2021. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2022. At June 30, 2022, the District's proportion was 0.47740 percent.

For the year ended June 30, 2023, the District recognized OPEB income of \$2,438,894. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 183,555	\$ 1,635,718
Net difference between expected and actual investments on OPEB plan investments	152,171	-
Changes of assumptions	2,354,746	8,180,603
Changes in proportion	1,629,375	1,837,932
District's contributions subsequent to the measurement	<u>567,994</u>	<u>-</u>
Total	<u>\$ 4,887,841</u>	<u>\$ 11,654,253</u>

Deferred outflows of resources totaling \$567,994 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ (2,217,795)
2025	(1,544,863)
2026	(1,349,160)
2027	(1,469,970)
2028	(752,618)

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022, using the following actuarial assumptions:

Validation date	June 30, 2021
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.30% for ERB; 2.50% for PERA members
Projected payroll increases	3.25% to 13.00%, based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB members: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	0.4%
U.S. equity - large cap	6.6%
Non U.S. - emerging markets	9.2%
Non U.S. - developed equities	7.3%
Private equity	10.6%
Credit and structured finance	3.1%
Real estate	3.7%
Absolute return	2.5%
U.S. equity - small/mid cap	6.6%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 5.42% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2059. The 7.00% discount rate, which includes the assumed inflation rate of 2.30% for ERB members and 2.50% for PERA members, was used to calculate the net OPEB liability through 2052. Beyond 2059, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54%) was applied. Thus, 5.42% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability, calculated using the discount rate of 5.42% as of June 30, 2022, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate:

	1% Decrease (4.42%)	Current Discount Rate (5.42%)	1% Increase (6.42%)
District's proportionate share of the net OPEB liability	<u>\$ 13,733,187</u>	<u>\$ 11,035,650</u>	<u>\$ 8,884,906</u>

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	<u>\$ 8,842,429</u>	<u>\$ 11,035,650</u>	<u>\$ 12,904,849</u>

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2022.

Payable Changes in the Net OPEB Liability. At June 30, 2023, the District had no payables to the NMRHCA plan.

NOTE 12. Right of Use Asset and Liability

During fiscal year 2023 the District implemented GASB Statement 87, Leases and the District has a long term agreement for the use of equipment which began on July 1, 2021 and will continue through fiscal year 2025. This lease is paid monthly with payments of \$5,408 and started on July 1, 2021. The equipment has a useful life of 5 years with no purchase option and a discount rate of 3%.

A summary of the right to use the assets and changes occurring during the year ended June 30, 2023 follows:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance June 30, 2023</u>
Right of Use Asset				
Equipment	\$ -	\$ 206,131	\$ -	\$ 206,131
Total right of use asset	<u>-</u>	<u>206,131</u>	<u>-</u>	<u>206,131</u>
Less accumulated amortization for:				
Equipment	-	126,850	-	126,850
Total accumulated amortization	<u>-</u>	<u>126,850</u>	<u>-</u>	<u>126,850</u>
Right of use asset, net	<u>\$ -</u>	<u>\$ 79,281</u>	<u>\$ -</u>	<u>\$ 79,281</u>

During the year ended June 30, 2023, the following changes occurred in the lease liability related to the right of use assets reported above in the government-wide statement of net position:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Lease liability	\$ -	\$ 206,131	\$ 121,200	\$ 84,931	\$ 63,379
	<u>\$ -</u>	<u>\$ 206,131</u>	<u>\$ 121,200</u>	<u>\$ 84,931</u>	<u>\$ 63,379</u>

The annual requirements to amortize the lease as of June 30, 2023, including interest payments, is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 63,379	\$ 1,519	\$ 64,898
2025	21,552	81	21,633
	<u>\$ 84,931</u>	<u>\$ 1,600</u>	<u>\$ 86,531</u>

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 13. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the 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 14. 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.

NOTE 15. Tax Abatement Disclosures

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. During fiscal year ended June 30, 2023, there is no GASB Statement No. 77 disclosure requirement.

NOTE 16. Prior Period Adjustment

The prior year financial statements needed the following prior period restatement due to capital assets not being properly recorded in the prior year:

Governmental Activities Net position

Net position, July 1, 2022 a previously reported	\$ (22,044,989)
Adjustment to capital assets and prior year financial statements	<u>(4,568,577)</u>
Governmental Activities Net Position July 1, 2022 as restated	<u><u>\$ (26,613,566)</u></u>

NOTE 17. Subsequent Events

The date to which events occurring after June 30, 2023, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 14, 2023, which is the date on which the financial statements were available to be issued. There were no events noted as of this date.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2023

NOTE 18. Subsequent Pronouncements

In June 2023, GASB Statement No. 100 Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2023. The District does not expect this pronouncement to have a material effect on the financial statements.

In June 2023, GASB Statement No. 101 Compensated Absences, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2023. The District does not expect this pronouncement to have a material effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2023	2022
	Measurement Date	Measurement Date
	(As of and for the	(As of and for the
	Year Ended June	Year Ended June
	30, 2022)	30, 2021)
Belen Consolidated School District No. 2 proportion of the net pension liability (asset)	0.71338%	0.69652%
Belen Consolidated School District No. 2 proportionate share of the net pension liability (asset)	\$ 60,078,805	\$ 49,365,623
Belen Consolidated School District No. 2 covered payroll	24,219,347	22,330,549
Belen Consolidated School District No. 2 proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	248%	221%
Plan fiduciary net position as a percentage of the total pension liability	64.87%	69.77%
	2016	2015
	Measurement Date	Measurement Date
	(As of and for the	(As of and for the
	Year Ended June	Year Ended June
	30, 2015)	30, 2014)
Belen Consolidated School District No. 2 proportion of the net pension liability (asset)	0.7589%	0.7781%
Belen Consolidated School District No. 2 proportionate share of the net pension liability (asset)	\$ 49,155,326	\$ 44,394,571
Belen Consolidated School District No. 2 covered payroll	21,417,573	21,332,232
Belen Consolidated School District No. 2 proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	230%	208%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Belen Consolidated School District No. 2 is not available prior to fiscal year 2015, the year the statement's requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

2021 Measurement Date (As of and for the Year Ended June 30, 2020)	2020 Measurement Date (As of and for the Year Ended June 30, 2019)	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)	2017 Measurement Date (As of and for the Year Ended June 30, 2016)
0.72012%	0.78181%	0.68128%	0.74002%	0.75353%
\$ 145,938,726	\$ 59,240,109	\$ 81,013,260	\$ 82,241,887	\$ 54,227,286
22,992,650	22,935,463	19,047,460	21,023,949	21,484,867
635%	258%	425%	391%	252%
39.11%	64.13%	52.17%	52.95%	61.58%

See independent auditors' report.
See notes to required supplementary information.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2023	As of and for the Year Ended June 30, 2022
Contractually required contribution	\$ 4,855,570	\$ 3,663,612
Contributions in relation to the contractually required contribution	<u>4,855,570</u>	<u>3,663,612</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Belen Consolidated School District No. 2's covered-payroll	28,312,655	24,219,347
Contribution as a percentage of covered payroll	17.15%	15.13%
	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 2,990,306	\$ 2,997,372
Contributions in relation to the contractually required contribution	<u>2,990,306</u>	<u>2,997,372</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Belen Consolidated School District No. 2's covered-payroll	21,484,867	21,417,573
Contribution as a percentage of covered payroll	13.92%	13.99%

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Belen Consolidated School District No. 2 is not available prior to fiscal year 2015, the year the statement's requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
\$ 3,164,827	\$ 3,254,553	\$ 2,955,485	\$ 2,882,714	\$ 2,927,723
<u>3,164,827</u>	<u>3,254,553</u>	<u>3,188,029</u>	<u>2,647,597</u>	<u>2,927,723</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (232,544)</u>	<u>\$ 235,117</u>	<u>\$ -</u>
22,330,549	22,992,650	22,935,463	19,047,460	21,023,949
14.17%	14.15%	12.89%	15.13%	13.93%

See independent auditors' report.
See notes to required supplementary information.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Required Supplementary Information

June 30, 2023

Changes in benefit provisions. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2022.

Changes in assumptions and methods. Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendation made by the Plan's actuary. The Board adopted new assumptions on April 21, 2020 in conjunction with the six-year actuarial experience study period ending June 30, 2019. No changes have been made to the assumptions since the prior valuation.

See independent auditors' report.
See notes to required supplementary information.

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BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Schedule of Proportionate Share of the Net OPEB Liability
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

	2023	2022	2021
	Measurement	Measurement	Measurement
	Date (As of and for	Date (As of and for	Date (As of and for
	the Year Ended	the Year Ended	the Year Ended
	June 30, 2022)	June 30, 2021)	June 30, 2020)
Belen Consolidated School District No. 2's proportion of the net OPEB liability (asset)	0.47740%	0.46455%	0.47651%
Belen Consolidated School District No. 26's proportionate share of the net OPEB liability (asset)	\$ 11,035,650	\$ 15,285,320	\$ 20,008,217
Belen Consolidated School District No. 2's covered payroll	24,249,243	22,433,733	22,992,650
Belen Consolidated School District No. 2's proportionate share of the net OPEB liability as a percentage of its covered payroll	46%	68%	87%
Plan fiduciary net position as a percentage of the total OPEB liability	33.33%	25.39%	16.50%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Belen Consolidated School District No. 2 is not available prior to fiscal year 2018, the year the statement's requirements became effective.

See independent auditors' report.
See notes to required supplementary information.

2020	2019	2018
Measurement	Measurement	Measurement
Date (As of and for	Date (As of and for	Date (As of and for
the Year Ended	the Year Ended	the Year Ended
June 30, 2019)	June 30, 2018)	June 30, 2017)
0.52078%	0.44783%	0.49347%
\$ 16,885,712	\$ 19,473,237	\$ 22,362,447
23,048,726	19,122,422	21,184,237
73%	102%	106%
18.92%	13.14%	11.34%

See independent auditors' report.
See notes to required supplementary information.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2Schedule of Contributions
Retiree Health Care OPEB Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2023	As of and for the Year Ended June 30, 2022	As of and for the Year Ended June 30, 2021
Contractually required contribution	\$ 567,994	\$ 484,973	\$ 448,679
Contributions in relation to the contractually required contribution	<u>567,994</u>	<u>484,973</u>	<u>448,679</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Belen Consolidated School District No. 2's covered payroll	28,412,773	24,249,243	22,433,733
Contribution as a percentage of covered payroll	2.00%	2.00%	2.00%

* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Belen Consolidated School District No. 2 is not available prior to fiscal year 2018, the year the statement's requirements became effective.

Notes to Required Supplementary Information

In the total OPEB liability measured as of June 30, 2022, changes in assumptions include adjustments resulting from an increase in the discount rate from 3.62% to 5.42%.

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
\$ 459,768	\$ 427,316	\$ 414,734
<u>459,768</u>	<u>460,975</u>	<u>382,448</u>
<u>\$ -</u>	<u>\$ (33,659)</u>	<u>\$ 32,286</u>
22,992,650	23,048,726	19,122,422
2.00%	2.00%	2.00%

See independent auditors' report.
See notes to required supplementary information.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Nonmajor Governmental Fund Descriptions

June 30, 2023

Special Revenue Funds

Food Services (21000) – This fund is utilized to account for federal and local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13.

Athletics (22000) – This fund is used 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. Authority for creation of this fund is 6.20.2 NMAC.

Title I (24101) – The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced-price lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authorized by the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001, Title I, Part A (Public Law 107-110).

Entitlement IDEA-B – (24106) - To account for a program funded by a Federal grant to assist the schools in providing free appropriate public education to all handicapped children. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

IDEA-B Discretionary (24107) – To provide grants to states that flow-through to schools to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 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. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

Education of the Homeless (24113) – To provide tutoring and remedial academic services to homeless children and youth within the District. Funding and authorization are by the McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

Fresh Fruits and Vegetables (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 Results Plan (24132) – This account is to support the individual school site's education plan for student success, or areas in need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by U.S. Department of Education of Special Education Programs. Authority for creation of this fund is the NMPED.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Nonmajor Governmental Fund Descriptions

June 30, 2023

Special Revenue Funds

English Language Acquisition (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. Authorized by the Elementary and Secondary Education Act, as amended by the No Child Left Behind Act of 2001, Title III (Public Law 107-110).

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. Authorized by the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001, Title II, Part A, Sec. 2101-2151 (Public Law 107-110).

Safe & Drug Free Schools and Community (24157) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources. Authorized by the Elementary and Secondary Education Act, Title IV, Part A Subpart 1, as amended. 20 U.S.C. 7111-7118.

Title I School Improvement (24162) - To account for funds used to provide financial assistance to districts to purchase and install educational materials and systems to help improve the quality of teaching and learning in their schools. (Authority: PL 100-297).

Carl D. Perkins (Secondary – Current - 24174) (Secondary Redistribution - 24176) - The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Authorized by the Carl D. Perkins Vocational and Technical Education Act of 1998 (Public Law 105-332).

Student Support Academic Achievement Title IV (24189) – This fund is a sub-award for funding through the Student Support and Academic Enrichment Program. This sub-award supports well-rounded educational opportunities, safe and healthy students and effective use of technology. Assistance Listing number-84.424A

ESSER Social Emotional Learning (24309) – The funding for this award is to be used for social and emotional learning due to the social, emotional, and mental health impacts of the COVID-19 pandemic on New Mexico’s students.

ESSER III ARP (24330) – is to help schools to return safely to in-person instruction, maximize in-person instructional time, sustain the safe operation of schools, and address the academic, social, emotional, and mental health impacts of the COVID-19 pandemic on New Mexico’s students.

ESSER III Round 1 (24341) – The funding is to help schools to return safely to in-person instruction, maximize in-person instructional time, sustain the safe operation of schools and address the academic, social, emotional and mental health due to the impacts of COVID-19 pandemic.

IDEA American Rescue Plan Act of 2021 (24346) – The funds will be used to provide additional support and services to students who receive special education services in order to address learning loss due to COVID-19. Additional support staff includes a part-time speech therapist, special education teacher, and educational assistants, as well as professional development to implement effective behavior support.

IDEA American Rescue Plan Act of 2021 Preschool (24349) – The funds will be used to provide additional materials and supplies for students who receive special education services in order to address learning loss due to COVID-19.

ESSER III Homeless Children & Youth (24350) – The funding for this award is for homeless children and youth to address the impact that the Novel Coronavirus Disease 2019 has had, and continues to have, on elementary and secondary schools.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Nonmajor Governmental Fund Descriptions

June 30, 2023

Special Revenue Funds

Homeless Emergency Rescue (24355) – This fund is enacted to address the impact that the Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools in safely reopening and sustaining safe operations. To ensure youth that experience homelessness have equal access to public education and educational stability.

Title XIX Medicaid 0/2 Years (25152) 3/21 Years (25153) – To account for funds to provide 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. Authority for creation of this fund is the New Mexico Public Education Department.

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. Authorized by the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

REC/District Fiscal Agent Ed Fellows (26107) - Educator Fellows is a program starting February 2022 and ending September 2024 managed by the New Mexico Public Education Department. The program uses funds made available through the American Rescue Plan Act to promote two major goals: 1. Create a new teacher/educator pipeline for schools in New Mexico. 2. Improve adult-to-student ratios in classrooms as the state recovers from the COVID-19 pandemic. Improving the ratio allows educators to provide targeted small group intervention for a broad range of needs.

PNM Foundation Inc. (26123) – To account for a grant received from Public Service Company of New Mexico for an educational project. The authority for creation of this fund is the New Mexico Public Education Department.

Dual Credit Instructional Materials (27103) – To account for legislative appropriations for dual credit instructional materials. Instructional materials are for courses approved by the NM Higher Education Department and through an approved agreement between the District and a college/university. Authority for the creation of this fund is the New Mexico Public Education Department.

2012 GO Bond Student Library (27107) – To account for funds provided to be used for library resource acquisitions, including library books for public school libraries. Authority for the creation of this fund is the New Mexico Public Education Department.

Instructional Materials- Special Appropriations (27109) – The Public Education Department has awarded the Belen Consolidated School District for the purchase of instructional materials for all school sites.

NM Reads to Lead K-3 Initiative (27114) – Funds appropriated by the NM Legislature to support the implementation of the New Mexico Reads to Lead initiative for grades K-3. Authority for the creation of this fund is the New Mexico Public Education Department.

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. No minimum balance required according to legislation.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Nonmajor Governmental Fund Descriptions

June 30, 2023

Special Revenue Funds

Community Schools Planning Grant [27126] – Enacted to provide a strategy to organize the resources of a community to ensure student success while addressing the needs, including cultural and linguistic needs, of the whole student from early childhood programs and voluntary public pre-kindergarten through high school graduation; to partner federal, state and local and tribal governments with community-based organizations to improve the coordination, delivery, effectiveness, and efficiency of services provided to students and families; and to coordinate resources, in order to align and leverage community resources and integrate funding streams.

Truancy Initiative PED (27141) – To account for monies received to help students who are truant from school to be required to perform community service rather than being suspended from school. No minimum balance required according to legislation. No minimum balance required according to legislation.

Pre-K Initiative (27149) – To account for legislative appropriations for the purpose of providing high quality Pre-K services that align to NM Pre-K standards to underserved 4-year-olds in the District. To expand early childhood educational capacity so that all families of 4-year-olds in the district who want to enroll their child in a high-quality Pre-K program can do so, regardless of income or ethnicity. Authority for the creation of this fund is the New Mexico Public Education Department.

K-5 Plus Transportation (27152) – The Public Education Department allocated funds for the transportation of students who participated in K-5 Plus Programs. The funding was made available through an appropriation contained in the Laws of 2019, Chapter 271, Section 4, Subsection K, Public School Support, Paragraph 2 (House Bill 2).

Extended Learning Transportation (27153) – To account for a special state appropriation to provide transportation for students participating in after school ELP program.

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 from creation of this fund is NMSA 22-2-8-10.

Breakfast for Elementary Students (27155) – To account for legislative appropriations to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

Kindergarten - Three Plus (27166) – To account for legislative appropriations to provide an extended school year for kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional instructional time to prepare students for the next grade level. Authority for the creation of this fund is the New Mexico Public Education Department.

After School Enrichment Program (27168) – The purpose of this award is to create learning centers that will provide students with a broad range of exceptional, school-linked learning and developmental opportunities, designed to complement the students' regular academic program. Funding for this program is provided through the New Mexico Public Education Department, Special Appropriation Fund. No minimum balance required according to legislation.

NM Grown Fresh Fruit and Vegetable (27183) – The purpose of the New Mexico Grown Fresh Fruit and Vegetable funding is to purchase only New Mexico grown fresh produce to be used in our district's school meal and snack programs.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Nonmajor Governmental Fund Descriptions

June 30, 2023

Special Revenue Funds

K-3 Plus 4 & 5 Pilot (27198) – This program provides funding for additional educational time for students in kindergarten through fifth grade with at least 25 instructional days, beginning up to two months earlier than the regular school year.

Junior Bill Appropriation CTE (27400) – For the purposes of this award, CTE is defined as education that provides students with the academic and technical skills, knowledge and training necessary to succeed in high skill, high-wage, in-demand careers.

Family Income Index (27407) – This award is for the purpose of providing student supports and services to schools serving the highest concentration of students living in poverty. The funds are statutorily required to be spent on literacy interventions, math interventions, and other student supports and services.

At-Risk Intervention Response (AIR) (27412)– This funding is to be used to leverage federal programming and improve academic and behavioral interventions to students who fall within at-risk student groups.

2022 Pediatric Autism/Special Needs (27414) – This funding is to be used specifically for the purchase and installation of information technology and related equipment, furniture, and infrastructure, including color printers, in classrooms for special needs students with autism, statewide.

Career Technical Education Program (Pilot) (27502) - Funding will be used in accordance with the application in order to develop the Computer Technology Assistant (GenYes) pathway to include supplies/materials, professional development, travel and equipment.

2008 Library Book Fund (27549) – Funds awarded to the District by the Instructional Materials Bureau in accordance with 2008 Senate Bill 471 for purchases of library books. Authorized by the School Board and the New Mexico Public Education Department.

GRADS – Child Care (28189) – Partially fund the salary and benefits for a teacher participating in the GRADS program. Authority for the creation of this fund is the New Mexico Public Education Department.

GRADS – Instruction (28190) – To assist in the cost for caps and gowns for students who are graduating. Authority for the creation of this fund is the New Mexico Public Education Department.

GRADS – Plus (28203) – To account for funds provided through the New Mexico Public Education Department to assist with support for high school mothers and mothers-to-be.

New Mexico Schools COVID Testing Program (28211) – The District has been allocated up to \$1,000,000 in federal funding, distributed by the New Mexico Department of Health (NMDOH), to support the prevention, mitigation, and response of COVID-19 through screening and testing of students and staff. This award helps New Mexico schools build the school health services infrastructure to support student and staff health through the pandemic and beyond.

Private Direct Grants (29102) – To provide students with experiences and career awareness in wildlife, forestry and environmental management operations.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Nonmajor Governmental Fund Descriptions

June 30, 2023

Capital Projects Funds

Public School Capital Outlay (31200) – Funding is to be used for the maintenance and repair of public school buildings and can only be used for the purposes specified on the Intended Scope of Work.

Special Capital Outlay - State (31400) – The purpose of this fund is to account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996.

Capital Improvement SB-9 (31700) – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Pursuant to Chapter 338 of Laws of 2001, a portion of the proceeds from supplemental severance tax bonds are dedicated for the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) as it pertains to the State Match.

Capital Improvements SB-9 Local (31701) – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

Capital Improvements SB-9 State Match (31703) – Beginning in FY20 SB-9 State Match funds will not be on a reimbursement basis. Cash will be forwarded directly to the School District. All proceeds shall be expended in accordance with 22-25-2 NMSA 1978.

Debt Service Funds

Ed Tech Debt Service (43000) – To account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department. 107

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Statement A-1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 3,653,873	\$ 3,135,473	\$ 1,262,087	\$ 8,051,433
Receivables:				
Property taxes	-	493,021	113,496	606,517
Due from other governments	3,624,361	256,864		3,881,225
Inventory	59,732	-	-	59,732
<i>Total assets</i>	<u>\$ 7,337,966</u>	<u>\$ 3,885,358</u>	<u>\$ 1,375,583</u>	<u>\$ 12,598,907</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 161,869	\$ 311,973	\$ -	\$ 473,842
Accrued payroll	291,474	-	-	291,474
Due to other funds	3,217,609	14,423	-	3,232,032
<i>Total liabilities</i>	<u>3,670,952</u>	<u>326,396</u>	<u>-</u>	<u>3,997,348</u>
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	437,845	108,971	546,816
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>437,845</u>	<u>108,971</u>	<u>546,816</u>
 <i>Fund balances</i>				
<i>Nonspendable:</i>				
Inventory	59,732	-	-	59,732
<i>Spendable:</i>				
<i>Restricted for:</i>				
Food services	2,553,697	-	-	2,553,697
Extracurricular activities	35,432	-	-	35,432
Education	1,545,537	-	-	1,545,537
Capital acquisitions and improvements	-	3,135,540	-	3,135,540
Debt service	-	-	1,266,612	1,266,612
Unassigned	(527,384)	(14,423)	-	(541,807)
<i>Total fund balances</i>	<u>3,667,014</u>	<u>3,121,117</u>	<u>1,266,612</u>	<u>8,054,743</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 7,337,966</u>	 <u>\$ 3,885,358</u>	 <u>\$ 1,375,583</u>	 <u>\$ 12,598,907</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Statement A-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ 1,396,532	\$ 1,286,612	\$ 2,683,144
Intergovernmental revenue:				
Federal flowthrough	9,070,352	-	-	9,070,352
Federal direct	1,077,719	-	-	1,077,719
State flowthrough	891,063	1,137,952	-	2,029,015
State direct	152,553	-	-	152,553
Charges for services	192,834	-	-	192,834
Miscellaneous	8,400	-	-	8,400
<i>Total revenues</i>	<u>11,392,921</u>	<u>2,534,484</u>	<u>1,286,612</u>	<u>15,214,017</u>
<i>Expenditures</i>				
Current:				
Instruction	4,247,345	-	-	4,247,345
Support services - students	1,581,093	-	-	1,581,093
Support services - instruction	252,133	-	-	252,133
Support services - general admin	676,383	12,678	20,000	709,061
Support services - school admin	119,355	-	-	119,355
Operation and maintenance of plant	654,968	1,655,468	-	2,310,436
Student transportation	69,325	-	-	69,325
Food services operations	2,454,294	-	-	2,454,294
Capital outlay	1,093,689	45,943	-	1,139,632
<i>Total expenditures</i>	<u>11,148,585</u>	<u>1,714,089</u>	<u>20,000</u>	<u>12,882,674</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>244,336</u>	<u>820,395</u>	<u>1,266,612</u>	<u>2,331,343</u>
<i>Other financing sources (uses)</i>				
Transfers in	690,322	101,555	-	791,877
Transfers (out)	(230,825)	(101,555)	-	(332,380)
<i>Total other financing sources (uses)</i>	<u>459,497</u>	<u>-</u>	<u>-</u>	<u>459,497</u>
<i>Net change in fund balances</i>	703,833	820,395	1,266,612	2,790,840
<i>Fund balances - beginning</i>	<u>2,963,181</u>	<u>2,300,722</u>	<u>-</u>	<u>5,263,903</u>
<i>Fund balances - end of year</i>	<u>\$ 3,667,014</u>	<u>\$ 3,121,117</u>	<u>\$ 1,266,612</u>	<u>\$ 8,054,743</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Food Services 21000	Athletics 22000	Title I 24101	IDEA-B Entitlement 24106
<i>Assets</i>				
Cash and cash equivalents	\$ 2,136,881	\$ 35,432	\$ -	\$ -
Receivables:				
Due from other governments	498,772	-	592,702	633,282
Inventory	59,732	-	-	-
<i>Total assets</i>	<u>\$ 2,695,385</u>	<u>\$ 35,432</u>	<u>\$ 592,702</u>	<u>\$ 633,282</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 6,675	\$ -	\$ -	\$ 992
Accrued payroll	75,281	-	36,867	62,089
Due to other funds	-	-	597,691	584,118
<i>Total liabilities</i>	<u>81,956</u>	<u>-</u>	<u>634,558</u>	<u>647,199</u>
 <i>Fund balances</i>				
Nonspendable:				
Inventory	59,732	-	-	-
Spendable:				
Restricted for:				
Food services	2,553,697	-	-	-
Extracurricular activities	-	35,432	-	-
Education	-	-	-	-
Unassigned	-	-	(41,856)	(13,917)
<i>Total fund balances</i>	<u>2,613,429</u>	<u>35,432</u>	<u>(41,856)</u>	<u>(13,917)</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 2,695,385</u>	 <u>\$ 35,432</u>	 <u>\$ 592,702</u>	 <u>\$ 633,282</u>

See independent auditors' report.

IDEA-B Discretionary 24107	IDEA-B Preschool 24109	Education of the Homeless 24113	Fresh Fruits and Vegetables 24118	IDEA-B Results Plan 24132	English Language Acquisition 24153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,333	1,172	-	-	442
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 5,333</u>	<u>\$ 1,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,636	289	76,919	-	33,396
-	5,636	289	76,919	-	33,396
-	-	-	-	-	-
-	-	-	-	-	-
-	-	883	-	-	-
-	(303)	-	(76,919)	-	(32,954)
-	(303)	883	(76,919)	-	(32,954)
<u>\$ -</u>	<u>\$ 5,333</u>	<u>\$ 1,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2023

	Teacher/ Principal Training & Recruitment 24154	Safe & Drug Free Schools & Community 24157	Title I School Improvement 24162	Carl D Perkins Secondary - Current 24174
	<u>24154</u>	<u>24157</u>	<u>24162</u>	<u>24174</u>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 205	\$ -	\$ -
Receivables:				
Due from other governments	47,414	-	-	7,877
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 47,414</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ 7,877</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	7,645	-	-	-
Due to other funds	215,764	-	-	8,425
<i>Total liabilities</i>	<u>223,409</u>	<u>-</u>	<u>-</u>	<u>8,425</u>
 <i>Fund balances</i>				
<i>Nonspendable:</i>				
Inventory	-	-	-	-
<i>Spendable:</i>				
<i>Restricted for:</i>				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	205	-	-
Unassigned	(175,995)	-	-	(548)
<i>Total fund balances</i>	<u>(175,995)</u>	<u>205</u>	<u>-</u>	<u>(548)</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 47,414</u>	 <u>\$ 205</u>	 <u>\$ -</u>	 <u>\$ 7,877</u>

See independent auditors' report.

Carl D Perkins Secondary Redistribution 24176	Student Supp Academic Achievment Title IV 24189	ESSER-Social Emotional Learning 24309	ESSER III ARP 24330	ESSER III Round 1 24341	IDEA American Rescue Plan Act of 2021 24346
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	32,409	15,224	974,037	22,188	188,736
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 32,409</u>	<u>\$ 15,224</u>	<u>\$ 974,037</u>	<u>\$ 22,188</u>	<u>\$ 188,736</u>
\$ -	\$ -	\$ -	\$ 137,926	\$ -	\$ 10,590
-	-	-	17,375	-	20,636
7,433	46,592	15,224	818,736	22,188	157,510
<u>7,433</u>	<u>46,592</u>	<u>15,224</u>	<u>974,037</u>	<u>22,188</u>	<u>188,736</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(7,433)	(14,183)	-	-	-	-
<u>(7,433)</u>	<u>(14,183)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 32,409</u>	<u>\$ 15,224</u>	<u>\$ 974,037</u>	<u>\$ 22,188</u>	<u>\$ 188,736</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2023

	IDEA American Rescue Plan Act of 2021 Preschool 24349	ESSER III Homeless Children & Youth 24350	Homeless Emergency Rescue 24355	Title XIX Medicaid 0/2 Years 25152
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	17,102	3,504	18,819	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 17,102</u>	<u>\$ 3,504</u>	<u>\$ 18,819</u>	<u>\$ -</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	3,122	-
Due to other funds	17,102	3,504	15,697	-
<i>Total liabilities</i>	<u>17,102</u>	<u>3,504</u>	<u>18,819</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 17,102</u>	<u>\$ 3,504</u>	<u>\$ 18,819</u>	<u>\$ -</u>

See independent auditors' report.

Title XIX Medicaid 3/21 Years 25153	Child Care Block Grant 25157	REC/District Fiscal Agent Ed Fellows 26107	PNM Foundation Inc. 26123	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library 27107
\$ 825,477	\$ 205,615	\$ -	\$ 4,922	\$ 26,461	\$ -
46,927	-	47,569	-	-	32,021
-	-	-	-	-	-
<u>\$ 872,404</u>	<u>\$ 205,615</u>	<u>\$ 47,569</u>	<u>\$ 4,922</u>	<u>\$ 26,461</u>	<u>\$ 32,021</u>
\$ 5,686	\$ -	\$ -	\$ -	\$ -	\$ -
30,537	6,897	17,269	-	-	-
-	-	30,145	-	-	191,048
<u>36,223</u>	<u>6,897</u>	<u>47,414</u>	<u>-</u>	<u>-</u>	<u>191,048</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
836,181	198,718	155	4,922	26,461	-
-	-	-	-	-	(159,027)
<u>836,181</u>	<u>198,718</u>	<u>155</u>	<u>4,922</u>	<u>26,461</u>	<u>(159,027)</u>
<u>\$ 872,404</u>	<u>\$ 205,615</u>	<u>\$ 47,569</u>	<u>\$ 4,922</u>	<u>\$ 26,461</u>	<u>\$ 32,021</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Instructional Materials - Special Appropriations 27109	NM Reads to Lead K-3 Initiative 27114	Technology for Education PED 27117	Community Schools Planning Grant 27126
<i>Assets</i>				
Cash and cash equivalents	\$ 40,558	\$ -	\$ 1,314	\$ -
Receivables:				
Due from other governments	-	35,354	-	17,552
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 40,558</u>	<u>\$ 35,354</u>	<u>\$ 1,314</u>	<u>\$ 17,552</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	36,695	-	17,552
<i>Total liabilities</i>	<u>-</u>	<u>36,695</u>	<u>-</u>	<u>17,552</u>
 <i>Fund balances</i>				
<i>Nonspendable:</i>				
Inventory	-	-	-	-
<i>Spendable:</i>				
<i>Restricted for:</i>				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	40,558	-	1,314	-
Unassigned	-	(1,341)	-	-
<i>Total fund balances</i>	<u>40,558</u>	<u>(1,341)</u>	<u>1,314</u>	<u>-</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 40,558</u>	 <u>\$ 35,354</u>	 <u>\$ 1,314</u>	 <u>\$ 17,552</u>

See independent auditors' report.

Truancy Initiative PED 27141	Pre-K Initiative 27149	K-5 Plus Transportation 27152	Extended Learning Transportation 27153	Beginning Teacher Mentoring Program 27154	Breakfast for Elementary Students 27155
\$ -	\$ -	\$ 4,032	\$ 25,917	\$ 6,629	\$ 73,503
-	83,879	-	-	-	59,131
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 83,879</u>	<u>\$ 4,032</u>	<u>\$ 25,917</u>	<u>\$ 6,629</u>	<u>\$ 132,634</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	13,756	-	-	-	-
-	72,386	-	-	-	-
-	86,142	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,032	25,917	6,629	132,634
-	(2,263)	-	-	-	-
-	(2,263)	4,032	25,917	6,629	132,634
<u>\$ -</u>	<u>\$ 83,879</u>	<u>\$ 4,032</u>	<u>\$ 25,917</u>	<u>\$ 6,629</u>	<u>\$ 132,634</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2023

	Kindergarten - Three Plus 27166	After School and Summer Enrichment Program 27168	NM Grown Fresh Fruit and Vegetable 27183	K-3 Plus 4 & 5 Pilot 27198
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 158,025	\$ -	\$ -
Receivables:				
Due from other governments	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 158,025</u>	<u>\$ -</u>	<u>\$ -</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	645	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>645</u>	<u>-</u>
 <i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	158,025	-	-
Unassigned	-	-	(645)	-
<i>Total fund balances</i>	<u>-</u>	<u>158,025</u>	<u>(645)</u>	<u>-</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ -</u>	 <u>\$ 158,025</u>	 <u>\$ -</u>	 <u>\$ -</u>

See independent auditors' report.

Junior Bill Appropriations CTE 27400	Family Income Index 27407	At-Risk Intervention Response 27412	2022 Pediatric Autism/Special Needs 27414	Career Technical Education Program (Pilot) 27502	2008 Library Book Fund 27549
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,452
98,575	18,809	107,974	1,597	15,960	-
-	-	-	-	-	-
<u>\$ 98,575</u>	<u>\$ 18,809</u>	<u>\$ 107,974</u>	<u>\$ 1,597</u>	<u>\$ 15,960</u>	<u>\$ 6,452</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
98,575	18,809	107,973	1,597	15,960	-
<u>98,575</u>	<u>18,809</u>	<u>107,973</u>	<u>1,597</u>	<u>15,960</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1	-	-	6,452
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>6,452</u>
<u>\$ 98,575</u>	<u>\$ 18,809</u>	<u>\$ 107,974</u>	<u>\$ 1,597</u>	<u>\$ 15,960</u>	<u>\$ 6,452</u>

See independent auditors' report.

BELÉN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2023

	GRADS - Child Care 28189	GRADS - Instruction 28190	GRADS - Plus 28203	NM Schools COVID Testing Program 28211
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Assets</i>				
Cash and cash equivalents	\$ 11,358	\$ -	\$ -	\$ 22,752
Receivables:				
Due from other governments	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 11,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,752</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>				
<i>Nonspendable:</i>				
Inventory	-	-	-	-
<i>Spendable:</i>				
<i>Restricted for:</i>				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	11,358	-	-	22,752
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>11,358</u>	<u>-</u>	<u>-</u>	<u>22,752</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 11,358</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 22,752</u>

See independent auditors' report.

Private Dir Grants (Categorical) 29102	Total
\$ 68,340	\$ 3,653,873
-	3,624,361
-	59,732
<u>\$ 68,340</u>	<u>\$ 7,337,966</u>
\$ -	\$ 161,869
-	291,474
-	3,217,609
<u>-</u>	<u>3,670,952</u>
-	59,732
-	2,553,697
-	35,432
68,340	1,545,537
-	(527,384)
<u>68,340</u>	<u>3,667,014</u>
<u>\$ 68,340</u>	<u>\$ 7,337,966</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Food Services 21000	Athletics 22000	Title I 24101	IDEA-B Entitlement 24106
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 2,716,180	\$ -	\$ 1,096,400	\$ 1,533,803
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	128,213	64,621	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>2,844,393</u>	<u>64,621</u>	<u>1,096,400</u>	<u>1,533,803</u>
<i>Expenditures</i>				
Current:				
Instruction	-	29,189	512,054	1,167,716
Support services - students	-	-	314,004	44,928
Support services - instruction	-	-	100,856	103,214
Support services - general admin	83,860	-	176,822	58,986
Support services - school admin	-	-	-	116,307
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	44,009
Food services operations	2,379,914	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>2,463,774</u>	<u>29,189</u>	<u>1,103,736</u>	<u>1,535,160</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>380,619</u>	<u>35,432</u>	<u>(7,336)</u>	<u>(1,357)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	157,322	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>157,322</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	380,619	192,754	(7,336)	(1,357)
<i>Fund balances - beginning</i>	<u>2,232,810</u>	<u>(157,322)</u>	<u>(34,520)</u>	<u>(12,560)</u>
<i>Fund balances - end of year</i>	<u>\$ 2,613,429</u>	<u>\$ 35,432</u>	<u>\$ (41,856)</u>	<u>\$ (13,917)</u>

See independent auditors' report.

IDEA-B Disbretionary 24107	IDEA-B Preschool 24109	Education of the Homeless 24113	Fresh Fruits and Vegetables 24118	IDEA-B Results Plan 24132	English Language Acquisition 24153
\$ -	\$ 29,170	\$ 5,437	\$ (436)	\$ -	\$ 11,502
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	29,170	5,437	(436)	-	11,502
-	27,537	5,023	-	-	11,060
-	511	204	-	-	-
-	-	-	-	-	-
-	1,122	210	-	-	442
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	29,170	5,437	-	-	11,502
-	-	-	(436)	-	-
5,040	-	-	-	26,299	-
-	-	-	-	-	-
5,040	-	-	-	26,299	-
5,040	-	-	(436)	26,299	-
(5,040)	(303)	883	(76,483)	(26,299)	(32,954)
\$ -	\$ (303)	\$ 883	\$ (76,919)	\$ -	\$ (32,954)

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Teacher/ Principal Training & Recruitment 24154	Safe & Drug Free Schools & Community 24157	Title I School Improvement 24162	Carl D Perkins Secondary - Current 24174
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 127,665	\$ -	\$ -	\$ 39,763
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>127,665</u>	<u>-</u>	<u>-</u>	<u>39,763</u>
<i>Expenditures</i>				
Current:				
Instruction	123,032	-	-	37,870
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	4,945	-	-	1,893
Support services - school admin	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>127,977</u>	<u>-</u>	<u>-</u>	<u>39,763</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(312)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	10,296	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>10,296</u>	<u>-</u>
<i>Net change in fund balances</i>	(312)	-	10,296	-
<i>Fund balances - beginning</i>	<u>(175,683)</u>	<u>205</u>	<u>(10,296)</u>	<u>(548)</u>
<i>Fund balances - end of year</i>	<u>\$ (175,995)</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ (548)</u>

See independent auditors' report.

Carl D Perkins Secondary Redistribution 24176	Student Supp Academic Achievement Title IV 24189	ESSER-Social Emotional Learning 24309	ESSER III ARP 24330	ESSER III Round 1 24341	IDEA American Rescue Plan Act of 2021 24346
\$ -	\$ 81,485	\$ 15,224	\$ 3,141,999	\$ 22,188	\$ 188,736
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	81,485	15,224	3,141,999	22,188	188,736
-	14,844	15,224	1,269,930	18,665	110,040
-	56,598	-	88,935	-	62,440
-	-	-	-	-	9,404
-	3,134	-	229,244	853	6,852
-	-	-	-	2,670	-
-	-	-	651,076	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,909	-	902,814	-	-
-	81,485	15,224	3,141,999	22,188	188,736
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(7,433)	(14,183)	-	-	-	-
<u>\$ (7,433)</u>	<u>\$ (14,183)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	IDEA American Rescue Plan Act of 2021 Preschool 24349	ESSER III Homeless Children & Youth 24350	Homeless Emergency Rescue 24355	Title XIX Medicaid 0/2 Years 25152
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 17,102	\$ 4,071	\$ 40,063	\$ -
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>17,102</u>	<u>4,071</u>	<u>40,063</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	16,444	4,071	128	-
Support services - students	-	-	39,935	-
Support services - instruction	-	-	-	-
Support services - general admin	658	-	-	-
Support services - school admin	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>17,102</u>	<u>4,071</u>	<u>40,063</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>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(230,825)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230,825)</u>
<i>Net change in fund balances</i>	-	-	-	(230,825)
<i>Fund balances - beginning</i>	-	-	-	230,825
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

Title XIX Medicaid 3/21 Years 25153	Child Care Block Grant 25157	REC/District Fiscal Agent Ed Fellows 26107	PNM Foundation Inc. 26123	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library 27107
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,007,111	70,608	-	-	-	-
-	-	198,412	-	-	32,021
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,007,111</u>	<u>70,608</u>	<u>198,412</u>	<u>-</u>	<u>-</u>	<u>32,021</u>
21,861	115,971	198,257	5,499	-	-
940,584	-	-	-	-	-
826	-	-	-	-	34,663
98,458	4,639	-	-	-	-
378	-	-	-	-	-
2,295	-	-	-	-	-
743	-	-	-	-	-
-	-	-	-	-	-
100	-	-	-	-	-
<u>1,065,245</u>	<u>120,610</u>	<u>198,257</u>	<u>5,499</u>	<u>-</u>	<u>34,663</u>
<u>(58,134)</u>	<u>(50,002)</u>	<u>155</u>	<u>(5,499)</u>	<u>-</u>	<u>(2,642)</u>
230,825	-	-	-	-	-
-	-	-	-	-	-
<u>230,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
172,691	(50,002)	155	(5,499)	-	(2,642)
<u>663,490</u>	<u>248,720</u>	<u>-</u>	<u>10,421</u>	<u>26,461</u>	<u>(156,385)</u>
<u>\$ 836,181</u>	<u>\$ 198,718</u>	<u>\$ 155</u>	<u>\$ 4,922</u>	<u>\$ 26,461</u>	<u>\$ (159,027)</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Instructional Materials - Special Appropriations 27109	NM Reads to Lead K-3 Initiative 27114	Technology for Education PED 27117	Community Schools Planning Grant 27126
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	-	-	32,320
State direct	-	35,354	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>35,354</u>	<u>-</u>	<u>32,320</u>
<i>Expenditures</i>				
Current:				
Instruction	-	33,946	-	-
Support services - students	-	634	-	32,320
Support services - instruction	-	3,170	-	-
Support services - general admin	-	-	-	-
Support services - school admin	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>37,750</u>	<u>-</u>	<u>32,320</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,396)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(2,396)	-	-
<i>Fund balances - beginning</i>	<u>40,558</u>	<u>1,055</u>	<u>1,314</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 40,558</u>	<u>\$ (1,341)</u>	<u>\$ 1,314</u>	<u>\$ -</u>

See independent auditors' report.

Truancy Initiative PED 27141	Pre-K Initiative 27149	K-5 Plus Transportation 27152	Extended Learning Transportation 27153	Beginning Teacher Mentoring Program 27154	Breakfast for Elementary Students 27155
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	222,165	-	22,561	-	59,131
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>222,165</u>	<u>-</u>	<u>22,561</u>	<u>-</u>	<u>59,131</u>
-	219,965	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,200	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	22,561	-	-
-	-	-	-	-	59,131
-	-	-	-	-	-
<u>-</u>	<u>222,165</u>	<u>-</u>	<u>22,561</u>	<u>-</u>	<u>59,131</u>
-	-	-	-	-	-
72,272	-	-	-	-	-
-	-	-	-	-	-
<u>72,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
72,272	-	-	-	-	-
<u>(72,272)</u>	<u>(2,263)</u>	<u>4,032</u>	<u>25,917</u>	<u>6,629</u>	<u>132,634</u>
<u>\$ -</u>	<u>\$ (2,263)</u>	<u>\$ 4,032</u>	<u>\$ 25,917</u>	<u>\$ 6,629</u>	<u>\$ 132,634</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Kindergarten - Three Plus 27166	After School and Summer Enrichment Program 27168	NM Grown Fresh Fruit and Vegetable 27183	K3 Plus 4 & 5 Pilot 27198
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	-	15,249	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>15,249</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school admin	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	15,249	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>15,249</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>				
Transfers in	1,203	-	-	165,482
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,203</u>	<u>-</u>	<u>-</u>	<u>165,482</u>
<i>Net change in fund balances</i>	1,203	-	-	165,482
<i>Fund balances - beginning</i>	<u>(1,203)</u>	<u>158,025</u>	<u>(645)</u>	<u>(165,482)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 158,025</u>	<u>\$ (645)</u>	<u>\$ -</u>

See independent auditors' report.

Junior Bill Appropriations CTE 27400	Family Income Index 27407	At-Risk Intervention Response 27412	2022 Pediatric Autism/Special Needs 27414	Career Technical Education Program (Pilot) 27502	2008 Library Book Fund 27549
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
98,575	70,499	113,631	1,597	24,902	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>98,575</u>	<u>70,499</u>	<u>113,631</u>	<u>1,597</u>	<u>24,902</u>	<u>-</u>
26,561	70,499	111,618	-	24,902	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,597	-	-
-	-	2,012	-	-	-
-	-	-	-	-	-
72,014	-	-	-	-	-
<u>98,575</u>	<u>70,499</u>	<u>113,630</u>	<u>1,597</u>	<u>24,902</u>	<u>-</u>
-	-	1	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1	-	-	-
-	-	-	-	-	6,452
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,452</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	GRADS - Child Care 28189	GRADS - Instruction 28190	GRADS - Plus 28203	NM Schools COVID Testing Program 28211
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	3,000	-	-	114,199
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>114,199</u>
<i>Expenditures</i>				
Current:				
Instruction	3,804	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school admin	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	111,852
<i>Total expenditures</i>	<u>3,804</u>	<u>-</u>	<u>-</u>	<u>111,852</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(804)</u>	<u>-</u>	<u>-</u>	<u>2,347</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	17,707	3,876	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>17,707</u>	<u>3,876</u>	<u>-</u>
<i>Net change in fund balances</i>	(804)	17,707	3,876	2,347
<i>Fund balances - beginning</i>	<u>12,162</u>	<u>(17,707)</u>	<u>(3,876)</u>	<u>20,405</u>
<i>Fund balances - end of year</i>	<u>\$ 11,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,752</u>

See independent auditors' report.

Private Dir Grants (Categorical) 29102	Total
\$ -	\$ 9,070,352
-	1,077,719
-	891,063
-	152,553
-	192,834
8,400	8,400
<u>8,400</u>	<u>11,392,921</u>
51,635	4,247,345
-	1,581,093
-	252,133
2,065	676,383
-	119,355
-	654,968
-	69,325
-	2,454,294
-	1,093,689
<u>53,700</u>	<u>11,148,585</u>
<u>(45,300)</u>	<u>244,336</u>
-	690,322
-	<u>(230,825)</u>
-	<u>459,497</u>
(45,300)	703,833
<u>113,640</u>	<u>2,963,181</u>
<u>\$ 68,340</u>	<u>\$ 3,667,014</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
 Nonmajor Capital Project Funds
 June 30, 2023

	Public School Capital Outlay 31200	Special Capital Outlay State 31400	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701
<i>Assets</i>				
Cash and cash equivalents	\$ 614,678	\$ -	\$ 355,092	\$ 1,650,058
Receivables:				
Property taxes	-	-	-	493,021
Due from other governments	-	-	256,864	-
<i>Total assets</i>	<u>\$ 614,678</u>	<u>\$ -</u>	<u>\$ 611,956</u>	<u>\$ 2,143,079</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 62,939	\$ 249,034
Due to other funds	-	14,423	-	-
<i>Total liabilities</i>	<u>-</u>	<u>14,423</u>	<u>62,939</u>	<u>249,034</u>
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	437,845
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,845</u>
 <i>Fund balances</i>				
Restricted for:				
Capital acquisitions and improvements	614,678	-	549,017	1,456,200
Committed for:				
Unassigned	-	(14,423)	-	-
<i>Total fund balances</i>	<u>614,678</u>	<u>(14,423)</u>	<u>549,017</u>	<u>1,456,200</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 614,678</u>	<u>\$ -</u>	<u>\$ 611,956</u>	<u>\$ 2,143,079</u>

See independent auditors' report.

Capital Improvements SB-9 State Match 31703	Total
\$ 515,645	\$ 3,135,473
-	493,021
-	256,864
<u>\$ 515,645</u>	<u>\$ 3,885,358</u>
\$ -	\$ 311,973
-	14,423
<u>-</u>	<u>326,396</u>
<u>-</u>	<u>437,845</u>
<u>-</u>	<u>437,845</u>
515,645	3,135,540
<u>-</u>	<u>(14,423)</u>
<u>515,645</u>	<u>3,121,117</u>
<u>\$ 515,645</u>	<u>\$ 3,885,358</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2023

	Public School Capital Outlay 31200	Special Capital Outlay-State 31400	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ 1,396,532
Intergovernmental revenue:				
State flowthrough	614,678	-	256,864	-
<i>Total revenues</i>	<u>614,678</u>	<u>-</u>	<u>256,864</u>	<u>1,396,532</u>
<i>Expenditures</i>				
Current:				
Support services - general administration	-	-	-	12,678
Operation and maintenance of plant	-	-	200,643	1,454,825
Capital outlay	-	-	17,604	28,339
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>218,247</u>	<u>1,495,842</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>614,678</u>	<u>-</u>	<u>38,617</u>	<u>(99,310)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	(101,555)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(101,555)</u>	<u>-</u>
<i>Net change in fund balances</i>	614,678	-	(62,938)	(99,310)
<i>Fund balances - beginning</i>	<u>-</u>	<u>(14,423)</u>	<u>611,955</u>	<u>1,555,510</u>
<i>Fund balances - end of year</i>	<u>\$ 614,678</u>	<u>\$ (14,423)</u>	<u>\$ 549,017</u>	<u>\$ 1,456,200</u>

See independent auditors' report.

Capital Improvements SB-9 State Match 31703		Total	
\$	-	\$	1,396,532
	266,410		1,137,952
	<u>266,410</u>		<u>2,534,484</u>
	-		12,678
	-		1,655,468
	-		45,943
	<u>-</u>		<u>1,714,089</u>
	<u>266,410</u>		<u>820,395</u>
	101,555		101,555
	-		(101,555)
	<u>101,555</u>		<u>-</u>
	367,965		820,395
	<u>147,680</u>		<u>2,300,722</u>
\$	<u>515,645</u>	\$	<u>3,121,117</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Statement D-1

Combining Balance Sheet
Nonmajor Debt Service Fund
June 30, 2023

	Educational Technology Debt Service 43000
<i>Assets</i>	
Cash and cash equivalents	\$ 1,262,087
Receivables:	
Property taxes	<u>113,496</u>
<i>Total assets</i>	<u><u>\$ 1,375,583</u></u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>	
<i>Liabilities</i>	
<i>Total liabilities</i>	<u>\$ -</u>
<i>Deferred inflows of resources</i>	
Unavailable revenue - property taxes	<u>108,971</u>
<i>Total deferred inflows of resources</i>	<u>108,971</u>
<i>Fund balances</i>	
Restricted for:	
Debt service	<u>1,266,612</u>
<i>Total fund balances</i>	<u><u>1,266,612</u></u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u><u>\$ 1,375,583</u></u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2023

Statement D-2

	Educational Technology Debt Service 43000
<i>Revenues</i>	
Property taxes	\$ 1,286,612
<i>Total revenues</i>	<u>1,286,612</u>
 <i>Expenditures</i>	
Current:	
Support services - general administration	20,000
<i>Total expenditures</i>	<u>20,000</u>
 <i>Net change in fund balances</i>	 1,266,612
 <i>Fund balances - beginning</i>	 <u>-</u>
 <i>Fund balances - end of year</i>	 <u>\$ 1,266,612</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet

General Fund

For the Year Ended June 30, 2023

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000
	<u>11000</u>	<u>13000</u>	<u>14000</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 8,294,734	\$ -	\$ 324,808
Receivables:			
Property taxes	-	-	-
Due from other governments	-	151,915	-
Other	18,194	-	-
Inventory	47,333	-	-
Due from other funds	6,189,977	-	-
	<u>6,189,977</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 14,550,238</u>	<u>\$ 151,915</u>	<u>\$ 324,808</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 299,904	\$ 328	\$ -
Accrued payroll	1,778,498	77,404	-
Due to other funds	-	74,511	-
	<u>-</u>	<u>74,511</u>	<u>-</u>
<i>Total liabilities</i>	<u>2,078,402</u>	<u>152,243</u>	<u>-</u>
 <i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>			
<i>Nonspendable:</i>			
Inventory	47,333	-	-
<i>Spendable:</i>			
<i>Restricted for:</i>			
Instructional materials	-	-	324,808
Extracurricular activities	-	-	-
Capital acquisitions and improvements			
<i>Committed for:</i>			
Subsequent year's expenditures	10,511,804	-	-
Unassigned	1,912,699	(328)	-
	<u>1,912,699</u>	<u>(328)</u>	<u>-</u>
<i>Total fund balances</i>	<u>12,471,836</u>	<u>(328)</u>	<u>324,808</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 14,550,238</u>	<u>\$ 151,915</u>	<u>\$ 324,808</u>

See independent auditors' report.

Local Revenue Operational 15200	Student Activity Funds	Total
\$ 257,541	\$ 440,653	\$ 9,317,736
105,329	-	105,329
-	-	151,915
-	-	18,194
-	-	47,333
-	-	6,189,977
<u>\$ 362,870</u>	<u>\$ 440,653</u>	<u>\$ 15,830,484</u>
\$ -	\$ 1,640	\$ 301,872
-	1	1,855,903
-	-	74,511
<u>-</u>	<u>1,641</u>	<u>2,232,286</u>
95,140	-	95,140
95,140	-	95,140
-	-	47,333
-	-	324,808
-	439,012	439,012
267,730	-	267,730
-	-	10,511,804
-	-	1,912,371
<u>267,730</u>	<u>439,012</u>	<u>13,503,058</u>
<u>\$ 362,870</u>	<u>\$ 440,653</u>	<u>\$ 15,830,484</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2023

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	484,343	-	-
Federal direct	2,643	-	-
Local sources	500	-	-
State flowthrough	2,415	-	-
State direct	40,633,888	-	-
Transportation distribution	-	1,596,367	-
Charges for services	80,565	-	-
Miscellaneous income	84,967	-	-
Total revenues	41,289,321	1,596,367	-
<i>Expenditures</i>			
Current:			
Instruction	23,557,936	-	-
Support services - students	2,922,380	-	-
Support services - instruction	517,629	-	-
Support services - general administration	1,109,743	-	-
Support services - school administration	2,411,461	-	-
Central services	1,589,121	-	-
Operation and maintenance of plant	6,876,471	-	-
Student transportation	170,606	1,746,011	-
Food services operations	33,261	-	-
Community service operations	316,281	-	-
Capital outlay	255,091	-	-
Total expenditures	39,759,980	1,746,011	-
<i>Excess (deficiency) of revenues over expenditures</i>	1,529,341	(149,644)	-
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers (out)	(475,236)	-	-
Total other financing sources (uses)	(475,236)	-	-
<i>Net change in fund balances</i>	1,054,105	(149,644)	-
<i>Fund balances - beginning</i>	11,417,731	149,316	324,808
<i>Fund balances - end of year</i>	\$ 12,471,836	\$ (328)	\$ 324,808

See independent auditors' report.

Local Revenue Operational 15200	Student Activity Funds	Total
\$ 254,312	\$ -	\$ 254,312
-	-	484,343
-	-	2,643
-	-	500
-	-	2,415
-	-	40,633,888
-	-	1,596,367
-	298,661	379,226
-	-	84,967
<u>254,312</u>	<u>298,661</u>	<u>43,438,661</u>
-	266,866	23,824,802
-	-	2,922,380
-	-	517,629
2,321	-	1,112,064
-	-	2,411,461
-	-	1,589,121
-	-	6,876,471
-	-	1,916,617
-	-	33,261
-	-	316,281
-	-	255,091
<u>2,321</u>	<u>266,866</u>	<u>41,775,178</u>
<u>251,991</u>	<u>31,795</u>	<u>1,663,483</u>
15,739	-	15,739
-	-	(475,236)
<u>15,739</u>	<u>-</u>	<u>(459,497)</u>
267,730	31,795	1,203,986
<u>-</u>	<u>407,217</u>	<u>12,299,072</u>
<u>\$ 267,730</u>	<u>\$ 439,012</u>	<u>\$ 13,503,058</u>

See independent auditors' report.

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SUPPORTING SCHEDULES

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
 Schedule of Collateral Pledged by Depository for Public Funds
 June 30, 2023

Schedule I

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2023</u>
U.S. Bank	FHLB Letter of Credit	7/3/2023	N/A	<u>\$ 29,000,000</u>
			Total U.S. Bank	<u><u>\$ 29,000,000</u></u>

Name and location of safekeeper for above pledged collateral:
 FHLB Cincinnati 221 East Fourth Street Suite 600 Cincinnati, OH 45202

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Schedule II

Schedule of Deposits and Investments

June 30, 2023

<u>Bank Account Type/ Name</u>	<u>U.S. Bank</u>	<u>New Mexico Finance Authority</u>	<u>Total</u>
Non-interest bearing Cash Deposits:			
Checking - Operational	\$ 22,682,615	\$ -	\$ 22,682,615
Checking - Debt Service	6,869,670	-	6,869,670
Total Cash Deposits	<u>29,552,285</u>	<u>-</u>	<u>29,552,285</u>
Investments:			
Other	-	7,408,658	7,408,658
Total Investments	<u>-</u>	<u>7,408,658</u>	<u>7,408,658</u>
Total Deposits and Investments	29,552,285	7,408,658	36,960,943
Reconciling items	(311,829)	(107,599)	(419,428)
Plus: Cash on hand	<u>1,650</u>	<u>-</u>	<u>1,650</u>
<i>Reconciled balance June 30, 2023</i>	<u><u>\$ 29,242,106</u></u>	<u><u>\$ 7,301,059</u></u>	<u><u>\$ 36,543,165</u></u>
Reconciliation to financial statements:			
Cash and cash equivalents:			
Government-wide statement of net position - Exhibit A-1			\$ 24,650,287
Restricted cash and cash equivalents:			
Government-wide statement of net position - Exhibit A-1			<u>11,892,878</u>
<i>Cash and cash equivalents per Financial Statements</i>			<u><u>\$ 36,543,165</u></u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Cash Reconciliation

For the Year Ended June 30, 2023

	Operational 11000	Transportation 13000	Instructional Materials 14000	Local Revenue Operational 15200
Audited Cash June 30, 2022	\$ 7,024,444	\$ 207,862	\$ 324,808	\$ -
Add: 2022-2023 receipts	<u>41,271,818</u>	<u>1,444,452</u>	<u>-</u>	<u>259,862</u>
Total cash available	<u>48,296,262</u>	<u>1,652,314</u>	<u>324,808</u>	<u>259,862</u>
Less: 2022-2023 expenditures	<u>(39,502,754)</u>	<u>(1,745,683)</u>	<u>-</u>	<u>(2,321)</u>
Total Cash	<u>8,334,011</u>	<u>(93,369)</u>	<u>324,808</u>	<u>257,541</u>
Add/Less other reconciling items:				
Change in outstanding loans	(1,353,426)	77,257	-	-
Change in accruals/adjustments	<u>1,314,149</u>	<u>16,112</u>	<u>-</u>	<u>-</u>
<i>Cash per financial statement</i>	<u>\$ 8,294,734</u>	<u>\$ -</u>	<u>\$ 324,808</u>	<u>\$ 257,541</u>

See independent auditors' report.

Food Services 21000	Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000
\$ 1,605,545	\$ -	\$ 205	\$ 1,059,447	\$ 10,421
<u>2,700,944</u>	<u>221,943</u>	<u>8,966,468</u>	<u>1,308,544</u>	<u>198,412</u>
<u>4,306,489</u>	<u>221,943</u>	<u>8,966,673</u>	<u>2,367,991</u>	<u>208,833</u>
<u>(2,180,360)</u>	<u>(29,189)</u>	<u>(8,934,758)</u>	<u>(1,416,680)</u>	<u>(203,756)</u>
<u>2,126,129</u>	<u>192,754</u>	<u>31,915</u>	<u>951,311</u>	<u>5,077</u>
-	(35,432)	200,505	-	42,492
<u>10,752</u>	<u>(121,890)</u>	<u>(232,215)</u>	<u>79,781</u>	<u>(42,647)</u>
<u>\$ 2,136,881</u>	<u>\$ 35,432</u>	<u>\$ 205</u>	<u>\$ 1,031,092</u>	<u>\$ 4,922</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Cash Reconciliation

For the Year Ended June 30, 2023

	State Flowthrough 27000	State Direct 28000	Local or state 29000	Bond Building 31100
Audited Cash June 30, 2022	\$ 403,076	\$ 32,566	\$ 113,640	\$ 8,461,872
Add: 2022-2023 receipts	<u>2,209,553</u>	<u>138,782</u>	<u>8,400</u>	<u>6,092,936</u>
Total cash available	<u>2,612,629</u>	<u>171,348</u>	<u>122,040</u>	<u>14,554,808</u>
Less: 2022-2023 expenditures	<u>(1,975,634)</u>	<u>(115,656)</u>	<u>(53,700)</u>	<u>(2,076,603)</u>
Total Cash	<u>636,995</u>	<u>55,692</u>	<u>68,340</u>	<u>12,478,205</u>
Add / Less other reconciling items:				
Change in outstanding loans	811,740	-	-	-
Change in accruals/adjustments	<u>(1,105,844)</u>	<u>(21,582)</u>	<u>-</u>	<u>-</u>
<i>Cash per financial statement</i>	<u>\$ 342,891</u>	<u>\$ 34,110</u>	<u>\$ 68,340</u>	<u>\$ 12,478,205</u>

See independent auditors' report.

Public School Capital Outlay 31200	Special Capital Outlay State 31400	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Capital Improvements SB-9 State Match 31703
\$ -	\$ -	\$ 611,955	\$ 1,767,212	\$ 249,235
614,678	-	-	1,421,302	266,410
614,678	-	611,955	3,188,514	515,645
-	-	(256,863)	(1,538,456)	-
614,678	-	355,092	1,650,058	515,645
-	-	256,864	-	-
-	-	(256,864)	-	-
<u>\$ 614,678</u>	<u>\$ -</u>	<u>\$ 355,092</u>	<u>\$ 1,650,058</u>	<u>\$ 515,645</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Cash Reconciliation
For the Year Ended June 30, 2023

	Debt Service 41000	Ed Tech Debt Service 43000	Total
Audited Cash June 30, 2022	\$ 7,751,570	\$ -	\$ 29,623,858
Add:			
2022-2023 receipts	<u>5,412,427</u>	<u>1,282,087</u>	<u>73,819,018</u>
Total cash available	<u>13,163,997</u>	<u>1,282,087</u>	<u>103,442,876</u>
Less:			
2022-2023 expenditures	<u>(6,468,206)</u>	<u>(20,000)</u>	<u>(66,520,619)</u>
Total Cash	<u>6,695,791</u>	<u>1,262,087</u>	<u>36,462,760</u>
Add / Less other reconciling items:			
Change in outstanding loans	-	-	-
Change in accruals/adjustments	<u>-</u>	<u>-</u>	<u>(360,248)</u>
<i>Cash per financial statement</i>	<u><u>\$ 6,695,791</u></u>	<u><u>\$ 1,262,087</u></u>	\$ 36,102,512
Reconciliation to financial statements			
Student Activity Funds			<u>440,653</u>
<i>Cash and cash equivalents per Financial Statements</i>			<u><u>\$ 36,543,165</u></u>

See independent auditors' report.

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COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E.
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Education and Management
Belen Consolidated School District No. 2
Belen, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the budgetary comparisons of the General Fund and major special revenue funds of the Belen Consolidated School District No. 2 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 14, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items 2023-003 and 2023-004.

District's Responses to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Cordova CPAs LLC
Albuquerque, New Mexico
November 14, 2023

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FEDERAL FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, P.E.
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Education and Management
Belen Consolidated School District No. 2
Belen, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Belen Consolidated School District No. 2's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cordova CPAs LLC
Albuquerque, New Mexico
November 14, 2023

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BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Grantor or Pass-Through Grantor / Program Title	Pass Thru Number	Assistance Listing Number		Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of Education						
<i>Passed through New Mexico Public Education Department</i>						
Title I - IASA	24101	84.010		\$ 1,103,736	\$ -	\$ -
IDEA-B Entitlement	24106	84.027	(1) *	1,535,160	-	-
IDEA-B Preschool	24109	84.173	(1) *	29,170	-	-
IDEA-B ARP Special Education	24346	84.027X	(1) *	188,736	-	-
IDEA-B ARP Preschool	24349	84.173X	(1) *	17,102	-	-
<i>Total IDEA Cluster</i>				<u>1,770,168</u>	<u>-</u>	<u>-</u>
Education of the Homeless	24113	84.196		5,437	-	-
Title III English Language Acquisition	24153	84.365		11,502	-	-
Supporting Effective Instruction	24154	84.367A		127,977	-	-
Carl Perkins	24174	84.048		39,763	-	-
Student Support Academic Achievement Title IV	24189	84.424A		81,485	-	-
Education Stabilization Fund: ESSER II	24308	84.425D	(3)*	2,832,639	-	-
Education Stabilization Fund: ESSER-SEL	24309	84.425D	(3)*	15,224	-	-
Education Stabilization Fund: ESSER III ARP	24330	84.425U	(3)*	3,141,999	-	-
Education Stabilization Fund: ESSER	24341	84.425D	(3)*	22,188	-	-
Education Stabilization Fund: ESSER III Homeless Children & Youth	24350	84.425W	(3)*	4,071	-	-
Education Stabilization Fund: ESSER III Homeless Emergency/Rescue ARP	24355	84.425W	(3)*	40,063	-	-
<i>Total Education Stabilization Fund Cluster</i>				<u>6,056,184</u>	<u>-</u>	<u>-</u>
<i>Subtotal - Passed through New Mexico Public Education Department</i>				<u>9,114,767</u>	<u>-</u>	<u>-</u>
<i>Total U.S. Department of Education</i>				<u>9,114,767</u>	<u>-</u>	<u>-</u>
U.S. Department of Health and Human Services						
Child Care Block Grant	25157	93.575		120,610	-	-
<i>Subtotal - U.S. Department of Health and Human Services</i>				<u>120,610</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

See accompanying notes to schedule of expenditures of federal awards.

<u>Federal Grantor or Pass-Through Grantor / Program Title</u>	<u>Pass Thru Number</u>	<u>Assistance Listing Number</u>		<u>Federal Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
U.S. Department of Agriculture						
<i>Federal Direct Payments</i>						
Forest Reserve	11000	10.665		\$ 2,643	\$ -	\$ -
<i>Passed through New Mexico Public Education Department</i>						
Child Nutrition Cluster	21000	10.553	(2)	772,091	-	-
Child Nutrition Cluster	21000	10.555	(2)	1,460,302	-	-
Child Nutrition Cluster	21000	10.565	(2)	231,381	-	231,381
<i>Total Child Nutrition Cluster</i>				<u>2,463,774</u>	<u>-</u>	<u>231,381</u>
<i>Subtotal - Passed through New Mexico Public Education Department</i>				<u>2,463,774</u>	<u>-</u>	<u>231,381</u>
<i>Total U.S. Department of Agriculture</i>				<u>2,466,417</u>	<u>-</u>	<u>231,381</u>
<i>Total Federal Financial Assistance</i>				<u>\$ 11,701,794</u>	<u>\$ -</u>	<u>\$231,381</u>

* Denotes Major Federal Financial Assistance Program
() Denotes Cluster

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Belen Consolidated School District No. 2 and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Loans

The District did not expend federal awards related to loans or loan guarantees during the year.

3. 10% de minimus Indirect Cost Rate

The District did not elect to use the allowed 10% indirect cost rate.

4. Federally Funded Insurance

The District has no federally funded insurance.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

Schedule V

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |

4. Identification of major programs:

Assistance Listing Number	Federal Program
84.027, 84.027X, 84.173, 84.173X 84.425D, 84.425U, 84.425W	Special Education Cluster Education Stabilization Fund

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

SECTION II - FINANCIAL STATEMENT FINDINGS

2023-001 (FS 2016-005) — Improper Maintenance of Fixed Assets – (Material Weakness) (Repeated and Modified)

Condition: During our examination of fixed assets, we identified the following deficiencies:

- The District did not properly approve an accurate capital asset listing at year-end through the Governing Body of the District at year-end.
- The District does not have its capital asset listing in a formal accounting system and still utilizes excel spreadsheets.
- There were material adjustments that were found during the review of the excel spreadsheets for accumulated and current year depreciation expense.
- The District has not updated it's policies over capital assets to match with the practices that the District has implemented in current year.

Over the year, the District has performed a review of capital assets and has informally implemented a policy and procedure manual. The District has updated its excel spreadsheets to materially include costs and accumulated depreciation.

Criteria: According to NMAC 6.20.2.22 and GASB Statement No. 34 (Generally Accepted Accounting Principles), capital assets shall be acquired and accounted for through the development and implementation of a complete property control system and be accounted for in accordance with generally accepted accounting principles. Also, New Mexico Statutes, Section 12-6-10, NMSA, 1978 compilation, requires an annual physical inventory of moveable chattels and equipment. Also, upon completion, the inventory shall be certified by the governing authority as to correctness. Each agency shall maintain one copy in its files. At the time of the annual audit, the state auditor shall ascertain the correctness of the inventory by generally accepted auditing procedures.

Effect: Capital assets may be materially misstated on the District's financial statements. Furthermore, it presents the possibility not all assets that are supposed to be collected and reported will be added to the District's fixed asset records or that all disposals will be tracked and deleted properly.

Cause: Over the past 2 years, the District has had turnover in the position that is responsible for capital assets. This caused several years of not having updated information and errors in current data.

Auditors' Recommendations: We recommend that the District continue to review its internal controls over capital assets to ensure that it includes verification of cost and accumulated depreciation on a timely basis. This should include that the District perform the following; 1) finish the reconciliation of capital assets it has started in the iVisions system 2) ensure that a review of capital asset additions is conducted during the year-end capital asset inventory count 3) A review of the calculations for asset costs and depreciation is performed at year end 4) an annual physical inventory of moveable chattels and equipment should be performed with the results being certified by the governing authority.

Agency Response: The district has made changes for maintenance of fixed assets and will continue to implement these changes to create a clear process and procedure regarding maintenance of fixed assets. These changes will be followed by the Finance Office, Warehouse, and Maintenance and any other departments that are impacted by fixed assets. We had some turnover in FA positions over FY23. We now have a committed and dedicated staff member in the Finance Office to track fixed assets and will work to ensure capitalization and depreciation are calculated correctly. We also continue to get all fixed assets into Visions software for proper tracking. Due to a change in staff we were not able to make progress as anticipated. We have processes and procedures in place and will continue to implement these. We will also make sure our policy aligns with our procedure.

Person responsible for corrective action: Financial Specialist, CPO, Warehouse Supervisor
Timeframe: Immediate with completion y fiscal year end.

SECTION II - FINANCIAL STATEMENT FINDINGS

2023-002 (2010-004) Deficiencies in the Financial Close Process – (Material Weakness) (Repeated and Modified)

Condition: During our review of cash and cash reconciliation procedures, we noted the following:

- The cash report submitted to the PED does not agree to the general ledger report as the general ledger report did not include all adjustments. The difference was \$57,041.
- The District did not properly record accounts related to the \$4,000,000 bond sale during the year. The accounts affected were cash, bonds payable and bond proceeds.
- The District incorrectly omitted 12 transactions that should have been accounts payable at year end that were related to construction in progress. These errors totaled \$1,321,309 of additional accounts payable that was proposed by the auditors to fairly present accounts payable at year end.
- The District did not correctly monitor the reimbursement of all of its grants as there are multiple grants that had a net change in fund balance.

The District has made improvement in the cash and financial close area during fiscal year 2023, however, the District still has variances in PED report, did not correctly record issuance of debt, nor correctly identify all accounts payable.

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 the Committee of Sponsoring Organizations (COSO) COSO Internal Control – Integrated Framework (2013), 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, which includes the implementation of internal controls with financial close functions to produce accurate and timely financial information in accordance with generally accepted accounting principles and the budgetary basis of accounting (in accordance with NM PED Public Schools Accounting and Budgeting Manual of Procedures).

Effect: The PED report did not reflect the proper balances at year end that ties to the general ledgers. Also, the District had maintained misstatements in the accounts mentioned above due to accounting errors related to the bond sale and not identifying all accounts payable.

Cause: Due to the turnover in the finance department, there were variances at year end as it relates to the PED report that was not reviewed and adjusted. For the bond sale, the information was not provided to the District by NMFA in a timely manner and they did not have the information to record the transactions until several months after year end. For the missing accounts payable, the District just missed several transactions in the assessment,

Auditors’ Recommendations: We recommend that the District perform a thorough year end analysis on all account balances prior to closing out the fiscal year to ensure all required adjustments are reflected for year-end reporting.

Agency Response: Now that we are fully staffed and all roles within the finance department have been clearly identified we can better review and identify balances to get them all corrected and posted prior to submitting fiscal year end reports to PED. We will continue to educate ourselves and attend trainings and classes. We also have a better understanding on the expectations on AP closeout. We will continue to work on non-existing fund balances as we continue to process permanent cash transfers from past years.

Person responsible for corrective action: Finance Specialist, Accounting Manager and Finance Director
Timeframe: Immediate and continue throughout the fiscal year.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION III - FEDERAL AWARD FINDINGS

None

SECTION IV – SECTION 12-6-5 NMSA FINDINGS

2023-003 Stale-dated Checks (Other Noncompliance)

Condition: The District has Schools has 23 stale-dated checks totaling \$4,803.76 dating back to November 2018. The Schools has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Criteria: New Mexico Statutes, Section 6-10-57, NMSA, 1978 compilation, requires local public bodies to cancel or void any checks that are unpaid for one year after it is written.

Effect: The Schools is not in compliance with Section 6-10-57, NMSA 1978. The Schools' cash balance may be misstated by the amount of the stale checks.

Cause: The Schools overlooked voiding the checks and applying its standard procedures for the stale-dated checks at year end.

Auditors' Recommendation: We recommend that the outstanding checks be voided as soon as possible and that a procedure to track and void stale dated checks be adhered to. We also recommend that the School remit the stale-dated checks to the New Mexico Taxation and Revenue Department.

Agency Response: We started working on stale dated checks aggressively in FY23. We have one for FY2018 the others are for more recent fiscal years. Now that we have a full staff we will be more diligent with this project. We will reissue where we can and turn over remaining items to NM Tax and Revenue as unclaimed property.

Person responsible for corrective action: Finance Specialist, Accounting Manager
Timeframe: Currently in progress and will continue throughout the fiscal year as part of regular practice.

2023-004 (2020-007) Budgetary Over expenditures (Other Noncompliance) (Repeated and Modified)

Condition: The District has over expended its budget in the following funds (functions):

Nonmajor Funds

Educational Technology Debt Service Fund (Support Services-General Administration)	\$ 8,000
Total Governmental Funds	<u>\$ 8,000</u>

The District has made some progress towards this finding as there is only one function overspent compared to five in the prior year.

Criteria: NMAC 6.20.2.10 states that all District funds, with the exception of student activity funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department 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: The internal controls established by adherence to budgets has been compromised and excess spending could result and has resulted in noncompliance with state requirements.

Cause: The District did not properly submit a budget adjustment for the function in which actual expenses were greater than final budget at the end of the fiscal year.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Schedule V

SECTION IV – SECTION 12-6-5 NMSA FINDINGS (continued)

Auditor's Recommendations: We recommend that the District monitor its budgets closely and prepare budget adjustments as necessary and that the district submits all budget adjustments timely in the future.

Agency Response: Enhanced processes have been established to ensure all funds are being reviewed monthly for accurate recordkeeping. Reporting of Actuals are reviewed monthly to ensure accounts and functions are within budget. Budget Adjustment Requests are being processed as needed prior to expenses being approved if budget is not available on account. Ed Tech Notes was a new fund for FY23 and the anticipated tax revenue was underestimated by \$7,999.60.

Person responsible for corrective action: Accounting Manager and Finance Director
Timeframe: Immediate. Processes have been implemented. Appropriate BARs are submitted monthly for proper budgeting.

SECTION V. PRIOR YEAR AUDIT FINDINGS

2022-001 — Improper Maintenance of Fixed Assets- (Material Weakness) – Repeated and Modified as 2023-001

2022-002 — Bank Reconciliations and Financial Close (Material Weakness) – Repeated and Modified as 2023-002

2022-003 — Internal Controls over Compliance - (Significant Deficiency) – Resolved

2022-004 — Indirect Costs Calculation- (Other Matter) – Resolved

2022-005 — Internal Controls Over Cash Disbursements- (Other Matter) – Resolved

2022-006 — Budgetary controls over expenditures- (Other Non-Compliance) – Repeated and Modified as 2023-004

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Other Disclosures

June 30, 2023

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 13, 2023. In attendance were the following:

Representing Belen Consolidated Schools:

Jim Danner – Board Member and Audit Committee
Larry Garley – Board Member and Audit Committee
Lawrence Sanchez – Superintendent
Annette Torrez – Assistant Superintendent of Finance
Holly Woelber – Community Member and Audit Committee
Cassandra Johnson – Parent and Audit Committee

Representing Cordova CPAs LLC:

Bobby Cordova, CPA – Principal
Rufino Rodriguez, CPA – Senior Manager

Auditor Prepared Financial Statements

Cordova CPAs LLC prepared the GAAP-basis financial statements and footnotes of Belen Consolidated Schools from the original books and records asserted by management. The responsibility for the financial statements remains with Belen Consolidated Schools.