

Belen Consolidated School District No. 2

Financial Statements
For the Year Ended June 30, 2021



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BELEN CONSOLIDATED SCHOOL DISTRICT NO.2

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BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Official Roster

June 30, 2021

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

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INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq
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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of Belen Consolidated School District No. 2's (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of Belen Consolidated School District No. 2, as of June 30, 2021, 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.

Other Matters

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 60 through 69 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.

Other 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 introductory section, 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.

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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
November 15, 2021

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**BASIC
FINANCIAL STATEMENTS**

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 23,665,534
Receivables:	
Property taxes	2,456,204
Due from other governments	2,320,941
Inventory	166,950
Total current assets	<u>28,609,629</u>
Noncurrent assets	
Restricted cash and cash equivalents	7,450,281
Capital assets	134,827,042
Less: accumulated depreciation	<u>(61,562,050)</u>
Total noncurrent assets	<u>80,715,273</u>
<i>Total assets</i>	<u>109,324,902</u>
Deferred outflows of resources	
Deferred charges on bond refunding	19,437
Deferred outflows - pension	71,732,311
Deferred outflows - OPEB	<u>7,061,776</u>
<i>Total deferred outflows of resources</i>	<u>78,813,524</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 188,138,426</u></u>

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

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 659,184
Accrued payroll	3,456,628
Accrued interest	272,533
Accrued compensated absences	376,576
Current portion of bonds payable	4,060,000
	<hr/>
Total current liabilities	8,824,921
	<hr/>
Noncurrent liabilities	
Bonds payable	30,370,000
Bond premium, net of accumulated amortization of \$612,613	324,388
Net pension liability	145,938,726
Net OPEB Liability	20,008,217
	<hr/>
Total noncurrent liabilities	196,641,331
	<hr/>
<i>Total liabilities</i>	205,466,252
	<hr/>
Deferred inflows of resources	
Deferred costs on debt refunding	142,800
Deferred inflows - pension	4,306,558
Deferred inflows - OPEB	10,206,705
	<hr/>
<i>Total deferred inflows of resources</i>	14,656,063
	<hr/>
Net position	
Net investment in capital assets	47,275,589
Restricted for:	
Debt service	9,041,870
Capital projects	2,394,572
Special revenue	1,251,403
Unrestricted	(91,947,323)
	<hr/>
<i>Total net position</i>	(31,983,889)
	<hr/>
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 188,138,426
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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, 2021

<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	\$ 45,317,690	\$ 70,870	\$ 4,298,009
Support services - students	5,967,369	9,332	565,956
Support services - instruction	1,150,834	1,800	109,147
Support services - general administration	2,832,891	4,430	268,676
Support services - school administration	4,081,974	6,384	387,142
Central services	2,413,184	3,774	228,871
Operation and maintenance of plant	8,679,355	13,573	823,165
Student transportation	2,995,418	-	1,581,795
Food services operations	3,141,689	-	1,949,174
Community services operations	325,794	509	30,899
Interest and other charges	1,059,156	-	-
<i>Total governmental activities</i>	<u>\$ 77,965,354</u>	<u>\$ 110,672</u>	<u>\$ 10,242,834</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

Gain on disposition of assets

Total general revenues

Change in net position

Net position, beginning

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>
\$ 125,383	\$ (40,823,428)
16,510	(5,375,571)
3,184	(1,036,703)
7,838	(2,551,947)
11,294	(3,677,154)
6,677	(2,173,862)
24,014	(7,818,603)
-	(1,413,623)
-	(1,192,515)
901	(293,485)
-	(1,059,156)
<u>\$ 195,801</u>	<u>(67,416,047)</u>
	236,563
	4,924,373
	1,294,747
	37,083,898
	38,806
	194,679
	5,771
	43,778,837
	(23,637,210)
	(8,346,679)
	<u>\$ (31,983,889)</u>

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Bond Building Capital Projects Fund 31100</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 9,425,138	\$ 9,321,816
Receivables:		
Property taxes	104,519	-
Due from other governments	-	-
Inventory	93,140	-
Due from other funds	<u>2,770,521</u>	<u>-</u>
<i>Total assets</i>	<u><u>\$ 12,393,318</u></u>	<u><u>\$ 9,321,816</u></u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>		
<i>Liabilities</i>		
Accounts payable	\$ 220,706	\$ 384,803
Accrued payroll	2,947,145	-
Due to other funds	<u>613</u>	<u>-</u>
<i>Total liabilities</i>	<u>3,168,464</u>	<u>384,803</u>
<i>Deferred inflows of resources</i>		
Unavailable revenue - property taxes	97,171	-
Unavailable revenue - grant revenue	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>97,171</u>	<u>-</u>
<i>Fund balances</i>		
Nonspendable:		
Inventory	93,140	-
Spendable:		
Restricted for:		
Transportation	173,701	-
Instructional materials	324,808	-
Food services	-	-
Extracurricular activities	418,471	-
Education	-	-
Capital acquisitions and improvements	-	8,937,013
Debt service	-	-
Committed for:		
Subsequent year's expenditures	2,305,358	-
Unassigned	<u>5,812,205</u>	<u>-</u>
<i>Total fund balances</i>	<u>9,127,683</u>	<u>8,937,013</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u><u>\$ 12,393,318</u></u>	<u><u>\$ 9,321,816</u></u>

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

Debt Service Fund 41000	Other Governmental Funds	Total
\$ 7,450,281	\$ 4,918,580	\$ 31,115,815
1,864,122	487,563	2,456,204
-	2,320,941	2,320,941
-	73,810	166,950
-	613	2,771,134
<u>\$ 9,314,403</u>	<u>\$ 7,801,507</u>	<u>\$ 38,831,044</u>
\$ -	\$ 53,675	\$ 659,184
-	509,483	3,456,628
-	2,770,521	2,771,134
-	3,333,679	6,886,946
1,695,490	445,085	2,237,746
-	571,766	571,766
<u>1,695,490</u>	<u>1,016,851</u>	<u>2,809,512</u>
-	73,810	166,950
-	-	173,701
-	-	324,808
-	1,501,683	1,501,683
-	-	418,471
-	1,484,064	1,484,064
-	1,963,910	10,900,923
7,618,913	-	7,618,913
-	-	2,305,358
-	(1,572,490)	4,239,715
<u>7,618,913</u>	<u>3,450,977</u>	<u>29,134,586</u>
<u>\$ 9,314,403</u>	<u>\$ 7,801,507</u>	<u>\$ 38,831,044</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, 2021

Exhibit B-1
 Page 2 of 2

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

Fund balances - total governmental funds	\$ 29,134,586
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	73,264,992
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	2,237,746
Grant revenues 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	571,766
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	71,732,311
Deferred outflows - OPEB	7,061,776
Deferred inflows - pension	(4,306,558)
Deferred inflows - OPEB	(10,206,705)
Liabilities, including bonds payable, 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	(376,576)
Accrued interest payable	(272,533)
Bonds payable	(34,430,000)
Deferred gains on debt refundings	19,437
Deferred costs on debt refundings	(142,800)
Bond premiums (net of amortization)	(324,388)
Net pension liability	(145,938,726)
Net OPEB Liability	(20,008,217)
Total net position - governmental activities	\$ (31,983,889)

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, 2021

	General Fund	Bond Building Capital Projects Fund 31100
<i>Revenues</i>		
Property taxes	\$ 230,006	\$ -
Intergovernmental revenue:		
Federal flowthrough	280,040	-
Federal direct	2,708	-
Local sources	660	-
State flowthrough	158,050	-
State direct	37,083,898	195,801
Transportation distribution	1,581,795	-
Charges for services	104,360	-
Investment income	-	38,516
Miscellaneous	74,019	-
<i>Total revenues</i>	<u>39,515,536</u>	<u>234,317</u>
<i>Expenditures</i>		
Current:		
Instruction	18,204,804	-
Support services - students	2,787,079	-
Support services - instruction	407,188	-
Support services - general administration	904,734	-
Support services - school administration	2,059,558	-
Central services	1,220,093	-
Operation and maintenance of plant	5,665,951	663,562
Student transportation	1,443,479	-
Food services operations	672	-
Community services operations	228,978	-
Capital outlay	37,065	364,650
Debt service:		
Principal	-	-
Interest	-	-
Bond issuance costs	-	71,500
<i>Total expenditures</i>	<u>32,959,601</u>	<u>1,099,712</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>6,555,935</u>	<u>(865,395)</u>
<i>Other financing sources (uses)</i>		
Proceeds from sale of capital assets	5,771	-
Transfers in	40,546	-
Transfers (out)	(40,546)	(7,190,982)
Bond proceeds	-	9,255,000
<i>Total other financing sources (uses)</i>	<u>5,771</u>	<u>2,064,018</u>
<i>Net change in fund balances</i>	6,561,706	1,198,623
<i>Fund balances - beginning</i>	<u>2,565,977</u>	<u>7,738,390</u>
<i>Fund balances - end of year</i>	<u>\$ 9,127,683</u>	<u>\$ 8,937,013</u>

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

Debt Service Fund 41000	Other Governmental Funds	Total
\$ 4,628,496	\$ 1,268,376	\$ 6,126,878
-	6,528,626	6,808,666
-	912,194	914,902
-	-	660
-	192,451	350,501
-	14,544	37,294,243
-	-	1,581,795
-	6,312	110,672
290	-	38,806
-	120,660	194,679
<u>4,628,786</u>	<u>9,043,163</u>	<u>53,421,802</u>
-	3,908,636	22,113,440
-	1,269,945	4,057,024
-	252,513	659,701
48,176	351,321	1,304,231
-	15,559	2,075,117
-	24,106	1,244,199
-	949,803	7,279,316
-	38,998	1,482,477
-	1,897,475	1,898,147
-	200	229,178
-	68,823	470,538
10,195,000	-	10,195,000
1,222,498	-	1,222,498
-	-	71,500
<u>11,465,674</u>	<u>8,777,379</u>	<u>54,302,366</u>
<u>(6,836,888)</u>	<u>265,784</u>	<u>(880,564)</u>
-	-	5,771
7,190,982	-	7,231,528
-	-	(7,231,528)
-	-	9,255,000
<u>7,190,982</u>	<u>-</u>	<u>9,260,771</u>
354,094	265,784	8,380,207
<u>7,264,819</u>	<u>3,185,193</u>	<u>20,754,379</u>
<u>\$ 7,618,913</u>	<u>\$ 3,450,977</u>	<u>\$ 29,134,586</u>

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

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, 2021

Exhibit B-2
 Page 2 of 2

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

Net change in fund balances - total governmental funds	\$ 8,380,207
--	--------------

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	470,538
Depreciation expense	(3,266,703)

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	328,805
Change in unavailable revenue related to grants receivable	571,766

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	3,164,827
District OPEB contributions subsequent to measurement date	448,679
Net Pension expense	(35,953,575)
Net OPEB income	1,047,548

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:

Current year amortization of bond premiums and discounts	91,283
Current year amortization of deferred costs on debt refunding	68,543
Current year amortization of debt refunding losses	(19,878)
Bond proceeds	(9,255,000)
Increase in accrued compensated absences not due and payable	(3,820)
Decrease in accrued interest payable	94,570
Principal payments on bonds	<u>10,195,000</u>

<i>Change in net position of governmental activities</i>	<u>\$ (23,637,210)</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 Balance - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended June 30, 2021

Exhibit C-1

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 236,186	\$ 236,186	\$ 232,464	\$ (3,722)
Intergovernmental revenue:				
Federal flowthrough	-	-	280,040	280,040
Federal direct	61,348	61,348	2,708	(58,640)
Local sources	2,193	2,193	660	(1,533)
State flowthrough	43,167	43,167	158,050	114,883
State direct	36,470,922	34,141,533	37,083,898	2,942,365
Transportation distribution	1,669,136	1,581,795	1,581,795	-
Charges for services	70,908	70,908	46,984	(23,924)
Miscellaneous	44,541	44,541	106,038	61,497
<i>Total revenues</i>	<u>38,598,401</u>	<u>36,181,671</u>	<u>39,492,637</u>	<u>3,310,966</u>
<i>Expenditures</i>				
Current:				
Instruction	22,719,083	19,670,194	18,086,289	1,583,905
Support services - students	2,474,680	3,174,680	2,787,079	387,601
Support services - instruction	702,185	702,185	407,188	294,997
Support services - general administration	727,357	934,120	901,110	33,010
Support services - school administration	2,356,574	2,356,574	2,059,158	297,416
Central services	1,236,841	1,236,841	1,219,863	16,978
Operation and maintenance of plant	7,339,327	7,122,064	5,560,446	1,561,618
Student transportation	1,808,737	1,766,396	1,417,642	348,754
Other support services	42,475	42,475	-	42,475
Community services operations	327,139	326,439	228,978	97,461
<i>Total expenditures</i>	<u>39,787,642</u>	<u>37,370,912</u>	<u>32,713,596</u>	<u>4,657,316</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,189,241)</u>	<u>(1,189,241)</u>	<u>6,779,041</u>	<u>7,968,282</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,182,501	1,182,501	-	(1,182,501)
Proceeds from sale of capital assets	6,740	6,740	5,771	(969)
<i>Total other financing sources (uses)</i>	<u>1,189,241</u>	<u>1,189,241</u>	<u>(34,775)</u>	<u>(1,224,016)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>6,744,266</u>	<u>6,744,266</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,085,270</u>	<u>2,085,270</u>
<i>Plus ending fund balance student activity funds</i>	<u>-</u>	<u>-</u>	<u>418,471</u>	<u>418,471</u>
<i>Fund balance - beginning as restated</i>	<u>-</u>	<u>-</u>	<u>2,503,741</u>	<u>2,503,741</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,248,007</u>	<u>\$ 9,248,007</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 6,744,266
Adjustments to revenues for taxes and intergovernmental revenue				(34,477)
Adjustments to expenditures for supplies and payroll expenditures				(146,047)
Plus student activity funds change in fund balance				<u>(2,036)</u>
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 6,561,706</u>

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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, 2021.

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, 2021

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, 2021

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 *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.

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.

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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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, 2021, 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, 2021, 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.

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, 2021. 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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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, 2021.

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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 \$2,237,746 related to property taxes and \$571,766 related to grants 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.

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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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 \$8,937,013 as of June 30, 2021.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 \$12,687,845 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:

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, 2021, the nonspendable fund balance of the District is comprised of inventory in the General and Food Services funds, \$93,140 and \$73,810, 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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 \$37,083,898 in state equalization guarantee distributions during the year ended June 30, 2021.

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 \$6,126,878 in tax revenues during the year ended June 30, 2021. 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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

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 \$1,581,795 in transportation distributions during the year ended June 30, 2021.

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, 2021 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.

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 2021, the District did not receive any special capital outlay funds. The District did, however, receive \$195,801 from PSFA which flows through the Bond Building Capital Project Fund.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital 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 no state SB-9 match during the year end June 30, 2021.

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.

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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (continued)

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.
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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (continued)

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, 2021, is presented.

The appropriated budget for the year ended June 30, 2021, 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	<u>\$ (1,189,241)</u>	<u>\$ (1,189,241)</u>

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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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, 2021.

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.

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, 2021, \$24,692,382 of the District's deposits of \$24,942,382 was exposed to custodial credit risk. \$24,692,382 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. As of June 30, 2021, no amounts of the District's balance were uninsured and uncollateralized. As of June 30, 2021, the carrying amount of these deposits was \$24,743,809; total amount of deposits of \$24,942,382 less outstanding items of \$198,573. 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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 3. Deposits and Investments (continued)

	<u>U.S. Bank</u>
Amount of deposits	\$ 24,942,382
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>24,692,382</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>24,692,382</u>
Uninsured and uncollateralized	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 12,346,191
Pledged Collateral	<u>26,000,000</u>
Over (Under) collateralized	<u>\$ 13,653,809</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	\$ 23,665,534
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	<u>7,450,281</u>
Total cash and cash equivalents	31,115,815
Plus: reconciling items	198,573
Less NM Finance Authority	<u>(6,372,006)</u>
Bank balance of deposits/ repurchase agreements	<u>\$ 24,942,382</u>

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, 2021, 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 \$6,372,006. 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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 3. Deposits and Investments (continued)

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, 2021 are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes receivable	\$ 104,519	\$ 1,864,122	\$ 487,563	\$ 2,456,204
Due from other governments:				
Federal sources	-	-	2,204,758	2,204,758
State sources	-	-	116,183	116,183
	<u>\$ 104,519</u>	<u>\$ 1,864,122</u>	<u>\$ 2,808,504</u>	<u>\$ 4,777,145</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$2,237,746, 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. There was also grant revenue in the amount of \$571,766 which was not collected within the period of availability and has been reclassified as deferred inflows of resources 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, 2021

NOTE 5. Interfund Receivables, Payables, and Transfers

The District did not have any net operating transfers for the year ended June 30, 2021.

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, 2021 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Title XIX Medicaid-25152	Operational - 11000	\$ 554
NM Reads to Lead K-3 Initiative-27114	Operational - 11000	2
Truancy Initiative PED-27141	Operational - 11000	57
Operational - 11000	Athletics - 22000	153,425
Operational - 11000	Title I - 24101	237,498
Operational - 11000	IDEA-B Entitlement - 24106	129,904
Operational - 11000	IDEA-B Discretionary - 24107	5,040
Operational - 11000	IDEA-B Preschool - 24109	344
Operational - 11000	Education of the Homeless - 24113	9,071
Operational - 11000	Fresh Fruits and Vegetables - 24118	152,614
Operational - 11000	IDEA-B Results Plan - 24132	26,299
Operational - 11000	English Language Acquisition - 24153	32,954
Operational - 11000	Teacher/Principal Training & Recruitment - 24154	294,254
Operational - 11000	Title I School Improvement - 24162	10,296
Operational - 11000	Carl D. Perkins Secondary-Current - 24174	34,910
Operational - 11000	Carl D. Perkins Secondary-Redistribution - 24176	7,652
Operational - 11000	Student Supp Academic Achievement Title IV - 24189	23,749
Operational - 11000	Title I Comprehensive Support & Improvement - 24190	168,408
Operational - 11000	Title I HS Redesign - 24191	125,453
Operational - 11000	CARES Act - 24301	571,126
Operational - 11000	Governor's Emergency Education Relief Fund -24305	15,903
Operational - 11000	CARES Act - GEER-Social Emotional Learning	49,598
Operational - 11000	CRRSA, ESSER II - 24308	120,984
Operational - 11000	CARES Act - ESSER Retention Stipend - 24312	75,452
Operational - 11000	2012 GO Bond Student Library - 27107	156,385
Operational - 11000	Truancy Initiative PED - 27141	72,329
Operational - 11000	Pre-K Initiative - 27149	96,745
Operational - 11000	Kindergarten-Three Plus - 27166	1,203
Operational - 11000	NM Grown Fresh Fruit and Vegetables - 27183	645
Operational - 11000	K3 Plus 4 & 5 Pilot - 27198	165,482
Operational - 11000	GRADS- Instruction - 28190	14,539
Operational - 11000	GRADS-Plus - 28203	3,836
Operational - 11000	Special Capital Outlay-State - 31400	14,423
	Total Governmental Funds	<u>\$ 2,771,134</u>

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

Net operating transfers, made to supplement other funding sources and capital asset transfers were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Bond Building Fund - 31100	Debt Service Fund - 41000	\$ 7,190,982
Operational Fund - 11000	Student Activity Funds - 23516	40,546
	Total	<u>\$ 7,231,528</u>

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2021 is included below. Land and construction in progress are not subject to depreciation.

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance June 30, 2021</u>
Governmental activities:				
Capital assets not depreciated				
Land	\$ 2,634,999	\$ -	\$ -	\$ 2,634,999
Construction in process	12,612,849	148,826	(12,761,675)	-
Total assets not depreciated	<u>15,247,848</u>	<u>148,826</u>	<u>(12,761,675)</u>	<u>2,634,999</u>
Capital assets depreciated				
Land Improvements	8,982,622	-	44,044	9,026,666
Buildings and building improvements	101,646,177	-	12,717,631	114,363,808
Furniture, fixtures, and equipment	2,616,371	299,544	-	2,915,915
Vehicles	5,863,486	22,168	-	5,885,654
Total assets depreciated	<u>119,108,656</u>	<u>321,712</u>	<u>12,761,675</u>	<u>132,192,043</u>
Total assets	134,356,504	470,538	-	134,827,042
Less accumulated depreciation for:				
Land Improvements	5,666,784	362,841	-	6,029,625
Buildings	48,291,362	2,457,425	-	50,748,787
Furniture, fixtures, and equipment	1,635,080	128,084	-	1,763,164
Vehicles	2,702,121	318,353	-	3,020,474
Total accumulated depreciation	<u>58,295,347</u>	<u>3,266,703</u>	<u>-</u>	<u>61,562,050</u>
Governmental activities capital assets, net	<u>\$ 76,061,157</u>	<u>\$ (2,796,165)</u>	<u>\$ -</u>	<u>\$ 73,264,992</u>

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2021 was charged to governmental activities as follows:

Instruction	\$ 2,863,835
Support Services – Students	6,223
Support Services – Instruction	1,609
Support Services – School Administration	3,197
Operations / Maintenance of Plant	38,954
Student Transportation	349,667
Food Services	3,218
Total	<u>\$ 3,266,703</u>

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, 2021 was \$59,760,000. 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, 2021 are for governmental activities.

General obligation bonds outstanding at June 30, 2021, are comprised of the following:

Issue Date	Series 2013 GO Bonds <u>9/17/2013</u>	Series 2014 GO Bonds <u>12/30/2014</u>	Series 2015 GO Bonds <u>12/15/2015</u>	Series 2016A GO Bonds <u>9/13/2016</u>	Series 2016B GO Bonds <u>9/13/2016</u>
Original Issue	\$ 13,250,000	\$ 9,500,000	\$ 6,195,000	\$ 5,200,000	\$ 3,560,000
Maturity Date	8/1/2027	8/1/2026	8/1/2022	8/1/2030	8/1/2022
Principal	August 1	August 1	August 1	August 1	August 1
Interest Rate	2.00%-4.00%	2.00%-3.00%	2.00%	2.00%-2.75%	2.00%
Principal/Interest	August 1	August 1	August 1	August 1	August 1
Interest	February 1	February 1	February 1	February 1	February 1
Issue Date	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>	Series 2021 GO Bonds <u>4/2/2021</u>	Series 2021 GO Bonds <u>6/18/2021</u>
Original Issue	\$ 4,500,000	\$ 6,300,000	\$ 2,000,000	\$ 7,255,000	\$ 2,000,000
Maturity Date	8/1/2031	8/1/2032	8/1/2033	8/1/2027	8/1/2034
Principal	August 1	August 1	August 1	August 1	August 1
Interest Rate	0.10%-2.66%	1.89%-3.29%	1.10%-2.04%	0.25%-0.96%	0.10%-0.141%
Principal/Interest	August 1	August 1	August 1	August 1	August 1
Interest	February 1	February 1	February 1	February 1	February 1

During the year ended June 30, 2021 the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 7. Long-Term Debt (continued)

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
General Obligation Bonds	\$ 35,370,000	\$ 9,255,000	\$ 10,195,000	\$ 34,430,000	\$ 4,060,000
Compensated Absences	372,756	309,334	305,514	376,576	376,576
Total long-term debt	<u>\$ 35,742,756</u>	<u>\$ 9,564,334</u>	<u>\$ 10,500,514</u>	<u>\$ 34,806,576</u>	<u>\$ 4,436,576</u>

The District refinanced its 2013 series bond with a refunding 2021 series bond in the current year and saved the District a present value of \$465,469 in future debt service.

The annual requirements to amortize the General Obligation Bonds as of June 30, 2021, including interest payments are as follows. The interest rates range from 0.25% to 4% with maturity dates until August 1, 2034.

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 4,060,000	\$ 603,051	\$ 4,663,051
2023	3,890,000	537,403	4,427,403
2024	3,855,000	470,940	4,325,940
2025	3,755,000	416,800	4,171,800
2026	3,765,000	350,963	4,115,963
2027-2031	12,375,000	851,818	13,226,818
2032-2036	<u>2,730,000</u>	<u>56,329</u>	<u>2,786,329</u>
	<u>\$ 34,430,000</u>	<u>\$ 3,287,304</u>	<u>\$ 37,717,304</u>

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

Operating Leases – The District leases office equipment, including copy machines and postage meter machines, under short-term cancelable operating leases. Rental costs for the year June 30, 2021 was \$99,037.

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, 2021, compensated absences increased \$3,820 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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 8. Risk Management (continued)

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, 2021, there have been no claims that have exceeded insurance coverage.

NOTE 9. Other Required Individual Fund Disclosures

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

- A.** Deficit fund balance of individual funds: The following funds reported a deficit fund balance at June 30, 2021.

Athletics - 22000	\$	154,596
Title I - 24101		34,520
IDEA-B Entitlement - 24106		14,002
IDEA-B Discretionary - 24107		5,040
IDEA-B Preschool - 24109		303
Fresh Fruits and Vegetables - 24118		76,483
IDEA-B Results Plan - 24132		26,299
English Language Acquisition - 24153		32,954
Teacher/Principal Training & Recruitment - 24154		175,683
Title I School Improvement - 24162		10,296
Carl D. Perkins Secondary-Current - 24174		548
Carl D. Perkins Secondary-Redistribution - 24176		7,652
Student Supp Academic Achievement Title IV - 24189		111
CARES Act - 24301		571,766
Governor's Emergency Education Relief Fund (GEERF) - 24305		3,720
CRRSA Act - Cares Act II -24308		7,261
2012 GO Bond Student Library - 27107		173,385
Truancy Initiative PED - 27141		72,272
Pre-K Initiative - 27149		2,263
Kindergarten-Three Plus - 27166		1,203
NM Grown Fresh Fruit and Vegetables - 27183		645
K3 Plus 4 & 5 Pilot - 27198		165,482
GRADS- Instruction - 28190		17,707
GRADS-Plus - 28203		3,876
Special Capital Outlay-State - 31400		14,423
		<hr/>
Total Governmental Funds	\$	<u>1,572,490</u>

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

BELÉN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

NOTE 9. Other Required Individual Fund Disclosures (continued)

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, 2021.

Nonmajor Funds

Title XIX Medicaid 3/21 Years Fund (Food Service Operations)	\$ 94
Capital Improvements SB-9 Local (Support Services-General Administration)	<u>1,740</u>
Total Governmental Funds	<u>\$ 1,834</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, 2021.

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.

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, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing 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
1-10	1.35%
10.25-20	2.35%
20.25-30	3.35%
30.25 plus	2.40%

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

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: 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.

Tier 2: 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: 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 will receive reduced retirement benefits.)
- The member's age is 67, and has earned 5 or more years of service credit.

Tier 4: 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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

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.
- **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).

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

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%.
- 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, 2021 and 2020 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
2021	7-1-20 to 6-30-21	Over \$20K	10.70%	14.15%	24.85%	0.25%
2021	7-1-20 to 6-30-21	\$20K or less	7.90%	14.15%	22.05%	0.25%
2020	7-1-19 to 6-30-20	Over \$20K	10.70%	14.15%	24.85%	0.25%
2020	7-1-19 to 6-30-20	\$20K or less	7.90%	14.15%	22.05%	0.25%

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, 2021 and 2020, the District paid employee and employer contributions of \$21,643,826 and \$21,228,634, 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, 2021, the District reported a liability of \$145,938,726 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020 using generally accepted actuarial principles. On April 17, 2020, NMERB’s Board of Trustees adopted new assumptions presented in the 2020 Actuarial Experience Study. Those new assumptions have been reflected in the roll-forward and in the projections used to determine the single discount rate.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

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, 2020, actuarially determined. At June 30, 2020, the District’s proportion was 0.72012% percent, which was a decrease of 0.06169% percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$35,953,575. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 905,983	\$ 562,730
Net difference between expected and actual investments on pension plan investments	4,955,493	-
Changes of assumptions	58,478,895	-
Changes in proportion	4,227,113	3,743,828
District’s contributions subsequent to the measurement date	<u>3,164,827</u>	<u>-</u>
Total	<u><u>\$ 71,732,311</u></u>	<u><u>\$ 4,306,558</u></u>

\$3,164,827 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, 2021. 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:

2021	\$ 25,899,146
2022	25,636,385
2023	11,209,410
2024	1,515,985

Actuarial assumptions. Actuarial assumptions and methods are set by the Plan’s Board of Trustees, based upon recommendations made by the Plan’s actuary. On April 17, 2020, the Board adopted the new assumptions presented in the 2020 Actuarial Experience Study.

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

Inflation	2.50%
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increases for members with less than 10 years of service.
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.
Mortality	<p>Healthy Males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, no set back, generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p>Healthy Females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p>
Other Information	A new set of assumptions was adopted for the June 30, 2020 actuarial valuation. These new assumptions are reflected in the Total Pension Liability as of June 30, 2020 and will be reflected in the actuarially determined employer contribution for the fiscal year ending 2021. These assumptions can be found in the funding valuation as of June 30, 2020 or in the 2020 experience study.

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	30%	
Fixed Income	26%	
Alternatives	43%	
Cash	1%	
Total	100%	7.00%

Discount rate. A single discount rate of 3.89% was used to measure the total pension liability as of June 30, 2020. This is a 3.36% percent decrease over the rate of 7.25% rate used in the prior measurement year. The 3.89% was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.45%. 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 the benefit payments through the year 2045. As a result, the long-term expected rate of return on pension plan investments were applied to projected benefit payments through the year 2045 and the municipal bond rate was applied to all benefit payments after that date.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

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 3.89%, 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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate:

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
District’s proportionate share of the net pension liability	\$ 184,304,742	\$ 145,938,726	\$ 115,070,772

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued separately issued NMERB’S financial reports. The reports can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

Payables to the pension plan. At June 30, 2021, the District owed the ERB \$1,092,997 for the contributions withheld in the month of June 2021.

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

General Information about the OPEB

Summary of Significant Accounting Policies. 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.

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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

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, 2020, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	<u>91,082</u>
	<u>154,177</u>
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal FTRE	1,966
Educational Retirement Board	<u>49,492</u>
	<u>91,082</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 \$673,012 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$20,008,217 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2019 and rolled forward to June 30, 2020. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2020. At June 30, 2020, the District’s proportion was 0.47651 percent.

For the year ended June 30, 2021, the District recognized OPEB income of \$1,047,548. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,552,924
Net difference between expected and actual investments on OPEB plan investments	109,109	-
Changes of assumptions	3,927,756	3,553,322
Changes in proportion	2,576,232	3,100,459
District's contributions subsequent to the measurement	<u>448,679</u>	<u>-</u>
Total	<u>\$ 7,061,776</u>	<u>\$ 10,206,705</u>

Deferred outflows of resources totaling \$448,679 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

2021	\$ (1,845,562)
2022	(1,535,763)
2023	(583,459)
2024	88,336
2025	282,840

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2020, using the following actuarial assumptions:

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	2.50% for ERB; 2.50% for PERA members
Projected payroll increases	3.25% to 13.50%, based on years of service, including inflation
Investment rate of return	7.25%, 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: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2014 Combined Healthy Mortality

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

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.

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	2.1%
U.S. equity - large cap	7.1
Non U.S. - emerging markets	10.2
Non U.S. - developed equities	7.8
Private equity	11.8
Credit and structured finance	5.3
Real estate	4.9
Absolute return	4.1
U.S. equity - small/mid cap	7.1

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 2.86% as of June 30, 2020. 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, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2040. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2041, resulting in a blended discount rate of 2.86%.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. 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 a discount rate that is 1-percentage-point lower (1.86 percent) or 1-percentage-point higher (3.86 percent) than the current discount rate:

	1% Decrease (1.86%)	Current Discount Rate (2.86%)	1% Increase (3.86%)
District's proportionate share of the net OPEB liability	\$ 24,870,295	\$ 20,008,217	\$ 16,250,333

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:

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Financial Statements

June 30, 2021

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

	Trend Rate Sensitivity Analysis		
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$ 16,423,004</u>	<u>\$ 20,008,217</u>	<u>\$ 22,727,695</u>

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, 2020.

Payable Changes in the Net OPEB Liability. At June 30, 2021, the District reported a payable of \$137,524 for outstanding contributions due to NMRHCA for the year ended June 30, 2021.

NOTE 12. 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 13. 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 14. 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, 2021, there is no GASB Statement No. 77 disclosure requirement.

NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2021, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 15, 2021, 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, 2021

NOTE 16. Subsequent Pronouncements

In June 2017, GASB Statement No. 87 *Leases*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2021. The District does not expect this pronouncement to have a material effect on the financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The standard will be implemented during the fiscal year ended June 30, 2022. The District is still evaluating how this pronouncement will affect the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The District does not expect this pronouncement to have a material effect on the financial statements.

In January 2020, GASB Statement No. 92 *Omnibus*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2021. The District does not expect this pronouncement to have a material effect on the financial statements.

In March 2020, GASB Statement No. 93 *Replacement of Interbank Offered Rates*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2021. The District does not expect this pronouncement to have a material effect on the financial statements.

In March 2020, GASB Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2022. The District does not expect this pronouncement to have a material effect on the financial statements.

In May 2020, GASB Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued. Effective Date: The provisions of this Statement are effective immediately. The District is still evaluating how this pronouncement will affect the financial statements.

In May 2020, GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2022. The District does not expect this pronouncement to have a material effect on the financial statements.

In June 2020, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District does not expect this pronouncement to have a material effect on the financial statements.

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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*

	2021	2020	2019
	Measurement	Measurement	Measurement
	Date (As of and for	Date (As of and for	Date (As of and
	the Year Ended	the Year Ended	for the Year
	June 30, 2020)	June 30, 2019)	Ended June 30,
			2018)
Belen Consolidated School District No. 2 proportion of the net pension liability (asset)	0.72012%	0.78181%	0.68128%
Belen Consolidated School District No. 2 proportionate share of the net pension liability (asset)	\$ 145,938,726	\$ 59,240,109	\$ 81,013,260
Belen Consolidated School District No. 2 covered payroll	22,992,650	22,935,463	19,047,460
Belen Consolidated School District No. 2 proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	635%	258%	425%
Plan fiduciary net position as a percentage of the total pension liability	39.11%	64.13%	52.17%

* 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.

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)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
0.74002%	0.75353%	0.7589%	0.7781%
\$ 82,241,887	\$ 54,227,286	\$ 49,155,326	\$ 44,394,571
21,023,949	21,484,867	21,417,573	21,332,232
391%	252%	230%	208%
52.95%	61.58%	63.97%	66.54%

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*

	<u>As of and for the Year Ended June 30, 2021</u>	<u>As of and for the Year Ended June 30, 2020</u>	<u>As of and for the Year Ended June 30, 2019</u>
Contractually required contribution	\$ 3,164,827	\$ 3,254,553	\$ 2,955,485
Contributions in relation to the contractually required contribution	<u>3,164,827</u>	<u>3,254,553</u>	<u>3,188,029</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (232,544)</u>
Belen Consolidated School District No. 2's covered-payroll	22,330,549	22,992,650	22,935,463
Contribution as a percentage of covered payroll	14.17%	14.15%	12.89%

* 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, 2018	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 2,882,714	\$ 2,927,723	\$ 2,990,306	\$ 2,997,372
<u>2,647,597</u>	<u>2,927,723</u>	<u>2,990,306</u>	<u>2,997,372</u>
<u>\$ 235,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
19,047,460	21,023,949	21,484,867	21,417,573
15.13%	13.93%	13.92%	13.99%

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Notes to Required Supplementary Information

June 30, 2021

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2019.

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, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.5% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

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*

	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)
Belen Consolidated School District No. 2's proportion of the net OPEB liability (asset)	0.47651%	0.52078%	0.44783%
Belen Consolidated School District No. 26's proportionate share of the net OPEB liability (asset)	\$ 20,008,217	\$ 16,885,712	\$ 19,473,237
Belen Consolidated School District No. 2's covered payroll	22,992,650	23,048,726	19,122,422
Belen Consolidated School District No. 2's proportionate share of the net OPEB liability as a percentage of its covered payroll	87%	73%	102%
Plan fiduciary net position as a percentage of the total OPEB liability	16.50%	18.92%	13.14%

* 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.

**2018
Measurement
Date (As of and for
the Year Ended
June 30, 2017)**

0.49347%

\$ 22,362,447

21,184,237

106%

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, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019
Contractually required contribution	\$ 448,679	\$ 459,768	\$ 427,316
Contributions in relation to the contractually required contribution	<u>448,679</u>	<u>459,768</u>	<u>460,975</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,659)</u>
Belen Consolidated School District No. 2's covered payroll	22,433,733	22,992,650	23,048,726
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 June 30, 2019 actuarial valuation rolled forward to the measurement date of June 30, 2020, changes in assumptions and differences between expected and actual experience include adjustments resulting from a decrease in the discount rate from 4.16% to 2.86%, changes in medical carrier election assumptions based on recent enrollment, and updated Medicare Advantage trends to reflect 2020 and 2021 premiums.

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

**As of and for the
Year Ended June
30, 2018**

\$ 414,734

382,448

\$ 32,286

19,122,422

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, 2021

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 (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, 2021

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

Title I Comprehensive Support & Improvement (24190) –To comply with ESSA requirements and establish criteria to address the lowest performing schools need.

Title I High School Redesign (24191) – To provide local education agencies (LEAs) with an opportunity to support the implementation of a whole-school change model in their priority and focus schools.

CARES ACT (24301) – The funds will be used for the priorities for services were identified 1) Closing the digital divide through the purchase and distribution of digital devices, through the support of home internet connectivity for all students, and through the professional development and instructional coaching needed by educators to facilitate remote learning; 2) Supporting the social and emotional needs of students, families, and staff; 3) Supporting the needs of students with disabilities and at-risk students, both during the building closure and when students transition back into school buildings; and 4) Providing personal protective equipment for all staff and students, as well as ensuring that schools are fully cleaned, sanitized, and stocked with cleaning supplies. Assistance listing number- 84.425D

Governor's Emergency Education Relief Fund (GEERF) (24305) – Funds to be used to provide access to internet in unserved locations, through the Governor's Emergency Education Relief (GEER) Fund authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. 116–136. A local educational agency (LEA) may only spend these funds for Internet access for students without access at home. This can include access through fiber, DSL, cable, fixed wireless, wireless hotspots, and satellite, depending on service available at an individual address. This includes installation costs and monthly recurring costs.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Nonmajor Governmental Fund Descriptions

June 30, 2021

Special Revenue Funds

CARES/GEER – Hepa Filters (24306) – The funding for this award must be used specifically to purchase in-room HEPA air purification units in the classrooms as listed in the Air Filtration Survey Certification. The award is based on need for those classrooms with HVAC units that cannot reach a MERV 13 level.

CARES Act - GEER-Social Emotional Learning (24307) – The funding for this award is through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, Elementary and Secondary School Education Relief Fund (ESSER II Fund) to provide local education agencies with funding to safely reopen schools, measure and effectively address significant learning loss, and take other actions to mitigate the impact of COVID-19.

CRRSA, ESSER II (24308) – The 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.

CARES ACT – ESSER Retention Stipend (24312) – The funding for this fund is through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; Elementary and Secondary School Emergency Relief (ESSER II SEA Reserve) for the purpose of paying retention stipends to eligible employees.

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.

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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Nonmajor Governmental Fund Descriptions

June 30, 2021

Special Revenue Funds

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.

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 produces to be used in our district's school meal and snack programs.

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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Nonmajor Governmental Fund Descriptions

June 30, 2021

Special Revenue Funds

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.

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, 2021

Capital Projects Funds

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 Improvement 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.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Statement A-1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 2,979,275	\$ 1,939,305	\$ 4,918,580
Receivables:			
Property taxes	-	487,563	487,563
Due from other governments	2,320,941	-	2,320,941
Inventory	73,810	-	73,810
Due from other funds	613	-	613
<i>Total assets</i>	<u>\$ 5,374,639</u>	<u>\$ 2,426,868</u>	<u>\$ 7,801,507</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 35,802	\$ 17,873	\$ 53,675
Accrued payroll	509,483	-	509,483
Due to other funds	2,756,098	14,423	2,770,521
<i>Total liabilities</i>	<u>3,301,383</u>	<u>32,296</u>	<u>3,333,679</u>
 <i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	445,085	445,085
Unavailable revenue - grant revenue	571,766	-	571,766
<i>Total deferred inflows of resources</i>	<u>571,766</u>	<u>445,085</u>	<u>1,016,851</u>
 <i>Fund balances</i>			
<i>Nonspendable:</i>			
Inventory	73,810	-	73,810
<i>Spendable:</i>			
<i>Restricted for:</i>			
Food services	1,501,683	-	1,501,683
Education	1,484,064	-	1,484,064
Capital acquisitions and improvements	-	1,963,910	1,963,910
Unassigned	(1,558,067)	(14,423)	(1,572,490)
<i>Total fund balances</i>	<u>1,501,490</u>	<u>1,949,487</u>	<u>3,450,977</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 5,374,639</u>	 <u>\$ 2,426,868</u>	 <u>\$ 7,801,507</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, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<i>Revenues</i>			
Property taxes	\$ -	\$ 1,268,376	\$ 1,268,376
Intergovernmental revenue:			
Federal flowthrough	6,528,626	-	6,528,626
Federal direct	912,194	-	912,194
State flowthrough	192,451	-	192,451
State direct	14,544	-	14,544
Charges for services	6,312	-	6,312
Miscellaneous	120,660	-	120,660
<i>Total revenues</i>	<u>7,774,787</u>	<u>1,268,376</u>	<u>9,043,163</u>
<i>Expenditures</i>			
Current:			
Instruction	3,908,636	-	3,908,636
Support services - students	1,269,945	-	1,269,945
Support services - instruction	252,513	-	252,513
Support services - general admin	338,581	12,740	351,321
Support services - school admin	15,559	-	15,559
Central services	24,106	-	24,106
Operation and maintenance of plant	175,356	774,447	949,803
Student transportation	38,998	-	38,998
Food services operations	1,897,475	-	1,897,475
Community service operations	200	-	200
Capital outlay	17,137	51,686	68,823
<i>Total expenditures</i>	<u>7,938,506</u>	<u>838,873</u>	<u>8,777,379</u>
<i>Net change in fund balances</i>	(163,719)	429,503	265,784
<i>Fund balances - beginning</i>	<u>1,665,209</u>	<u>1,519,984</u>	<u>3,185,193</u>
<i>Fund balances - end of year</i>	<u>\$ 1,501,490</u>	<u>\$ 1,949,487</u>	<u>\$ 3,450,977</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	<u>Food Services 21000</u>	<u>Athletics 22000</u>	<u>Title I 24101</u>	<u>IDEA-B Entitlement 24106</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 1,528,233	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	99,242	-	313,013	266,895
Inventory	73,810	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 1,701,285</u>	<u>\$ -</u>	<u>\$ 313,013</u>	<u>\$ 266,895</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 3,016	\$ 1,145	\$ -	\$ 1,453
Accrued payroll	122,776	26	110,035	149,540
Due to other funds	-	153,425	237,498	129,904
<i>Total liabilities</i>	<u>125,792</u>	<u>154,596</u>	<u>347,533</u>	<u>280,897</u>
 <i>Deferred inflows of resources</i>				
Unavailable revenue - grant revenue	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>				
Nonspendable:				
Inventory	73,810	-	-	-
Spendable:				
Restricted for:				
Food services	1,501,683	-	-	-
Education	-	-	-	-
Unassigned	-	(154,596)	(34,520)	(14,002)
<i>Total fund balances</i>	<u>1,575,493</u>	<u>(154,596)</u>	<u>(34,520)</u>	<u>(14,002)</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 1,701,285</u>	 <u>\$ -</u>	 <u>\$ 313,013</u>	 <u>\$ 266,895</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	41	9,954	76,131	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 9,954</u>	<u>\$ 76,131</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
5,040	344	9,071	152,614	26,299	32,954
5,040	344	9,071	152,614	26,299	32,954
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	883	-	-	-
(5,040)	(303)	-	(76,483)	(26,299)	(32,954)
<u>(5,040)</u>	<u>(303)</u>	<u>883</u>	<u>(76,483)</u>	<u>(26,299)</u>	<u>(32,954)</u>
<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 9,954</u>	<u>\$ 76,131</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

BELÉN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Teacher/ Principal Training & Recruitment 24154	Safe & Drug Free Schools & Community 24157	Title I School Improvement 24162	Carl D Perkins Secondary - Current 24174
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 205	\$ -	\$ -
Receivables:				
Due from other governments	134,902	-	-	34,362
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 134,902	\$ 205	\$ -	\$ 34,362
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	16,331	-	-	-
Due to other funds	294,254	-	10,296	34,910
Total liabilities	310,585	-	10,296	34,910
<i>Deferred inflows of resources</i>				
Unavailable revenue - grant revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Education	-	205	-	-
Unassigned	(175,683)	-	(10,296)	(548)
Total fund balances	(175,683)	205	(10,296)	(548)
Total liabilities, deferred inflows of resources, and fund balances	\$ 134,902	\$ 205	\$ -	\$ 34,362

See independent auditors' report.

Carl D Perkins Secondary Redistribution 24176	Student Supp Academic Achievment Title IV 24189	Title I Comprehensive Support & Improvement 24190	Title I HS Redesign 24191	CARES Act 24301	Governor's Emergency Education Relief Fund (GEERF) 24305
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	43,948	178,614	125,537	571,766	15,903
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 43,948</u>	<u>\$ 178,614</u>	<u>\$ 125,537</u>	<u>\$ 571,766</u>	<u>\$ 15,903</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,720
-	20,310	10,206	84	640	-
7,652	23,749	168,408	125,453	571,126	15,903
<u>7,652</u>	<u>44,059</u>	<u>178,614</u>	<u>125,537</u>	<u>571,766</u>	<u>19,623</u>
-	-	-	-	571,766	-
-	-	-	-	571,766	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(7,652)	(111)	-	-	(571,766)	(3,720)
<u>(7,652)</u>	<u>(111)</u>	<u>-</u>	<u>-</u>	<u>(571,766)</u>	<u>(3,720)</u>
<u>\$ -</u>	<u>\$ 43,948</u>	<u>\$ 178,614</u>	<u>\$ 125,537</u>	<u>\$ 571,766</u>	<u>\$ 15,903</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	CARES Act - GEER/HEPA Filters 24306	CARES Act - GEER-Social Emotional Learning 24307	CRRSA Act - Cares Act II 24308	CARES Act - ESSER Retention Stipend 24312
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	-	49,598	123,480	75,480
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 49,598</u>	<u>\$ 123,480</u>	<u>\$ 75,480</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 7,261	\$ -
Accrued payroll	-	-	2,496	28
Due to other funds	-	49,598	120,984	75,452
<i>Total liabilities</i>	<u>-</u>	<u>49,598</u>	<u>130,741</u>	<u>75,480</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - grant revenue	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Education	-	-	-	-
Unassigned	-	-	(7,261)	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>(7,261)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 49,598</u>	<u>\$ 123,480</u>	<u>\$ 75,480</u>

See independent auditors' report.

Title XIX Medicaid 0/2 Years 25152	Title XIX Medicaid 3/21 Years 25153	Child Care Block Grant 25157	PNM Foundation Inc. 26123	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library 27107
\$ 230,271	\$ 493,149	\$ 223,703	\$ 10,421	\$ 26,461	\$ -
-	85,892	-	-	-	-
-	-	-	-	-	-
554	-	-	-	-	-
<u>\$ 230,825</u>	<u>\$ 579,041</u>	<u>\$ 223,703</u>	<u>\$ 10,421</u>	<u>\$ 26,461</u>	<u>\$ -</u>
\$ -	\$ 2,207	\$ -	\$ -	\$ -	\$ 17,000
-	43,881	7,682	-	-	-
-	-	-	-	-	156,385
-	46,088	7,682	-	-	173,385
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
230,825	532,953	216,021	10,421	26,461	-
-	-	-	-	-	(173,385)
<u>230,825</u>	<u>532,953</u>	<u>216,021</u>	<u>10,421</u>	<u>26,461</u>	<u>(173,385)</u>
<u>\$ 230,825</u>	<u>\$ 579,041</u>	<u>\$ 223,703</u>	<u>\$ 10,421</u>	<u>\$ 26,461</u>	<u>\$ -</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Instructional Materials - Special Appropriations 27109	NM Reads to Lead K-3 Initiative 27114	Technology for Education PED 27117	Truancy Initiative PED 27141
<i>Assets</i>				
Cash and cash equivalents	\$ 40,558	\$ 1,053	\$ 1,314	\$ -
Receivables:				
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	2	-	57
Total assets	\$ 40,558	\$ 1,055	\$ 1,314	\$ 57
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	72,329
Total liabilities	-	-	-	72,329
<i>Deferred inflows of resources</i>				
Unavailable revenue - grant revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Education	40,558	1,055	1,314	-
Unassigned	-	-	-	(72,272)
Total fund balances	40,558	1,055	1,314	(72,272)
Total liabilities, deferred inflows of resources, and fund balances	\$ 40,558	\$ 1,055	\$ 1,314	\$ 57

See independent auditors' report.

Pre-K Initiative 27149	K-5 Plus Transportation 27152	Extended Learning Transportation 27153	Beginning Teacher Mentoring Program 27154	Breakfast for Elementary Students 27155	Kindergarten - Three Plus 27166
\$ -	\$ 4,032	\$ 4,599	\$ 6,629	\$ 132,634	\$ -
116,183	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 116,183</u>	<u>\$ 4,032</u>	<u>\$ 4,599</u>	<u>\$ 6,629</u>	<u>\$ 132,634</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21,701	-	-	-	-	-
96,745	-	-	-	-	1,203
<u>118,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,203</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,032	4,599	6,629	132,634	-
(2,263)	-	-	-	-	(1,203)
<u>(2,263)</u>	<u>4,032</u>	<u>4,599</u>	<u>6,629</u>	<u>132,634</u>	<u>(1,203)</u>
<u>\$ 116,183</u>	<u>\$ 4,032</u>	<u>\$ 4,599</u>	<u>\$ 6,629</u>	<u>\$ 132,634</u>	<u>\$ -</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	After School and Summer Enrichment Program 27168	NM Grown Fresh Fruit and Vegetable 27183	K-3 Plus 4 & 5 PILOT 27198	Career Technical Education Program (Pilot) 27502
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Assets</i>				
Cash and cash equivalents	\$ 158,025	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 158,025</u>	<u>\$ -</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	165,482	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>-</u>	<u>645</u>	<u>165,482</u>	<u>-</u>
 <i>Deferred inflows of resources</i>				
Unavailable revenue - grant revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Education	158,025	-	-	-
Unassigned	-	(645)	(165,482)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>158,025</u>	<u>(645)</u>	<u>(165,482)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 158,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

2008 Library Book Fund 27549	GRADS - Child Care 28189	GRADS - Instruction 28190	GRADS Plus 28203	Private Dir Grants (Categorical) 29102	Total
\$ 6,452	\$ 12,761	\$ -	\$ -	\$ 98,775	\$ 2,979,275
-	-	-	-	-	2,320,941
-	-	-	-	-	73,810
-	-	-	-	-	613
<u>\$ 6,452</u>	<u>\$ 12,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,775</u>	<u>\$ 5,374,639</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,802
-	539	3,168	40	-	509,483
-	-	14,539	3,836	-	2,756,098
-	539	17,707	3,876	-	3,301,383
-	-	-	-	-	571,766
-	-	-	-	-	571,766
-	-	-	-	-	73,810
-	-	-	-	-	1,501,683
6,452	12,222	-	-	98,775	1,484,064
-	-	(17,707)	(3,876)	-	(1,558,067)
<u>6,452</u>	<u>12,222</u>	<u>(17,707)</u>	<u>(3,876)</u>	<u>98,775</u>	<u>1,501,490</u>
<u>\$ 6,452</u>	<u>\$ 12,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,775</u>	<u>\$ 5,374,639</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, 2021

	Food Services 21000	Athletics 22000	Title I 24101	IDEA-B Entitlement 24106
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 1,949,174	\$ -	\$ 1,316,208	\$ 1,222,007
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	6,312	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>1,955,486</u>	<u>-</u>	<u>1,316,208</u>	<u>1,222,007</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	609,190	1,004,874
Support services - students	-	-	586,096	61,169
Support services - instruction	-	-	81,810	83,014
Support services - general admin	69,562	-	56,065	44,174
Support services - school admin	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	(928)	-	-	-
Student transportation	-	-	-	31,798
Food services operations	1,794,528	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,863,162</u>	<u>-</u>	<u>1,333,161</u>	<u>1,225,029</u>
<i>Net change in fund balances</i>	92,324	-	(16,953)	(3,022)
<i>Fund balances - beginning</i>	<u>1,483,169</u>	<u>(154,596)</u>	<u>(17,567)</u>	<u>(10,980)</u>
<i>Fund balances - end of year</i>	<u>\$ 1,575,493</u>	<u>\$ (154,596)</u>	<u>\$ (34,520)</u>	<u>\$ (14,002)</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
\$ -	\$ 2,790	\$ 21,695	\$ 76,131	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,790	21,695	76,131	-	-
-	1,212	17,318	-	-	-
-	58	-	-	-	-
-	-	-	-	-	-
-	56	760	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	85,778	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,326	18,078	85,778	-	-
-	1,464	3,617	(9,647)	-	-
(5,040)	(1,767)	(2,734)	(66,836)	(26,299)	(32,954)
<u>\$ (5,040)</u>	<u>\$ (303)</u>	<u>\$ 883</u>	<u>\$ (76,483)</u>	<u>\$ (26,299)</u>	<u>\$ (32,954)</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, 2021

	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	\$ 314,056	\$ -	\$ -	\$ 52,699
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>314,056</u>	<u>-</u>	<u>-</u>	<u>52,699</u>
<i>Expenditures</i>				
Current:				
Instruction	305,173	-	-	52,638
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	8,883	-	-	2,311
Support services - school admin	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>314,056</u>	<u>-</u>	<u>-</u>	<u>54,949</u>
<i>Net change in fund balances</i>	-	-	-	(2,250)
<i>Fund balances - beginning</i>	<u>(175,683)</u>	<u>205</u>	<u>(10,296)</u>	<u>1,702</u>
<i>Fund balances - end of year</i>	<u>\$ (175,683)</u>	<u>\$ 205</u>	<u>\$ (10,296)</u>	<u>\$ (548)</u>

See independent auditors' report.

Carl D Perkins Secondary Redistribution 24176	Student Supp Academic Achievement Title IV 24189	Title I Comprehensive Support & Improvement 24190	Title I HS Redesign 24191	CARES Act 24301	Governor's Emergency Education Relief Fund (GEERF) 24305
\$ -	\$ 158,925	\$ 178,614	\$ 228,106	\$ 552,136	\$ 67,827
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	158,925	178,614	228,106	552,136	67,827
210	100,328	62,832	218,513	1,018,779	-
-	51,915	108,271	-	2,906	-
-	-	-	-	-	68,695
9	6,683	7,511	9,593	47,272	2,852
-	-	-	-	9,655	-
-	-	-	-	20,506	-
-	-	-	-	24,784	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
219	158,926	178,614	228,106	1,123,902	71,547
(219)	(1)	-	-	(571,766)	(3,720)
(7,433)	(110)	-	-	-	-
\$ (7,652)	\$ (111)	\$ -	\$ -	\$ (571,766)	\$ (3,720)

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, 2021

	CARES Act - GEER/HEPA Filters 24306	CARES Act - GEER-Social Emotional Learning 24307	CRRSA Act - Cares Act II 24308	CARES Act - ESSER Retention Stipend 24312
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 139,700	\$ 49,598	\$ 123,480	\$ 75,480
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>139,700</u>	<u>49,598</u>	<u>123,480</u>	<u>75,480</u>
<i>Expenditures</i>				
Current:				
Instruction	-	47,512	125,548	33,380
Support services - students	-	-	-	2,200
Support services - instruction	-	-	-	1,900
Support services - general admin	-	2,086	5,193	900
Support services - school admin	-	-	-	5,500
Central services	-	-	-	3,600
Operation and maintenance of plant	139,700	-	-	11,800
Student transportation	-	-	-	7,200
Food services operations	-	-	-	8,800
Community service operations	-	-	-	200
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>139,700</u>	<u>49,598</u>	<u>130,741</u>	<u>75,480</u>
<i>Net change in fund balances</i>	-	-	(7,261)	-
<i>Fund balances - beginning</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,261)</u>	<u>\$ -</u>

See independent auditors' report.

Title XIX Medicaid 0/2 Years 25152	Title XIX Medicaid 3/21 Years 25153	Child Care Block Grant 25157	PNM Foundation Inc. 26123	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library 27107
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	883,525	28,669	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	883,525	28,669	-	-	-
-	740	67,549	-	-	-
-	457,330	-	-	-	-
-	94	-	-	-	17,000
-	73,089	-	-	-	-
-	404	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	94	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	531,751	67,549	-	-	17,000
-	351,774	(38,880)	-	-	(17,000)
230,825	181,179	254,901	10,421	26,461	(156,385)
<u>\$ 230,825</u>	<u>\$ 532,953</u>	<u>\$ 216,021</u>	<u>\$ 10,421</u>	<u>\$ 26,461</u>	<u>\$ (173,385)</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, 2021

	Instructional Materials - Special Appropriations 27109	NM Reads to Lead K-3 Initiative 27114	Technology for Education PED 27117	Truancy Initiative PED 27141
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	-	-	-	-
<i>Expenditures</i>				
Current:				
Instruction	17,672	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school admin	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	17,672	-	-	-
Net change in fund balances	(17,672)	-	-	-
Fund balances - beginning	58,230	1,055	1,314	(72,272)
Fund balances - end of year	\$ 40,558	\$ 1,055	\$ 1,314	\$ (72,272)

See independent auditors' report.

Pre-K Initiative 27149	K-5 Plus Transportation 27152	Extended Learning Tranportation 27153	Beginning Teacher Mentoring Program 27154	Breakfast for Elementary Students 27155	Kindergarten - Three Plus 27166
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
160,639	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>160,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
158,173	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,582	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>159,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
884	-	-	-	-	-
<u>(3,147)</u>	<u>4,032</u>	<u>4,599</u>	<u>6,629</u>	<u>132,634</u>	<u>(1,203)</u>
<u>\$ (2,263)</u>	<u>\$ 4,032</u>	<u>\$ 4,599</u>	<u>\$ 6,629</u>	<u>\$ 132,634</u>	<u>\$ (1,203)</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, 2021

	After School and Summer Enrichment Program 27168	NM Grown Fresh Fruit and Vegetable 27183	K3 Plus 4 & 5 Pilot 27198	Career Technical Education Program (Pilot) 27502
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	8,275	-	23,537
State direct	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>8,275</u>	<u>-</u>	<u>23,537</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	6,400
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school admin	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	8,275	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	17,137
<i>Total expenditures</i>	<u>-</u>	<u>8,275</u>	<u>-</u>	<u>23,537</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	<u>158,025</u>	<u>(645)</u>	<u>(165,482)</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 158,025</u>	<u>\$ (645)</u>	<u>\$ (165,482)</u>	<u>\$ -</u>

See independent auditors' report.

2008 Library Book Fund 27549	GRADS - Child Care 28189	GRADS - Instruction 28190	GRADS Plus 28203	Private Dir Grants (Categorical) 29102	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,528,626
-	-	-	-	-	912,194
-	-	-	-	-	192,451
-	4,602	9,942	-	-	14,544
-	-	-	-	-	6,312
-	-	-	-	120,660	120,660
-	4,602	9,942	-	120,660	7,774,787
-	4,540	9,942	-	46,113	3,908,636
-	-	-	-	-	1,269,945
-	-	-	-	-	252,513
-	-	-	-	-	338,581
-	-	-	-	-	15,559
-	-	-	-	-	24,106
-	-	-	-	-	175,356
-	-	-	-	-	38,998
-	-	-	-	-	1,897,475
-	-	-	-	-	200
-	-	-	-	-	17,137
-	4,540	9,942	-	46,113	7,938,506
-	62	-	-	74,547	(163,719)
6,452	12,160	(17,707)	(3,876)	24,228	1,665,209
\$ 6,452	\$ 12,222	\$ (17,707)	\$ (3,876)	\$ 98,775	\$ 1,501,490

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Statement C-1

Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2021

	Special Capital Outlay State 31400	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Capital Improvements SB-9 State Match 31703	Total
<i>Assets</i>					
Cash and cash equivalents	\$ -	\$ 611,955	\$ 1,283,795	\$ 43,555	\$ 1,939,305
Receivables:					
Property taxes	-	-	487,563	-	487,563
Total assets	\$ -	\$ 611,955	\$ 1,771,358	\$ 43,555	\$ 2,426,868
<i>Liabilities, deferred inflows of resources, and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ -	\$ -	\$ 17,873	\$ -	\$ 17,873
Due to other funds	14,423	-	-	-	14,423
Total liabilities	14,423	-	17,873	-	32,296
<i>Deferred inflows of resources</i>					
Unavailable revenue - property taxes	-	-	445,085	-	445,085
Total deferred inflows of resources	-	-	445,085	-	445,085
<i>Fund balances</i>					
<i>Spendable:</i>					
<i>Restricted for:</i>					
Capital acquisitions and improvements	-	611,955	1,308,400	43,555	1,963,910
Unassigned	(14,423)	-	-	-	(14,423)
Total fund balances	(14,423)	611,955	1,308,400	43,555	1,949,487
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 611,955	\$ 1,771,358	\$ 43,555	\$ 2,426,868

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Statement C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Project Funds
 For the Year Ended June 30, 2021

	Special Capital Outlay-State 31400	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Capital Improvements SB-9 State Match 31703	Total
<i>Revenues</i>					
Property taxes	\$ -	\$ -	\$ 1,268,376	\$ -	\$ 1,268,376
Total revenues	-	-	1,268,376	-	1,268,376
<i>Expenditures</i>					
Current:					
Support services - general administration	-	-	12,740	-	12,740
Operation and maintenance of plant	-	-	774,447	-	774,447
Capital outlay	-	-	22,168	29,518	51,686
Total expenditures	-	-	809,355	29,518	838,873
<i>Net change in fund balances</i>	-	-	459,021	(29,518)	429,503
<i>Fund balances - beginning</i>	(14,423)	611,955	849,379	73,073	1,519,984
<i>Fund balances - end of year</i>	\$ (14,423)	\$ 611,955	\$ 1,308,400	\$ 43,555	\$ 1,949,487

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Combining Balance Sheet

General Fund

For the Year Ended June 30, 2021

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000
	<u> </u>	<u> </u>	<u> </u>
<i>Assets</i>			
Cash and cash equivalents	\$ 8,393,940	\$ 287,320	\$ 324,808
Receivables:			
Property taxes	104,519	-	-
Inventory	93,140	-	-
Due from other funds	<u>2,770,521</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u><u>\$ 11,362,120</u></u>	<u><u>\$ 287,320</u></u>	<u><u>\$ 324,808</u></u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 202,316	\$ 18,091	\$ -
Accrued payroll	2,851,317	95,528	-
Due to other funds	<u>613</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>3,054,246</u>	<u>113,619</u>	<u>-</u>
 <i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	<u>97,171</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>97,171</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>			
<i>Nonspendable:</i>			
Inventory	93,140	-	-
<i>Spendable:</i>			
<i>Restricted for:</i>			
Transportation		173,701	
Instructional materials	-	-	324,808
Extracurricular activities	-	-	-
<i>Committed for:</i>			
Subsequent year's expenditures	2,305,358	-	-
Unassigned	<u>5,812,205</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>8,210,703</u>	<u>173,701</u>	<u>324,808</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u><u>\$ 11,362,120</u></u>	<u><u>\$ 287,320</u></u>	<u><u>\$ 324,808</u></u>

See independent auditors' report.

Student Activity Funds	Total
\$ 419,070	\$ 9,425,138
-	104,519
-	93,140
-	2,770,521
<u>\$ 419,070</u>	<u>\$ 12,393,318</u>
\$ 299	\$ 220,706
300	2,947,145
-	613
<u>599</u>	<u>3,168,464</u>
-	97,171
-	97,171
-	93,140
	173,701
-	324,808
418,471	418,471
-	2,305,358
-	5,812,205
<u>418,471</u>	<u>9,127,683</u>
<u>\$ 419,070</u>	<u>\$ 12,393,318</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, 2021

	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000
<i>Revenues</i>			
Property taxes	\$ 230,006	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	430,520	-	-
Federal direct	2,708	-	-
Local sources	660	-	-
State flowthrough	7,570	-	-
State direct	37,083,898	-	-
Transportation distribution	-	1,581,795	-
Charges for services	46,984	-	-
Miscellaneous income	66,703	7,316	-
Total revenues	37,869,049	1,589,111	-
<i>Expenditures</i>			
Current:			
Instruction	18,104,846	-	-
Support services - students	2,787,079	-	-
Support services - instruction	407,188	-	-
Support services - general administration	904,734	-	-
Support services - school administration	2,059,558	-	-
Central services	1,220,093	-	-
Operation and maintenance of plant	5,665,951	-	-
Student transportation	97,044	1,346,435	-
Food services operations	672	-	-
Community service operations	228,978	-	-
Capital outlay	-	37,065	-
Total expenditures	31,476,143	1,383,500	-
<i>Excess (deficiency) of revenues over expenditures</i>	6,392,906	205,611	-
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers (out)	(40,546)	-	-
Proceeds from sale of capital assets	5,771	-	-
Total other financing sources (uses)	(34,775)	-	-
<i>Net change in fund balances</i>	6,358,131	205,611	-
<i>Fund balances - beginning</i>	1,852,572	(31,910)	324,808
<i>Fund balances - end of year</i>	\$ 8,210,703	\$ 173,701	\$ 324,808

See independent auditors' report.

Student Activity Funds	Total
\$ -	\$ 230,006
-	430,520
-	2,708
-	660
-	7,570
-	37,083,898
-	1,581,795
57,376	104,360
-	74,019
<u>57,376</u>	<u>39,515,536</u>
99,958	18,204,804
-	2,787,079
-	407,188
-	904,734
-	2,059,558
-	1,220,093
-	5,665,951
-	1,443,479
-	672
-	228,978
-	37,065
<u>99,958</u>	<u>32,959,601</u>
<u>(42,582)</u>	<u>6,555,935</u>
40,546	40,546
-	(40,546)
-	5,771
<u>40,546</u>	<u>5,771</u>
<u>(2,036)</u>	<u>6,561,706</u>
<u>420,507</u>	<u>2,565,977</u>
<u>\$ 418,471</u>	<u>\$ 9,127,683</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, 2021

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, 2021</u>
U.S. Bank	FHLB Letter of Credit	7/1/2021	N/A	<u>\$ 26,000,000</u>
			Total U.S. Bank	<u><u>\$ 26,000,000</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, 2021

<u>Bank Account Type/ Name</u>	<u>U.S. Bank</u>	<u>New Mexico Finance Authority</u>	<u>Total</u>
Cash Deposits:			
Checking - Operational	\$ 18,516,534	\$ -	\$ 18,516,534
Checking - Debt Service	6,425,848	-	6,425,848
Total Cash Deposits	<u>24,942,382</u>	<u>-</u>	<u>24,942,382</u>
Investments:			
Other	-	6,372,006	6,372,006
Total Investments	<u>-</u>	<u>6,372,006</u>	<u>6,372,006</u>
Total Deposits	24,942,382	6,372,006	31,314,388
Reconciling items	<u>(198,573)</u>	<u>-</u>	<u>(198,573)</u>
<i>Reconciled balance June 30, 2021</i>	<u>\$ 24,743,809</u>	<u>\$ 6,372,006</u>	<u>\$ 31,115,815</u>
Reconciliation to financial statements:			
Cash and cash equivalents:			
Government-wide statement of net position - Exhibit A-1			\$ 23,665,534
Restricted cash and cash equivalents:			
Government-wide statement of net position - Exhibit A-1			<u>7,450,281</u>
<i>Cash and cash equivalents per Financial Statements</i>			<u>\$ 31,115,815</u>

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2Cash Reconciliation
For the Year Ended June 30, 2021

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Audited Cash June 30, 2020	\$ -	\$ 216,780	\$ 324,808	\$ 90,914
Add: 2020-2021 receipts	<u>37,909,297</u>	<u>1,589,111</u>	<u>-</u>	<u>1,664,456</u>
Total cash available	<u>37,909,297</u>	<u>1,805,891</u>	<u>324,808</u>	<u>1,755,370</u>
Less: 2020-2021 expenditures Permanent cash transfers	<u>(31,347,979)</u> <u>(40,546)</u>	<u>(1,365,409)</u> <u>-</u>	<u>-</u> <u>-</u>	<u>(1,652,483)</u> <u>-</u>
Total Cash	<u>6,520,772</u>	<u>440,482</u>	<u>324,808</u>	<u>102,887</u>
Add/Less other reconciling items: Change in outstanding loans Change in accruals/adjustments	<u>746,957</u> <u>1,126,211</u>	<u>(167,832)</u> <u>14,670</u>	<u>-</u> <u>-</u>	<u>1,386,204</u> <u>39,142</u>
<i>Cash per financial statement</i>	<u>\$ 8,393,940</u>	<u>\$ 287,320</u>	<u>\$ 324,808</u>	<u>\$ 1,528,233</u>

See independent auditors' report.

Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
\$ 41,797	\$ 176,190	\$ 630,718	\$ 10,421	\$ 417,603
-	4,955,130	894,945	-	1,984,404
41,797	5,131,320	1,525,663	10,421	2,402,007
-	(5,176,776)	(597,647)	-	(209,295)
-	-	-	-	-
41,797	(45,456)	928,016	10,421	2,192,712
(42,942)	(92,704)	-	-	(1,814,538)
1,145	138,365	19,107	-	3,584
\$ -	\$ 205	\$ 947,123	\$ 10,421	\$ 381,758

See independent auditors' report.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2Cash Reconciliation
For the Year Ended June 30, 2021

	State Direct 28000	Local or state 29000	Bond Building 31100	Special Capital Outlay State 31400
Audited Cash June 30, 2020	\$ 21,489	\$ 24,228	\$ 8,257,762	\$ -
Add: 2020-2021 receipts	14,544	120,660	9,293,516	-
Total cash available	36,033	144,888	17,551,278	-
Less: 2020-2021 expenditures Permanent cash transfers	(14,482) -	(46,113) -	(1,038,480) (7,190,982)	- -
Total Cash	21,551	98,775	9,321,816	-
Add / Less other reconciling items: Change in outstanding loans Change in accruals/adjustments	(12,537) 3,746	- -	- -	- -
<i>Cash per financial statement</i>	<u>\$ 12,760</u>	<u>\$ 98,775</u>	<u>\$ 9,321,816</u>	<u>\$ -</u>

See independent auditors' report.

Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Capital Improvements SB-9 State Match 31703	Debt Service 41000	Total
\$ 611,956	\$ 794,776	\$ -	\$ 6,850,127	\$ 18,469,569
-	1,280,501	94,535	4,874,846	64,675,945
611,956	2,075,277	94,535	11,724,973	83,145,514
-	(791,482)	(48,373)	(11,465,674)	(53,754,193)
-	-	-	7,190,982	(40,546)
611,956	1,283,795	46,162	7,450,281	29,350,775
(1)	-	(2,607)	-	-
-	-	-	-	1,345,970
<u>\$ 611,955</u>	<u>\$ 1,283,795</u>	<u>\$ 43,555</u>	<u>\$ 7,450,281</u>	<u>\$ 30,696,745</u>

Reconciliation to financial statements

Student Activity Funds

Cash and cash equivalents per Financial Statements

419,070

\$ 31,115,815

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

Brian S. Colón, Esq
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, the aggregate remaining fund information, 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, 2021, 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 15, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose 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 finding as items 2021-004 and 2021-005.

District's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
November 15, 2021

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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

Brian S. Colón, Esq
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

We have audited Belen Consolidated School District No. 2's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Cordova CPAs LLC
Albuquerque, New Mexico
November 15, 2021

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

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)	\$ 1,333,161	\$ -	\$ -
Title I Comprehensive Support and Improvement	24190	84.010	(1)	178,614	-	-
Title I - High School Redesign	24191	84.010	(1)	228,106	-	-
<i>Total Title I Cluster</i>				<u>1,739,881</u>	<u>-</u>	<u>-</u>
IDEA-B Entitlement	24106	84.027	(2)	1,225,029	-	-
IDEA-B Preschool	24109	84.173	(2)	1,326	-	-
<i>Total IDEA Cluster</i>				<u>1,226,355</u>	<u>-</u>	<u>-</u>
Education of the Homeless	24113	84.196		18,078	-	-
Teacher/Principal Training & Recruiting	24154	84.367A		314,056	-	-
Carl Perkins	24174	84.048	(3)	54,949	-	-
Carl Perkins	24176	84.048	(3)	219	-	-
<i>Total Carl Perkins Cluster</i>				<u>55,168</u>	<u>-</u>	<u>-</u>
Student Support Academic Achievement Title IV	24189	84.424A		158,926	-	-
CARES Act: ESSER	24301	84.425D	*	1,123,902	-	-
CARES Act: Governor's Emergency Education Relief Fund	24305	84.425C	*	71,547	-	-
CARES Act: GEER/HEPA Filters	24306	84.425C	*	139,700	-	-
CARES Act: GEER-Social Emotional Learning	24307	84.425D	*	49,598	-	-
CARES Act: ESSER II	24308	84.425D	*	130,741	-	-
CARES Act: ESSER Retention Stipend	24312	84.425D	*	75,480	-	-
<i>Total CARES Act Cluster</i>				<u>1,590,968</u>	<u>-</u>	<u>-</u>
<i>Subtotal - Passed through New Mexico Public Education Department</i>				<u>5,103,432</u>	<u>-</u>	<u>-</u>
<i>Total U.S. Department of Education</i>				<u>5,103,432</u>	<u>-</u>	<u>-</u>
U.S. Department of Health and Human Services						
Child Care Block Grant	25157	93.575		67,549	-	-
<i>Subtotal - U.S. Department of Health and Human Services</i>				<u>67,549</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	2,708	-	-
<i>Passed through New Mexico Public Education Department</i>					
Fresh Fruits and Vegetables	24118	10.582	85,778	-	-
Child Nutrition Cluster	21000	10.553	(4) * 614,790	-	-
Child Nutrition Cluster	21000	10.555	(4) * 1,056,584	-	-
Child Nutrition Cluster	21000	10.565	(4) * 191,788	-	191,788
<i>Total Child Nutrition Cluster</i>			<u>1,863,162</u>	<u>-</u>	<u>191,788</u>
<i>Subtotal - Passed through New Mexico Public Education Department</i>			<u>1,948,940</u>	<u>-</u>	<u>191,788</u>
<i>Total U.S. Department of Agriculture</i>			<u>1,951,648</u>	<u>-</u>	<u>191,788</u>
<i>Total Federal Financial Assistance</i>			<u>\$ 7,122,629</u>	<u>\$ -</u>	<u>\$ 191,788</u>

* Denotes Major Federal Financial Assistance Program
() Denotes Cluster

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Schedule IV
Page 2 of 2

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.

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

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

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? | Yes |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| 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
10.553 & 10.555 84.425	Child Nutrition Cluster CARES Act Cluster

- | | |
|---|-----------|
| 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

2021-001 (2010-004) — Bank Reconciliations and Financial Close – (Material Weakness) (Repeated and Modified)

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

- The District performed timely bank reconciliations over the operational bank account during the fiscal year, however, the bank reconciliation related to Debt Service was not finalized and corrected until October of 2021 and there were material adjustments that were posted to the general ledger in October.
- 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.
- In the prior year, the client made adjustments to the trial balance after the final trial balance was provided to the auditors.

Overall, the District has made improvement in the cash area, performing bank reconciliations timely throughout the year for all except the final month of the fiscal year, and was able to provide proper reconciliations and adjusting entries related to the cash clean up as of October 2021.

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: Account balances in the accounts noted above were not properly presented in the initial trial balance and client provided adjustments were required as part of the cash clean up to properly present cash at year end.

Cause: There have been several consultants throughout the past five years that have attempted to reconcile and adjust cash and interfund balances, however, none have been successful in their attempts to do so. The District hired a new consultant in fiscal year 2021, and the cleanup was in process until September 2021.

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: The variance on the bank reconciliations has been carried from prior years. The district hired an independent consultant to clear out cash variance from prior years. This consultant worked with the Director of Finance as well as the Accounting Manager to ensure discrepancies related to cash were correctly identified and resolved to ensure complete reconciliation of district cash and bank accounts. Unfortunately, due to loss of staff and unfilled positions, this was not complete until October 2021. Cash has been fully reconciled and proper processes and procedures have been implemented.

Person responsible for corrective action: Director of Finance and Accounting Manager
Timeframe: Immediate; corrected as of 10/31/21.

SECTION II - FINANCIAL STATEMENT FINDINGS

2021-002 (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 have a centralized and sufficient process in place track and account for fixed assets, including depreciation, asset additions and dispositions during the year.
- Fixed asset additions were not timely gathered throughout the year for capitalization during the year.
- Depreciation for buildings, equipment and vehicles has not been accurately computed and accounted for.
- Additions paid by the Public School Facilities Authority (PSFA) had not been collected timely to add to the Rio Grande Elementary PSFA match by the District.

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.

Overall, the District has not made progress towards correcting the said condition from the prior year.

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: The District's cost and accumulated depreciation balances are not accurately reported and do not conform to generally accepted accounting principles (U.S. GAAP).

Cause: The District has not implemented comprehensive processes and procedures to allow for the accurate tracking and accounting of capital assets. This includes training and providing sufficient time and review for this process throughout the year and at year end. The District is attempting to maintain its fixed asset listing and perform its depreciation calculations manually on an Excel spreadsheet for most of its fixed assets rather than using the Visions fixed asset module included in its financial software package.

Auditors' Recommendations: We recommend that the District review its internal controls over capital assets to include verification of cost and accumulated depreciation on a timely basis. This should include that the District perform the following; 1) begin the reconciliation of capital assets earlier in the process of the financial close at year end 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 administrative changes for the management and maintenance of fixed assets and will continue to implement changes as needed to create a clear process and procedure regarding maintenance of fixed assets. We will establish a clear procedure going forward that will be followed by the Finance Office, Warehouse, and Maintenance and any other department that is impacted by fixed assets. Implementation of these changes to address this finding is currently in process. We have dedicated a staff member in the Finance Office to track fixed assets and will work ensure Capitalization and Depreciation are calculated correctly. Due to a change in staff and unfilled positions we were not able to make progress as anticipated. We have processes and procedures in place and will continue to implement these.

Person responsible for corrective action: Accounting Manager, Accounting Clerk II, Warehouse Supervisor
Timeframe: Database for current fixed assets has been created, Capitalization and Depreciation of prior year assets will be completed prior to the end of fiscal year.

SECTION II - FINANCIAL STATEMENT FINDINGS

2021-003 (FA 2017-002) Timeliness of Requests for Reimbursement (Significant Deficiency) (Repeated and Modified)

Condition: During our examination of the reimbursement basis grants, we noted that there are 32 reimbursement basis funds that were not properly analyzed in either prior years or the current year to ensure the proper requests for reimbursements were requested when an expenditure took place, and properly posted when received.

The District has made progress in this area after year end, and has centralized this review process in the finance department.

Criteria: 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 and reporting 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: These oversights will lead to the operational fund having to absorb these costs or pay back funds to the NM PED in the future.

Cause: The District was not completing its requests for reimbursements in a timely manner, or not at all, due to having a decentralized process for these requests for reimbursement. Also, at year end, the District was not properly reviewing all fund activity to ensure all expenditures had a corresponding request for reimbursement.

Auditor's Recommendations: The District should ensure that requests for reimbursement are made as soon as possible in order for the District's operational cash to be replenished and able to cover other operational expenditures.

Agency Response: The district has revised the procedures for Budget Adjustment Requests to ensure timely reporting of budget. In turn, this will allow for timely Request for Reimbursements. Also, the timely reconciliation of bank statements and reporting of actuals will allow for accurate bookkeeping. Process and procedures have been implemented to ensure proper verification of RfRs is happening.

Person responsible for corrective action: Accounting Clerk II and Accounting Manager

Timeframe: Already implemented. Requests for Reimbursement will be completed on a monthly basis, if for some reason this cannot be complete, Requests for Reimbursement will be completed quarterly. RfRs reviewed monthly by Accounting manager.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Schedule V

SECTION III - FEDERAL AWARD FINDINGS

None noted

SECTION IV – SECTION 12-6-5 NMSA FINDINGS

2021-004 Personal Use of Vehicles (Other Matter)

Condition: The District had three employees taking District vehicles home every night and were not receiving a vehicle allowance added to their taxable wages.

Criteria: According to IRS Publication 15-B and NMAC 2.2.2.10 (K)(5), if an employee is provided a vehicle to take home and the vehicle is used for both business and personal use then it is considered a fringe benefit to the employee and must be added to their taxable wages.

Effect: The District did not include taxable fringe benefits on three of its employees.

Cause: The District was unaware of this rule and so did not have the fringe benefit added to the employees' wages.

Auditor's Recommendations: We recommend that the District start adding this fringe benefit to the three employees' wages so that it is taxed.

Agency Response: Previous management felt these vehicles were justified as taken home vehicle without considering it a taxable benefit. A better understanding of the NMAC has been explained and will be implemented immediately. Policy will be updated to reflect this taxable benefit.

Person responsible for corrective action: Director of Finance and Payroll Specialist.

Timeframe: Policy will be implemented where all take home vehicles follow the NMAC guidelines as a taxable benefit.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION IV – SECTION 12-6-5 NMSA FINDINGS

2021-005 (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

Title XIX Medicaid 3/21 Years Fund (Food Service Operations)	\$ 94
Capital Improvements SB-9 Local (Support Services-General Administration)	<u>1,740</u>
Total Governmental Funds	<u><u>\$ 1,834</u></u>

The District has made some progress towards this finding; in the prior year there were seven funds that had overspent its budget at a function level and the District had over spent the budget by \$259,832 more than in the current 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.

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 since been established to ensure all funds are being reviewed on a monthly basis for accurate recordkeeping and posting of expenditures. 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.

Person responsible for corrective action: Accounting Manager and Chief Procurement Officer

Timeframe: Processes have been implemented to ensure budgets are not being overspent. Appropriate adjustments are made within 90 days of transaction as needed.

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Schedule V

SECTION V. PRIOR YEAR AUDIT FINDINGS

2020-001 Internal Controls over District Cash, Bank Reconciliations and Financial Close (Material Weakness) - Repeated and Modified as 2021-001

2020-002 — Improper Maintenance of Fixed Assets and Fixed Asset Certification- (Material Weakness) - Repeated and Modified as 2021-002

2020-003 — Timeliness of Requests for Reimbursement - (Significant Deficiency) - Repeated and Modified as 2021-003

2020-004 — Continuing Disclosure Deficiency- (Significant Deficiency) - Resolved

2020-005- Indirect Cost Calculation (Other Non-compliance) - Resolved

2020-006- Deposits not made within 24 hours (Other Non-compliance) - Resolved

2020-007 — Budgetary controls over expenditures- (Other Non-Compliance) - Repeated and Modified as 2021-005

BELEN CONSOLIDATED SCHOOL DISTRICT NO. 2

Other Disclosures

June 30, 2021

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 15, 2021. In attendance were the following:

Representing Belen Consolidated Schools:

Max Cordova – Board Secretary and Audit Committee

Larry Garley – Board Member and Audit Committee

Nola Heggenberger – Audit Committee

Lawrence Sanchez – Superintendent

Annette Torrez – Assistant Superintendent of Finance

Representing Cordova CPAs LLC:

Robert Cordova, CPA – Principal

Robert Gonzales, 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.