

**STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008**

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Official Roster
June 30, 2008

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Joe Puckett		President
Patricia Jones		Vice President
Lance Wiseman		Secretary
Joe Calderon		Member
Tejay Simpson		Member
	<u>School Officials</u>	
Cliff Burch		Superintendent
Kerri Frizzell		Director of Finance
Joe Loving		Assistant Superintendent for Secondary Instruction
Debbie Cooper		Assistant Superintendent for Elementary Instruction
Pam McBee		Assistant Superintendent for Personnel
T.J. Parks		Assistant Superintendent for Operations

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Hobbs Municipal School District #33
Hobbs, New Mexico
The Office of Management and Budget
and
Hector Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, each major fund, budgetary comparison for the general fund and the aggregate remaining fund information of Hobbs Municipal School District #33 as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects funds, the debt service fund, and the nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of the Hobbs Municipal School District #33's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hobbs Municipal School District #33, as of June 30, 2008, and the respective changes in financial position thereof, and the budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United State of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2008, and the respective changes in financial position thereof, and the budgetary comparisons for the major capital projects funds, the debt service fund, and the nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2008 on our consideration of the Hobbs Municipal School District #33's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 10 through 24 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hobbs Municipal School District #33's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as supporting Schedules I through IV in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Hobbs Municipal School District #33. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and each of the nonmajor governmental funds financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements and the nonmajor governmental funds financial statements, taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 12, 2008

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

This Management Discussion and Analysis of the fiscal performance of the Hobbs Municipal Schools (the "District") for the period ending June 30, 2008, represents the District's sixth year implementation of the Governmental Accounting Standards Board Statement No.34 (GASB 34). This written analysis is now a required part of the District's financial reporting and is an objective and easily readable discussion of the District's financial activities. The reader will see two statements, a Statement of Net Assets and a Statement of Activities. The discussion and analysis, as well as the two statements, provide a review of the District's *overall* financial activities, using the accrual basis of accounting, for the year ending June 30, 2008. Governmental funds financial statements are reported on a modified accrual basis of accounting. Rather than look at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics.

This annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards, Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and a Schedule of Findings and Questioned Costs. These statements and information were included in past reporting by the District.

Hobbs Municipal School District #33 Accounting and Finance

We believe this written analysis and the accompanying financial reporting will indicate to the reader that the District is in good financial health. Indicators to the reader such as fund balances, cash on hand, and budget management all are indicators of a positive financial direction and management. The District maintains a financial and accounting staff with strong levels of technical experience.

Staffing levels and expertise are adequate to meet daily workload demands and to provide the necessary level of internal controls demanded of an organization the size of the District. Financial policies and procedures are in place to guide staff through the daily business routines.

As an integral part of the District's accountability process, the District's School Board is active in the monitoring of expenditures and budgets through a formal, monthly reporting process to the School Board. This reporting is provided at public meetings and becomes a part of the School Board's permanent, public record.

These reports are public documents and through this public process, the financial reporting information is provided to and open to public inspection.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

Significant Financial Highlights for the Year Ending June 30, 2008

- Capital Outlay expenditures were \$6,960,448 for the year ending June 30, 2008. \$237,693 of these expenditures were from bond proceeds for new construction projects, renovation projects, and upgrading technology in the schools.
- All assets over \$5,000 were tagged with barcode labels in a uniform and consistent manner in order to facilitate scanning. Current depreciation of \$3,711,383 was recorded resulting in accumulated depreciation of \$60,286,866 as of June 30, 2008.
- Adjusted net assets increased from \$45,038,337 as of June 30, 2007, to \$47,404,156 as of June 30, 2008. The overall increase of \$2,365,819 in net assets is due to increased revenues for the District as well as a prior period restatement of \$748,040 (see Note 16 of the financial statement footnotes).
- The overall Fund Balance increased from \$12,133,845 as of June 30, 2007, to \$14,492,703 as of June 30, 2008. The most significant reason for this increase of \$2,358,858 in overall fund balance is a decrease in the amount of capital outlay expenditures.
- Total revenues increased from \$66,725,318 for the year ended June 30, 2007, to \$70,771,387 for the year ended June 30, 2008. This revenue increase of \$4,046,069 reflects an overall revenue growth of 6%. The most significant increases in revenue are due to increases in appropriations to the State Equalization Guarantee by the New Mexico State Legislature, increases in various state and local grants, and increases in property taxes for the 2 and 4 mill levies.
- Total expenditures increased from \$67,697,155 for the year ended June 30, 2007, to \$69,350,569 for the year ended June 30, 2008. This expenditure increase of \$1,653,414 or 2.4%. Expenditures increased due to the mandated 3% salary increase for teachers that was passed by the state legislature which meant increased compensation and benefits but these increased costs were not completely covered by state funding. Additionally, the District saw increases in the cost of fuel, utilities, and property/liability insurance during this fiscal year.
- The District saw an increase in student population just under the 1% growth benchmark for school year 2007-2008.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

Significant Financial Highlights for the Year Ending June 30, 2008 (continued)

- The District completed various projects during the 2007-2008 fiscal year including the following:
 - Phase II of parking lot paving at Watson Stadium;
 - Artificial turf at Watson Stadium;
 - New track and high-jump pad at Watson Stadium;
 - Replaced wooden bleacher seating with aluminum seating on visitor side at Watson Stadium;
 - Camera security systems installed at the Multi-Purpose Facility, west side of Hobbs High School, Houston Junior High, Will Rogers Elementary, and Jefferson Elementary;
 - Purchased and implemented a district-wide radio communications system;
 - Upgraded the sound system at Tasker Arena;
 - Renovations of the lockers at Tasker Arena;
 - Renovation of Houston Junior High's snack bar and restroom;
 - Portable building purchased for Mills Elementary; and
 - Remodeled bathrooms at Jefferson Elementary.

- Other significant events during the past year included the passage of the \$47 million general obligation school building bond issue on April 17, 2008, of which the first \$9.5 million of these bonds were sold during July 2008. The larger projects involved with the 2008 bond will include the building of a new Freshman High Academy and Alternative High School to be located on the High School campus, renovation and addition to the Central Office building, new updated warehouse, and numerous other improvements at various school sites.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

GOVERNMENT WIDE FINANCIAL STATEMENTS

Statement of Net Assets

This overall Statement of Net Assets is prepared using the accrual method of accounting. This statement shows that as of June 30, 2008, the District has total net assets of \$47,404,156.

	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Assets		
Cash & cash equivalents	\$ 10,992,636	\$ 12,095,488
Other current assets	2,816,598	3,428,876
Capital assets	110,215,055	113,333,935
Less accumulated depreciation	(56,865,438)	(60,286,866)
Restricted cash and investments	3,613,974	4,848,051
	<u>70,772,825</u>	<u>73,419,484</u>
Total assets	<u>\$ 70,772,825</u>	<u>\$ 73,419,484</u>
Liabilities		
Other current liabilities	\$ 5,149,619	\$ 6,579,541
Long-term liabilities	20,584,869	19,435,787
	<u>25,734,488</u>	<u>26,015,328</u>
Total liabilities	<u>25,734,488</u>	<u>26,015,328</u>
Net Assets		
Invested in capital assets, net of related d	33,009,617	33,092,069
Restricted	5,681,289	12,306,415
Unrestricted	6,347,431	2,005,672
	<u>45,038,337</u>	<u>47,404,156</u>
Total Net Assets	<u>\$ 45,038,337</u>	<u>\$ 47,404,156</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

Statement of Activities

The Statement of (Governmental) Activities is prepared using the accrual method of accounting. This report compliments the Statement of Net Assets by showing the overall change in the District's net assets for the fiscal year ending June 30, 2008.

	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Governmental Activities		
Total government activities	\$ 63,492,693	\$ 69,110,286
Less charges for services	1,126,976	1,205,330
Less operating grants and contributions	9,801,525	12,094,149
Less capital grants and contributions	<u>2,252,625</u>	<u>589,528</u>
Total governmental activities	50,311,567	55,221,279
General revenues		
Property taxes	7,605,437	8,462,152
State of New Mexico equalization grant	44,307,157	47,787,471
Investment earnings	535,679	507,161
Transfers to PED	(57,820)	-
Miscellaneous	1,079,339	124,311
Loss on disposition of assets	<u>-</u>	<u>(42,037)</u>
Total general revenues	<u>53,469,792</u>	<u>56,839,058</u>
Increase in Net Assets	3,158,225	1,617,779
Net Assets Beginning - As Restated	42,329,218	45,038,337
Prior period adjustments	<u>(449,106)</u>	<u>748,040</u>
Net Assets Ending	<u>\$ 45,038,337</u>	<u>\$ 47,404,156</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

GOVERNMENT FUND FINANCIAL STATEMENTS

Statement of Revenues and Expenditures

Governmental fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues, Expenditures and Changes in Fund Balances is *not* new to the District's annual financial reports. This report guides the reader to a meaningful overall view for the district revenues, expenditures and changes in fund balances. Total revenues from state, local and federal sources were \$70,771,387. Total expenditures for the District were \$69,350,569. The total ending fund balance was \$14,492,703, an increase of \$2,358,858 from the prior year.

Multi-Year District Revenues and Expenditures

A multi-year view of overall District revenues and expenditures indicates growth in both areas in most years. The growth of both revenues and expenditures are commensurate with legislative initiatives to improve funding for teacher salaries, student needs and other educational programs as well as state, local and bond increases in revenues for capital outlay purposes.

Year	Total Revenues	Increase %	Total Expenses	Increase %
2001/02	\$47,464,938	2%	\$47,637,911	7%
2002/03	\$66,091,861	39%	\$60,093,986	26%
2003/04	\$54,451,621	-21%	\$57,648,551	-4%
2004/05	\$60,578,291	11%	\$68,280,722	19%
2005/06	\$63,574,800	5%	\$61,603,162	-10%
2006/07	\$66,725,318	5%	\$66,327,854	8%
2007/08	\$70,738,230	6%	\$69,350,569	5%

The Budget

Budgets for the District reflect the same growth as seen in the revenue and expenditures of the District. The State of New Mexico school budget process is defined under New Mexico State Statutes (Section 22) and the New Mexico Administrative Code (Section 6). To enhance the process of developing a budget at the school district level, the Hobbs Municipal School District #33 utilizes goals and objectives defined by the local School Board, community input meetings, long term plans, and input from various staff groups to develop the budget. District priorities are well defined through this process.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

The Budget (continued)

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement. The New Mexico State Auditor requires budget results to be reported for all funds, including non-major funds. These statements are presented as required supplementary information.

The following table examines the summary budget performance of the funds for the fiscal year ended June 30, 2008. Detail budget performance is examined through the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for each fund.

Funds Revenue Budget Performance

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
General Fund	\$ 50,597,811	\$ 51,366,185	\$ 51,651,782	\$ 285,597
Capital Improvements				
HB-33 Fund	3,668,861	3,868,861	4,744,944	876,083
Debt Service Fund	1,554,000	1,554,000	1,618,764	64,764
Nonmajor Funds	9,071,283	13,706,681	13,116,190	(590,491)
Totals	<u>\$ 64,891,955</u>	<u>\$ 70,495,727</u>	<u>\$ 71,131,680</u>	<u>\$ 635,953</u>

Funds Expenditure Budget Performance

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
General Fund	\$ 52,803,107	\$ 53,344,586	\$ 52,315,950	\$ 1,028,636
Capital Improvements				
HB-33 Fund	5,498,102	5,756,423	3,250,025	2,506,398
Debt Service Fund	3,591,217	3,551,222	1,642,170	1,909,052
Nonmajor Funds	10,848,544	15,370,449	13,331,478	2,038,971
Totals	<u>\$ 72,740,970</u>	<u>\$ 78,022,680</u>	<u>\$ 70,539,623</u>	<u>\$ 7,483,057</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
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Unaudited

The Budget (continued)

The General Fund represents a majority of the total funds budgeted dollar amount. This fund provides the salary and benefits for the significant majority of the Instructional, Instructional Support, and School Support, Maintenance and Administrative staff as well as classroom materials, special education consulting staff, and fixed utility costs.

Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the funding formula appropriated for education by the State Legislature. The General Fund is explored later in the Management Discussion and Analysis.

The Operations Fund

The Operations Fund serves as the District's General Fund. Because the Operations Fund revenues represent \$51,571,357 of the total \$70,771,387 of District revenues, the impact of this fund must be kept in context. The Operations Fund began the year with an initial budget of \$50,597,811 and had a final budget of \$51,366,185.

The Operations Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff, and administrative staff. The Operations Fund provides the predominant funding for athletics and summer school. The Operations Fund has seen significant increases in revenues, exclusive of Capital Outlays, as seen in the following table:

OPERATIONS FUND REVENUES

YEAR	REVENUES	INCREASE %
2001/02	\$36,297,243	3%
2002/03	\$37,354,618	.95%
2003/04	\$38,633,543	3.5%
2004/05	\$41,663,268	8%
2005/06	\$45,172,062	8%
2006/07	\$47,964,173	6%
2007/08	\$51,571,357	7.5%

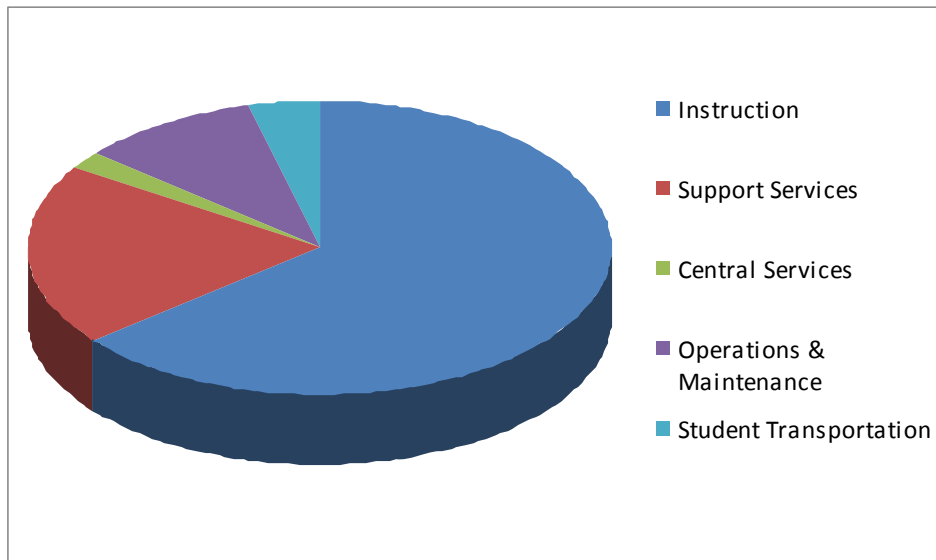
STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

The Operations Fund (continued)

Because the Operations Fund is the main fund whose expenditures are significantly related to the educational process, \$52,271,972 was expended during the year ended June 30, 2008. The most significant inter-fund expense was for the function noted as "Instruction." This expenditure was \$33,418,808 or 63.9% of all Operations expenditures. Expenses included in this function are regular and special education teachers and instructional assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services. Approximately 98% of all Operations Fund expenditures are made for employee salaries, payroll taxes, and benefits.

Support Services represents 20% of Operations Fund expenditures and account for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff, and significant support to special education programs through contract ancillary support staff and contract programs. The Office of the Superintendent and the Business Office represent the overhead support for the entire operations of the District; these programs combined represent 2.09% of the total Operations Fund. Maintenance and Operations account for 10.1% of the Operations Fund expenditures. Included in the Maintenance and Operations expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies, and school custodial supplies. Additional support for maintenance supplies and projects comes from the voter-approved Two Mill and Four Mill Levy Funds. The Operations Fund also supports expenditures for school athletics and summer school.

OPERATIONS FUND BY EXPENDITURE



STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

Capital Assets

GASB 34 rules now require public entities to depreciate capital assets. This statement includes an adjusted accumulated depreciation of the District's capital assets in the amount of \$60,286,866 as of June 30, 2008. The District utilizes a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

Because of certain aging facilities, the District has taken a planned and focused approach towards investing in equipment as well as adding to and maintaining existing facilities. This effort is evidenced by the "Construction in Progress" account for the year ending June 30, 2008.

In addition to construction, the District has made a productive effort to replace old vehicles, enhance technology, and replace outdated school furnishings and equipment.

The primary increase to capital assets for the year was due to various school renovation projects for approximately \$6 million.

The following table recounts the balances for the District's investment in all capital assets:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital assets not being depreciated:		
Land	\$ 3,522,925	\$ 3,517,082
Construction in process	3,660,738	151,162
Total capital assets not being depreciated	<u>7,183,663</u>	<u>3,668,244</u>
Capital assets being depreciated:		
Buildings & improvements	87,298,889	92,320,854
Equipment	15,732,503	16,407,892
Land improvements	-	936,945
Total capital assets being depreciated	<u>103,031,392</u>	<u>109,665,691</u>
Less accumulated depreciation for:		
Buildings & improvements	46,241,073	48,542,566
Equipment	10,624,365	11,689,742
Land improvements	-	54,558
Total accumulated depreciation	<u>56,865,438</u>	<u>60,286,866</u>
Total capital assets being depreciated, net	<u>46,165,954</u>	<u>49,378,825</u>
Governmental activity capital assets, net	<u>\$ 53,349,617</u>	<u>\$ 53,047,069</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

Long Term Liabilities

Article IX, Section 11 of the New Mexico Constitution limits the powers of a school district to incur general obligation debt beyond a school year. The District can incur such debt for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving schools grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of the debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the District.

On May 24, 2005, the District issued General Obligation Bonds in the amount of \$420,000 with staggered maturity dates. The last maturity date is August 1, 2015.

The General Obligation Bond election was held on April 9, 2002, in which the District's voters approved a \$22,350,000 general obligation bond initiative.

The District issued General Obligation School Building Bonds on June 15, 2002, in the amount of \$7,000,000 with staggered maturity dates. The last maturity date is July 1, 2014. Bonds maturing on or after July 1, 2012 are callable July 1, 2011 or anytime thereafter at par.

The District sold Qualified Zone Academy Bonds (QZAB's) on September 5, 2002, in the amount of \$14,900,000. The District had to meet certain requirements to qualify to issue QZAB's. Certain banks, insurance companies, and corporations actively engaged in lending money are eligible for a tax credit as an incentive to hold these bonds. The QZAB bonds bear no interest to the District, thus reducing the cost to taxpayers by a little more than \$2.5 million. The QZAB's agreement also included a Forward Delivery Agreement which states that the District must annually deposit a minimum of \$841,071 into a sinking fund account beginning October 1, 2003 and ending October 1, 2016. The purpose of the sinking fund is to manage investments by increasing the predictability of its cash flow from earnings on investments in order to meet the required repayment of the bonds on October 15, 2016. The agreement also establishes a guaranteed rate of return of 3.55% on funds deposited in the sinking fund.

The District issued General Obligation School Building Bonds on July 15, 2008, in the amount of \$9,500,000 with staggered maturity dates. The last maturity date is July 15, 2020.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

Long Term Liabilities (continued)

Listed below is the District's combined annual debt service requirement to maturity for long term debt as of June 30, 2008.

	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Fiscal year ended June 30,			
2009	600,000	196,571	796,571
2010	620,000	171,497	791,497
2011	750,000	144,659	894,659
2012	765,000	115,858	880,858
2013	715,000	85,519	800,519
2014-2018	<u>16,505,000</u>	<u>74,464</u>	<u>16,579,464</u>
	<u>\$19,955,000</u>	<u>\$ 788,568</u>	<u>\$20,743,568</u>

The following summarizes the sinking fund account for the QZAB's if the minimum annual deposit is made as scheduled:

	<u>Beginning Balance</u>	<u>Minimum Annual Deposit</u>	<u>3.55% Investment Earnings</u>	<u>Ending Balance</u>
2003		\$841,071		\$841,071
2004	\$841,071	841,071	\$29,858	1,712,000
2005	1,712,000	841,071	60,776	2,613,847
2006	2,613,847	841,071	92,792	3,547,710
2007	3,547,710	841,071	125,944	4,514,725
2008	4,514,725	841,071	160,273	5,516,069
2009	5,516,069	841,071	195,820	6,552,960
2010	6,552,960	841,071	232,630	7,626,661
2011	7,626,661	841,071	270,746	8,738,478
2012	8,738,478	841,071	310,216	9,889,765
2013	9,889,765	841,071	351,087	11,081,923
2014	11,081,923	841,071	393,408	12,316,402
2015	12,316,402	841,071	437,232	13,594,705
2016	13,594,705	<u>841,071</u>	<u>504,377</u>	14,940,153
		<u>\$11,774,994</u>	<u>\$3,165,159</u>	

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

Agency Funds

The District, as a custodian, maintains and monitors special funds on behalf of the schools and various school activity groups. Agency funds maintained by the School District are to benefit a specific activity or interest and are generally raised by students for student use.

While each school site is responsible for the administration of the agency funds, the custody and use of these funds are in accordance with New Mexico Public Education Department Regulations and School District Policy. The Statement of Changes in Net assets and Liabilities for the year ended June 30, 2008, shows the accumulated assets of all agency funds was \$799,663.

Future Trends

The Economy and Public School Funding: The positive economic trends at the local level are anticipated to continue. The income from gross receipts taxes, the main revenue source for both state and local governments, has grown locally. Significant revenues provided by the State Equalization formula to school districts for operating expenses come from this revenue source. Because oil and gas prices have recently taken a downward turn, it is expected that this will result in a decrease for the 2008-2009 year.

The State of New Mexico has authorized and funded a Task Force to study the current operational funding formula that has been in place, with minor modification, since 1975. The study is to determine if the current formula is adequate, equitable and "sufficient" (a New Mexico Constitutional requirement) to provide funds for public education in the state. A draft formula recommending significant increases in funding is being heard in various legislative committees in anticipation of its introduction to the New Mexico legislature at its next session in January 2009. The current draft formula proposed would represent a favorable impact for the District. The District will continue to closely monitor the formula and resulting legislation.

Another significant change for the 2008-2009 school year was the additional day of school instruction that was mandated by the state legislature which brought a host of challenges including a longer school year for teachers/staff/students; more transportation days resulting in increased transportation expense; increased salaries for the teachers/staff; increased incidental expenses (e.g., utilities, etc); and less time for completion of Summer renovations and building projects that are usually done during the Summer months so as not to interfere with instruction.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

Future Trends (continued)

Future Growth: The District has participated in a future growth study that included information showing additional needs for classrooms and buildings, if the development in both residential and commercial properties continues. The District experienced student growth just under 1% during the 2007-2008 school year and it is anticipated that growth for the District will be in the range of 2 to 5% over the next several years. In order to plan for this growth, an oversight committee was formed during 2007-2008 with community members to look at the needs of the District and report their recommendations to the Board of Education. The result of this study was the passage of the \$47 million general obligation school building bond issue on April 17, 2008. Several building and renovation projects that were recommended by the oversight committee will commence during the 2008-2009 school year.

Local Assessments General Obligation Bonds: Because of continued development in both the residential and commercial properties in the District, it is expected that future assessed valuations will continue to increase. As evidenced by the passage of the 2008 school building bond, it is expected that voter support for the District will continue to be strong and revenues from the mill levies will continue to be an integral part of the District's capital funding plans in future years.

Facility Construction or Renovations: The District has plans to commence or continue a number of Capital Outlay building projects during the 2008-2009 fiscal year. Certain highlights of these projects include the following:

- Build new central warehouse: Approximate cost \$2,000,000
- Mail server and archival storage for technology: Approximate cost \$25,000
- District server core room switch upgraded: Approximate cost \$190,000
- Upgrade servers, storage, and virtualization software: Approximate cost \$154,000
- Off-site backup storage servers: Approximate cost \$75,000
- Electrical Upgrade – secondary panels: Approximate cost \$37,500
- Replace carpeting at 9 schools: Approximate cost \$330,000
- Bathroom renovations at Stone Elementary, Broadmoor Elementary, and Hobbs Freshman High: Approximate cost \$62,000
- Restroom renovations at Hobbs High School: Approximate cost \$2,130,000
- ADA renovations at Hobbs High School: Approximate cost \$52,000
- Security system upgrades at various schools including Mills and Sanger Elementary: Approximate cost \$124,000
- Replace upstairs bleachers at Tasker Arena: Approximate cost \$200,000
- Replace gym floor at Tasker Arena: Approximate cost \$150,000
- Replace and upgrade HVAC systems at 6 schools: Approximate cost \$1,500,000

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2008
Unaudited

Future Trends (continued)

In addition, the design phase of the Freshman Academy and Alternative High School will be completed and the bid process will begin with ground-breaking anticipated for Summer 2009 (and schools ready for occupancy anticipated in August 2011).

More information regarding the District including an update of the various 2008 bond building projects is available at www.hobbsschools.net.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statement of Net Assets
June 30, 2008

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 12,095,488
Investments	1,370,000
Receivables:	
Property and oil and gas taxes	650,323
Due from other governments	527,727
Other	157,620
Inventory	723,206
Total current assets	<u>15,524,364</u>
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	195,079
Investments	4,652,972
Capital assets	113,333,935
Less: accumulated depreciation	<u>(60,286,866)</u>
Total noncurrent assets	<u>57,895,120</u>
Total assets	<u><u>\$ 73,419,484</u></u>

The accompanying notes are an integral part of these financial statements

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 5,628,220
Accrued compensated absences	249,314
Accrued interest	102,007
Current portion of bonds payable	<u>600,000</u>
Total current liabilities	<u>6,579,541</u>
Noncurrent liabilities	
Accrued compensated absences	80,787
Bonds payable	<u>19,355,000</u>
Total noncurrent liabilities	<u>19,435,787</u>
Total liabilities	<u>26,015,328</u>
Net assets (Note 17)	
Invested in capital assets, net of related debt	33,092,069
Restricted for:	
Debt service	7,147,098
Capital projects	3,687,956
Other purposes	1,471,361
Unrestricted	<u>2,005,672</u>
Total net assets	<u>47,404,156</u>
Total liabilities and net assets	<u>\$ 73,419,484</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statement of Activities
For the Year Ending June 30, 2008

<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	\$ 40,516,958	\$ 150,350	\$ 5,105,143
Support services - students	6,305,627	23,399	794,510
Support services - instruction	1,947,329	7,226	245,364
Support services - general administration	1,102,032	4,089	138,856
Support services - school administration	3,932,417	14,592	495,485
Central services	1,133,377	4,206	142,806
Operation & maintenance of plant	8,568,557	31,796	1,079,639
Student transportation	2,102,806	-	1,965,709
Food services operations	3,293,641	969,672	2,126,637
Interest on long-term debt	207,542	-	-
	<hr/>	<hr/>	<hr/>
Total governmental activities	<u>\$ 69,110,286</u>	<u>\$ 1,205,330</u>	<u>\$ 12,094,149</u>

General Revenues:

Taxes
Property taxes, levied for operating programs
Property taxes, levied for debt services
Property taxes, levied for capital projects
State equalization guarantee
Interest and investment earnings
Miscellaneous
Loss on disposition of assets
Subtotal, general revenues

Change in net assets

Net assets - beginning
Restatement (Note 16)

Net assets - beginning as restated

Net assets - ending

The accompanying notes are an integral part of these financial statements

<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Capital Grants and Contributions</u>	<u>Government Activities</u>
\$ 376,118	\$ (34,885,347)
58,535	(5,429,183)
18,077	(1,676,662)
10,230	(948,856)
36,505	(3,385,835)
10,521	(975,844)
79,542	(7,377,580)
-	(137,097)
-	(197,332)
-	(207,542)
\$ 589,528	(55,221,279)

372,537
1,464,118
6,625,497
47,787,471
507,161
124,311
(42,037)
56,839,058
1,617,779
45,038,337
748,040
45,786,377
\$ 47,404,156

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Capital Improvements HB-33	Debt Service Fund
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 5,349,858	\$ 3,382,481	\$ 868,895
Investments	-	-	5,762,972
Property taxes receivable	43,138	376,639	42,238
Due from other governments	-	-	-
Other receivables	-	-	-
Inventory	681,232	-	-
Due from other funds	1,231,623	-	-
	<u>\$ 7,305,851</u>	<u>\$ 3,759,120</u>	<u>\$ 6,674,105</u>
<i>Total assets</i>			
LIABILITIES AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	\$ 4,611,408	\$ 273,949	\$ -
Accrued interest payable	-	-	102,007
Accrued compensated absences	11,026	-	-
Deferred revenue	6,624	71,457	24,660
Due to other funds	-	-	-
	<u>4,629,058</u>	<u>345,406</u>	<u>126,667</u>
<i>Total liabilities</i>			
<i>Fund balances</i>			
Reserved for			
Inventory	681,232	-	-
Debt service			6,547,438
Unreserved			
Undesignated, reported in			
General fund	1,995,561	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	3,413,714	-
	<u>2,676,793</u>	<u>3,413,714</u>	<u>6,547,438</u>
<i>Total fund balances</i>			
<i>Total liabilities and fund balances</i>	<u>\$ 7,305,851</u>	<u>\$ 3,759,120</u>	<u>\$ 6,674,105</u>

The accompanying notes are an integral part of these financial statements

<u>Other Governmental Funds</u>	<u>Total</u>
\$ 2,483,956	\$ 12,085,190
260,000	6,022,972
188,308	650,323
527,727	527,727
157,620	157,620
41,974	723,206
91,433	1,323,056
<hr/>	<hr/>
\$ 3,751,018	\$ 21,490,094
<hr/> <hr/>	<hr/> <hr/>
\$ 742,863	\$ 5,628,220
-	102,007
-	11,026
35,718	138,459
1,117,679	1,117,679
<hr/>	<hr/>
1,896,260	6,997,391
<hr/>	<hr/>
-	681,232
	6,547,438
-	1,995,561
930,116	930,116
-	-
924,642	4,338,356
<hr/>	<hr/>
-	
1,854,758	14,492,703
<hr/>	<hr/>
-	
\$ 3,751,018	\$ 21,490,094
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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Governmental Funds

Exhibit B-1
(Page 2 of 2)

Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2008

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

Fund balances - total governmental funds	\$ 14,492,703
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	53,047,069
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	138,459
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
General obligation bonds	(19,955,000)
Accrued compensated absences	<u>(319,075)</u>
Total net assets - governmental funds	<u>\$ 47,404,156</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statements of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ending June 30, 2008

	General Fund	Capital Improvements HB-33	Debt Service Fund
<i>Revenues</i>			
Property taxes	\$ 177,585	\$ 4,345,538	\$ 1,439,458
Oil and gas taxes	328,072	-	-
Intergovernmental revenue			
Federal flowthrough	31,633	-	-
Federal direct	-	-	-
Local sources	64,534	-	-
State flowthrough	48,650,821	-	-
State direct	85,233	200,000	-
Transportation distribution	1,965,709	-	-
Charges for services	30,593	-	-
Interest on investments	213,681	52,115	217,798
Miscellaneous	23,496	100,000	-
<i>Total revenues</i>	<u>51,571,357</u>	<u>4,697,653</u>	<u>1,657,256</u>
<i>Expenditures</i>			
Current			
Instruction	33,418,808	-	-
Support services - students	4,475,354	-	-
Support services - instruction	1,874,910	-	-
Support services - general administration	880,294	1,144,680	5,809
Support services - school administration	3,237,749	-	-
Central services	1,092,331	-	-
Operation & maintenance of plant	5,279,033	-	-
Student transportation	2,013,493	-	-
Food services operations	-	-	-
Capital Outlay	-	2,302,393	-
Debt service			
Principal	-	-	575,000
Interest	-	-	207,542
<i>Total expenditures</i>	<u>52,271,972</u>	<u>3,447,073</u>	<u>788,351</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(700,615)</u>	<u>1,250,580</u>	<u>868,905</u>
<i>Other financing sources (uses)</i>			
Transfers in (out)	3,684	-	-
Bond proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(700,615)	1,250,580	868,905
<i>Fund balances - beginning of year</i>	3,373,724	2,163,134	4,930,493
<i>Fund balances - restatement (Note 16)</i>	<u>-</u>	<u>-</u>	<u>748,040</u>
<i>Fund balances - beginning as restated</i>	<u>3,373,724</u>	<u>2,163,134</u>	<u>5,678,533</u>
<i>Fund balances - ending of year</i>	<u>\$ 2,673,109</u>	<u>\$ 3,413,714</u>	<u>\$ 6,547,438</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 860,491	\$ 6,823,072
1,312,293	1,640,365
6,563,586	6,595,219
430,224	430,224
1,184,085	1,248,619
1,202,725	49,853,546
92,848	378,081
-	1,965,709
1,174,487	1,205,080
23,567	507,161
815	124,311
<u>12,845,121</u>	<u>70,771,387</u>
4,412,340	37,831,148
1,083,825	5,559,179
68,638	1,943,548
367,400	2,398,183
669,419	3,907,168
-	1,092,331
1,765,609	7,044,642
89,134	2,102,627
3,238,329	3,238,329
1,148,479	3,450,872
-	575,000
-	207,542
<u>12,843,173</u>	<u>69,350,569</u>
<u>1,948</u>	<u>1,420,818</u>
(3,684)	-
190,000	190,000
186,316	190,000
188,264	1,610,818
1,666,494	12,133,845
-	748,040
<u>1,666,494</u>	<u>12,881,885</u>
<u>\$ 1,854,758</u>	<u>\$ 14,492,703</u>

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds	\$	1,610,818
<p>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:</p>		
Capital expenditures reported as capital outlay expenditures		3,450,872
Depreciation expense		(3,711,383)
<p>In the statement of activities, only the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the disposition increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed.</p>		
		(42,037)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Change in deferred revenue related to property taxes receivable		(1,285)
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Change in accrued compensated absences		(74,206)
Bond proceeds		(190,000)
Principal payments on bonds		575,000
		575,000
Change in net assets of governmental activities	\$	1,617,779

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 166,003	\$ 166,003	\$ 177,678	\$ 11,675
Oil and gas taxes	246,719	246,719	334,217	87,498
<i>Intergovernmental</i>				
Federal flowthrough	31,000	31,000	31,633	633
Federal direct	-	-	-	-
Local sources	1,000	1,000	64,534	63,534
State flowthrough	47,939,758	48,596,692	48,725,008	128,316
State direct	66,000	66,000	85,233	19,233
Transportation distribution	1,938,331	2,029,771	1,965,709	(64,062)
Charges for services	14,000	14,000	30,593	16,593
Interest	195,000	195,000	213,681	18,681
Miscellaneous	-	20,000	23,496	3,496
<i>Total revenues</i>	50,597,811	51,366,185	51,651,782	285,597
<i>Expenditures</i>				
<i>Current</i>				
Instruction	33,829,250	33,999,643	33,529,437	470,206
Support services - students	4,583,052	4,603,595	4,475,354	128,241
Support services - instruction	1,882,032	2,050,995	1,855,813	195,182
Support services - general administration	785,997	926,188	880,294	45,894
Support services - school administration	3,306,537	3,276,349	3,228,894	47,455
Central services	1,125,038	1,092,043	1,081,897	10,146
Operation & maintenance of plant	5,310,229	5,275,547	5,250,768	24,779
Student transportation	1,938,331	2,077,585	2,013,493	64,092
Other support services	42,641	42,641	-	42,641
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	52,803,107	53,344,586	52,315,950	1,028,636
<i>Excess (deficiency) of revenues over expenditures</i>	(2,205,296)	(1,978,401)	(664,168)	1,314,233
<i>Other financing sources (uses)</i>				
Designated cash	2,205,296	1,978,401	-	(1,978,401)
Gain on sale of assets	-	-	-	-
<i>Total other financing sources (uses)</i>	2,205,296	1,978,401	-	(1,978,401)
<i>Net change in fund balances</i>	-	-	(664,168)	(664,168)
<i>Fund balances - beginning of year</i>	-	-	2,685,786	2,685,786
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 2,021,618	\$ 2,021,618
<i>Net change in fund balances (Non-GAAP budgetary basis)</i>				\$ (664,168)
Adjustments to revenues for property taxes receivable and deferred revenue				(80,425)
Adjustments to expenditures for inventory, accounts payable and accrued compensated absences				43,978
<i>Net changes in fund balances (GAAP Basis)</i>				\$ (700,615)

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

Exhibit D-1

<i>Current Assets</i>	
Cash and cash equivalents	\$ 299,663
Investments	<u>500,000</u>
<i>Total assets</i>	<u><u>\$ 799,663</u></u>
<i>Current Liabilities</i>	
Accounts payable	\$ 9,721
Due to student organizations	<u>789,942</u>
<i>Total liabilities</i>	<u><u>\$ 799,663</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies

Hobbs Municipal School District #33 is a special purpose government corporation governed by an elected six-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the City of Hobbs. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources.

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 Hobbs Municipal School District #33 management who is responsible for their integrity and objectivity. The financial statements and notes of Hobbs Municipal School District #33 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 the governmental units. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance. The more significant of the government'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 for in GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units 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 in the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another government agency.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The government reports the following major governmental funds:

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

The *Special Revenue Bond Capital Projects Fund* is used to account for the 4 mill levy authorized by the Public Building Act. Expenditures are for erecting, remodeling, making additions, providing equipment for or furnishing public school buildings, and purchasing or improving public grounds.

The *Debt Service Fund* is used to account for financial resources accumulated and payments made for principal and interest on long-term general obligation and QZab bonds of governmental funds.

Additionally, the government reports the following agency fund:

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

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

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

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

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

Restricted Assets: Certain proceeds of the District's revenue bonds and general obligation bonds are classified as restricted assets on the balance sheet because their use is limited by the applicable bond covenants.

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net Assets or Equity*

The District receives monthly income from a tax levy from Lea County. The funds are collected by the County Treasurers and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2008 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2008. Period of availability is deemed to be sixty days subsequent to year end.

Certain Special Revenue funds are administered on a reimbursement method of funding; 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.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various Districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The Districts are allowed to carryforward unused allocations from year to year.

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

Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Inventories in the Transportation Fund consist of related supplies.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net Assets or Equity*

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

<u>Assets</u>	<u>Years</u>
Building	50
Building Improvements	10-30
Vehicles	7
Telecommunications & Computer Equipment	5-20
Office Equipment	5-20
Other School Equipment	10-15
Library Books	10

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

- *Unearned revenue* - Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for *deferred revenue*.
- *Unavailable revenue* – Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual (it must be both measureable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

Compensated Absences: The District permits administrative employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with District policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employees.

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

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Net Assets or Fund Equity. Equity is classified as net assets and displayed in three components:

- a. Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Significant unspent related debt proceeds are not included in the reduction.
- b. Restricted Net Assets: Consists of net assets with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net assets: All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

E. *Revenues*

State Equalization Guarantee: School districts in the State of New Mexico receive a ‘state equalization guarantee distribution’ which is defined as “that amount of money distributed to each school district to 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 costs.

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$47,787,471 in state equalization guarantee distributions during the year ended June 30, 2008.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered ‘measurable’ and ‘available’ in the governmental fund financial statements. The District recognized \$8,463,437 in tax revenues in the governmental fund financial statements during the year ended June 30, 2008. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,965,709 in transportation distributions during the year ended June 30, 2008.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

E. *Revenues (continued)*

Instructional Materials: The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The District received \$863,350 in instructional materials revenue from the State for the year ended June 30, 2008.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

These budgets are prepared on the Non-GAAP cash 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 reserved fund balance.

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

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

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 2. Stewardship, Compliance and Accountability (continued)

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

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

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
	Budgeted Funds:	
General Fund	\$ (2,205,296)	\$ (1,978,401)
Capital Improvements HB-33 Fund	\$ (1,829,241)	\$ (1,887,562)
Debt Service Fund	\$ (2,037,217)	\$ (1,997,222)
Nonmajor Funds	\$ (1,777,261)	\$ (1,663,771)

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

NOTE 3. Deposits and Investments

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

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute.

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

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

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

Section 6-10-17, NMSA 1978, requires collateral to be pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt to be issued, to the District for at least one half of the uninsured amount on deposit with the institution. Section 6-10-10H, NMSA 1978 requires repurchase agreements to be covered by pledged collateral equal to 102% of the deposit.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

Deposit Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978) and Section 22-8-40(C) through 22-8-40H, NMSA 1978. The District’s bank balance was \$7,202,912 at June 30, 2008. Of that amount, \$500,000 was not exposed to custodial risk because it was covered by FDIC insurance. \$6,702,912 was exposed to custodial credit risk because it was collateralized with securities held by the pledging institution or by its trust department or agent in other than the District’s name, and \$1,298,341 was exposed to custodial risk because it was not insured or collateralized.

	Lea County State Bank	Western Commerce Bank	Bank of America	Wells Fargo Bank	First National Bank	Total Deposits
Total amount of deposits	\$ 2,055,807	\$ 747,995	\$ 711,295	\$ 3,571,552	\$ 116,263	\$ 7,202,912
FDIC coverage	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(500,000)
Total uninsured public funds	<u>1,955,807</u>	<u>647,995</u>	<u>611,295</u>	<u>3,471,552</u>	<u>16,263</u>	<u>6,702,912</u>
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the District's name	<u>1,955,807</u>	<u>632,319</u>	<u>611,295</u>	<u>2,188,887</u>	<u>16,263</u>	<u>5,404,571</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 15,676</u>	<u>\$ -</u>	<u>\$ 1,282,665</u>	<u>\$ -</u>	<u>\$ 1,298,341</u>
Collateral requirement (50% of uninsured)	\$ 977,904	\$ 323,998	\$ 305,648	\$ 1,735,776	\$ 8,132	\$ 3,351,458
Pledged securities	<u>3,798,057</u>	<u>632,319</u>	<u>821,628</u>	<u>2,188,887</u>	<u>77,522</u>	<u>7,518,413</u>
Over (under) collateralization	<u>\$ 2,820,153</u>	<u>\$ 308,321</u>	<u>\$ 515,980</u>	<u>\$ 453,111</u>	<u>\$ 69,390</u>	<u>\$ 4,166,955</u>

	Lea County State Bank	Wells Fargo Bank	Total Repurchase
<u>Overnight Repurchase Agreements</u>			
Total amount of deposits	\$ 1,814,163	\$ 1,967,061	\$ 3,781,224
FDIC coverage	-	-	-
Total uninsured public funds	<u>1,814,163</u>	<u>1,967,061</u>	<u>3,781,224</u>
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the District's name	<u>1,814,163</u>	<u>1,967,061</u>	<u>3,781,224</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured - re-purchase)	\$ 1,850,446	\$ 2,006,402	\$ 3,856,848
Pledged securities	<u>1,850,446</u>	<u>2,006,402</u>	<u>3,856,848</u>
Over (under) collateralization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

Investment Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District’s \$3,781,224 investment in repurchase agreements (included in cash and cash equivalents) all of the underlying securities are held by the investment’s counterparty, not in the name of the District. The securities collateralizing the repurchase agreement totaling \$3,856,848 are held by the pledging institution or by its trust department or agent in other than the District’s name. Of the District’s \$4,652,972 investments in FNMA Discount Notes, all of the underlying securities are held by the investment’s counterparty, not in the name of the District. The District does not have an investment policy limiting the holding of securities by counterparties except for following applicable State regulations and Section 22-8-40(C) through 22-8-40(H), NMSA 1978.

Credit Risk

The New MexiGROW Local Government Investment Pool’s (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. As of June 30, 2008, the District’s investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor’s.

The District does not have an investment policy for credit risk except for following applicable State regulations and Section 22-8-40(C) through 22-8-40H, NMSA 1978.

The District’s investments at June 30, 2008 include the following:

Investments	Weighted Average Maturities	Fair Value	Credit Quality Rating
State Treasurer Local New New MexiGROW LGIP:			
Governmental Activities – Exhibit A-1	<50 days	\$ 1,370,000	AAAM
Agency – Exhibit D-1	<50 days	500,000	AAAM
FNMA Discount Note – Exhibit A-1	<50 days	4,652,972	A-1+
Total investments		<u>\$ 6,522,972</u>	

Pooled Accounts

The District utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheets as of June 30, 2008. Funds 26000 through 29131 are state and local funds. The pooled bank account for the state and local funds did not have a negative balance as of June 30, 2008, however, the following individual funds had negative cash balances as of June 30, 2008:

27140	Family Youth Resource Program	\$ 275
27149	PreK Initiative	16,648
27162	Technology Equity HB2622	26,849
27164	School Improvement Framework	2,993
27170	Libraries - GO Bonds	7,311
29131	TCA Value Options	37,357
	Total	<u>\$ 91,433</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statements of Net Assets

The carrying amount of deposits shown above are included in the District' statements of net assets as follows:

Cash and cash equivalents per Exhibit A-1	\$ 12,095,488
Restricted cash per Exhibit A-1	195,079
Agency cash per Exhibit D-1	<u>299,663</u>
 Total cash and cash equivalents	 12,590,230
Overnight repurchase agreements included as cash and cash equivalents	(3,781,224)
Reconciling items	<u>(1,606,094)</u>
 Bank balance of deposits	 <u><u>\$ 7,202,912</u></u>

NOTE 4. Accounts Receivable

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

Governmental Activities:

	General Fund	Capital Improvements HB-33	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 11,367	\$ 122,467	\$ 42,238	\$ 61,222	\$ 237,294
Oil and gas taxes receivable	31,771	254,172	-	127,086	413,029
Due from other governments					
Federal sources	-	-	-	492,575	492,575
State sources	-	-	-	35,152	35,152
Other receivables	-	-	-	157,620	157,620
	<u>\$ 43,138</u>	<u>\$ 376,639</u>	<u>\$ 42,238</u>	<u>\$ 873,655</u>	<u>\$ 1,335,670</u>

The above receivables are deemed 100% collectible.

NOTE 5. Accounts Payable

Accounts Payable as of June 30, 2008, is as follows:

Governmental Activities:

Payable to suppliers	\$ 814,786
Payable to and on behalf of employees	<u>4,813,434</u>
 Total accounts payable:	 <u><u>\$ 5,628,220</u></u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 6. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2008 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Title I	\$ 345,360
General Fund	Javits Gifted and Talented Students	1,330
General Fund	Partnership in Character Education	8,526
General Fund	Technology Literature	8,277
General Fund	Title III Incentive	3,897
General Fund	Title II D Competitive	52
General Fund	Title V-A Innovative Education	2,550
General Fund	English Language Acquisition	61,968
General Fund	Teacher/Principal Training	24,784
General Fund	Safe and Drug Free Schools and Community	14,892
General Fund	Immigrant Funding Title III	39,267
General Fund	Reading First	133,813
General Fund	Carl D. Perkins - Current	53,792
General Fund	Carl Perkins Secondary - Redistribution	1,491
General Fund	Elementary PE Grant	74,724
General Fund	Family Youth Resource Program	10,895
General Fund	Beginning Teacher Mentoring	13,863
General Fund	Reading Materials	3,232
General Fund	K-Plus Initiative	84,437
General Fund	Legislative Appropriation Laws of 2006	42,932
General Fund	Technology Equity HB2622	119,918
Technology in Education PED	Technology Equity HB2622	26,849
Technology in Education PED	Family Youth Resource Program	275
Technology in Education PED	Pre-K Initiative	16,648
Technology in Education PED	School Improvement Framework	2,993
Technology in Education PED	Libraries - GO Bonds	7,311
Technology in Education PED	TCA Value Options	37,357
General Fund	Special Capital Outlay State	181,623
		<u>\$ 1,323,056</u>

All interfund balances are intended to be repaid within one year.

Operating transfers initiated for the purpose of providing funds for expenditures of reimbursement driven grants for the year ended June 30, 2008 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Energy Efficiency Act	<u>\$ 3,684</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2008, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2008 appear in the Statement of Net Assets as follows:

Governmental Activities:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,522,925	\$ -	\$ 5,843	\$ 3,517,082
Construction in progress	3,660,738	-	3,509,576	151,162
Total capital assets not being depreciated	7,183,663	-	3,515,419	3,668,244
Capital assets being depreciated:				
Buildings and improvements	87,298,889	5,021,965	-	92,320,854
Equipment	15,732,503	1,001,538	326,149	16,407,892
Land improvements	-	936,945	-	936,945
Total capital assets being depreciated	103,031,392	6,960,448	326,149	109,665,691
Less accumulated depreciation:				
Buildings and improvements	46,241,073	2,301,493	-	48,542,566
Equipment	10,624,365	1,355,332	289,955	11,689,742
Land improvements	-	54,558	-	54,558
Total accumulated depreciation	56,865,438	3,711,383	289,955	60,286,866
Total capital assets, net of depreciation	\$ 53,349,617	\$ 3,249,065	\$ 3,551,613	\$ 53,047,069

Depreciation expense for the year ended June 30, 2008 was charged to the following functions and funds:

Governmental Activities

Instruction	\$ 2,669,041
Support services-students	759,615
Support services-general administration	140,855
Central services	31,867
Operations and maintenance of plant	58,468
Food services operations	51,537
	<u>\$ 3,711,383</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 8. Long-term Debt

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

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Due Within One Year
General obligation Qualified Zone Academy School (Qzab) bonds	\$ 14,930,000	\$ -	\$ -	\$ 14,930,000	\$ -
General Obligation Bonds Series 2002	5,025,000	-	535,000	4,490,000	560,000
General Obligation Bonds Series 2005	385,000	-	40,000	345,000	40,000
General Obligation Bonds Series 2008	-	190,000	-	190,000	-
Compensated Absences	244,869	334,546	249,314	330,101	249,314
Total Long-Term Debt	\$ 20,584,869	\$ 524,546	\$ 824,314	\$ 20,285,101	\$ 849,314

General obligation bonds are secured by and payable solely from the Debt Service Fund. Long term capital lease is payable solely from the Energy Efficiency Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2008 are for governmental activities.

The annual requirements to amortize the long-term debt as of June 30, 2008, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2009	\$ 600,000	\$ 196,571	\$ 796,571
2010	620,000	171,497	791,497
2011	750,000	144,659	894,659
2012	765,000	115,858	880,858
2013	715,000	85,519	800,519
2014-2018	16,505,000	74,464	16,579,464
	<u>\$ 19,955,000</u>	<u>\$ 788,568</u>	<u>\$ 20,743,568</u>

The annual requirements to amortize the general obligation qualified zone academy bonds as of June 30, 2008, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	<u>\$ 14,930,000</u>	<u>\$ -</u>	<u>\$ 14,930,000</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 8. Long-term Debt (continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2009	\$ 560,000	\$ 183,752	\$ 743,752
2010	580,000	160,228	740,228
2011	610,000	134,940	744,940
2012	635,000	107,690	742,690
2013	670,000	78,998	748,998
2014-2018	<u>1,435,000</u>	<u>65,739</u>	<u>1,500,739</u>
	<u>\$ 4,490,000</u>	<u>\$ 731,347</u>	<u>\$ 5,221,347</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2009	\$ 40,000	\$ 12,819	\$ 52,819
2010	40,000	11,269	51,269
2011	40,000	9,719	49,719
2012	40,000	8,168	48,168
2013	45,000	6,521	51,521
2014-2018	<u>140,000</u>	<u>8,725</u>	<u>148,725</u>
	<u>\$ 345,000</u>	<u>\$ 57,221</u>	<u>\$ 402,221</u>

The annual requirements to amortize the 2008 Series general obligation bonds outstanding as of June 30, 2008 and subsequent to June 30, 2008, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Principal Subsequent to June 30, 2008	Interest	Total Debt
2009	\$ -	\$ -	\$ -	\$ -
2010	-	-	545,175	545,175
2011	100,000	-	360,825	460,825
2012	90,000	10,000	356,475	456,475
2013	-	100,000	352,125	452,125
2014-2018	-	4,200,000	1,529,000	5,729,000
2019-2023	<u>-</u>	<u>5,000,000</u>	<u>257,500</u>	<u>5,257,500</u>
	<u>\$ 190,000</u>	<u>\$ 9,310,000</u>	<u>\$ 3,401,100</u>	<u>\$ 12,901,100</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 8. Long-term Debt (continued)

General Obligation School Building Bonds Series 2002 – The District issued General Obligation School Building Bonds in the amount of \$7,000,000 on June 15, 2002 with staggered maturity dates. The last maturity date is July 1, 2014. The principal payment ranges from \$475,000 to \$735,000 with annual payments due July 1. The interest rate ranges from 3.00% to 4.55%, with semi-annual payments due on January 1 and July 1. Bonds maturing on or after July 1, 2012 are callable July 1, 2011 or anytime thereafter at par. The District was authorized to issue the bonds for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public school classrooms or any combination of these purposes.

General Obligation School Building Bonds Series 2005 – The District issued General Obligation School Building Bonds in the amount \$420,000 on May 24, 2005 with staggered maturity dates. The last maturity date is August 1, 2015. The principal payment ranges from \$35,000 to \$50,000 with annual payments due August 1. The interest rate ranges from 3.875% to 4.10%, with semi-annual payments due on February 1 and August 1. The District was authorized to issue the bonds for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public school classrooms or any combination of these purposes.

General Obligation School Building Bonds Series 2008 – The District issued General Obligation School Building Bonds in the amount of \$9,500,000 on July 15, 2008 with staggered maturity dates. The last maturity date is July 15, 2020. The principal payment ranges from \$100,000 to \$2,000,000 with annual payments due July 15. The interest rate ranges from 4.00% to 5.25%, with semi-annual payments due on January 15 and July 15. The District was authorized to issue the bonds for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act or any combination of these purposes. The District received \$190,000 of the proceeds (good faith deposit), in June 2008. The District received \$9,240,013 in July 2008.

Par amount of bonds	\$9,500,000
Good faith deposit	(190,000)
Accrued interest 07/15/08-07/22/08	7,067
Bond issue costs	<u>(77,054)</u>
	<u>\$9,240,013</u>

General Obligation Qualified Zone Academy School Building Bonds (QZabs) Series 2002 – On September 5, 2002, the District entered into an agreement to sell QZabs with Bank of America in the amount of \$14,930,000. The agreement states that the bonds will have a maturity date of October 15, 2016. Principal payments are due annually on October 1 and the interest rate is 0%. The District was authorized to issue the bonds for the purpose of providing funds for remodeling, repairing and providing equipment and furnishing school buildings within the District, and purchasing computer software and hardware for student use in public school classrooms.

In order to qualify for QZabs, a public school at the secondary level or below must meet certain requirements. These requirements include: (but are not limited to) the school must be located in either an empowerment zone or an enterprise community or at the time of bond issue at least 35% of the school’s students must be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act and a private business contribution of qualified goods or services of not less than 10% of the present value of the bond issue proceeds as of the bond issue date. Certain banks, insurance companies, and corporations actively engaged in the business of lending money are eligible for a tax credit as an incentive to hold these bonds.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 8. Long-term Debt (continued)

The QZabs agreement also included a Forward Delivery Agreement which states that the District must annually deposit a minimum of \$841,071 into a sinking fund account beginning October 1, 2003 and ending October 1, 2016. The purpose of the sinking fund is to manage investments by increasing the predictability of its cash flow from earnings on investments in order to meet the required repayment of the bonds on October 15, 2016. The agreement also establishes a guaranteed rate of return of 3.55% on funds deposited in the sinking fund. The following summarizes the sinking fund account if the minimum annual deposit is made as scheduled:

	Beginning Balance	Minimum Annual Deposit	3.55% Investment Earnings	Ending Balance
October				
2003	\$ -	\$ 841,071	\$ -	\$ 841,071
2004	841,071	841,071	29,858	1,712,000
2005	1,712,000	841,071	60,776	2,613,847
2006	2,613,847	841,071	92,792	3,547,710
2007	3,547,710	841,071	125,944	4,514,725
2008	4,514,725	841,071	160,273	5,516,069
2009	5,516,069	841,071	195,820	6,552,960
2010	6,552,960	841,071	232,630	7,626,661
2011	7,626,661	841,071	270,746	8,738,478
2012	8,738,478	841,071	310,216	9,889,765
2013	9,889,765	841,071	351,087	11,081,923
2014	11,081,923	841,071	393,408	12,316,402
2015	12,316,402	841,071	437,232	13,594,705
2016	13,594,705	841,071	504,377	14,940,153
		<u>\$ 11,774,994</u>	<u>\$ 3,165,159</u>	

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2008, compensated absences increased \$74,206 from the prior year accrual. In prior years, the general fund and Title I were typically used to liquidate such long-term liabilities.

NOTE 9. Risk Management

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 9. Risk Management (continued)

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

NOTE 10. Deficit Fund Balances and Budget Noncompliance Issues

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

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

Title III - Incentive Award	\$	901
Family Youth Resource Program	\$	16,142
Pre K Initiative	\$	42,359
Technology Equity HB2622	\$	162,767
School Improvement Framework	\$	2,993
Libraries - G.O. Bonds	\$	7,311
TCA Value Options	\$	38,557
Speical Capital Outlay - State	\$	181,623

B. Excess of expenditures over appropriations. There were not any funds that exceeded approved budgetary authority for the year ended June 30, 2008.

C. In the beginning budget designated cash appropriations exceeded prior year available balances. There were not any funds that exceeded approved budgetary authority for the year ended June 30, 2008.

NOTE 11. ERA Pension Plan

Plan Description. Substantially all of the Hobbs Municipal School District #33' full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers and other employees of the public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. Plan members are required to contribute 7.83% of their gross salary. The Hobbs Municipal School District #33 is required to contribute 10.90% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.90% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the Hobbs Municipal School District #33 are established in State Statute under Chapter 22, Article 11, NMSA 1978. The Hobbs Municipal School District #33's contributions to ERB for the fiscal years ending June 30, 2008, 2007, and 2006 were \$3,934,562, \$3,370,600, and \$2,937,938, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 12. Post-Employment Benefits – Retiree Health Care Plan

Plan Description. Hobbs Municipal School District #33 contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

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

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

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

The Hobbs Municipal School District #33' contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$234,722, \$ 218,151, and \$203,156 respectively which equaled the required contributions each year.

NOTE 13. Contingent Liabilities

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 14. Joint Powers Agreements

Agreements Between The City of Hobbs and Hobbs Municipal School District #33

Joint Use of Recreational Facilities Agreement

<i>Participants:</i>	City of Hobbs Hobbs Municipal School District #33
<i>Responsible party:</i>	All participants
<i>Description :</i>	The agreement is to provide for joint use of recreational facilities, such as an indoor swimming pool, gymnasium complex and handball courts owned by the District. The purpose of the agreement is to promote the physical fitness for students and promote physical fitness and community recreational opportunities for all other residents in the community.
<i>Begin date:</i>	February 20, 1974
<i>Ending date:</i>	For a period of five years, and thereafter as mutually agreeable by both parties
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	Approximately \$35,000
<i>Audit responsibility:</i>	Hobbs Municipal School District #33
<i>Fiscal agent:</i>	Not applicable

Two Little League Baseball Fields at Jefferson Elementary Agreement

<i>Participants:</i>	City of Hobbs Hobbs Municipal School District #33
<i>Responsible party:</i>	All participants
<i>Description :</i>	The City and District erected two little league baseball fields at Jefferson Elementary. The agreement entails that the fields are used for sports activities sponsored by the City's Parks and Recreation Department, and for furthering athletic and recreational programs in the District.
<i>Begin date:</i>	November 20, 1972
<i>Ending date:</i>	As long as mutually agreeable by both parties
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	Approximately \$10,000
<i>Audit responsibility:</i>	Hobbs Municipal School District #33
<i>Fiscal agent:</i>	Not applicable

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 14. Joint Powers Agreements (continued)

Agreements Between The City of Hobbs and Hobbs Municipal School District #33 (continued)

Unification of Resources in the Development of Neighborhood Parks on School Land Agreement

<i>Participants:</i>	City of Hobbs Hobbs Municipal School District #33
<i>Responsible party:</i>	All participants
<i>Description :</i>	The District and City agree to unify their resources in the development of neighborhood parks on school land at Sanger, Mills, and Coronado Elementary schools to be used by the citizens of the City, both adults and students in enhancing community recreational programs.
<i>Begin date:</i>	August 5, 1974
<i>Ending date:</i>	This agreement is to continue for 25 years, and thereafter as mutually agreeable by both parties
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	Approximately \$30,000
<i>Audit responsibility:</i>	Hobbs Municipal School District #33
<i>Fiscal agent:</i>	Not applicable

Unification of Resources in the Development of Neighborhood Parks on School Land Agreement

<i>Participants:</i>	City of Hobbs Hobbs Municipal School District #33
<i>Responsible party:</i>	All participants
<i>Description :</i>	The District and City agree to unify their resources in the development of neighborhood parks on school land at College Lane and Stone Elementary schools to be used by the citizens of the City, both adults and students in enhancing community recreational programs
<i>Begin date:</i>	April 21, 1986
<i>Ending date:</i>	This agreement is to continue for 25 years, and thereafter as mutually agreeable by both parties
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	Approximately \$20,000
<i>Audit responsibility:</i>	Hobbs Municipal School District #33
<i>Fiscal agent:</i>	Not applicable

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 14. Joint Powers Agreements (continued)

Agreements Between The City of Hobbs and Hobbs Municipal School District #33 (continued)

Joint Development of Tennis Courts Agreement

<i>Participants:</i>	City of Hobbs Hobbs Municipal School District #33
<i>Responsible party:</i>	All participants
<i>Description :</i>	The District entered into a joint powers agreement with the City to jointly develop tennis courts on property owned by the District. The City will pay power costs for operating and maintaining lights adequate for illuminating the tennis courts for nighttime activities. The City and the District will jointly and equally bear the expenses for maintaining the tennis courts.
<i>Begin date:</i>	December 18, 1975
<i>Ending date:</i>	This agreement is to continue for 25 years, and thereafter as mutually agreeable by both parties
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	Approximately \$7,500
<i>Audit responsibility:</i>	Hobbs Municipal School District #33
<i>Fiscal agent:</i>	Not applicable

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 14. Joint Powers Agreements (continued)

Agreements Between Multiple Agencies and Hobbs Municipal School District #33

Lead Agency Agreement

<i>Participants:</i>	Hobbs Municipal School District #33 City of Hobbs County of Lea New Mexico Junior College City of Lovington Eunice Municipal School District Tatum Municipal School District Jal Municipal School District
<i>Responsible party:</i>	All participants
<i>Description :</i>	The District also established a joint powers agreement with several agencies for the purpose of enabling the parties involved to benefit from substantial savings in the procurement of similar services, construction or tangible personal property. Any of the participating agencies may act as the Lead Agency whereby that agency shall contact the remaining participating agencies to determine if they are willing to participate in a bid or proposal for quote to be prepared by the Lead Agency
<i>Begin date:</i>	November 17, 2003
<i>Ending date:</i>	Any party can terminate participation by providing thirty days written notice
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	Not Applicable
<i>Audit responsibility:</i>	Each Participant
<i>Fiscal agent:</i>	Not applicable

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 14. Joint Powers Agreements (continued)

Agreements Between Multiple Agencies and Hobbs Municipal School District #33 (continued)

Regional Education Cooperative #7 Agreement

<i>Participants:</i>	Regional Education Cooperative #7 Hobbs Municipal School District #33 Eunice Municipal School District Tatum Municipal School District Jal Municipal School District
<i>Responsible party:</i>	All participants
<i>Description :</i>	The District has entered into a joint powers agreement with several school districts in Lea County to form the Regional Education Cooperative #7 (Cooperative). The purpose of the Cooperative is to allow each school district to receive certain federal program money for which it is eligible. The District receives money from the Cooperative for IDEA-B Entitlement and IDEA-B Preschool programs and accounts for the money in the IDEA-B Entitlement and IDEA-B Preschool Special Revenue Funds. The District also receives Medicaid reimbursements from the Cooperative. The District provides accounting services for the Cooperative and accounts for its activity in a separate deposit account. The Cooperative issues a separate, publicly available audited financial report. The audited financial report for the Cooperative may be obtained by writing to the Regional Education Cooperative #7, 315 E. Clinton, Hobbs, NM 88240.
<i>Begin date:</i>	July 1, 2002
<i>Ending date:</i>	A Member District must notify Regional Education Cooperative #7 of any intention to withdraw its agreement to have Regional Education Cooperative #7 serve as its fiscal agent on or before February 1st preceding the end of the last fiscal year it intends to have Regional Education Cooperative #7 serve as its fiscal agent.
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	Approximately \$10,000
<i>Audit responsibility:</i>	Each Participant
<i>Fiscal agent:</i>	Regional Education Cooperative #7

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 14. Joint Powers Agreements (continued)

Agreements Between Multiple Agencies and Hobbs Municipal School District #33 (continued)

Lea County Distance Consortium Agreement

<i>Participants:</i>	Hobbs Municipal School District #33 Eunice Municipal School District Tatum Municipal School District Jal Municipal School District Lovington Municipal School District New Mexico Junior College College of the Southwest
<i>Responsible party:</i>	All participants
<i>Description :</i>	The District has entered into a joint powers agreement with a group of educational institutions to form the Lea County Distance Consortium (Consortium). The purpose of the Consortium is to purchase and maintain a two-way interactive television network to provide educational services between each of the members.
<i>Begin date:</i>	February 14, 1994
<i>Ending date:</i>	As long as mutually agreeable by all parties
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	\$18,878
<i>Audit responsibility:</i>	Each Participant
<i>Fiscal agent:</i>	CDR Services, Inc.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 14. Joint Powers Agreements (continued)

Agreements Between Multiple Agencies and Hobbs Municipal School District #33 (continued)

Southeastern New Mexico Educational Resource Center Agreement

<i>Participants:</i>	Hobbs Municipal School District #33 Artesia Public Schools Eunice Public Schools Hagerman Municipal Schools Jal Public Schools Lake Arthur Municipal Schools Loving Municipal Schools Lovington Municipal Schools Tatum Municipal Schools Dexter Consolidated Schools
<i>Responsible party:</i>	All participants
<i>Description :</i>	The District has entered into a joint powers agreement with a group consisting of public school systems in Southeastern New Mexico to form the Southeastern New Mexico Educational Resource Center (SENMERC). The purpose of SENMERC is to provide teacher training and science kits to the members' students. Pecos Valley Regional Cooperative Center #8 serves as the fiscal agent for SENMERC.
<i>Begin date:</i>	October 11, 2001
<i>Ending date:</i>	Any party can terminate participation by providing thirty days written notice
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	\$45,462
<i>Audit responsibility:</i>	Each Participant
<i>Fiscal agent:</i>	Pecos Valley Regional Education Cooperative #8

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2008

NOTE 15. Related Parties

The President of Wells Fargo Bank in Hobbs is also the President of the District's Board of Education. At year end, the District had \$5,538,613 on deposit with Wells Fargo Bank which represents approximately 49% of the District's total bank deposits. 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. New Mexico State Statutes require collateral pledged for repurchase agreements equal to 102% of the total of the repurchase agreement. As of June 30, 2008, Wells Fargo Bank pledged sufficient collateral as required by state statutes.

NOTE 16. Net Assets and Fund Balance Restatement

Government-wide net assets and fund balance in the debt service fund were restated (increased) by \$748,040. The prior year account balances in accrued interest payable and accounts payable were overstated by \$233,039 and \$515,001, respectively.

NOTE 17. Net Assets

Net assets invested in capital assets, net of related debt is \$33,379,543 (capital assets of \$53,144,543 less long term debt of \$19,955,000 plus the unspent portion of long term debt remaining in the bond building fund of \$190,000).

The government-wide statement of net assets reports \$12,224,314 of restricted net assets, of which \$12,224,314 is restricted by enabling legislation. Descriptions for the related restrictions for net assets restricted for special revenue, debt service and capital projects appear on pages 60-63.

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SUPPLEMENTAL INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

State of New Mexico
Hobbs Municipal School District #33
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds

ALL FEDERAL FUNDS - The Special Revenue Fund accounts are used to account for grant funds received from the U.S. Department of Education through the New Mexico Department of Education. These funds are to be used for purposes specified in the grant awards and may not be used for any other purpose.

Food Service (21000) – This fund is used to account for all financial transactions related to the food service operation. Authority for the creation of this fund is the National School Lunch Act, as amended, 42 U.S.C. 1751 1760, 1779.

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. The authority for creation of this fund is 6.20.2 NMAC.

Title I/ASA (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 criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

Javits Gifted & Talented Students (24102) – To account for federal resources administered by the State Public Education Department to implement professional development for teachers and alternative identification methods for students who may be gifted. Authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, as amended, Title V, Part D, Subpart 61, 108 Stat. 3820; 20 U.S.C. 8031.

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. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

Competitive IDEA-B (24108) – The purpose of this program is to provide administrators and program directors with information and strategies that will support licensed and waived teachers in the areas of special education with day-to-day functions of the classroom. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Sections 611-617, and Part D, Section 674 as amended, 20 U.S.C. 1411-1417 and 1420, Public Law 105-17.

Preschool IDEA-B (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 619, as amended, 20 U.S.C. 1419.

Partnership in Character Ed. (24129) – To account for federal resources for designing and implementing character education programs that take into consideration the views of parents, students, students with disabilities, and other members of the community. Authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, as amended, Title V, Part D, Subpart 3, Sec. 5431; 20 U.S.C. 7247.

Enhancing Education through Technology (24133) – To account for a federal grant designed to strengthen teacher learning in the field of technology. Authority for creation of this fund is the Elementary and Secondary Education Act of 1965, Title II, Part D, Subparts 1 and 2, as amended.

Comprehensive School Reform (24135) – To stimulate school-wide changes in schools that need to substantially improve student academics, particularly Title I schools, so that students in these schools can meet state content and performance standards. Authority for the creation of this fund is the Elementary and Secondary Education Act, as amended, Title I, Part F and Title V, Part D.

State of New Mexico
Hobbs Municipal School District #33
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds (continued)

Title III Incentive (24143) – to improve the education of limited English proficient children and youth by helping them learn English and meet challenging state academic content and student academic achievement standards. The authority for creation of this fund is Title III, Part A of ESEA, as amended by the No Child Left Behind Act (Pub. L. 107-110) (20 USC 6821 through 6871, 7011 through 7014).

Title V Innovative Education Program (24150) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources. The authority for creation of this fund is Elementary and Secondary Education Act of 1965, Title V, Part A, as amended, 20 U.S.C. 7301-7373.

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. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

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. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

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

Immigrant Funding Title III (24163) – The purpose of this fund is to give financial support to local school districts with high concentrations of immigrant children. Authority for the creation of this fund is Title III, Part A of the ESEA, as amended by No Child Left Behind Act, P.L. 107-110.

Reading First (24167) - To provide the cost of teachers and direct teaching expenses for reading initiative. Funding is by the Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.

Carl Perkins Secondary (24174) – to provide federal funds to expand and improve vocational education programs and to provide equal access in vocational education to special needs populations. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1998, as amended, Public Law 105-332.

Carl Perkins Secondary – Redistribution (24176) – to provide federal funds to expand and improve vocational education programs and to provide equal access in vocational education to special needs populations. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1998, as amended, Public Law 105-332.

Early Reading (25114) – to enhance the early language, literacy, and pre-reading development of preschool age children, particularly those from low-income families, through instructional strategies and professional development based on scientifically based reading research. Early Reading programs will have a high-quality oral language, print-rich environment, and will monitor children’s progress toward language, literacy, and cognitive goals using screening reading assessments and other appropriate measures. Authority for creation of this fund is ESEA Act of 1965 as amended, Title I, Part B, Subpart 2; Public Law 107-110.

Title XIX Medicaid 3/21 Years (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

State of New Mexico
Hobbs Municipal School District #33
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds (continued)

J.F. Maddox Foundation (26109) – The objective of this fund is to account for grants provided from a local private foundation. Authority for creation of this fund is the New Mexico Department of Education School District Policies and Procedures Manual. Authority for the creation of this fund is the New Mexico Public Education Department.

Microsoft Settlement (26170) – The objective of this fund is to account for money received for software and hardware from a settlement with Microsoft. Authority for the creation of this fund is the New Mexico Public Education Department.

Technology for Education PED (27117) – The purpose of this grant is to assist the Schools 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.

Advanced Placement (27129) - The objective of this fund is to provide funds from a private donor to support an Advanced Placement curriculum, professional development of teachers, and to prepare students for Advanced Placement testing and college. Authority for the creation of this fund is the New Mexico Public Education Department.

Incentives for School Improvement Act (27138) – The objective of this fund is to account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools. Authority for the creation of this fund is the New Mexico Public Education Department.

Family Youth Resource Program (27140) – The purpose of this fund is to provide additional resources for at-risk children and their parents to improve school attendance and academics. Authority for creation of this fund is the Legislative Appropriations Laws of New Mexico 2005.

GO Library Bonds (27145) – The objective of this fund is to provide assistance for purchase of library books and materials. Authority for creation of this fund is GO Bond C, 2004 General Obligations Bonds. Authority for the creation of this fund is the New Mexico Public Education Department.

Pre-K Initiatives (27149) — To account for funds received from allocated to prepare children for success in school, begin to close the achievement gap between students, and help meet the vision of a seamless education system — Pre-Kindergarten through higher education. Authority for the creation of this fund is the New Mexico Public Education Department.

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

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

Technology Equity HB622 (27162) – to define and develop minimum educational technology adequacy standards to supplement the adequacy standards developed by the public school capital outlay council for school districts to use to identify outstanding serious deficiencies in educational technology infrastructure. Authority for creation of this fund is Section 22-15A-11 NMSA1978.

School Improvement Framework (27164) – Funds will enable the District to act as one of three Regional Quality Centers to provide program development, implementation, training, oversight and funding distribution services to the three Regional Quality Centers. Authority for the creation of this fund is the New Mexico Public Education Department.

Kindergarten – Three Plus (27166) – Funds allow for 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 time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

Libraries – SB 301 GO Bonds (27170) – Funds are used for the improvement or acquisition of all public school libraries and expand library collections in order to circulate and provide access of materials to students and teachers. Authority for the creation of this fund is the New Mexico Public Education Department.

State of New Mexico
Hobbs Municipal School District #33
Nonmajor Governmental Funds
June 30, 2008

Special Revenue Funds (continued)

TCA Value Options (29131) – - to provide local funds used to encourage a strong knowledge base in the elementary school curriculum. Authority for the creation of this fund is the New Mexico Public Education Department.

Capital Projects Funds

Bond Building (31100) – This fund is used to account for expenditures of proceeds received from the issuance of General Obligation Bonds and Qualified Zone Academy Bonds (QZabs). Expenditures are for the purpose of erecting, remodeling, making additions to and furnishing school buildings, improving school grounds, and purchasing computer software and hardware for student use in public school classrooms. Authority for the creation of this fund is the New Mexico Public Education Department.

Special Capital Local (31300) – To account for resources received from revenue generated by local sources for the purpose of remodeling and improvements on existing structures. Authority for the creation of this fund is the New Mexico Public Education Department.

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

Capital Improvements SB-9 Fund (31700) – To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Authority for the creation of this fund is the New Mexico Public Education Department.

Public Building Energy Efficiency (31800) – To account for proceeds set aside to pay for energy efficient retrofits. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue			
	Food Service	Athletics	Title I IASA	Javits Gifted & Talented Students
<i>Assets</i>				
Cash and cash equivalents	\$ 492,215	\$ 4,954	\$ 391,476	\$ 1,354
Investments	-	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	-	-	139,503	-
Other receivables	-	-	-	-
Inventory	41,974	-	-	-
Due from other funds	-	-	-	-
	<u>\$ 534,189</u>	<u>\$ 4,954</u>	<u>\$ 530,979</u>	<u>\$ 1,354</u>
<i>Liabilities</i>				
Accounts payable	121,158	\$ -	\$ 185,619	\$ -
Deferred revenue	-	-	-	-
Due to other funds	-	-	345,360	1,330
	<u>121,158</u>	<u>-</u>	<u>530,979</u>	<u>1,330</u>
<i>Fund balances</i>				
Unreserved				
Special revenue	413,031	4,954	-	24
Capital projects	-	-	-	-
	<u>413,031</u>	<u>4,954</u>	<u>-</u>	<u>24</u>
<i>Total liabilities and fund balances</i>	<u>\$ 534,189</u>	<u>\$ 4,954</u>	<u>\$ 530,979</u>	<u>\$ 1,354</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Entitlement IDEA-B	Competitive Idea- B	Preschool IDEA-B	Partnership in Character Education	Enhancing Education Through Technology	Comprehensive School Reform
\$ 130,858	\$ 3,365	\$ 1,247	\$ -	\$ 9,237	\$ 349
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,539	8,526	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 130,858</u>	<u>\$ 3,365</u>	<u>\$ 3,786</u>	<u>\$ 8,526</u>	<u>\$ 9,237</u>	<u>\$ 349</u>
\$ 130,463	\$ -	\$ 1,417	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	8,526	8,277	-
<u>130,463</u>	<u>-</u>	<u>1,417</u>	<u>8,526</u>	<u>8,277</u>	<u>-</u>
395	3,365	2,369	-	960	349
-	-	-	-	-	-
<u>395</u>	<u>3,365</u>	<u>2,369</u>	<u>-</u>	<u>960</u>	<u>349</u>
<u>\$ 130,858</u>	<u>\$ 3,365</u>	<u>\$ 3,786</u>	<u>\$ 8,526</u>	<u>\$ 9,237</u>	<u>\$ 349</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue			
	Title III - Incentive Award	Title V Innovative Education Program	English Language Acquisition	Teacher / Principal Training & Recruiting
<i>Assets</i>				
Cash and cash equivalents	\$ 2,996	\$ 1,061	\$ 46,933	\$ 50,899
Investments	-	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	-	7,442	35,378	91,110
Other receivables	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 2,996</u>	<u>\$ 8,503</u>	<u>\$ 82,311</u>	<u>\$ 142,009</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 739	\$ 7,362	\$ 49,515
Deferred revenue	-	-	-	-
Due to other funds	3,897	2,550	61,968	24,784
<i>Total liabilities</i>	<u>3,897</u>	<u>3,289</u>	<u>69,330</u>	<u>74,299</u>
<i>Fund balances</i>				
Unreserved				
Special revenue	(901)	5,214	12,981	67,710
Capital projects	-	-	-	-
<i>Total fund balances</i>	<u>(901)</u>	<u>5,214</u>	<u>12,981</u>	<u>67,710</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,996</u>	<u>\$ 8,503</u>	<u>\$ 82,311</u>	<u>\$ 142,009</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Safe & Drug Free Schools & Communities	Immigrant Funding Title III	Reading First	Carl Perkins Secondary	Carl Perkins Secondary - Redistribution	Early Reading First
\$ -	\$ 3,000	\$ 114,051	\$ -	\$ -	\$ 8,685
-	-	-	-	-	-
-	-	-	-	-	-
21,407	59,473	30,352	94,127	2,718	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 21,407</u>	<u>\$ 62,473</u>	<u>\$ 144,403</u>	<u>\$ 94,127</u>	<u>\$ 2,718</u>	<u>\$ 8,685</u>
\$ 2,405	\$ 17,515	\$ 7,798	\$ -	\$ 1,227	\$ 8,685
-	-	-	-	-	-
14,892	39,267	133,813	53,792	1,491	-
<u>17,297</u>	<u>56,782</u>	<u>141,611</u>	<u>53,792</u>	<u>2,718</u>	<u>8,685</u>
4,110	5,691	2,792	40,335	-	-
-	-	-	-	-	-
<u>4,110</u>	<u>5,691</u>	<u>2,792</u>	<u>40,335</u>	<u>-</u>	<u>-</u>
<u>\$ 21,407</u>	<u>\$ 62,473</u>	<u>\$ 144,403</u>	<u>\$ 94,127</u>	<u>\$ 2,718</u>	<u>\$ 8,685</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue			
	Title XIX Medicaid	J.F. Maddox Foundation	Microsoft Settlement Funds	Technology For Education PED
<i>Assets</i>				
Cash and cash equivalents	\$ 41,243	\$ 113,092	\$ -	\$ 50,621
Investments	-	110,000	-	-
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	-	157,620	-
Inventory	-	-	-	-
Due from other funds	-	-	-	91,433
	<u>\$ 41,243</u>	<u>\$ 223,092</u>	<u>\$ 157,620</u>	<u>\$ 142,054</u>
<i>Liabilities</i>				
Accounts payable	\$ 19,379	\$ -	\$ -	\$ 43,314
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
	<u>19,379</u>	<u>-</u>	<u>-</u>	<u>43,314</u>
<i>Fund balances</i>				
Unreserved				
Special revenue	21,864	223,092	157,620	98,740
Capital projects	-	-	-	-
	<u>21,864</u>	<u>223,092</u>	<u>157,620</u>	<u>98,740</u>
<i>Total fund balances</i>	<u>21,864</u>	<u>223,092</u>	<u>157,620</u>	<u>98,740</u>
<i>Total liabilities and fund balances</i>	<u>\$ 41,243</u>	<u>\$ 223,092</u>	<u>\$ 157,620</u>	<u>\$ 142,054</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Advanced Placement</u>	<u>Incentives for School Improvement</u>	<u>Family Youth Resource Program</u>	<u>GO Library Bonds</u>	<u>Pre-K Initiative</u>	<u>Beginning Teacher Monitoring</u>
\$ -	\$ 92,357	\$ -	\$ 127	\$ -	\$ 17,509
-	-	-	-	-	-
-	-	-	-	-	-
35,152	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 35,152</u>	<u>\$ 92,357</u>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 17,509</u>
\$ -	\$ -	\$ 4,972	\$ -	\$ 25,711	\$ -
-	-	-	-	-	-
-	-	11,170	-	16,648	13,863
-	-	16,142	-	42,359	13,863
35,152	92,357	(16,142)	127	(42,359)	3,646
-	-	-	-	-	-
<u>35,152</u>	<u>92,357</u>	<u>(16,142)</u>	<u>127</u>	<u>(42,359)</u>	<u>3,646</u>
<u>\$ 35,152</u>	<u>\$ 92,357</u>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 17,509</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue			
	Breakfast For Elementary Students	Technology Equity HB2622	School Improvement Framework	Kindergarten- Three Plus
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 48,747
Investments	-	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ -	\$ -	\$ 48,747
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 16,000	\$ -	\$ 44,479
Deferred revenue	-	-	-	-
Due to other funds	-	146,767	2,993	-
	-	146,767	2,993	-
<i>Total liabilities</i>	-	162,767	2,993	44,479
<i>Fund balances</i>				
Unreserved				
Special revenue	-	(162,767)	(2,993)	4,268
Capital projects	-	-	-	-
	-	(162,767)	(2,993)	4,268
<i>Total fund balances</i>	-	(162,767)	(2,993)	4,268
<i>Total liabilities and fund balances</i>	\$ -	\$ -	\$ -	\$ 48,747

The accompanying notes are an integral part of these financial statements

Special Revenue		Capital Projects			
Libraries - G.O. Bonds	TCA Value Options	Bond Building	Special Building Local	Special Capital Outlay - State	SB-9 Capital Improvement
\$ -	\$ -	\$ 190,000	\$ 6,549	\$ -	\$ 661,031
-	-	-	-	-	150,000
-	-	-	-	-	188,308
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ 6,549</u>	<u>\$ -</u>	<u>\$ 999,339</u>
\$ -	\$ 1,200	\$ -	\$ -	\$ -	\$ 53,905
-	-	-	-	-	35,718
<u>7,311</u>	<u>37,357</u>	<u>-</u>	<u>-</u>	<u>181,623</u>	<u>-</u>
<u>7,311</u>	<u>38,557</u>	<u>-</u>	<u>-</u>	<u>181,623</u>	<u>89,623</u>
(7,311)	(38,557)	-	-	-	-
<u>-</u>	<u>-</u>	<u>190,000</u>	<u>6,549</u>	<u>(181,623)</u>	<u>909,716</u>
<u>(7,311)</u>	<u>(38,557)</u>	<u>190,000</u>	<u>6,549</u>	<u>(181,623)</u>	<u>909,716</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ 6,549</u>	<u>\$ -</u>	<u>\$ 999,339</u>

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	<u>Capital Projects</u>	
	<u>Energy Efficient Act</u>	<u>Total Nonmajor Governmental Funds</u>
<i>Assets</i>		
Cash and cash equivalents	\$ -	\$ 2,483,956
Investments	-	260,000
Property taxes receivable	-	188,308
Due from other governments	-	527,727
Other receivables	-	157,620
Inventory	-	41,974
Due from other funds	-	91,433
	<hr/>	<hr/>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 3,751,018</u>
<i>Liabilities</i>		
Accounts payable	\$ -	\$ 742,863
Deferred revenue	-	35,718
Due to other funds	-	1,117,679
	<hr/>	<hr/>
<i>Total liabilities</i>	<u>-</u>	<u>1,896,260</u>
<i>Fund balances</i>		
Unreserved		
Special revenue	-	930,116
Capital projects	-	924,642
	<hr/>	<hr/>
<i>Total fund balances</i>	<u>-</u>	<u>1,854,758</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ 3,751,018</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

Special Revenue

	Food Services	Athletics	Title I IASA	Javits Gifted & Talented Students
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil & gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	1,960,708	-	2,007,827	-
Federal direct	165,929	-	-	-
Local grants	-	250	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	969,672	204,815	-	-
Investment income	3,266	-	-	-
Miscellaneous income	229	-	23	24
<i>Total revenues</i>	<u>3,099,804</u>	<u>205,065</u>	<u>2,007,850</u>	<u>24</u>
<i>Expenditures</i>				
Current				
Instruction	-	215,060	1,734,278	-
Support services - students	-	-	568	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	29,495	-
Support services - school administration	-	-	157,109	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	86,400	-
Food services operations	3,179,617	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>3,179,617</u>	<u>215,060</u>	<u>2,007,850</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(79,813)</u>	<u>(9,995)</u>	<u>-</u>	<u>24</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(79,813)	(9,995)	-	24
<i>Fund balances - beginning</i>	<u>492,844</u>	<u>14,949</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ 413,031</u>	<u>\$ 4,954</u>	<u>\$ -</u>	<u>\$ 24</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Entitlement IDEA-B	Competitive Idea- B	Preschool IDEA-B	Partnership in Character Education	Enhancing Education Through Technology	Comprehensive School Reform
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,376,471	3,365	60,420	14,953	960	349
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
369	-	-	-	-	-
<u>1,376,840</u>	<u>3,365</u>	<u>60,420</u>	<u>14,953</u>	<u>960</u>	<u>349</u>
352,887	-	-	11,779	-	-
731,386	-	39,559	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
292,172	-	18,492	3,174	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,376,445</u>	<u>-</u>	<u>58,051</u>	<u>14,953</u>	<u>-</u>	<u>-</u>
395	3,365	2,369	-	960	349
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
395	3,365	2,369	-	960	349
-	-	-	-	-	-
<u>\$ 395</u>	<u>\$ 3,365</u>	<u>\$ 2,369</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 349</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue			
	Title III - Incentive Award	Title V Innovative Education Program	English Language Acquisition	Teacher / Principal Training & Recruiting
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil & gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	21,288	113,549	559,548
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>21,288</u>	<u>113,549</u>	<u>559,548</u>
<i>Expenditures</i>				
Current				
Instruction	901	6,814	91,854	450,538
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	181	1,134	7,069
Support services - school administration	-	9,079	7,580	34,231
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>901</u>	<u>16,074</u>	<u>100,568</u>	<u>491,838</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(901)</u>	<u>5,214</u>	<u>12,981</u>	<u>67,710</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(901)	5,214	12,981	67,710
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ (901)</u>	<u>\$ 5,214</u>	<u>\$ 12,981</u>	<u>\$ 67,710</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Safe & Drug Free Schools & Communities	Immigrant Funding Title III	Reading First	Carl Perkins Secondary	Carl Perkins Secondary - Redistribution	Early Reading First
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
43,929	89,055	209,740	98,706	2,718	-
-	-	-	-	-	76,294
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	168	-	-
<u>43,929</u>	<u>89,055</u>	<u>209,740</u>	<u>98,874</u>	<u>2,718</u>	<u>76,294</u>
275	82,329	205,625	57,879	2,718	-
39,095	-	-	-	-	-
-	-	-	-	-	-
449	1,035	-	660	-	-
-	-	1,323	-	-	76,294
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>39,819</u>	<u>83,364</u>	<u>206,948</u>	<u>58,539</u>	<u>2,718</u>	<u>76,294</u>
<u>4,110</u>	<u>5,691</u>	<u>2,792</u>	<u>40,335</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,110	5,691	2,792	40,335	-	-
-	-	-	-	-	-
<u>\$ 4,110</u>	<u>\$ 5,691</u>	<u>\$ 2,792</u>	<u>\$ 40,335</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

Special Revenue

	Title XIX Medicaid	J.F. Maddox Foundation	Microsoft Settlement Funds	Technology For Education PED
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil & gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	188,001	-	-	-
Local grants	-	819,904	157,620	-
State flowthrough	-	-	-	268,234
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	2,611	-	-
Miscellaneous income	-	2	-	-
<i>Total revenues</i>	<u>188,001</u>	<u>822,517</u>	<u>157,620</u>	<u>268,234</u>
<i>Expenditures</i>				
Current				
Instruction	-	558,383	-	169,494
Support services - students	166,137	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	41,042	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>166,137</u>	<u>599,425</u>	<u>-</u>	<u>169,494</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>21,864</u>	<u>223,092</u>	<u>157,620</u>	<u>98,740</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	21,864	223,092	157,620	98,740
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ 21,864</u>	<u>\$ 223,092</u>	<u>\$ 157,620</u>	<u>\$ 98,740</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Advanced Placement	Incentives for School Improvement	Family Youth Resource Program	GO Library Bonds	Pre K Initiative	Beginning Teacher Monitoring
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,152	113,380	28,858	127	162,608	22,294
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>35,152</u>	<u>113,380</u>	<u>28,858</u>	<u>127</u>	<u>162,608</u>	<u>22,294</u>
-	21,023	-	-	204,967	18,648
-	-	45,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>21,023</u>	<u>45,000</u>	<u>-</u>	<u>204,967</u>	<u>18,648</u>
<u>35,152</u>	<u>92,357</u>	<u>(16,142)</u>	<u>127</u>	<u>(42,359)</u>	<u>3,646</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,152	92,357	(16,142)	127	(42,359)	3,646
-	-	-	-	-	-
<u>\$ 35,152</u>	<u>\$ 92,357</u>	<u>\$ (16,142)</u>	<u>\$ 127</u>	<u>\$ (42,359)</u>	<u>\$ 3,646</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

Special Revenue

	Breakfast For Elementary Students	Technology Equity HB2622	School Improvement Framework	Kindergarten- Three Plus
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil & gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	58,712	252,922	-	59,742
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>58,712</u>	<u>252,922</u>	<u>-</u>	<u>59,742</u>
<i>Expenditures</i>				
Current				
Instruction	-	179,601	-	41,053
Support services - students	-	-	-	-
Support services - instruction	-	-	2,993	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	11,687
Operation and maintenance of plant	-	236,088	-	-
Student transportation	-	-	-	2,734
Food services operations	58,712	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>58,712</u>	<u>415,689</u>	<u>2,993</u>	<u>55,474</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(162,767)</u>	<u>(2,993)</u>	<u>4,268</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>(162,767)</u>	<u>(2,993)</u>	<u>4,268</u>
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ -</u>	<u>\$ (162,767)</u>	<u>\$ (2,993)</u>	<u>\$ 4,268</u>

The accompanying notes are an integral part of these financial statements

Special Revenue		Capital Projects			
Libraries - G.O. Bonds	TCA Value Options	Bond Building	Special Building Local	Special Capital Outlay - State	SB-9 Capital Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 860,491
-	-	-	-	-	1,312,293
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	206,311	-	-
58,334	-	-	-	-	142,362
-	51,993	-	-	40,855	-
-	-	-	-	-	-
-	-	374	14	-	17,302
-	-	-	-	-	-
<u>58,334</u>	<u>51,993</u>	<u>374</u>	<u>206,325</u>	<u>40,855</u>	<u>2,332,448</u>
-	6,234	-	-	-	-
-	62,080	-	-	-	-
65,645	-	-	-	-	-
-	-	-	-	-	327,377
-	17,236	-	-	-	-
-	5,000	-	5,368	-	1,519,153
-	-	-	-	-	-
-	-	-	-	-	-
-	-	243,912	200,000	40,855	635,748
<u>65,645</u>	<u>90,550</u>	<u>243,912</u>	<u>205,368</u>	<u>40,855</u>	<u>2,482,278</u>
<u>(7,311)</u>	<u>(38,557)</u>	<u>(243,538)</u>	<u>957</u>	<u>-</u>	<u>(149,830)</u>
-	-	-	-	-	-
-	-	190,000	-	-	-
-	-	190,000	-	-	-
<u>(7,311)</u>	<u>(38,557)</u>	<u>(53,538)</u>	<u>957</u>	<u>-</u>	<u>(149,830)</u>
-	-	243,538	5,592	(181,623)	1,059,546
<u>\$ (7,311)</u>	<u>\$ (38,557)</u>	<u>\$ 190,000</u>	<u>\$ 6,549</u>	<u>\$ (181,623)</u>	<u>\$ 909,716</u>

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	<u>Capital Projects</u>	
	Energy Efficient Act	Total Nonmajor Governmental Funds
<i>Revenues</i>		
Property taxes	\$ -	\$ 860,491
Oil & gas taxes	-	1,312,293
Intergovernmental revenue:		
Federal flowthrough	-	6,563,586
Federal direct	-	430,224
Local grants	-	1,184,085
State flowthrough	-	1,202,725
State direct	-	92,848
Charges for services	-	1,174,487
Investment income	-	23,567
Miscellaneous income	-	815
<i>Total revenues</i>	-	12,845,121
<i>Expenditures</i>		
<i>Current</i>		
Instruction	-	4,412,340
Support services - students	-	1,083,825
Support services - instruction	-	68,638
Support services - general administration	-	367,400
Support services - school administration	-	669,419
Operation and maintenance of plant	-	1,765,609
Student transportation	-	89,134
Food services operations	-	3,238,329
Capital outlay	27,964	1,148,479
<i>Total expenditures</i>	27,964	12,843,173
<i>Excess (deficiency) of revenues over expenditures</i>	(27,964)	1,948
<i>Other financing sources (uses)</i>		
Transfers in (out)	(3,684)	(3,684)
Bond proceeds	-	190,000
<i>Total other financing sources (uses)</i>	(3,684)	186,316
<i>Net change in fund balances</i>	(31,648)	188,264
<i>Fund balances - beginning</i>	31,648	1,666,494
<i>Fund balances - ending</i>	\$ -	\$ 1,854,758

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Food Service Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-1

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	1,850,000	1,850,000	2,172,850	322,850
Federal direct	155,784	155,784	165,929	10,145
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	935,000	935,000	969,672	34,672
Investment income	5,000	5,000	3,266	(1,734)
Miscellaneous	-	-	229	229
<i>Total revenues</i>	<u>2,945,784</u>	<u>2,945,784</u>	<u>3,311,946</u>	<u>366,162</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	3,354,478	3,185,426	3,180,531	4,895
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,354,478</u>	<u>3,185,426</u>	<u>3,180,531</u>	<u>4,895</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(408,694)</u>	<u>(239,642)</u>	<u>131,415</u>	<u>371,057</u>
<i>Other financing sources (uses)</i>				
Designated cash	408,694	239,642	-	(239,642)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>408,694</u>	<u>239,642</u>	<u>-</u>	<u>(239,642)</u>
<i>Net change in fund balance</i>	-	-	131,415	131,415
<i>Fund balance - beginning of year</i>	-	-	239,642	239,642
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,057</u>	<u>\$ 371,057</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 131,415
Adjustments to revenue for accounts receivable				(212,142)
Adjustments to expenditures for accounts payable and inventory				914
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ (79,813)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

Hobbs Municipal School District #33

Athletics Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	250	250
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	220,000	220,000	204,815	(15,185)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>220,000</u>	<u>220,000</u>	<u>205,065</u>	<u>(14,935)</u>
<i>Expenditures</i>				
Current				
Instruction	236,132	234,948	215,060	19,888
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>236,132</u>	<u>234,948</u>	<u>215,060</u>	<u>19,888</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16,132)</u>	<u>(14,948)</u>	<u>(9,995)</u>	<u>4,953</u>
<i>Other financing sources (uses)</i>				
Designated cash	16,132	14,948	-	(14,948)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>16,132</u>	<u>14,948</u>	<u>-</u>	<u>(14,948)</u>
<i>Net change in fund balance</i>	-	-	(9,995)	(9,995)
<i>Fund balance - beginning of year</i>	-	-	14,949	14,949
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,954</u>	<u>\$ 4,954</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (9,995)
No adjustments to revenue				-
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ (9,995)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

Hobbs Municipal School District #33

Title I IASA Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	1,973,923	2,215,448	1,906,716	(308,732)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	23	23
<i>Total revenues</i>	<u>1,973,923</u>	<u>2,215,448</u>	<u>1,906,739</u>	<u>(308,709)</u>
<i>Expenditures</i>				
Current				
Instruction	1,568,571	1,884,027	1,734,278	149,749
Support services	370,792	245,021	187,172	57,849
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	34,560	86,400	86,400	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,973,923</u>	<u>2,215,448</u>	<u>2,007,850</u>	<u>207,598</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(101,111)</u>	<u>(101,111)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(101,111)	(101,111)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(38,392)</u>	<u>(38,392)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (139,503)</u>	<u>\$ (139,503)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (101,111)
Adjustments to revenues for federal flowthrough grants receivable				101,111
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

Hobbs Municipal School District #33
 Javits Gifted & Talented Students Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	1,330	1,330
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	24	24
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,354</u>	<u>1,354</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,354</u>	<u>1,354</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	1,354	1,354
<i>Fund balance - beginning of year</i>	-	-	(1,330)	(1,330)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 24</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 1,354
Adjustments to revenues for federal flowthrough grants receivable				(1,330)
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 24</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Entitlement IDEA-B Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-5

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	1,376,471	1,376,471	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	369	369
<i>Total revenues</i>	-	1,376,471	1,376,840	369
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	352,895	352,887	8
Support services	-	1,023,576	1,023,558	18
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	1,376,471	1,376,445	26
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	395	395
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	395	395
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 395	\$ 395
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 395
Adjustments to revenues for federal flowthrough grant receivable				-
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				\$ 395

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

Hobbs Municipal School District #33
 Competitive IDEA-B Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	3,365	3,365
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,365</u>	<u>\$ 3,365</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ -
Adjustments to revenues for federal flowthrough grants receivable				3,365
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 3,365</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

Hobbs Municipal School District #33
 Preschool IDEA-B Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	65,087	57,881	(7,206)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>65,087</u>	<u>57,881</u>	<u>(7,206)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	65,087	58,051	7,036
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>65,087</u>	<u>58,051</u>	<u>7,036</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(170)</u>	<u>(170)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(170)	(170)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (170)</u>	<u>\$ (170)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (170)
Adjustments to revenues for federal flowthrough grants receivable				2,539
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 2,369</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

Hobbs Municipal School District #33
 Partnership in Character Education Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	15,500	12,837	(2,663)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>15,500</u>	<u>12,837</u>	<u>(2,663)</u>
<i>Expenditures</i>				
Current				
Instruction	-	12,294	11,779	515
Support services	-	3,206	3,174	32
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>15,500</u>	<u>14,953</u>	<u>547</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,116)</u>	<u>(2,116)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(2,116)	(2,116)
<i>Fund balance - beginning of year</i>	-	-	(6,410)	(6,410)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,526)</u>	<u>\$ (8,526)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (2,116)
Adjustments to revenues for federal flowthrough grant receivable				2,116
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

Hobbs Municipal School District #33
 Enhancing Education Through Technology Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	15,534	9,237	(6,297)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>15,534</u>	<u>9,237</u>	<u>(6,297)</u>
<i>Expenditures</i>				
Current				
Instruction	-	15,534	-	15,534
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>15,534</u>	<u>-</u>	<u>15,534</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>9,237</u>	<u>9,237</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	9,237	9,237
<i>Fund balance - beginning of year</i>	-	-	(8,277)	(8,277)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 960</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 9,237
Adjustments to revenues for federal flowthrough grant receivable				(8,277)
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 960</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Comprehensive School Reform Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-10

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	181	181
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	181	181
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	181	181
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	181	181
<i>Fund balance - beginning of year</i>	-	-	168	168
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 349	\$ 349
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 181
Adjustments to revenues for federal flowthrough grant receivable				168
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				\$ 349

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

Hobbs Municipal School District #33
 Title III - Incentive Award Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	2,996	2,996
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>2,996</u>	<u>2,996</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,996</u>	<u>2,996</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	2,996	2,996
<i>Fund balance - beginning of year</i>	-	-	(3,897)	(3,897)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (901)</u>	<u>\$ (901)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 2,996
Adjustments to revenues for federal flowthrough grant receivable				(2,996)
Adjustment to expenditures to reclassify supplies expense				(901)
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ (901)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

Hobbs Municipal School District #33

Title V Innovative Education Program Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	9,846	17,639	16,396	(1,243)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,846</u>	<u>17,639</u>	<u>16,396</u>	<u>(1,243)</u>
<i>Expenditures</i>				
Current				
Instruction	9,569	8,165	6,814	1,351
Support services	277	9,474	9,260	214
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,846</u>	<u>17,639</u>	<u>16,074</u>	<u>1,565</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>322</u>	<u>322</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	322	322
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,550)</u>	<u>(2,550)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,228)</u>	<u>\$ (2,228)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 322
Adjustments to revenues for federal flowthrough grant receivable				4,892
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 5,214</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
English Language Acquisition Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-13

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	67,933	114,104	140,139	26,035
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	67,933	114,104	140,139	26,035
<i>Expenditures</i>				
Current				
Instruction	65,018	102,874	91,854	11,020
Support services	2,915	11,230	8,714	2,516
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	67,933	114,104	100,568	13,536
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	39,571	39,571
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	39,571	39,571
<i>Fund balance - beginning of year</i>	-	-	(61,968)	(61,968)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (22,397)	\$ (22,397)
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 39,571
Adjustments to revenues for federal flowthrough grant receivable				(26,590)
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				\$ 12,981

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

Hobbs Municipal School District #33
 Teacher/Principal Training & Recruiting Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	511,565	562,157	493,222	(68,935)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>511,565</u>	<u>562,157</u>	<u>493,222</u>	<u>(68,935)</u>
<i>Expenditures</i>				
Current				
Instruction	462,340	508,827	450,538	58,289
Support services	49,225	53,330	41,300	12,030
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>511,565</u>	<u>562,157</u>	<u>491,838</u>	<u>70,319</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,384</u>	<u>1,384</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	1,384	1,384
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(24,784)</u>	<u>(24,784)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,400)</u>	<u>\$ (23,400)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 1,384
Adjustments to revenues for federal flowthrough grant receivable				66,326
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 67,710</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

Hobbs Municipal School District #33
 Safe & Drug Free Schools & Communities Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	40,127	48,783	32,703	(16,080)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>40,127</u>	<u>48,783</u>	<u>32,703</u>	<u>(16,080)</u>
<i>Expenditures</i>				
Current				
Instruction	2,728	2,728	275	2,453
Support services	37,399	46,055	39,544	6,511
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>40,127</u>	<u>48,783</u>	<u>39,819</u>	<u>8,964</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,116)</u>	<u>(7,116)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(7,116)	(7,116)
<i>Fund balance - beginning of year</i>	-	-	(10,181)	(10,181)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,297)</u>	<u>\$ (17,297)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (7,116)
Adjustments to revenues for federal flowthrough grant receivable				11,226
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 4,110</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Immigrant Funding Title III Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-16

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	135,762	50,480	(85,282)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	135,762	50,480	(85,282)
<i>Expenditures</i>				
Current				
Instruction	-	134,232	90,823	43,409
Support services	-	1,530	1,035	495
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	135,762	91,858	43,904
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(41,378)	(41,378)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(41,378)	(41,378)
<i>Fund balance - beginning of year</i>	-	-	(12,404)	(12,404)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (53,782)	\$ (53,782)
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (41,378)
Adjustments to revenues for federal flowthrough grant receivable				38,575
Adjustments to expenditures for accounts payable				8,494
<i>Net changes in fund balance (GAAP Basis)</i>				\$ 5,691

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

Hobbs Municipal School District #33

Reading First Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	213,866	313,201	99,335
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>213,866</u>	<u>313,201</u>	<u>99,335</u>
<i>Expenditures</i>				
Current				
Instruction	-	211,366	205,625	5,741
Support services	-	2,500	1,323	1,177
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>213,866</u>	<u>206,948</u>	<u>6,918</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>106,253</u>	<u>106,253</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	106,253	106,253
<i>Fund balance - beginning of year</i>	-	-	(133,813)	(133,813)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,560)</u>	<u>\$ (27,560)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 106,253
Adjustments to revenues for federal flowthrough grant receivable				(103,461)
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 2,792</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

Hobbs Municipal School District #33
 Carl Perkins Secondary Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	71,742	81,365	24,246	(57,119)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	168	168
<i>Total revenues</i>	<u>71,742</u>	<u>81,365</u>	<u>24,414</u>	<u>(56,951)</u>
<i>Expenditures</i>				
Current				
Instruction	62,555	72,178	57,879	14,299
Support services	9,187	9,187	660	8,527
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>71,742</u>	<u>81,365</u>	<u>58,539</u>	<u>22,826</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(34,125)</u>	<u>(34,125)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(34,125)	(34,125)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(19,667)</u>	<u>(19,667)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (53,792)</u>	<u>\$ (53,792)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (34,125)
Adjustments to revenues for federal flowthrough grants receivable				74,460
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 40,335</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

Hobbs Municipal School District #33
 Carl Perkins Secondary - Redistribution Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	26,075	-	(26,075)
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>26,075</u>	<u>-</u>	<u>(26,075)</u>
<i>Expenditures</i>				
Current				
Instruction	-	24,146	2,718	21,428
Support services	-	1,929	-	1,929
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>26,075</u>	<u>2,718</u>	<u>23,357</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,718)</u>	<u>(2,718)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(2,718)	(2,718)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,718)</u>	<u>\$ (2,718)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (2,718)
Adjustments to revenues for federal flowthrough grant receivable				2,718
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

Hobbs Municipal School District #33
 Early Reading First Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	76,295	76,294	(1)
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>76,295</u>	<u>76,294</u>	<u>(1)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	76,295	76,294	1
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>76,295</u>	<u>76,294</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ -
No adjustment to revenue				-
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Title XIX Medicaid Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-21

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	188,000	188,001	1
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	188,000	188,001	1
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	188,000	166,137	21,863
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	188,000	166,137	21,863
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	21,864	21,864
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	21,864	21,864
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 21,864	\$ 21,864
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 21,864
No adjustment to revenue				-
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				\$ 21,864

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

Hobbs Municipal School District #33
 J.F. Maddox Foundation Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	648,597	648,596	(1)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	2,611	2,611
Miscellaneous	-	-	2	2
<i>Total revenues</i>	<u>-</u>	<u>648,597</u>	<u>651,209</u>	<u>2,612</u>
<i>Expenditures</i>				
Current				
Instruction	-	778,655	558,383	220,272
Support services	-	41,250	41,042	208
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>819,905</u>	<u>599,425</u>	<u>220,480</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(171,308)</u>	<u>51,784</u>	<u>223,092</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	171,308	-	(171,308)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>171,308</u>	<u>-</u>	<u>(171,308)</u>
<i>Net change in fund balance</i>	-	-	51,784	51,784
<i>Fund balance - beginning of year</i>	-	-	171,308	171,308
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,092</u>	<u>\$ 223,092</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 51,784
Adjustments to revenues for deferred local grants revenue				171,308
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 223,092</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

Hobbs Municipal School District #33
 Microsoft Settlement Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	332,216	332,216	-	(332,216)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>332,216</u>	<u>332,216</u>	<u>-</u>	<u>(332,216)</u>
<i>Expenditures</i>				
Current				
Instruction	332,216	332,216	-	332,216
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>332,216</u>	<u>332,216</u>	<u>-</u>	<u>332,216</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ -
Adjustments to revenues for other receivables				157,620
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 157,620</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Technology for Education PED Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-24

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	206,756	223,538	16,782
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	206,756	223,538	16,782
<i>Expenditures</i>				
Current				
Instruction	-	206,756	135,414	71,342
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	206,756	135,414	71,342
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	88,124	88,124
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	88,124	88,124
<i>Fund balance - beginning of year</i>	-	-	44,696	44,696
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 132,820	\$ 132,820
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 88,124
Adjustments to revenues for deferred state flowthrough grant revenue				44,696
Adjustments to expenditures for accounts payable				(34,080)
<i>Net changes in fund balance (GAAP Basis)</i>				\$ 98,740

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

Hobbs Municipal School District #33
Advanced Placement Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ -
Adjustments to revenues for state flowthrough grant receivable				35,152
No adjustment				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 35,152</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

Hobbs Municipal School District #33
 Incentives for School Improvement Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	52,585	100,886	48,301
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>52,585</u>	<u>100,886</u>	<u>48,301</u>
<i>Expenditures</i>				
Current				
Instruction	-	52,585	21,023	31,562
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>52,585</u>	<u>21,023</u>	<u>31,562</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>79,863</u>	<u>79,863</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	79,863	79,863
<i>Fund balance - beginning of year</i>	-	-	12,494	12,494
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,357</u>	<u>\$ 92,357</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 79,863
Adjustments to revenue for deferred state flowthrough grant revenue				12,494
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 92,357</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Family & Youth Resource Program Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-27

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	45,000	39,753	(5,247)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	45,000	39,753	(5,247)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	45,000	45,000	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	45,000	45,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(5,247)	(5,247)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(5,247)	(5,247)
<i>Fund balance - beginning of year</i>	-	-	(10,895)	(10,895)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (16,142)	\$ (16,142)
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (5,247)
Adjustments to revenues for state flowthrough grant receivable				(10,895)
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				\$ (16,142)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

Hobbs Municipal School District #33
GO Library Bonds Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>127</u>	<u>127</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ 127</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ -
Adjustments to revenues for deferred state flowthrough grant revenue				127
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 127</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-29

Hobbs Municipal School District #33

Pre-K Initiative Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	209,996	162,608	(47,388)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>209,996</u>	<u>162,608</u>	<u>(47,388)</u>
<i>Expenditures</i>				
Current				
Instruction	-	209,996	204,967	5,029
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>209,996</u>	<u>204,967</u>	<u>5,029</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(42,359)</u>	<u>(42,359)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(42,359)	(42,359)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,359)</u>	<u>\$ (42,359)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				<u>\$ (42,359)</u>
No adjustments to revenue				-
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ (42,359)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-30

Hobbs Municipal School District #33
 Beginning Teacher Mentoring Program Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	22,294	36,157	13,863
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>22,294</u>	<u>36,157</u>	<u>13,863</u>
<i>Expenditures</i>				
Current				
Instruction	-	19,055	18,648	407
Support services	-	3,239	-	3,239
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>22,294</u>	<u>18,648</u>	<u>3,646</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>17,509</u>	<u>17,509</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	17,509	17,509
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(13,863)</u>	<u>(13,863)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,646</u>	<u>\$ 3,646</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 17,509
Adjustments to revenues for state flowthrough grant receivables				(13,863)
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 3,646</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-31

Hobbs Municipal School District #33
 Breakfast in the Classroom Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	58,712	58,712	58,712	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>58,712</u>	<u>58,712</u>	<u>58,712</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	58,712	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	58,712	58,712	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>58,712</u>	<u>58,712</u>	<u>58,712</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ -
No adjustment to revenues				-
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Technology Equity HB2622 Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-32

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	445,754	372,840	(72,914)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	445,754	372,840	(72,914)
<i>Expenditures</i>				
Current				
Instruction	-	209,608	163,601	46,007
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	236,146	236,088	58
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	445,754	399,689	46,065
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(26,849)	(26,849)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(26,849)	(26,849)
<i>Fund balance - beginning of year</i>	-	-	(119,918)	(119,918)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (146,767)	\$ (146,767)
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (26,849)
Adjustments to revenues for state flowthrough grant receivables				(119,918)
Adjustments to expenditures for accounts payable				(16,000)
<i>Net changes in fund balance (GAAP Basis)</i>				\$ (162,767)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-33

Hobbs Municipal School District #33
School Improvement Framework Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	4,000	-	(4,000)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	4,000	2,993	1,007
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>4,000</u>	<u>2,993</u>	<u>1,007</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,993)</u>	<u>(2,993)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(2,993)	(2,993)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,993)</u>	<u>\$ (2,993)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (2,993)
No adjustment to revenues				-
No adjustment to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ (2,993)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-34

Hobbs Municipal School District #33
 Kindergarten-Three Plus Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	59,742	59,742	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>59,742</u>	<u>59,742</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	41,852	41,053	799
Support services	-	11,690	11,687	3
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	6,200	2,734	3,466
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>59,742</u>	<u>55,474</u>	<u>4,268</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>4,268</u>	<u>4,268</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	4,268	4,268
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,268</u>	<u>\$ 4,268</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 4,268
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 4,268</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Libraries - G.O. Bonds Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-35

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	66,235	58,334	(7,901)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	66,235	58,334	(7,901)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	66,235	65,645	590
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	66,235	65,645	590
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(7,311)	(7,311)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(7,311)	(7,311)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (7,311)	\$ (7,311)
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (7,311)
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				\$ (7,311)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-36

Hobbs Municipal School District #33
TCA Value Options Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	90,555	51,993	(38,562)
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>90,555</u>	<u>51,993</u>	<u>(38,562)</u>
<i>Expenditures</i>				
Current				
Instruction	-	6,236	6,234	2
Support services	-	79,319	79,316	3
Central services	-	-	-	-
Operation and maintenance of plant	-	5,000	5,000	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>90,555</u>	<u>90,550</u>	<u>5</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(38,557)</u>	<u>(38,557)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(38,557)	(38,557)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,557)</u>	<u>\$ (38,557)</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				<u>\$ (38,557)</u>
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ (38,557)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-37

Hobbs Municipal School District #33

Bond Building Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	4,000	4,000	374	(3,626)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,000</u>	<u>4,000</u>	<u>374</u>	<u>(3,626)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	257,590	259,540	255,914	3,626
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>257,590</u>	<u>259,540</u>	<u>255,914</u>	<u>3,626</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(253,590)</u>	<u>(255,540)</u>	<u>(255,540)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	253,590	255,540	-	(255,540)
Transfers in (out)	-	-	-	-
Sale of bonds	-	-	190,000	190,000
<i>Total other financing sources (uses)</i>	<u>253,590</u>	<u>255,540</u>	<u>190,000</u>	<u>(65,540)</u>
<i>Net change in fund balance</i>	-	-	(65,540)	(65,540)
<i>Fund balance - beginning of year</i>	-	-	255,540	255,540
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ 190,000</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (65,540)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				12,002
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ (53,538)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-38

Hobbs Municipal School District #33
Special Building Local Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	4,142	204,142	206,311	2,169
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	21	21	14	(7)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,163</u>	<u>204,163</u>	<u>206,325</u>	<u>2,162</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	9,605	9,755	5,368	4,387
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	200,000	200,000	-
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,605</u>	<u>209,755</u>	<u>205,368</u>	<u>4,387</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,442)</u>	<u>(5,592)</u>	<u>957</u>	<u>6,549</u>
<i>Other financing sources (uses)</i>				
Designated cash	5,442	5,592	-	5,592
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,442</u>	<u>5,592</u>	<u>-</u>	<u>5,592</u>
<i>Net change in fund balance</i>	-	-	957	957
<i>Fund balance - beginning of year</i>	-	-	5,592	5,592
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,549</u>	<u>\$ 6,549</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 957
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 957</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-39

Hobbs Municipal School District #33
Special Capital Outlay State - Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	1,022,841	1,022,841	550,855	(471,986)
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,022,841</u>	<u>1,022,841</u>	<u>550,855</u>	<u>(471,986)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	1,022,841	1,022,841	550,855	471,986
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,022,841</u>	<u>1,022,841</u>	<u>550,855</u>	<u>471,986</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	181,623	181,623
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,623</u>	<u>\$ 181,623</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ -
Adjustments to revenues for state direct grant receivables				(510,000)
Adjustments to expenditures for accounts payable				510,000
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Capital Improvements HB-33 Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-40

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 3,580,861	\$ 3,580,861	\$ 4,392,829	\$ 811,968
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	200,000	200,000	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	88,000	88,000	52,115	(35,885)
Miscellaneous	-	-	100,000	100,000
<i>Total revenues</i>	<u>3,668,861</u>	<u>3,868,861</u>	<u>4,744,944</u>	<u>876,083</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	391,071	1,435,630	1,156,514	279,116
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	5,107,031	4,320,793	2,093,511	2,227,282
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,498,102</u>	<u>5,756,423</u>	<u>3,250,025</u>	<u>2,506,398</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,829,241)</u>	<u>(1,887,562)</u>	<u>1,494,919</u>	<u>3,382,481</u>
<i>Other financing sources (uses)</i>				
Designated cash	1,829,241	1,887,562	-	1,887,562
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,829,241</u>	<u>1,887,562</u>	<u>-</u>	<u>1,887,562</u>
<i>Net change in fund balance</i>	-	-	1,494,919	5,270,043
<i>Fund balance - beginning of year</i>	-	-	1,887,562	1,887,562
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,382,481</u>	<u>\$ 7,157,605</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ 1,494,919
Adjustments to revenues for property taxes receivable and deferred property tax revenue				(47,291)
Adjustments to expenditures for accounts payable				(197,048)
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 1,250,580</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
SB-9 Capital Improvement Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-41

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 803,556	\$ 803,556	\$ 859,555	\$ 55,999
Oil and gas taxes	986,875	986,875	1,336,876	350,001
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	106,934	142,362	35,428
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	18,000	18,000	17,302	(698)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,808,431	1,915,365	2,356,095	440,730
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services	309,000	453,619	343,127	110,492
Central services	-	-	-	-
Operation & maintenance of plant	1,741,186	1,768,945	1,528,322	240,623
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	820,000	637,891	618,705	19,186
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	2,870,186	2,860,455	2,490,154	370,301
<i>Excess (deficiency) of revenues over expenditures</i>	(1,061,755)	(945,090)	(134,059)	811,031
<i>Other financing sources (uses)</i>				
Designated cash	1,061,755	945,090	-	945,090
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	1,061,755	945,090	-	945,090
<i>Net change in fund balance</i>	-	-	(134,059)	1,756,121
<i>Fund balance - beginning of year</i>	-	-	945,090	945,090
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 811,031	\$ 2,701,211
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (134,059)
Adjustments to revenues for property taxes receivables and deferred property tax revenue				(23,647)
Adjustments to expenditures for accounts payable				7,876
<i>Net changes in fund balance (GAAP Basis)</i>				\$ (149,830)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Energy Efficient Act Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement B-42

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	31,648	31,648	27,964	3,684
Debt service				
Principial	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	31,648	31,648	27,964	3,684
<i>Excess (deficiency) of revenues over expenditures</i>	(31,648)	(31,648)	(27,964)	3,684
<i>Other financing sources (uses)</i>				
Designated cash	31,648	31,648	-	31,648
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	31,648	31,648	-	31,648
<i>Net change in fund balance</i>	-	-	(27,964)	35,332
<i>Fund balance - beginning of year</i>	-	-	31,648	31,648
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 3,684	\$ 66,980
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (27,964)
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net changes in fund balance (GAAP Basis)</i>				\$ (27,964)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-43

Hobbs Municipal School District #33

Debt Service Fund

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

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,570,961	\$ 70,961
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	54,000	54,000	47,803	(6,197)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,554,000</u>	<u>1,554,000</u>	<u>1,618,764</u>	<u>64,764</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	6,300	6,300	5,809	491
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service				
Principal	3,365,564	3,325,569	1,417,008	1,908,561
Interest	219,353	219,353	219,353	-
<i>Total expenditures</i>	<u>3,591,217</u>	<u>3,551,222</u>	<u>1,642,170</u>	<u>1,909,052</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,037,217)</u>	<u>(1,997,222)</u>	<u>(23,406)</u>	<u>1,973,816</u>
<i>Other financing sources (uses)</i>				
Designated cash	2,037,217	1,997,222	-	(1,997,222)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,037,217</u>	<u>1,997,222</u>	<u>-</u>	<u>(1,997,222)</u>
<i>Net change in fund balance</i>	-	-	(23,406)	(23,406)
<i>Fund balance - beginning of year</i>	-	-	5,611,196	5,611,196
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,587,790</u>	<u>\$ 5,587,790</u>
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (23,406)
Adjustments to revenues for property taxes receivable and deferred property tax revenue				38,492
Adjustments to expenditures for accounts payable				853,819
<i>Net changes in fund balance (GAAP Basis)</i>				<u>\$ 868,905</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
General Fund
June 30, 2008

Statement C-1

	Operating	Pupil Transportation	Instructional Materials	Total
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 5,079,364	\$ 56	\$ 270,438	\$ 5,349,858
Receivables				
Property taxes	43,138	-	-	43,138
Due from other governments	-	-	-	-
Other	-	-	-	-
Inventory	681,232	-	-	681,232
Due from other funds	1,231,623	-	-	1,231,623
<i>Total assets</i>	\$ 7,035,357	\$ 56	\$ 270,438	\$ 7,305,851
 LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ 4,380,259	\$ -	\$ 231,149	\$ 4,611,408
Accrued payroll	-	-	-	-
Accrued compensated absences	11,026	-	-	11,026
Deferred revenue	6,624	-	-	6,624
<i>Total liabilities</i>	4,397,909	-	231,149	4,629,058
 <i>Fund Balances</i>				
Fund Balances				
Reserved for				
Inventory	681,232	-	-	681,232
Unreserved, reported in:				
General Fund	1,956,216	56	39,289	1,995,561
<i>Total fund balances</i>	2,633,764	56	39,289	2,676,793
<i>Total liabilities and fund balances</i>	\$ 7,031,673	\$ 56	\$ 270,438	\$ 7,305,851

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2008

Statement C-2

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Revenues:</i>				
Taxes - property	\$ 177,585	\$ -	\$ -	\$ 177,585
Taxes - oil and gas	328,072	-	-	328,072
Intergovernmental revenue				
Federal flowthrough	31,633	-	-	31,633
Federal direct	-	-	-	-
Local sources	64,534	-	-	64,534
State flowthrough	47,787,471	-	863,350	48,650,821
State direct	85,233	-	-	85,233
Combined local/state	-	-	-	-
Transportation distribution	-	1,965,709	-	1,965,709
Charges for services	30,593	-	-	30,593
Interest on investments	213,681	-	-	213,681
Miscellaneous	23,496	-	-	23,496
<i>Total revenues</i>	<u>48,742,298</u>	<u>1,965,709</u>	<u>863,350</u>	<u>51,571,357</u>
<i>Expenditures:</i>				
Current:				
Instruction	32,247,972	-	1,170,836	33,418,808
Support services - students	4,475,354	-	-	4,475,354
Support services - instruction	1,796,683	-	78,227	1,874,910
Support services - general administration	880,294	-	-	880,294
Support services - school administration	3,237,749	-	-	3,237,749
Central services	1,092,331	-	-	1,092,331
Operation & maintenance plant	5,279,033	-	-	5,279,033
Student transportation	47,814	1,965,679	-	2,013,493
Other support services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>49,057,230</u>	<u>1,965,679</u>	<u>1,249,063</u>	<u>52,271,972</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(314,932)	30	(385,713)	(700,615)
<i>Net change in fund balances</i>	(314,932)	30	(385,713)	(700,615)
<i>Fund balances - beginning of year</i>	<u>2,948,696</u>	<u>26</u>	<u>425,002</u>	<u>3,373,724</u>
<i>Fund balances - end of year</i>	<u>\$ 2,633,764</u>	<u>\$ 56</u>	<u>\$ 39,289</u>	<u>\$ 2,673,109</u>

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Operating Fund

Statement C-3

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ 166,003	\$ 166,003	\$ 177,678	\$ 11,675
Taxes - oil and gas	-	-	334,217	334,217
Intergovernmental revenue				
Federal flowthrough	31,000	31,000	31,633	633
Federal direct	-	-	-	-
Local sources	1,000	1,000	64,534	63,534
State flowthrough	47,206,643	47,853,273	47,787,471	(65,802)
State direct	66,000	66,000	85,233	19,233
Transportation distribution	-	-	-	-
Charges for services	14,000	14,000	30,593	16,593
Interest on investments	195,000	195,000	213,681	18,681
Miscellaneous	-	20,000	23,496	3,496
<i>Total revenues</i>	47,679,646	48,346,276	48,748,536	402,260
<i>Expenditures:</i>				
Current:				
Instruction	32,955,878	32,875,878	32,479,558	396,320
Support services - students	4,583,052	4,603,595	4,475,354	128,241
Support services - instruction	1,811,674	1,970,333	1,777,586	192,747
Support services - general admin.	785,997	926,188	880,294	45,894
Support services - school admin.	3,306,537	3,276,349	3,228,894	47,455
Central services	1,125,038	1,092,043	1,081,897	10,146
Operation/maintenance plant	5,310,229	5,275,547	5,250,768	24,779
Student transportation	-	47,814	47,814	-
Other support services	42,641	42,641	-	42,641
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	49,921,046	50,110,388	49,222,165	888,223
<i>Excess (deficiency) of revenues over expenditures</i>	(2,241,400)	(1,764,112)	(473,629)	1,290,483
<i>Other financing sources (uses):</i>				
Designated cash balance	2,241,400	1,764,112	-	(1,764,112)
Gain on sale of assets	-	-	-	-
<i>Total other financing sources (uses)</i>	2,241,400	1,764,112	-	(1,764,112)
<i>Net change in fund balance</i>	-	-	(473,629)	(473,629)
<i>Fund balance - beginning of year</i>	-	-	2,224,753	2,224,753
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 1,751,124	\$ 1,751,124
<i>Net change in fund balance (Non-GAAP Budgetary Basis)</i>				\$ (473,629)
Adjustments to revenues for property taxes receivable, oil and gas taxes receivable and deferred property tax revenue				(6,238)
Adjustments to expenditures for inventory, accounts payable and accrued compensated absences				164,935
<i>Net change in fund balance (GAAP Basis)</i>				\$ (314,932)

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Pupil Transportation Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement C-4

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	1,938,331	2,029,771	1,965,709	(64,062)
Charges for services	-	-	-	-
Interest on investments	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,938,331	2,029,771	1,965,709	(64,062)
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	-	-
Central services	-	-	-	-
Operation/maintenance plant	-	-	-	-
Student transportation	1,938,331	2,029,771	1,965,679	64,092
Other support services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	1,938,331	2,029,771	1,965,679	64,092
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	30	30
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Gain on sale of assets	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	30	30
<i>Fund balances - beginning of year</i>	-	-	26	26
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 56	\$ 56
<i>Net change in fund balances (Budget Basis)</i>			\$	30
No adjustments to revenues				-
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP Basis)</i>			\$	30

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Instructional Materials Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2008

Statement C-5

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	733,115	743,419	937,537	194,118
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Interest on investments	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	733,115	743,419	937,537	194,118
<i>Expenditures:</i>				
Current:				
Instruction	873,372	1,123,765	1,049,879	73,886
Support services - students	-	-	-	-
Support services - instruction	70,358	80,662	78,227	2,435
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	-	-
Central services	-	-	-	-
Operation/maintenance plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	943,730	1,204,427	1,128,106	76,321
<i>Excess (deficiency) of revenues over expenditures</i>	(210,615)	(461,008)	(190,569)	270,439
<i>Other financing sources (uses):</i>				
Designated cash balance	210,615	461,008	-	(461,008)
Gain on sale of assets	-	-	-	-
<i>Total other financing sources (uses)</i>	210,615	461,008	-	(461,008)
<i>Net change in fund balances</i>	-	-	(190,569)	(190,569)
<i>Fund balances - beginning of year</i>	-	-	461,007	461,007
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 270,438	\$ 270,438
<i>Net change in fund balances (Budget Basis)</i>			\$	(190,569)
Adjustments to revenues for grants receivable				(74,187)
Adjustments to expenditures for accounts payable				(120,957)
<i>Net change in fund balances (GAAP Basis)</i>			\$	(385,713)

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

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2008

Deposit or Investment Account Type	Deposits		
	Western Commerce	Wells Fargo	Lea County State Bank
Federal Projects - checking	\$ 30,759	\$ -	\$ -
Cafeteria - checking	467,754	-	-
Activity / Athletics - checking	249,482	-	-
HB33 - checking	-	651,118	-
Payroll - checking	-	2,920,434	-
Direct Deposit - checking	-	-	-
Re-purchase (sweep account)	-	1,967,061	-
Operational - checking	-	-	1,191,996
Special Building - checking	-	-	6,549
State / Local grant - checking	-	-	407,764
Ralph Tasker Scholarship - checking	-	-	53,152
Bond Building - checking	-	-	190,000
Debt Service - checking	-	-	206,346
Re-purchase (sweep account)	-	-	1,814,163
Capital Improvements - checking	-	-	-
Advanced Placement - checking	-	-	-
Acitivities - LGIP	-	-	-
Advanced Placement - LGIP	-	-	-
Capital Improvements - LGIP	-	-	-
Debt Service - LGIP	-	-	-
Money Market (Qzab sinking fund)	-	-	-
Forward Delivery Agreement	-	-	-
Total on deposit	747,995	5,538,613	3,869,970
Reconciling items	239,535	2,429,695	(1,014,828)
Reconciled balance June 30, 2008	\$ 987,530	\$ 7,968,308	\$ 2,855,142

Reconciliation to financial statements:
Government-wide statement net assets
Cash and cash equivalents
Restricted cash and cash equivalents
Investments
Agency cash and investments

See accompanying independent auditors' report

Deposits		Investments			
Bank of America	First National Bank	New Mexico State Treasurer	Bank of America	Totals	
\$ -	\$ -	\$ -	\$ -	\$ 30,759	
-	-	-	-	467,754	
-	-	-	-	249,482	
-	-	-	-	651,118	
-	-	-	-	2,920,434	
-	-	-	-	-	
-	-	-	-	1,967,061	
-	-	-	-	1,191,996	
-	-	-	-	6,549	
-	-	-	-	407,764	
-	-	-	-	53,152	
-	-	-	-	190,000	
-	-	-	-	206,346	
-	-	-	-	1,814,163	
706,216	-	-	-	706,216	
-	116,263	-	-	116,263	
-	-	500,000	-	500,000	
-	-	110,000	-	110,000	
-	-	150,000	-	150,000	
-	-	1,110,000	-	1,110,000	
5,079	-	-	-	5,079	
-	-	-	4,652,972	4,652,972	
<u>711,295</u>	<u>116,263</u>	<u>1,870,000</u>	<u>4,652,972</u>	<u>17,507,108</u>	
<u>(45,186)</u>	<u>(3,171)</u>	<u>-</u>	<u>-</u>	<u>1,606,045</u>	
<u>\$ 666,109</u>	<u>\$ 113,092</u>	<u>\$ 1,870,000</u>	<u>\$ 4,652,972</u>	<u>\$ 19,113,153</u>	

\$ 12,095,488
195,079
6,022,972
799,663

\$ 19,113,202

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Cash Reconciliation
For the Year Ended June 30, 2008

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash and Investments				
June 30, 2007	\$ 4,476,574	\$ 26	\$ 461,007	\$ 288,760
Investments on hand, June 20, 2007	-	-	-	-
Total cash June 30, 2007	<u>4,476,574</u>	<u>26</u>	<u>461,007</u>	<u>288,760</u>
Add:				
Current year receipts	<u>48,748,535</u>	<u>1,965,709</u>	<u>937,537</u>	<u>3,146,017</u>
Total cash available	<u>53,225,109</u>	<u>1,965,735</u>	<u>1,398,544</u>	<u>3,434,777</u>
Less:				
Current year expenditures	<u>49,222,164</u>	<u>1,965,679</u>	<u>1,128,106</u>	<u>3,014,532</u>
Net cash	<u>4,002,945</u>	<u>56</u>	<u>270,438</u>	<u>420,245</u>
Audit Adjustments:				
Held checks	<u>1,123,060</u>	<u>-</u>	<u>-</u>	<u>71,970</u>
Total cash balance, June 30, 2008	<u><u>\$ 5,126,005</u></u>	<u><u>\$ 56</u></u>	<u><u>\$ 270,438</u></u>	<u><u>\$ 492,215</u></u>

See accompanying independent auditor's report

<u>Athletics</u>	<u>Non-Instructional</u>	<u>Federal Flowthrough</u>	<u>Federal Direct</u>	<u>Local/State Grants</u>	<u>State Flowthrough</u>
\$ 14,949	\$ 387,365	\$ 344,735	\$ -	\$ 171,308	\$ 112,623
-	500,000	-	-	-	-
<u>14,949</u>	<u>887,365</u>	<u>344,735</u>	<u>-</u>	<u>171,308</u>	<u>112,623</u>
<u>205,065</u>	<u>1,004,414</u>	<u>3,713,004</u>	<u>264,294</u>	<u>651,209</u>	<u>1,262,587</u>
<u>220,014</u>	<u>1,891,779</u>	<u>4,057,739</u>	<u>264,294</u>	<u>822,517</u>	<u>1,375,210</u>
<u>215,060</u>	<u>1,101,837</u>	<u>4,465,662</u>	<u>242,430</u>	<u>599,425</u>	<u>1,007,564</u>
<u>4,954</u>	<u>789,942</u>	<u>(407,923)</u>	<u>21,864</u>	<u>223,092</u>	<u>367,646</u>
<u>-</u>	<u>9,672</u>	<u>1,464,477</u>	<u>28,064</u>	<u>-</u>	<u>(304,011)</u>
<u>\$ 4,954</u>	<u>\$ 799,614</u>	<u>\$ 1,056,554</u>	<u>\$ 49,928</u>	<u>\$ 223,092</u>	<u>\$ 63,635</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Cash Reconciliation
For the Year Ended June 30, 2008

	<u>Local/State Fund</u>	<u>Bond Building</u>	<u>Special Capital Outlay-Local</u>	<u>Special Capital Outlay-State</u>
Audited Cash and Investments				
June 30, 2007	\$ -	\$ 255,540	\$ 5,592	\$ -
Investments on hand, June 20, 2007	-	-	-	-
Total cash June 30, 2007	<u>-</u>	<u>255,540</u>	<u>5,592</u>	<u>-</u>
Add:				
Current year receipts	<u>51,993</u>	<u>190,374</u>	<u>206,325</u>	<u>550,855</u>
Total cash available	<u>51,993</u>	<u>445,914</u>	<u>211,917</u>	<u>550,855</u>
Less:				
Current year expenditures	<u>90,549</u>	<u>255,914</u>	<u>205,368</u>	<u>550,855</u>
Net cash	<u>(38,556)</u>	<u>190,000</u>	<u>6,549</u>	<u>-</u>
Audit Adjustments:				
Held checks	<u>39,606</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2008	<u>\$ 1,050</u>	<u>\$ 190,000</u>	<u>\$ 6,549</u>	<u>\$ -</u>

See accompanying independent auditor's report

Capital Improvements HB 33	Capital Improvements SB9	Energy Efficiency	Debt Service	Q-Zabs	Total
\$ 1,887,562	\$ 495,090	\$ 31,648	\$ 837,222	3,613,974	\$ 13,383,975
-	450,000	-	1,160,000	-	2,110,000
<u>1,887,562</u>	<u>945,090</u>	<u>31,648</u>	<u>1,997,222</u>	<u>3,613,974</u>	<u>15,493,975</u>
<u>4,744,943</u>	<u>2,356,095</u>	<u>-</u>	<u>1,618,763</u>	<u>991,449</u>	<u>72,609,168</u>
<u>6,632,505</u>	<u>3,301,185</u>	<u>31,648</u>	<u>3,615,985</u>	<u>4,605,423</u>	<u>88,103,143</u>
<u>3,250,024</u>	<u>2,490,154</u>	<u>27,964</u>	<u>1,642,169</u>	<u>-</u>	<u>71,475,456</u>
<u>3,382,481</u>	<u>811,031</u>	<u>3,684</u>	<u>1,973,816</u>	<u>4,605,423</u>	<u>16,627,687</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,432,838</u>
<u>\$ 3,382,481</u>	<u>\$ 811,031</u>	<u>\$ 3,684</u>	<u>\$ 1,973,816</u>	<u>\$ 4,605,423</u>	<u>\$ 19,060,525</u>

State of New Mexico
Hobbs Municipal School District #33
Schedule Of Collateral Pledged By Depository
For Public Funds
June 30, 2008

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2008
Western Commerce Bank				
	FHLMC #350190 Note	5/1/2022	31291YBN7	3,698
	FHLMC ARM #420022 Note	11/1/2016	31346AAX3	3,594
	FNMA #72167 Note	6/1/2028	31362VFG8	27,527
	FNMA #577242 Note	4/1/2021	31386YHT4	97,241
	FNMA #704407 Note	5/1/2033	31401CR47	479,906
	GNMA POOL #370588 Note	9/20/2025	36204HUM0	20,353
	Total Western Commerce Bank			632,319
Wells Fargo Bank				
	FNCL #303524 Note	8/1/2025	31373UD53	\$ 216,014
	FNCL #867437 Note	5/1/2036	31409CV69	3,693,554
	G2SF #3120 Note	8/20/2031	36202DPD7	28,805
	GNSF #486842 Note	1/15/2029	36210AZF7	25,943
	GNSF #781048 Note	6/15/2029	36225BEV6	14,393
	GNSF #781215 Note	9/15/2029	36225BK49	20,604
	GNSF #781259 Note	3/15/2031	36225BMG0	153,401
	GNSF #781280 Note	4/15/2031	36225BM54	42,575
	Total Wells Fargo Bank			4,195,289
Lea County State Bank				
	FHR 2627 HP Note	10/15/2014	31393V2Z3	1,137,770
	FNR 2003-64 AG Note	11/25/2015	31393DLS8	1,378,512
	FNR 2003-133 GA Note	12/25/2026	31393UC68	2,523,074
	FNR 2003-32 TB KP9 Note	4/25/2030	31393BKP9	609,147
	Total Lea County State Bank			5,648,503
Bank of America				
	FNMA 555424 Note	5/1/1933	31385XAZ0	821,628
	Total Bank of America			821,628
First National Bank				
	FHLB Note	5/15/2018	36200ECU3	77,522
	Total Wells Fargo Bank			77,522
	Total Pledged Collateral			\$ 11,375,261

See accompanying independent auditor's reports

Location
of Safekeeper

Fedl Home Loan Bank, Dallas, TX
Fedl Home Loan Bank, Dallas, TX
Fedl Home Loan Bank, Dallas, TX
Fedl Home Loan Bank, Dallas, TX
Fedl Home Loan Bank, Dallas, TX
Fedl Home Loan Bank, Dallas, TX

WF Brokerage, Minneapolis, MN
WF Brokerage, Minneapolis, MN
WF Brokerage, Minneapolis, MN
WF Brokerage, Minneapolis, MN
WF Brokerage, Minneapolis, MN
WF Brokerage, Minneapolis, MN
WF Brokerage, Minneapolis, MN
WF Brokerage, Minneapolis, MN

TIB Dallas, TX
TIB Dallas, TX
TIB Dallas, TX
TIB Dallas, TX

Bank of America, NC

Fedl Home Loan Bank, Dallas

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Changes in Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2008

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2008</u>
Administration	\$ 71,011	\$ 57,900	\$ 81,766	\$ 47,145
Warehouse	90	293	126	257
Taos House/Federal Program	563	166	42	687
Alternate School/now with HHS	1,883	-	1,883	-
Dalton Tabor/Special Services	9,045	1,173	321	9,897
Athletics	141,846	31,724	42,929	130,641
TARS	298	-	148	150
Jenkins Nunan Learning Center	431	870	930	371
Superintendent	2,075	14,600	9,148	7,527
Computer Aided Instruction	639	85	500	224
Hobbs High School	301,096	227,144	269,286	258,954
Hobbs Freshman School	69,903	101,328	100,731	70,500
Highland Junior High	76,028	170,771	160,635	86,164
Houston Junior High	93,478	185,195	187,671	91,002
Broadmoor Elementary	8,820	7,011	8,334	7,497
Edison Elementary	5,566	15,147	16,280	4,433
Jefferson Elementary	6,113	18,780	15,367	9,526
Sanger Elementary	16,760	10,472	12,624	14,608
Southern Heights Elementary	9,376	3,938	6,046	7,268
Taylor Elementary	1,446	5,104	4,423	2,127
B.T. Washington Elementary	3,174	24,190	24,030	3,334
Will Rogers Elementary	25,551	27,583	42,923	10,211
Coronado Elementary	6,570	11,936	15,375	3,131
Mills Elementary	9,265	11,053	14,455	5,863
Stone Elementary	4,921	39,861	43,268	1,514
College Lane Elementary	2,114	28,029	28,468	1,675
District-wide Activity Funds	19,303	11,949	6,295	24,957
Totals	<u>\$ 887,365</u>	<u>\$ 1,006,302</u>	<u>\$ 1,094,004</u>	<u>\$ 799,663</u>

See accompanying independent auditor's reports

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COMPLIANCE SECTION

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Hobbs Municipal School District #33
Hobbs, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparison for the general fund and the aggregate remaining fund information of Hobbs Municipal School District #33, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated November 12, 2008. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects fund and the debt service fund, and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents and have issued our report thereon dated November 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hobbs Municipal School District #33's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hobbs Municipal School District #33's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by Hobbs Municipal School District #33's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as item FS 07-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Hobbs Municipal School District #33's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hobbs Municipal School District #33's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item FS 08-01 and FS 08-02.

Hobbs Municipal School District #33's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School's responses and, accordingly, we express no opinion on them.

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

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 12, 2008

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FEDERAL FINANCIAL ASSISTANCE

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
To the Board of Education
Hobbs Municipal School District #33
Hobbs, New Mexico

Compliance

We have audited the compliance of Hobbs Municipal School District #33, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular *A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Hobbs Municipal School District #33's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hobbs Municipal School District #33's management. Our responsibility is to express an opinion on Hobbs Municipal School District #33's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hobbs Municipal School District #33's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hobbs Municipal School District #33's compliance with those requirements.

In our opinion, Hobbs Municipal School District #33 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Hobbs Municipal School District #33 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hobbs Municipal School District #33's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hobbs Municipal School District #33's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Hobbs Municipal School District #33's internal control.

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

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

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 12, 2008

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantee/Pass Through Grantor/Program Title	Pass Thru Number	Federal C.F.D.A. Number	Expenditures
U.S. Department of Agriculture			
<i>Passthrough - State of NM Public Education Department</i>			
School Lunch Program	21000	10.555	\$ 2,338,779
Total U.S. Department of Agriculture Passthrough			<u>2,338,779</u>
U.S. Department of Education			
<i>Passthrough - State of NM Public Education Department</i>			
Title I IASA	24101	84.010	2,007,850 (1)
IDEA-B Entitlement	24106	84.027	1,376,445
IDEA-B Preschool	24109	84.173	58,051
Partnership in Character Ed.	24129	814.215V	14,953
Title V (A) - Innovative Education Program Strategies	24150	84.298	16,074
Title III - English Language Acquisition	24153	84.365A	100,568 (1)
Title IIA - Teacher Principal Training	24154	84.367A	491,838
Safe and Drug Free Schools	24157	84.186A	39,819
Immigrant Funding Title III	24163	84.365	83,364
Reading First	24167	84.357A	206,948
Carl D Perkins - Current	24174	84.048	58,539
Carl D Perkins - Redistribution	24176	84.048	2,718
Early Reading First	25114	84.359A	76,294
Total U.S. Department of Education Passthrough			<u>4,533,461</u>
Total Federal Financial Assistance			<u>\$ 6,872,240</u>

(1) Major program

The accompanying notes are an integral part of these financial statements

Notes to Schedule of Expenditures of Federal Awards1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Hobbs Municipal School District #33, New Mexico (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements.

2 Subrecipients

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

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 6,872,240
Total expenditures funded by other sources	<u>62,478,329</u>
Total expenditures	<u><u>\$ 69,350,569</u></u>

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

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

Federal Awards:

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

CFDA Number	Federal Program
84,010	Title I IASA
84.365A	Title III – English Language Acquisition

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

B. FINDINGS-FINANCIAL STATEMENT AUDIT

FS 07-02 – Preparation of Financial Statements

Condition: The financial statements and related disclosures are not being prepared by the District.

Criteria: According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

Cause: The District's personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting including the preparation of financial statements and related footnote disclosures. The overstatements of interest payable and accounts payable described above occurred because the District did not compare and reconcile those account balances that were overstated in the financial statements, to the related detailed information that made up the actual amount of interest due and the actual accounts payable as of June 30, 2007. Therefore, the material misstatement was not detected timely by the District.

Effect: Material misstatements in the District financial statements may not be detected timely by the District. The District's financial statements for the fiscal year ended June 30, 2007 included the following overstated account balances: accrued interest payable by \$233,040; and the accounts payable by \$515,000.

Recommendation: We recommend that District management and personnel receive training on understanding the requirements of external financial reporting. We also recommend that in order to detect material misstatements timely, that the District compare the general ledger account balances for accrued interest, accounts payable, and other material account balances to reliable related detail, and reconcile the general ledger and financial statement account balances to such detail, in order to detect material misstatements timely.

Management Response: Effective June 2, 2008, the District hired a new Director of Finance, who is a Certified Public Accountant and has many years of experience in the areas of banking, law, and public accounting. She has formal education and past work experience in accounting and, therefore, is able to understand the necessity for reconciling the general ledger to the financial statement account balances as well as the elements of external financial reporting including the preparation of financial statements and related footnote disclosures. General ledger statements are now being utilized by the District in order to detect material misstatements timely. Additionally, the Assistant Business Manager also attended training courses during the past year regarding the preparation of financial statements and will be able to participate more effectively in this process as well.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 08-01 — Pooled Cash Requirements

Condition: The District maintains a pooled cash arrangement in which various funds' cash is commingled in a common bank account. The District, at times, is required to "borrow" between funds while it awaits reimbursement from its grantor and upon receipt of revenue will "repay" the funds. At no time is the actual bank account overdrawn. The District maintained 6 funds with book overdrafts at June 30, 2008.

Criteria: Pursuant to the provisions of State Regulations 6.20.2.23 (C) (1) and (2), NMAC and Section 6-14-6 NMSA 1978, various grants are designed for specific purposes and are limited by the grant agreement. These provisions do not allow for these funds to subsidize other grants and /or programs.

Cause: Pooled cost reimbursement grants are periodically delayed in providing funds to the District causing temporary cash flow issues in various funds throughout the year.

Effect: The District is in violation of the provisions of State Regulations 6.20.2.23 (C) (1) and (2), NMSA 1978.

Auditors' Recommendations: The District should establish procedures and assign responsibility for monitoring and estimating cash balances and needs in each individual fund. These procedures should include approvals of transfers and policies that ensure that restrictions on cash are not violated.

Management's Response: As indicated, this situation was caused by delays in receiving reimbursements from New Mexico Public Education Department ("PED") at the end of its fiscal year. Effective July 1, 2008, the PED implemented its new Request for Reimbursement ("RfR") module in which reimbursement requests are processed electronically. This is anticipated to speed up the turn-around time so that reimbursements will be received in a more timely manner. The new RfR module also provides the District with the ability to follow up on the status of its pending requests with the PED and the District monitors this closely. In addition, the District will modify its current procedures in order to monitor cash balances and needs within each individual fund (in addition to monitoring cash balance and needs at the bank account level).

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 08-02 - Pledged Collateral Issues

Criteria: Section 6.20.2.15 of NMAC requires that school districts require pledged collateral or all cash and investment in accordance with Section 22-8-40, NMSA 1978. Also, Section 6-10-15, NMSA 1978 lists the following allowable security deposits for public money:

1. securities of the United States, its agencies or instrumentalities;
2. securities of the State of New Mexico, its agencies, instrumentalities, counties, municipalities or other subdivisions;
3. securities, including student loans, that are guaranteed by the United States or the state of New Mexico; revenue bonds that are underwritten by a member of the national association of securities dealers, known as "N.A.S.D", and are rated "BAA" or above by a nationally recognized bond rating service; or
5. letters of credit issued by a federal loan bank. Securities which obligations of the state of New Mexico, its agencies, institution, counties municipalities or other subdivisions shall be accepted as security at par value. All other securities shall be accepted as security at market value.

Condition: We noted during our review of investments and pledged collateral that some of the investments and collateral pledged for the District is not guaranteed by the full faith and credit of the United States government [per AG Advisory Letter 85-08]:

Federal National Mortgage Association (FNMA) Discount Notes; FNMA mortgage backed securities; Federal Home Loan Mortgage Corporation (FHLMC) mortgage backed securities; and securities of the Federal Land Bank and the Federal Farm Credit Bank. The market value of the pledged collateral that is not guaranteed by the full faith and credit of the U.S. government may be volatile.

Cause: The District did not adequately monitor its cash, investments and collateral that has been pledged by each financial institution to ensure that the required pledged collateral amounts were sufficient.

Effect: The fair market value of the District's investments and pledged collateral that is not guaranteed by the full faith and credit of the United States could decrease due to the volatile market, leaving the District without the expected value of the investments and/or unexpectedly without the required amount of pledged collateral.

Auditors' Recommendation: We recommend that the District implement regular and frequent monitoring of its investments and collateral that has been pledged by each financial institution holding their deposits, to ensure that the market value has not fallen unexpectedly.

Management's Response: The investment in question is a very short term (six month maturity) FNMA Discount Note which is currently held for the QZAB sinking fund. The investments of the QZAB sinking fund are selected by US Bank and Trust as custodian. The District monitors its investment and pledged collateral securities on a monthly basis and will continue to monitor this situation closely to ensure that the market value has not fallen unexpectedly.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS

None

D. PRIOR YEAR AUDIT FINDINGS

FS 2007-01: Depreciation – Resolved

FS 2007-02: Preparation of Financial Statements - Repeated

FS 2007-03: Bank Deposits Not Collateralized - Resolved

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Other Disclosures
For the Year Ended June 30, 2008

A. AUDITOR PREPARED FINANCIAL STATEMENTS

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

B. EXIT CONFERENCE

The contents of this report were discussed on November 10, 2008. The following individuals were in attendance.

Hobbs Municipal School District #33

Accounting & Consulting Group, LLP

Kerri Frizzell, Director of Finance
Joe Puckett, Board of Education President
Cliff Burch, Superintendent

Cindy Bryan, Partner