

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Official Roster
June 30, 2009

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Lance Wiseman		Board President
Patricia D. Jones		Board Vice President
Tejay Simpson		Board Secretary
Joseph Calderon		Board Member
Joseph Puckett		Board Member

Administrative Officials

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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FINANCIAL SECTION



Accounting & Consulting Group, LLP

INDEPENDENT AUDITORS' REPORT

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

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 (the District), as of and for the year ended June 30, 2009, 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, 2009 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, 2009, 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, 2009, 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 13, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Certified Public Accountants

2700 San Pedro Northeast [87110-333] – P.O. Box 3130, Albuquerque, New Mexico 87190-3130
866.307.2727 – 505.883.2727 – Fax 505.884.6719 – albuquerque.office@acgnm.com – www.acgnm.com

Alamogordo – Albuquerque – Carlsbad – Clovis – Hobbs – Lubbock

The *Management's Discussion and Analysis* on pages 15 through 29 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as supporting Schedules I through IV in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the District. 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 13, 2009

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2009
Unaudited

This Management Discussion and Analysis of the fiscal performance of the Hobbs Municipal Schools (the "District") for the period ending June 30, 2009, represents the District's seventh 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, 2009. Governmental fund 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 Auditors' 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 Government 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, Schedule of Expenditures of Federal Awards, 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 is open to public inspection.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2009
Unaudited

Significant Financial Highlights for the Year Ending June 30, 2009

- Capital Outlay expenditures were \$9,455,918 for the year ending June 30, 2009. \$5,690,541 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 \$3,813,144 was recorded resulting in accumulated depreciation of \$63,529,293 as of June 30, 2009.
- Total net assets increased from \$47,404,156 as of June 30, 2008, to \$51,928,234 as of June 30, 2009. The overall increase of \$4,524,078 in total net assets is due to increased revenues for the District.
- The overall Fund Balance increased from \$14,492,703 as of June 30, 2008, to \$31,782,375 as of June 30, 2009. The most significant reason for this increase of \$17,289,672 in overall fund balance is an increase in investments of \$14,549,945 (mostly from bond proceeds which are pending completion of the related construction projects).
- Total revenues increased from \$70,771,387 for the year ended June 30, 2008, to \$76,006,004 for the year ended June 30, 2009. This revenue increase of \$5,234,617 reflects an overall revenue growth of 7.4%. 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 oil and gas taxes for the 2 and 4 mill levies.
 - For Operational Fund, due to FY09 appropriation reductions made by the Legislature and signed by the Governor in early February 2009, the final unit value for 2008-2009 school year was set at \$3,871.79. This was a decrease of \$20.68 (0.53%) from the initial unit value of \$3,892.47 that we started the year with in our Operational Fund.
- Total expenditures increased from \$69,350,569 for the year ended June 30, 2008, to \$77,589,231 for the year ended June 30, 2009. This is an expenditure increase of \$8,238,662 or 11.9%. Expenditures increased due to \$9,455,918 in capital outlay during this fiscal year.
- For the school year 2008-2009, the District saw an increase in student population of 2.2% which was well over the 1% growth benchmark.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2009
Unaudited

Significant Financial Highlights for the Year Ending June 30, 2009 (continued)

- The District completed various projects during the 2008-2009 fiscal year including the following:
 - Roofing projects include a partial reroof of Houston Junior High School and a reroof of Jenkins Nunan Learning Center;
 - New intercom system was purchased for Freshman High School;
 - In Tasker Arena, the old court flooring was replaced with a new maple floor system and the bleachers in the mezzanine were refurbished as well as the weight room was upgraded and a new locker room system was installed;
 - At Will Rogers Elementary School, the old flooring was replaced with a new oak wood floor that matches the school's original floor and complements the style of that building;
 - Carpeting was replaced in various schools throughout the District including Hobbs High School, Hobbs Freshman High School, Houston Junior High School, and eight elementary schools;
 - ADA renovations were completed at Hobbs High School (including concrete replacements, bathroom renovations, and Braille signage) to make that campus more accessible to all of our students;
 - Replaced handrails at Watson Stadium;
 - New practice fields were completed at the High School to make room for the construction of the new Freshman Wing;
 - Replaced bleacher ramp sections at Southern Heights and Edison Elementary Schools; and
 - Completed the installation of camera security systems throughout the District.
- Other significant events during the past couple of years include the passage of the \$47 million general obligation school building bond issue on April 17, 2008. The first \$9.5 million of these bonds were sold during July 2008 and then the second installment of \$9.5 million was issued on April 15, 2009. The larger projects involved with this 2008 G.O. bond series 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.
- Additionally, in the March 2009 election, our two and four-mill levies were approved by the local voters to continue for another six year term. This reflects the continued support of the school system from our community.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2009
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, 2009, the District has total net assets of \$51,928,234.

	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
Assets			
Cash & cash equivalents	\$ 10,992,636	\$ 12,095,488	\$ 15,740,742
Other current assets	2,816,598	3,428,876	16,669,883
Capital assets	110,215,055	113,333,935	122,199,219
Less accumulated depreciation	(56,865,438)	(60,286,866)	(63,529,293)
Bond issuance costs, net of accum amortization	-	-	144,992
Restricted cash & investments	3,613,974	4,848,051	6,932,762
	<u>3,613,974</u>	<u>4,848,051</u>	<u>6,932,762</u>
Total assets	<u>\$ 70,772,825</u>	<u>\$ 73,419,484</u>	<u>\$ 98,158,305</u>
Liabilities			
Other current liabilities	\$ 5,149,619	\$ 6,579,541	\$ 8,565,798
Long-term liabilities	20,584,869	19,435,787	37,664,273
	<u>20,584,869</u>	<u>19,435,787</u>	<u>37,664,273</u>
Total liabilities	<u>25,734,488</u>	<u>26,015,328</u>	<u>46,230,071</u>
Net Assets			
Invested in capital assets, net of related debt	33,009,617	33,092,069	40,148,012
Restricted	5,681,289	12,306,415	10,097,011
Unrestricted	6,347,431	2,005,672	1,683,211
	<u>6,347,431</u>	<u>2,005,672</u>	<u>1,683,211</u>
Total Net Assets	<u>\$ 45,038,337</u>	<u>\$ 47,404,156</u>	<u>\$ 51,928,234</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2009
Unaudited

Statement of Activities

The Statement of 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, 2009.

	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
Governmental Activities			
Total government activities	\$ 63,492,693	\$ 69,110,286	\$ 71,777,236
Less charges for services	1,126,976	1,205,330	1,269,005
Less operating grants and contributions	9,801,525	12,094,149	11,599,415
Less capital grants and contributions	<u>2,252,625</u>	<u>589,528</u>	<u>459,227</u>
Total governmental activities	50,311,567	55,221,279	58,449,589
General revenues			
Property and oil & gas taxes	7,605,437	8,462,152	10,128,945
State of New Mexico equalization grant	44,307,157	47,787,471	52,064,521
Local sources	-	-	180,218
Investment earnings	535,679	507,161	443,776
Transfers to PED	(57,820)	-	-
Miscellaneous	1,079,339	124,311	180,932
Loss on disposition of assets	<u>-</u>	<u>(42,037)</u>	<u>(19,917)</u>
Total general revenues	<u>53,469,792</u>	<u>56,839,058</u>	<u>62,978,475</u>
Increase in Net Assets	3,158,225	1,617,779	4,528,886
Net Assets Beginning - As Restated	42,329,218	45,038,337	47,404,156
Prior period adjustments	<u>(449,106)</u>	<u>748,040</u>	<u>(4,808)</u>
Net Assets Ending	<u>\$ 45,038,337</u>	<u>\$ 47,404,156</u>	<u>\$ 51,928,234</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2009
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 \$76,006,004. Total expenditures for the District were \$77,589,231. The total ending fund balance was \$31,782,375, an increase of \$17,289,672 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 %
2001/2002	\$ 47,464,938	2%	\$ 47,637,911	7%
2002/2003	\$ 66,091,861	39%	\$ 60,093,986	26%
2003/2004	\$ 54,451,621	-18%	\$ 57,648,551	-4%
2004/2005	\$ 60,578,291	11%	\$ 68,280,722	18%
2005/2006	\$ 63,574,800	5%	\$ 61,603,162	-10%
2006/2007	\$ 66,725,318	5%	\$ 66,327,854	8%
2007/2008	\$ 70,771,387	6%	\$ 69,350,569	5%
2008/2009	\$ 76,006,004	7%	\$ 77,589,231	12%

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.

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, 2009. 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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2009
Unaudited

The Budget (continued)

Funds Revenue Budget Performance

				Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	Variance
General Fund	\$ 54,615,996	\$ 56,144,463	\$56,106,760	\$ (37,703)
Bond Building Fund	-	15,059	102,647	87,588
Capital Improvements HB-33 Fund	4,243,000	4,197,000	5,082,869	885,869
Debt Service Fund	1,586,000	1,572,000	2,113,875	541,875
Nonmajor Funds	9,211,453	13,847,239	12,615,593	(1,231,646)
Totals	\$ 69,656,449	\$ 75,775,761	\$76,021,744	\$ 245,983

Funds Expenditure Budget Performance

				Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	Variance
General Fund	\$ 55,116,847	\$ 57,313,765	\$54,662,618	\$ 2,651,147
Bond Building Fund	-	19,015,059	4,173,474	14,841,585
Capital Improvements HB-33 Fund	7,745,690	7,579,481	3,461,298	4,118,183
Debt Service Fund	3,545,636	3,545,816	804,520	2,741,296
Nonmajor Funds	10,135,146	15,393,539	12,506,979	2,886,560
Totals	\$ 76,543,319	\$102,847,660	\$75,608,889	\$ 27,238,771

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 this Management's Discussion and Analysis.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2009
Unaudited

The Operations Fund

The Operations Fund serves as the District's General Fund. Because the Operations Fund revenues represent \$56,125,943 of the total \$76,006,004 of District revenues, the impact of this fund must be kept in context. The Operations Fund began the year with an initial budget of \$54,615,996 and had a final budget of \$56,144,463.

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

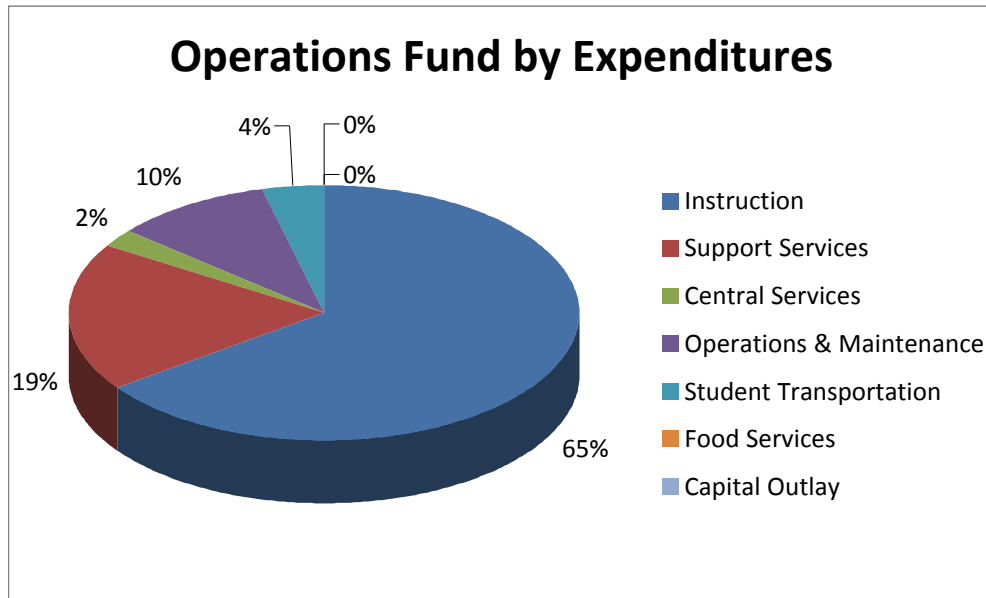
Year	Total Revenues	Increase %
2001/2002	\$ 36,297,243	3.0%
2002/2003	\$ 37,354,618	2.9%
2003/2004	\$ 38,633,543	3.4%
2004/2005	\$ 41,663,268	7.8%
2005/2006	\$ 45,172,062	8.4%
2006/2007	\$ 47,964,173	6.2%
2007/2008	\$ 51,651,782	7.7%
2008/2009	\$ 56,125,943	8.7%

Because the Operations Fund is the main fund whose expenditures are significantly related to the educational process, \$55,331,235 was expended during the year ended June 30, 2009. The most significant inter-fund expense was for the function noted as "Instruction." This expenditure was \$35,950,769 or 64.97% of all Operations expenditures. Expenses included in this function are compensation for regular and special education teachers and instructional assistants, substitute teachers, employee benefits, payroll taxes, school supplies, professional development, and miscellaneous instructional related contract services. Approximately 98% of all Operations Fund expenditures are for employee salaries, payroll taxes, and benefits.

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The Operations Fund (continued)

Support Services represents 18.93% of Operations Fund expenditures and account for expenditures for compensation, employee benefits, and payroll taxes 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 2.07% of the total Operations Fund. Maintenance and Operations account for 10.23% 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.



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Capital Assets

GASB 34 rules require public entities to depreciate capital assets. This statement includes an adjusted accumulated depreciation of the District's capital assets in the amount of \$3,813,144 as of June 30, 2009. 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, 2009.

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 \$7 million.

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

	Balance June 30, 2008	Balance June 30, 2009
Capital assets not being depreciated:		
Land	\$ 3,517,082	\$ 4,480,692
Construction in process	151,162	5,144,221
Total capital assets not being depreciated	<u>3,668,244</u>	<u>9,624,913</u>
Capital assets being depreciated:		
Buildings & improvements	92,320,854	94,255,502
Equipment	16,407,892	17,372,818
Infrastructure	936,945	945,986
Total capital assets being depreciated	<u>109,665,691</u>	<u>112,574,306</u>
Less accumulated depreciation for:		
Buildings & improvements	48,542,566	50,974,919
Equipment	11,689,742	12,432,604
Infrastructure	54,558	121,770
Total accumulated depreciation	<u>60,286,866</u>	<u>63,529,293</u>
Total capital assets being depreciated, net	<u>49,378,825</u>	<u>49,045,013</u>
Governmental activity capital assets, net	<u>\$ 53,047,069</u>	<u>\$ 58,669,926</u>

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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.

The District issued General Obligation School Building Bonds on April 15, 2009, in the amount of \$9,500,000 with staggered maturity dates. The last maturity date is April 15, 2023.

Listed below is the District's combined annual debt service requirement to maturity for long term debt as of June 30, 2009.

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Long Term Liabilities (continued)

	Principal	Interest	Total Requirements
Fiscal year ended June 30,			
2010	720,000	1,093,547	1,813,547
2011	850,000	879,109	1,729,109
2012	875,000	842,709	1,717,709
2013	915,000	804,770	1,719,770
2014	945,000	764,518	1,709,518
2015-2019	7,430,000	3,127,946	10,557,946
2020-2024	11,500,000	981,875	12,481,875
	\$23,235,000	\$8,494,474	\$31,729,474

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

Year	Beginning Balance	Minimum Annual Deposit	3.55% Investment Earnings	Ending Balance
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	841,605	160,273	5,516,603
2009	5,516,603	841,605	195,820	6,554,028
2010	6,554,028	841,605	232,630	7,628,263
2011	7,628,263	841,605	270,746	8,740,614
2012	8,740,614	841,605	310,216	9,892,435
2013	9,892,435	841,605	351,087	11,085,127
2014	11,085,127	841,605	393,408	12,320,140
2015	12,320,140	841,605	437,232	13,598,977
2016	13,598,977	841,605	504,377	14,944,959
		\$ 11,779,800	\$ 3,165,159	

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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, 2009, shows the accumulated assets of all agency funds was \$828,648.

Future Trends

American Recovery and Reinvestment Act: A significant change for 2009-2010 was the federal stimulus funding received through the American Recovery and Reinvestment Act of 2009 ("ARRA") that was signed into law by President Obama on February 17, 2009. Goals of the ARRA include the preservation or creation of jobs and the promotion of an economic recovery, as well as the investment in transportation, environmental protection and other infrastructure providing long-term economic benefits. This included \$164.7 million in federal fiscal stabilization funds for the State Equalization Guarantee. In addition, federal stimulus funds were allocated to the District's Title I, Entitlement IDEA B, Preschool IDEA B, and Enhancing Education through Technology programs. Through this stimulus funding, various new funds were created to account for and track the expenditure of these funds. Because of the federal mandates for transparency, accounting, and responsibility concerning these funds, there are increased levels of information that must be gathered and reporting that must be provided both at the state level and then to the federal government. This stimulus funding is only available from February 17, 2009, through year 2011.

The Economy and Public School Funding: During the past year, the economy both locally and at the State level stalled. The income from gross receipts taxes as well as corporate and personal income taxes, the main revenue source for both state and local governments, declined during fiscal year 2009. Significant revenues provided by the State Equalization formula to school districts for operating expenses come from this revenue source. Oil and gas prices have recently taken an upward turn but it was not enough to offset the losses in other revenues for the State. Even taking into consideration the ARRA funds from the SEG Stabilization fund, the combined initial unit value for 2009-2010 was set at \$3,862.79 which was \$9 less than the final 2008-2009 unit value.

Because of the weak economy, the State of New Mexico found itself with a projected shortfall in revenue of approximately \$650 million for this 2010 fiscal year. A special legislative session was called by the Governor on October 17, 2009. During this special session, representatives of various education committees had a strong presence urging the legislators to save education from serious projected cuts at this mid-point of the year. The result of the special legislative session was a budget bill that is presently on the Governor's desk awaiting his review. The Governor has until November 12, 2009, to sign all or part of the bill or to completely veto the bill. While it appears under the proposed budget bill that the reduction to our Operational funding for 2009-2010 could be less than 1%, the total proposed reductions to our other various state funds and grants such as Instructional Materials, Transportation, and even our Capital Improvement funds will require that the District reevaluate our entire budget. Additionally, even if our District has managed to escape at this time with a relatively small reduction in Operational funding, there is a possibility that the legislature will reduce our 2009-2010 budget in its regular session next January just like they did in February 2009. Because of these factors, our District will continue to monitor the State's actions and will keep a tight rein on our expenditures.

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Future Trends (continued)

The local economy in Hobbs was not hit near as hard by the declining economy as the rest of the state. Even so, there were several areas that declined locally such as collection of gross receipts taxes; however, there were still many positive economic trends at the local level. For example, we have had significant growth in our local tax base from 2008 to 2009 which appears to be due to our local oil and gas revenues increasing with the climbing price of oil, the local housing market continuing to remain steady, and a new electric plant that just came on line. Over the past couple of years, five more hotels have been built in Hobbs as well as several new shopping centers that are now in the process of being built. In addition, the local community continues to support our schools as evidenced by the March 2009 two- and four-mill levy election which were both approved by the voters to continue for another six year term. The funds raised by these mill levies support the majority of the District's maintenance and renovation of our buildings as well as our technology in the classroom. The earliest that the District will have to again go to the voters on these levies is March 2015.

Previously the State of New Mexico 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 was 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 was introduced to the New Mexico legislature at its regular session in January 2009. While the proposed formula was supported by the legislature in concept, the timing was impossible due to the budget deficit and the increase in the amount that would be needed to fund the proposed formula. 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.

Future Growth: The District 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 but then experienced over 2.2% growth in 2008-2009 school year. The District's 40th day numbers for 2009-2010 school year show that our student population has grown 1.38% over the prior year's 40th day numbers. 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 commenced during the 2008-2009 school year. To accommodate this growth, upon completion of the Freshman Academy, the sixth grade students will be moved up with the seventh and eighth grade students to establish three middle schools within the District.

Local Assessments & General Obligation Bonds: For tax year 2009 (calendar year 2010), our District's bonding capacity at September 1, 2009, is \$62,865,904 which is above our outstanding bonded debt of \$29,082,840. 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 and the reauthorization of the two- and four-mill levies in March 2009, 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.

Public School Capital Outlay Council Award: In August 2009, the District received a net award of \$4,205,482 from the 2009-2010 Standards-Based Capital Outlay Awards for the planning, design and construction of a new cafeteria. The new cafeteria will have capacity for 1,700 students, grades 10-12, and a central kitchen. The award includes planning and design for Phase II and II renovations and improvements. The bid was awarded in October 2009 and the ground breaking for this new cafeteria is anticipated for December 2009.

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Unaudited

Future Trends (continued)

Facility Construction or Renovations: The District has plans to commence or continue a number of Capital Outlay building projects during the 2009-2010 fiscal year. Certain highlights of these projects include the following:

- Freshman High School Wing ground-breaking anticipated in December 2009 (with school ready for occupancy in August 2011): Approximate cost \$23 million
- Alternative High School anticipated bid in January 2010 (with school ready for occupancy in August 2011): Approximate cost \$3.3 million
- Build new central warehouse: Approximate cost \$2 million
- Renovations to Training Center: Approximate cost \$750,000
- Highland Junior High School's new library and renovation of current library anticipated bid process to be completed in December 2009: Approximate cost \$1 million
- Completion of the Central Office addition anticipated for June 2010: Approximate cost \$3.6 million
- Replace roof of Jefferson Elementary School: Approximate cost \$700,000
- Upgrade restrooms and play ground area at Taylor Elementary School: Approximate cost \$210,000
- Renovation of restrooms and replace practice gym floor at Houston Junior High School: Approximate cost \$575,000

More information regarding the District including an update of the various 2009 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, 2009

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 15,740,742
Investments	14,854,205
Receivables:	
Property taxes	248,473
Oil and gas taxes	452,810
Due from other governments	576,362
Other	184,112
Inventory	353,921
Total current assets	<u>32,410,625</u>
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	1,214,050
Investments	5,718,712
Bond issuance costs, net of accumulated amortization	144,992
Capital assets	122,199,219
Less: accumulated depreciation	<u>(63,529,293)</u>
Total noncurrent assets	<u>65,747,680</u>
Total assets	<u><u>\$ 98,158,305</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	\$ 1,799,848
Accrued compensated absences	225,723
Accrued interest	517,557
Accrued payroll	5,302,670
Current portion of bonds payable	720,000
Total current liabilities	<u>8,565,798</u>
Noncurrent liabilities	
Accrued compensated absences	153,917
Bonds payable	37,445,000
Bond premium, net of accumulated accretion	65,356
Total noncurrent liabilities	<u>37,664,273</u>
Total liabilities	<u>46,230,071</u>
Net assets	
Invested in capital assets, net of related debt	40,148,012
Restricted for:	
Debt service	8,151,532
Capital projects	1,032,651
Other purposes - special revenue	912,828
Unrestricted	1,683,211
Total net assets	<u>51,928,234</u>
Total liabilities and net assets	<u>\$ 98,158,305</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statement of Activities
For the Year Ended June 30, 2009

<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	\$ 42,750,585	\$ 142,899	\$ 4,593,251
Support services - students	6,566,275	21,949	705,500
Support services - instruction	1,945,862	6,504	209,069
Support services - general administration	941,279	3,146	101,134
Support services - school administration	3,850,502	12,871	413,709
Central services	1,189,714	3,977	127,826
Operation and maintenance of plant	7,860,888	26,276	844,597
Student transportation	2,165,914	-	1,999,485
Food services operations	3,892,921	1,051,383	2,604,842
Amortization	3,526	-	-
Interest and other charges	609,770	-	-
<i>Total governmental activities</i>	<u>\$ 71,777,236</u>	<u>\$ 1,269,005</u>	<u>\$ 11,599,415</u>

General Revenues:

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

Oil and gas taxes

State equalization guarantee

Local sources

Investment income

Miscellaneous income

Loss on disposition of assets

Total General Revenues

Change in net assets

Net assets - beginning

Net assets - 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>Capital Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Assets</u> <u>Government</u> <u>Activities</u>
\$ 301,547	\$ (37,712,888)
46,316	(5,792,510)
13,725	(1,716,563)
6,639	(830,359)
27,160	(3,396,762)
8,392	(1,049,519)
55,448	(6,934,567)
-	(166,429)
-	(236,696)
-	(3,526)
-	(609,770)
<u>\$ 459,227</u>	<u>(58,449,589)</u>

212,804
800,687
3,025,780
6,089,674
52,064,521
180,218
443,776
180,932
(19,917)
<u>62,978,475</u>
4,528,886
47,404,156
<u>(4,808)</u>
<u>47,399,348</u>
<u>\$ 51,928,234</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Bond Building	Capital Improvements HB-33
<i>Assets</i>			
Cash and cash equivalents	\$ 7,137,551	\$ 1,208,536	\$ 5,004,052
Investments	83,568	13,720,637	-
Receivables			
Property taxes	12,912	-	125,127
Oil and gas taxes	28,451	-	228,889
Due from other governments	-	-	35,773
Other	27,246	-	-
Inventory	294,551	-	-
Due from other funds	804,504	-	-
<i>Total assets</i>	\$ 8,388,783	\$ 14,929,173	\$ 5,393,841
<i>Liabilities</i>			
Accounts payable	\$ 85,734	\$ 893,513	\$ 804,915
Accrued payroll	4,818,636	-	-
Deferred revenue	12,912	-	74,946
Due to other funds	-	-	-
<i>Total liabilities</i>	4,917,282	893,513	879,861
<i>Fund balances</i>			
Reserved for:			
Inventory	294,551	-	-
Future debt service payments	-	-	-
Unreserved, reported in			
General fund	3,176,950	-	-
Special revenue funds	-	-	-
Capital projects funds	-	14,035,660	4,513,980
<i>Total fund balances</i>	3,471,501	14,035,660	4,513,980
<i>Total liabilities and fund balances</i>	\$ 8,388,783	\$ 14,929,173	\$ 5,393,841

The accompanying notes are an integral part of these financial statements

<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,172,510	\$ 2,432,143	\$ 16,954,792
6,768,712	-	20,572,917
48,016	62,418	248,473
81,026	114,444	452,810
-	540,589	576,362
-	156,866	184,112
-	59,370	353,921
-	-	804,504
<u>\$ 8,070,264</u>	<u>\$ 3,365,830</u>	<u>\$ 40,147,891</u>
\$ -	\$ 15,686	\$ 1,799,848
-	484,034	5,302,670
28,287	342,349	458,494
-	804,504	804,504
<u>28,287</u>	<u>1,646,573</u>	<u>8,365,516</u>
-	59,370	353,921
8,041,977	-	8,041,977
-	-	3,176,950
-	559,968	559,968
-	1,099,919	19,649,559
<u>8,041,977</u>	<u>1,719,257</u>	<u>31,782,375</u>
<u>\$ 8,070,264</u>	<u>\$ 3,365,830</u>	<u>\$ 40,147,891</u>

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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, 2009

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

Fund balances - total governmental funds	\$	31,782,375
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		58,669,926
Bond issuance costs, including original issue discounts and premiums are not financial resources and, therefore, are not reported in the funds		79,636
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		153,480
Reimbursement income 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		305,014
Liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued compensated absences		(379,640)
Accrued interest payable		(517,557)
Bonds payable		(38,165,000)
		(38,165,000)
Total net assets - governmental funds	\$	51,928,234

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 Ended June 30, 2009

	General Fund	Bond Building	Capital Improvements HB-33
<i>Revenues</i>			
Property taxes	\$ 206,516	\$ -	\$ 2,013,936
Oil and gas taxes	378,977	-	3,033,376
Intergovernmental revenue			
Federal flowthrough	36,983	-	-
Federal direct	-	-	-
Local sources	24,757	-	-
State flowthrough	1,116,524	-	35,773
State direct	52,064,521	-	-
Transportation distribution	1,999,485	-	-
Charges for services	31,737	-	-
Investment income	85,933	102,647	9,445
Miscellaneous	180,510	-	-
<i>Total revenues</i>	<u>56,125,943</u>	<u>102,647</u>	<u>5,092,530</u>
<i>Expenditures</i>			
Current			
Instruction	35,950,769	-	-
Support services - students	4,622,330	-	-
Support services - instruction	1,812,512	-	-
Support services - general administration	784,637	-	20,146
Support services - school administration	3,255,330	-	-
Central services	1,145,726	-	-
Operation and maintenance of plant	5,661,120	100,550	391,634
Student transportation	2,072,249	-	-
Food services operations	5,762	-	-
Capital Outlay	20,800	4,885,626	3,580,484
Debt service			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	148,518	-
<i>Total expenditures</i>	<u>55,331,235</u>	<u>5,134,694</u>	<u>3,992,264</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>794,708</u>	<u>(5,032,047)</u>	<u>1,100,266</u>
<i>Other financing sources (uses)</i>			
Bond premium	-	67,707	-
Bond proceeds	-	18,810,000	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>18,877,707</u>	<u>-</u>
<i>Net change in fund balances</i>	794,708	13,845,660	1,100,266
<i>Fund balances - beginning</i>	2,676,793	190,000	3,413,714
<i>Fund balances - restatement (note 16)</i>	-	-	-
<i>Fund balances - as restated</i>	<u>2,676,793</u>	<u>190,000</u>	<u>3,413,714</u>
<i>Fund balances - end of year</i>	<u>\$ 3,471,501</u>	<u>\$ 14,035,660</u>	<u>\$ 4,513,980</u>

The accompanying notes are an integral part of these financial statements

Debt Service Fund	Other Governmental Funds	Total
\$ 797,060	\$ 1,006,738	\$ 4,024,250
1,160,634	1,516,687	6,089,674
-	6,343,234	6,380,217
-	547,331	547,331
-	155,461	180,218
-	1,674,298	2,826,595
-	-	52,064,521
-	-	1,999,485
-	1,237,268	1,269,005
239,358	6,393	443,776
-	422	180,932
<u>2,197,052</u>	<u>12,487,832</u>	<u>76,006,004</u>
-	3,962,788	39,913,557
-	1,166,036	5,788,366
-	132,767	1,945,279
7,949	60,654	873,386
-	585,283	3,840,613
-	4,908	1,150,634
-	1,624,129	7,777,433
-	94,166	2,166,415
-	3,828,786	3,834,548
-	969,008	9,455,918
600,000	-	600,000
94,564	-	94,564
-	-	148,518
<u>702,513</u>	<u>12,428,525</u>	<u>77,589,231</u>
<u>1,494,539</u>	<u>59,307</u>	<u>(1,583,227)</u>
-	-	67,707
-	-	18,810,000
-	-	18,877,707
1,494,539	59,307	17,294,480
6,547,438	1,664,758	14,492,703
-	(4,808)	(4,808)
<u>6,547,438</u>	<u>1,659,950</u>	<u>14,487,895</u>
<u>\$ 8,041,977</u>	<u>\$ 1,719,257</u>	<u>\$ 31,782,375</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, 2009

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

Net change in fund balances - total governmental funds	\$ 17,294,480
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures	9,455,918
Depreciation expense	(3,813,144)
Loss on disposal of capital assets	(19,917)

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

Change in deferred revenue related to property taxes receivables	15,021
Change in deferred revenue related to grant receivables	305,014

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:

Bond premium	(67,707)
Accretion of bond premium	2,351
Bond issuance cost	148,518
Amortization of bond issuance cost	(3,526)
Bond proceeds	(18,810,000)
Increase in accrued compensated absences	(60,565)
Increase in accrued interest payable	(517,557)
Principal payments on bonds	600,000

Change in net assets of governmental activities	\$ 4,528,886
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STATE OF NEW MEXICO
Hobbs Municipal School District #33
General Fund

Exhibit C-1

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 200,000	\$ 200,000	\$ 211,259	\$ 11,259
Oil and gas taxes	380,000	380,000	382,297	2,297
Intergovernmental revenue				
Federal flowthrough	18,000	18,000	36,983	18,983
Federal direct	-	-	-	-
Local sources	30,000	47,820	24,757	(23,063)
State flowthrough	768,100	1,062,699	1,102,251	39,552
State direct	50,989,857	52,166,636	52,064,521	(102,115)
Transportation distribution	1,979,039	1,999,485	1,999,485	-
Charges for services	13,000	23,103	31,737	8,634
Investment Income	235,000	90,000	85,933	(4,067)
Miscellaneous	3,000	156,720	167,537	10,817
<i>Total revenues</i>	54,615,996	56,144,463	56,106,760	(37,703)
<i>Expenditures</i>				
Current				
Instruction	35,272,217	36,736,724	35,171,475	1,565,249
Support services - students	4,786,856	4,813,155	4,622,330	190,825
Support services - instruction	2,065,683	2,089,999	1,947,955	142,044
Support services - general administration	959,600	941,440	784,637	156,803
Support services - school administration	3,302,434	3,358,777	3,257,491	101,286
Central services	1,149,124	1,207,111	1,156,160	50,951
Operation and maintenance of plant	5,563,985	6,029,567	5,623,759	405,808
Student transportation	1,979,066	2,072,546	2,072,249	297
Other support services	37,882	37,882	-	37,882
Food services operations	-	5,764	5,762	2
Community services operations	-	-	-	-
Capital Outlay	-	20,800	20,800	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	55,116,847	57,313,765	54,662,618	2,651,147
<i>Excess (deficiency) of revenues over expenditures</i>	(500,851)	(1,169,302)	1,444,142	2,613,444
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	500,851	1,169,302	-	(1,169,302)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond Proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	500,851	1,169,302	-	(1,169,302)
<i>Net change in fund balances</i>	-	-	1,444,142	1,444,142
<i>Fund balances - beginning of year</i>	-	-	6,581,481	6,581,481
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 8,025,623	\$ 8,025,623
Net change in fund balances (Non-GAAP budgetary basis)				\$ 1,444,142
Adjustments to revenues for taxes and state flowthrough grants				19,183
Adjustments to expenditures for instructional and payroll expenditures				(668,617)
Net change in fund balances (GAAP Basis)				\$ 794,708

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, 2009

Exhibit D-1

<i>Current Assets</i>	
Cash and cash equivalents	\$ 435,803
Investments	<u>412,000</u>
<i>Total assets</i>	<u><u>\$ 847,803</u></u>
<i>Current Liabilities</i>	
Accounts payable	\$ 10,313
Accrued payroll	9,577
Due to student organizations	<u>827,913</u>
<i>Total liabilities</i>	<u><u>\$ 847,803</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, 2009

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 forth in GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units 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, 2009

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*.

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, 2009

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 *Bond Building Capital Projects 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.

The *Capital Improvements HB-33 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 the direct costs and program revenues reported for the various functions concerned.

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.

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

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

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

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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 Treasurer in July and August 2009 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2009. 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, fifty percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while fifty 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's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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>
Buildings and Improvements	10-50
Equipment	5-20
Land Improvements	5-20

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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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 \$52,064,521 in state equalization guarantee distributions during the year ended June 30, 2009.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

E. *Revenues (continued)*

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$10,128,945 in tax revenues in the government-wide financial statements during the year ended June 30, 2009. 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 \$1,999,485 in transportation distributions during the year ended June 30, 2009.

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, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. The District received \$935,727 in instructional materials revenue from the State for the year ended June 30, 2009.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the 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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 2. Stewardship, Compliance and Accountability (continued)

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 Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Budget basis expenditures exclude encumbrances.

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

The appropriated budget for the year ended June 30, 2009, 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	\$ (500,851)	\$ (1,169,302)
Bond Building Capital Projects Fund	\$ -	\$ (19,000,000)
Capital Improvements HB-33 Capital Projects Fund	\$ (3,502,690)	\$ (3,382,481)
Debt Service Fund	\$ (1,959,636)	\$ (1,973,816)
Other Governmental Funds	\$ (1,580,989)	\$ (2,203,596)

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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

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, 2009.

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 \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. However, on October 14, 2008, the FDIC announced a new Transaction Account Guarantee Program, that provides depositors with unlimited coverage for noninterest-bearing transaction accounts. With regards to this Transaction Guarantee Program, noninterest-bearing checking accounts include Demand Deposit Accounts (DDA's) and any other transaction accounts that have unlimited withdrawals and that cannot earn interest. Also included in this program, are low-interest NOW accounts that cannot earn more than 0.5% interest. This program is scheduled to end December 31, 2009.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978) and Section 22-8-40(C) through 22-8-40H, NMSA 1978. At June 30, 2009, \$0 of the District's bank balance of \$14,864,394 was subject to custodial credit risk. \$0 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$0 was uninsured and uncollateralized at June 30, 2009.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 3. Deposits and Investments (continued)

	<u>Bank of America</u>	<u>First American Bank</u>	<u>Lea County State Bank</u>
Amount of deposits	\$ 1,165,493	\$ 180,027	\$ 3,608,594
Transaction Deposit Accounts covered by the "Transactions Account Guarantee Program"	(915,493)	-	(3,358,594)
FDIC coverage	<u>(250,000)</u>	<u>(180,027)</u>	<u>(250,000)</u>
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>-</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>-</u>	<u>-</u>	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ -	\$ -	\$ -
Pledged securities	<u>1,041,626</u>	<u>156,928</u>	<u>2,004,449</u>
Over (under) collateralized	<u>\$ 1,041,626</u>	<u>\$ 156,928</u>	<u>\$ 2,004,449</u>
	<u>Western Commerce Bank</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
Amount of deposits	\$ 1,530,981	\$ 8,379,299	\$ 14,864,394
Transaction Deposit Accounts covered by the "Transactions Account Guarantee Program"	(1,280,981)	(8,129,299)	(13,684,367)
FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(1,180,027)</u>
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>-</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>-</u>	<u>-</u>	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ -	\$ -	\$ -
Pledged securities	<u>705,086</u>	<u>1,430,061</u>	<u>5,338,149</u>
Over (under) collateralized	<u>\$ 705,086</u>	<u>\$ 1,430,061</u>	<u>\$ 5,338,149</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, 2009

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. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2009, the District’s Investment balances were exposed to custodial credit risk as follow:

<u>Overnight Repurchase Agreements</u>	Lea County State Bank	Wells Fargo Bank	Total
Total amount of deposits	\$ 1,907,225	\$ 2,257,717	\$ 4,164,942
FDIC Coverage	-	-	-
	<u>1,907,225</u>	<u>2,257,717</u>	<u>4,164,942</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>1,907,225</u>	<u>2,257,717</u>	<u>4,164,942</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured - re-purchase)	\$ 1,945,370	\$ 2,302,871	\$ 4,248,241
Pledged Securities	<u>1,945,370</u>	<u>2,302,871</u>	<u>4,248,241</u>
Over (under) collateralization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2009, the District’s investment in the State Treasurer Local Government Investment Pool was rated as AAAm by Standard & Poor’s. However, the LGIP experienced some problems during the fiscal year as described below:

The State Treasurer’s Office (STO) communicated to LGIP participants on January 9, 2009, that on September 15, 2008, \$381,700,000 or 23.1% of the LGIP assets, were invested with the Reserve Primary Fund (the Reserve), and that on September 16, 2008, the Reserve was downgraded from “AAA” to “D”. The Reserve was the nation’s oldest SEC-registered money market fund and widely considered one of the most conservative “AAA” rated funds, per the STO correspondence. To avoid negative impact on the participant’s LGIP principal balances and to maintain its “AAA” rating, the STO sold the investment in the Reserve to the State’s General Fund investment pool. The put agreement allowed the State’s general fund investment pool, the purchaser of the security, to reverse the purchase transaction at any time and sell the security back to the LGIP at par, by requesting repayment from the LGIP in exchange for security. The put agreement is scheduled to expire on October 31, 2009 but is subject to extension. The STO’s original plan was to amortize the related loss by decreasing the interest earnings of LGIP participants over the first ten months or so of calendar year 2009, with the goal of avoiding any negative impact on the principal balances of LGIP participants. Therefore, interest payments were decreased accordingly. However, on February 27, 2009, the State Treasurer’s Office notified LGIP participants that the Reserve unexpectedly announced that it was setting aside an initial \$3.5 billion for the purpose of anticipated and pending litigation against it. STO revised its original plan and announced its intent to isolate the LGIP’s Reserve position into a segregated fund named “The Reserve Contingency Fund” that will not earn interest. Any future distributions made by the Reserve will be placed into that fund and then be distributed to the LGIP participants based on each participant’s pro rata share of the LGIP balance as of September 15, 2008. The STO is evaluating the new information received from the Reserve to determine whether STO has any recourse in light of the Reserve’s actions.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 3. Deposits and Investments (continued)

Investment Custodial Credit Risk (continued)

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, 2009, the District had the following investments and maturities

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
New MexiGROW LGIP	34 days	\$ 5,916,109	AAAm
Reserve Contingencies Fund	Does not earn interest	347,931	Unrated
U.S. Treasury Bills	<1 year	9,002,165	AAA
FNMA Discount Note	92 days	5,718,712	A-1+
		<u>\$ 20,984,917</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, 2009. Funds 24000 through 25250 are federal funds and 26000 through 29131 are nonfederal. The following individual funds had negative cash balances as of June 30, 2009:

24106	Entitlement IDEA-B	\$ (87,747)
24107	Discretionary IDEA-B	(32,530)
24109	Preschool IDEA-B	(3,703)
24129	Partnership in Character Education	(610)
24143	Title III - Incentive Award	(8,059)
24153	English Language Acquisition	(48,324)
24157	Safe & Drug Free Schools & Communities	(4,664)
24163	Immigrant Funding Title III	(27,722)
24167	Reading First	(21,749)
24174	Carl Perkins Secondary	(16,637)
24206	Entitlement IDEA-B - Federal Stimulus	(7,746)
27140	Family Youth Resource Program	(16,104)
27149	PreK Initiative	(56,348)
27163	School in Need of Improvement	(9,007)
27164	School Improvement Framework	(2,993)
27166	Kindergarten-Three Plus	(37,004)
27170	Libraries - GO Bonds	(31)
29131	TCA Value Options	(69,348)
	Total	<u>\$ (450,326)</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statements of Net Assets

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

Primary Government

Reconciliation to the Statement of Net Assets

Cash and cash equivalents per Exhibit A-1	\$ 15,740,742
Restricted cash per Exhibit A-1	1,214,050
Investments per Exhibit A-1	20,572,917
Cash - Statement of Fiduciary Assets and Liabilites per Exhibit D-1	435,803
Investments - Statement of Fiduciary Assets and Liabilites per Exhibit D-1	<u>412,000</u>
 Total cash, cash equivalents, and investments	 38,375,512
 Add: outstanding checks	 1,669,550
Less: deposits in transit	(4,195,751)
Less: investments held in New Mexico State Treasurer's LGIP	(6,264,040)
Less: investments held in US Treasury Bills	(9,002,165)
Less: investment FNMA Discount Note	<u>(5,718,712)</u>
 Bank balance of deposits	 <u><u>\$ 14,864,394</u></u>

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2009, are as follows:

Governmental Activities:

	General Fund	Capital Improvements HB-33	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 12,912	\$ 125,127	\$ 48,016	\$ 62,418	\$ 248,473
Oil and gas taxes receivable	28,451	228,889	81,026	114,444	452,810
Due from other governments					
Federal sources	-	-	-	384,283	384,283
State sources	-	35,773	-	156,306	192,079
Other receivables	<u>27,246</u>	<u>-</u>	<u>-</u>	<u>156,866</u>	<u>184,112</u>
	<u><u>\$ 68,609</u></u>	<u><u>\$ 389,789</u></u>	<u><u>\$ 129,042</u></u>	<u><u>\$ 874,317</u></u>	<u><u>\$ 1,461,757</u></u>

The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2009 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Entitlement IDEA-B	\$ 131,838
General Fund	Discretionary IDEA-B	32,530
General Fund	Preschool IDEA-B	6,072
General Fund	Partnership in Character Education	610
General Fund	Title III - Incentive Award	8,059
General Fund	English Language Acquisition	61,305
General Fund	Teacher/Principal Training & Recruiting	77,437
General Fund	Safe & Drug Free Schools & Communities	8,774
General Fund	Immigrant Funding Title III	33,413
General Fund	Reading First	24,541
General Fund	Carl Perkins Secondary	16,637
General Fund	Title I IASA - Federal Stimulus	23,084
General Fund	Entitlement IDEA-B Federal Stimulus	7,746
General Fund	Family Youth Resource Program	16,104
General Fund	Pre-K Initiative	56,348
General Fund	School in Need of Improvement	9,007
General Fund	School Improvement Framework	2,993
General Fund	Kindergarten-Three Plus	37,004
General Fund	Libraries - G.O. Bonds	31
General Fund	TCA Value Options	69,348
General Fund	Special Capital Outlay - State	181,623
	Total	<u>\$ 804,504</u>

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2009, 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, 2009 appear in the Statement of Net Assets as follows:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,517,082	\$ 963,610	\$ -	\$ 4,480,692
Construction in progress	151,162	4,993,059	-	5,144,221
	<u>3,668,244</u>	<u>5,956,669</u>	<u>-</u>	<u>9,624,913</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings and improvements	92,320,854	1,934,648		94,255,502
Equipment	16,407,892	1,555,560	590,634	17,372,818
Land improvements	936,945	9,041		945,986
	<u>109,665,691</u>	<u>3,499,249</u>	<u>590,634</u>	<u>112,574,306</u>
Total capital assets being depreciated				
Less accumulated depreciation:				
Buildings and improvements	48,542,566	2,432,353		50,974,919
Equipment	11,689,742	1,313,579	570,717	12,432,604
Land improvements	54,558	67,212		121,770
	<u>60,286,866</u>	<u>3,813,144</u>	<u>570,717</u>	<u>63,529,293</u>
Total accumulated depreciation				
Total capital assets, net of depreciation	<u>\$ 53,047,069</u>	<u>\$ 5,642,774</u>	<u>\$ 19,917</u>	<u>\$ 58,669,926</u>

Depreciation expense for the year ended June 30, 2009 was charged to the following functions and funds:

Governmental Activities	
Instruction	\$ 2,652,235
Support services-students	778,011
Support services-general administration	63,202
Central services	30,823
Operations and maintenance of plant	58,152
Student Operations	50,767
Food services operations	179,721
Capital Outlay	233
	<u>233</u>
Total	<u>\$ 3,813,144</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 7. Long-term Debt

During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Due Within One Year
General obligation Qualified Zone Academy School (Qzab) bonds	\$ 14,930,000	\$ -	\$ -	\$ 14,930,000	\$ -
General Obligation Bonds Series 2002	4,490,000	-	560,000	3,930,000	580,000
General Obligation Bonds Series 2005	345,000	-	40,000	305,000	40,000
General Obligation Bonds Series 2008	190,000	9,310,000	-	9,500,000	-
General Obligation Bonds Series 2009	-	9,500,000	-	9,500,000	100,000
Compensated Absences	330,101	275,262	225,723	379,640	225,723
Total Long-Term Debt	\$ 20,285,101	\$ 19,085,262	\$ 825,723	\$ 38,544,640	\$ 945,723

General obligation bonds are secured by and payable solely from the Debt Service 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, 2009 are for governmental activities.

The annual requirements to amortize the long-term debt as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 720,000	\$ 1,093,547	\$ 1,813,547
2011	850,000	879,109	1,729,109
2012	875,000	842,709	1,717,709
2013	915,000	804,770	1,719,770
2014	945,000	764,518	1,709,518
2015-2019	7,430,000	3,127,946	10,557,946
2020-2024	11,500,000	981,875	12,481,875
	\$ 23,235,000	\$ 8,494,474	\$ 31,729,474

The annual requirements to amortize the general obligation qualified zone academy bonds as of June 30, 2009, including interest payments are as follows:

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the 2002 Series general obligation bonds outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	700,000	49,018	749,018
2015-2019	735,000	16,721	751,721
	<u>\$ 3,930,000</u>	<u>\$ 547,595</u>	<u>\$ 4,477,595</u>

The annual requirements to amortize the 2005 Series general obligation bonds outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 40,000	\$ 11,269	\$ 51,269
2011	40,000	9,719	49,719
2012	40,000	8,169	48,169
2013	45,000	6,522	51,522
2014	45,000	4,750	49,750
2015-2019	95,000	3,975	98,975
	<u>\$ 305,000</u>	<u>\$ 44,404</u>	<u>\$ 349,404</u>

The annual requirements to amortize the 2008 Series general obligation bonds outstanding as of June 30, 2009, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ -	\$ 545,175	\$ 545,175
2011	100,000	360,825	460,825
2012	100,000	356,475	456,475
2013	100,000	352,125	452,125
2014	100,000	346,875	446,875
2015-2019	6,100,000	1,339,625	7,439,625
2020-2024	3,000,000	100,000	3,100,000
	<u>\$ 9,500,000</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, 2009

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the 2009 Series general obligation bonds outstanding as of June 30, 2009, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 100,000	\$ 376,875	\$ 476,875
2011	100,000	373,625	473,625
2012	100,000	370,375	470,375
2013	100,000	367,125	467,125
2014	100,000	363,875	463,875
2015-2019	500,000	1,767,625	2,267,625
2020-2024	8,500,000	881,875	9,381,875
	<u>\$ 9,500,000</u>	<u>\$ 4,501,375</u>	<u>\$ 14,001,375</u>

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.

General Obligation School Building Bonds Series 2009 – The District issued General Obligation School Building Bonds in the amount of \$9,500,000 on April 15, 2009 with staggered maturity dates. The last maturity date is April 15, 2023. The principal payment ranges from \$100,000 to \$2,500,000 with annual payments due April 15. The interest rate ranges from 3.25% to 4.125%, with semi-annual payments due on April 15 and October 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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 7. Long-term Debt (continued)

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.

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	841,605	160,273	5,516,603
2009	5,516,603	841,605	195,820	6,554,028
2010	6,554,028	841,605	232,630	7,628,263
2011	7,628,263	841,605	270,746	8,740,614
2012	8,740,614	841,605	310,216	9,892,435
2013	9,892,435	841,605	351,087	11,085,127
2014	11,085,127	841,605	393,408	12,320,140
2015	12,320,140	841,605	437,232	13,598,977
2016	13,598,977	841,605	504,377	14,944,959
		<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, 2009, compensated absences increased \$49,539 from the prior year accrual. In prior years, the general fund and Title I were typically used to liquidate such long-term liabilities.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 8. 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.

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, 2009, there have been no claims that have exceeded insurance coverage.

NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2009:

Nonmajor Funds

Preschool IDEA-B Special Revenue Fund	\$ (6,073)
Partnership in Character Education Special Revenue Fund	(610)
Title III - Incentive Award Special Revenue Fund	(8,059)
English Language Acquisition Special Revenue Fund	(61,305)
Teacher/Principal Training & Recruiting Special Revenue Fund	(77,437)
Safe & Drug Free Schools & Communities Special Revenue Fund	(8,774)
Immigrant Funding Title III Special Revenue Fund	(31,948)
Reading First Special Revenue Fund	(24,541)
Carl Perkins Secondary Special Revenue Fund	(9,671)
Title I IASA Federal Stimulus Special Revenue Fund	(23,084)
Entitlement IDEA-B - Federal Stimulus Special Revenue Fund	(7,746)
Family Youth Resource Program Special Revenue Fund	(16,104)
Pre K Initiative Special Revenue Fund	(48,408)
School in Need of Improvement Special Revenue Fund	(9,007)
School Improvement Framework Special Revenue Fund	(2,993)
Kindergarten-Three Plus Special Revenue Fund	(37,004)
Libraries - G.O Bonds Special Revenue Fund	(31)
TCA Value Options Special Revenue Fund	(24,521)
Special Capital Outlay - State - Capital Projects Fund	<u>(181,623)</u>

Total Governmental Funds \$ (578,939)

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 9. Other Required Individual Fund Disclosures (continued)

The District incurred more expenditures than revenues received in these funds in the current year. The District anticipates these fund balances will not be in a deficit state in subsequent years.

B. Excess of expenditures over appropriations. The following funds had line item expenditures in excess of the budget for the year ended June 30, 2009.

Nonmajor Funds

Title I IASA Special Revenue Fund	\$ (26,707)
Title XIX Medicaid Special Revenue Fund	(2,092)
Kindergarten-Three Plus Special Revenue Fund	(33,032)
 Total Governmental Funds	 \$ (61,831)

C. Designated cash appropriations in excess of available balances. The following fund's original budgets exceeded approved budgetary authority for the year ended June 30, 2009:

	Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in excess of available
Athletics Special Revenue Fund	\$ 5,970	\$ 4,954	\$ (1,016)
Capital Improvements HB-33 Capital Projects Fund	3,502,690	3,382,481	(120,209)
Instruction Materials Fund	270,834	270,438	(396)

NOTE 10. ERA Pension Plan

Plan Description. Substantially all of the Hobbs Municipal School District #33's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (ERA) (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers and other employees of 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 7.90% of their gross salary. The Hobbs Municipal School District #33 is required to contribute 11.65% of the gross covered salary. The employer contribution are scheduled to 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 under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Hobbs Municipal School District #33's contributions to ERB for the fiscal years ending June 30, 2009, 2008, and 2007 were \$4,431,983, \$3,936,126, and \$3,406,771, 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, 2009

NOTE 11. 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's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$ 495,458, \$467,447, and \$436,285, respectively, which equaled the required contributions each year.

NOTE 12. Contingent Liabilities

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 13. 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, 2009

NOTE 13. 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, 2009

NOTE 13. 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, 2009

NOTE 13. 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, 2009

NOTE 13. 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, 2009

NOTE 13. 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>	New Mexico Junior College

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 13. 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, 2009

NOTE 14. Related Parties

The President of Wells Fargo Bank in Hobbs is also the on the District's Board of Education. At year end, the District had \$8,379,299 on deposit with Wells Fargo Bank which represents approximately 56% of the District's total bank deposits. At year end, the District also had \$9,002,165 invested with Wells Fargo Bank. 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. As of June 30, 2009, Wells Fargo Bank is participating in the "Transactions Account Guarantee Program" and has sufficient collateral pledged as required by state statutes.

NOTE 15. Commitments

The District had multiple construction projects ongoing as of the year ended June 30, 2009 that are to continue into the following fiscal year. The District has monies, in the amount of \$8,566,072 committed to the completion of the construction projects for the upcoming fiscal year.

As of the year ended June 30, 2009, the District has \$13,924,374 of unexpended bond proceeds. The District anticipates spending this money in the coming year on the construction referred to above as well as other construction projects that are planned for the fiscal year ending June 30, 2010.

NOTE 16. Net Assets and Fund Balance Restatement

The District has restated prior year fund balances in the fund financial statements as a result of the following:

- Partnership in Character Education Special Revenue Fund: (\$802) for restatement of prior year accounts receivable that was incorrectly recognized
- Title V Innovative Education Program Special Revenue Fund: (\$4,006) for restatement of prior year accounts receivable that was incorrectly recognized
- Advanced Placement Special Revenue Fund: (\$35,152) for restatement of prior year accounts receivable that was incorrectly recognized in this fund and not in the Pre K Initiative Special Revenue Fund
- Pre K Initiative Special Revenue Fund: \$35,152 for restatement of prior year accounts receivable that was incorrectly recognized in the Advanced Placement Special Revenue Fund

The District has restated prior year net assets in the government-wide financial statements as a result of the following:

- Corrections in the recognition of Accounts Receivable in the prior year for a total restatement of (\$4,808)

NOTE 17. Restricted Net Assets

The government-wide statement of net assets reports \$10,160,828 of restricted net assets, of which \$10,160,828 is restricted by enabling legislation. Descriptions for the related restrictions for net assets restricted for special revenue, debt service and capital projects, see pages 51 and 84-87.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2009

NOTE 18 Subsequent Pronouncements

In July 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, which is effective for periods beginning after June 15, 2009. For governments that were classified as phase 1 or phase 2 governments, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. Retroactive reporting of these intangible assets by phase 3 governments is encouraged but not required. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this Statement and those considered to be internally generated. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The District is analyzing the effect that this standard will have on the financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010 with earlier implementation encouraged. GASB Statement No. 54 distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purpose for which specific amounts can be spent. This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. The District is analyzing the effect that this standard will have on the financial statements.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Funds
June 30, 2009

Special Revenue Funds

ALL FEDERAL FUNDS - The Special Revenue Funds 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 IASA (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.

Discretionary IDEA-B (24107) – 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 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.

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 Education (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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Funds
June 30, 2009

Special Revenue Funds (continued)

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.

Title III – Incentive Award (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 PY (24175) – To account for unliquidated obligations for Carl Perkins Secondary (Fund 24174) that are outstanding at the end of the prior year. 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.

Title I - IASA - Federal Stimulus (24201) – Funded through the American Recovery and Reinvestment Act of 2009 (ARRA), the purpose of this fund is to provide assistance to local education agencies for schools that have high concentrations of students from families that live in poverty in order to help improve teaching and learning for students most at risk of failing to meet State standards. Federal revenues accounted for in this fund are allocated to the schools through the New Mexico Department of Education. Local education agencies may use these Title I Stimulus funds consistent with Title I, Part A statutory and regulatory requirements. Authority for creation of this fund Title I of the Elementary and Secondary Education Act and the General Education Provisions Act (P.L. 103-382), Title I regulations in 34 CFR Part 200, EDGAR in 34 CFR Parts 76 (except for 76.650 - 76.662), 77,80,81,82 and 85.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Funds
June 30, 2009

Special Revenue Funds (continued)

Entitlement IDEA-B Federal Stimulus (24206) - Funded through the American Recovery and Reinvestment Act of 2009 (ARRA), for programs under Parts B and C of the Individuals with Disabilities Education Act (IDEA). Part B of the IDEA provides funds to state educational agencies and local educational agencies to help them ensure that children with disabilities, including children aged three through five, have access to a free appropriate public education to meet each child's unique needs and prepare him or her for further education, employment, and independent living. Authority for creation of the fund is Part B of the Handicapped Act.

Title XIX Medicaid (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.

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

Microsoft Settlement Funds (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 (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.

Pre-K Initiatives (27149) — To account for funds received from the State of New Mexico 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 (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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Funds
June 30, 2009

Special Revenue Funds (continued)

Breakfast for Elementary Students (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 (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.

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

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 – G.O. 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.

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

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

Special Building 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.

SB-9 Capital Improvements 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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue			
	Food Service	Athletics	Title I IASA	Javits Gifted & Talented Students
<i>Assets</i>				
Cash and cash equivalents	\$ 387,021	\$ 169	\$ 307,901	\$ 24
Receivables				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	6,554	-	-	-
Other	-	-	-	-
Inventory	59,370	-	-	-
<i>Total assets</i>	\$ 452,945	\$ 169	\$ 307,901	\$ 24
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	119,731	-	149,230	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	119,731	-	149,230	-
<i>Fund balances</i>				
Reserved for:				
Inventory	59,370	-	-	-
Unreserved, reported in:				
Special revenue	273,844	169	158,671	24
Capital projects	-	-	-	-
<i>Total fund balances</i>	333,214	169	158,671	24
<i>Total liabilities and fund balances</i>	\$ 452,945	\$ 169	\$ 307,901	\$ 24

The accompanying notes are an integral part of these financial statements

Special Revenue

Entitlement IDEA-B	Discretionary IDEA-B	Competitive IDEA B	Preschool IDEA-B	Partnership in Character Education	Enhancing Education Through Technology
\$ 104,707	\$ -	\$ 3,365	\$ 1,237	\$ -	\$ 960
-	-	-	-	-	-
-	-	-	-	-	-
135,573	32,530	-	6,072	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 240,280</u>	<u>\$ 32,530</u>	<u>\$ 3,365</u>	<u>\$ 7,309</u>	<u>\$ -</u>	<u>\$ 960</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
104,707	-	-	1,238	-	-
-	-	-	6,072	-	-
131,838	32,530	-	6,072	610	-
<u>236,545</u>	<u>32,530</u>	<u>-</u>	<u>13,382</u>	<u>610</u>	<u>-</u>
-	-	-	-	-	-
3,735	-	3,365	(6,073)	(610)	960
-	-	-	-	-	-
<u>3,735</u>	<u>-</u>	<u>3,365</u>	<u>(6,073)</u>	<u>(610)</u>	<u>960</u>
<u>\$ 240,280</u>	<u>\$ 32,530</u>	<u>\$ 3,365</u>	<u>\$ 7,309</u>	<u>\$ -</u>	<u>\$ 960</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue			
	Comprehensive School Reform	Title III - Incentive Award	Title V Innovative Education Program	English Language Acquisition
<i>Assets</i>				
Cash and cash equivalents	\$ 349	\$ -	\$ 537	\$ 5,133
Receivables				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	7,158	-	41,469
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 349</u>	<u>\$ 7,158</u>	<u>\$ 537</u>	<u>\$ 46,602</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	5,133
Deferred revenue	-	7,158	-	41,469
Due to other funds	-	8,059	-	61,305
<i>Total liabilities</i>	<u>-</u>	<u>15,217</u>	<u>-</u>	<u>107,907</u>
<i>Fund balances</i>				
Reserved for:				
Inventory	-	-	-	-
Unreserved, reported in:				
Special revenue	349	(8,059)	537	(61,305)
Capital projects	-	-	-	-
<i>Total fund balances</i>	<u>349</u>	<u>(8,059)</u>	<u>537</u>	<u>(61,305)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 349</u>	<u>\$ 7,158</u>	<u>\$ 537</u>	<u>\$ 46,602</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Teacher / Principal Training & Recruiting	Safe & Drug Free Schools & Communities	Immigrant Funding Title III	Reading First	Carl Perkins Secondary	Carl Perkins Secondary PY
\$ 39,753	\$ 3,811	\$ 3,522	\$ 7,909	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
77,953	8,502	21,930	15,712	-	-
-	-	-	-	6,966	-
-	-	-	-	-	-
<u>\$ 117,706</u>	<u>\$ 12,313</u>	<u>\$ 25,452</u>	<u>\$ 23,621</u>	<u>\$ 6,966</u>	<u>\$ -</u>
\$ -	\$ -	\$ 6,686	\$ -	\$ -	\$ -
39,753	3,811	3,522	7,909	-	-
77,953	8,502	13,779	15,712	-	-
<u>77,437</u>	<u>8,774</u>	<u>33,413</u>	<u>24,541</u>	<u>16,637</u>	<u>-</u>
<u>195,143</u>	<u>21,087</u>	<u>57,400</u>	<u>48,162</u>	<u>16,637</u>	<u>-</u>
-	-	-	-	-	-
(77,437)	(8,774)	(31,948)	(24,541)	(9,671)	-
-	-	-	-	-	-
<u>(77,437)</u>	<u>(8,774)</u>	<u>(31,948)</u>	<u>(24,541)</u>	<u>(9,671)</u>	<u>-</u>
<u>\$ 117,706</u>	<u>\$ 12,313</u>	<u>\$ 25,452</u>	<u>\$ 23,621</u>	<u>\$ 6,966</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue			
	Carl Perkins Secondary - Redistribution	Title I IASA - Federal Stimulus	Entitlement IDEA- B - Federal Stimulus	Title XIX Medicaid
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 39,151
Receivables				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	23,084	7,746	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ -	\$ 23,084	\$ 7,746	\$ 39,151
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	17,287
Deferred revenue	-	23,084	7,746	-
Due to other funds	-	23,084	7,746	-
<i>Total liabilities</i>	-	46,168	15,492	17,287
<i>Fund balances</i>				
Reserved for:				
Inventory	-	-	-	-
Unreserved, reported in:				
Special revenue	-	(23,084)	(7,746)	21,864
Capital projects	-	-	-	-
<i>Total fund balances</i>	-	(23,084)	(7,746)	21,864
<i>Total liabilities and fund balances</i>	\$ -	\$ 23,084	\$ 7,746	\$ 39,151

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>J.F. Maddox Foundation</u>	<u>Microsoft Settlement Funds</u>	<u>Technology For Education PED</u>	<u>Advanced Placement</u>	<u>Incentives for School Improvement</u>	<u>Family Youth Resource Program</u>
\$ 176,656	\$ 33,785	\$ 35,416	\$ -	\$ 54,022	\$ 4,384
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	12,526
-	149,900	-	-	-	-
-	-	-	-	-	-
<u>\$ 176,656</u>	<u>\$ 183,685</u>	<u>\$ 35,416</u>	<u>\$ -</u>	<u>\$ 54,022</u>	<u>\$ 16,910</u>
\$ -	\$ -	\$ 9,000	\$ -	\$ -	\$ -
-	-	-	-	-	4,384
-	-	-	-	-	12,526
-	-	-	-	-	16,104
-	-	9,000	-	-	33,014
-	-	-	-	-	-
176,656	183,685	26,416	-	54,022	(16,104)
-	-	-	-	-	-
<u>176,656</u>	<u>183,685</u>	<u>26,416</u>	<u>-</u>	<u>54,022</u>	<u>(16,104)</u>
<u>\$ 176,656</u>	<u>\$ 183,685</u>	<u>\$ 35,416</u>	<u>\$ -</u>	<u>\$ 54,022</u>	<u>\$ 16,910</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue			
	GO Library Bonds	Pre-K Initiative	Beginning Teacher Mentoring	Breakfast For Elementary Students
<i>Assets</i>				
Cash and cash equivalents	\$ 127	\$ 20,055	\$ 28,440	\$ -
Receivables				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	56,348	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 127</u>	<u>\$ 76,403</u>	<u>\$ 28,440</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	20,055	-	-
Deferred revenue	-	48,408	-	-
Due to other funds	-	56,348	-	-
<i>Total liabilities</i>	<u>-</u>	<u>124,811</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Reserved for:				
Inventory	-	-	-	-
Unreserved, reported in:				
Special revenue	127	(48,408)	28,440	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	<u>127</u>	<u>(48,408)</u>	<u>28,440</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 127</u>	<u>\$ 76,403</u>	<u>\$ 28,440</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Technology Equity	Schools in Need of Improvement	School Improvement Framework	Kindergarten-Three Plus	Libraries - G.O. Bonds	2008 Library Book Fund
\$ 39	\$ -	\$ -	\$ -	\$ -	\$ 24,381
-	-	-	-	-	-
-	-	-	-	-	-
-	6,522	-	36,083	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 39</u>	<u>\$ 6,522</u>	<u>\$ -</u>	<u>\$ 36,083</u>	<u>\$ -</u>	<u>\$ 24,381</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	6,522	-	36,083	-	-
-	9,007	2,993	37,004	31	-
-	15,529	2,993	73,087	31	-
-	-	-	-	-	-
39	(9,007)	(2,993)	(37,004)	(31)	24,381
-	-	-	-	-	-
<u>39</u>	<u>(9,007)</u>	<u>(2,993)</u>	<u>(37,004)</u>	<u>(31)</u>	<u>24,381</u>
<u>\$ 39</u>	<u>\$ 6,522</u>	<u>\$ -</u>	<u>\$ 36,083</u>	<u>\$ -</u>	<u>\$ 24,381</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	<u>TCA Value Options</u>	<u>Special Building Local</u>	<u>Special Capital Outlay - State</u>	<u>SB-9 Capital Improvement</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 7,274	\$ 12,125	\$ -	\$ 1,129,890
Receivables				
Property taxes	-	-	-	62,418
Oil and gas taxes	-	-	-	114,444
Due from other governments	44,827	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 52,101</u>	<u>\$ 12,125</u>	<u>\$ -</u>	<u>\$ 1,306,752</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	7,274	-	-	-
Deferred revenue	-	-	-	37,335
Due to other funds	69,348	-	181,623	-
<i>Total liabilities</i>	<u>76,622</u>	<u>-</u>	<u>181,623</u>	<u>37,335</u>
<i>Fund balances</i>				
Reserved for:				
Inventory	-	-	-	-
Unreserved, reported in:				
Special revenue	(24,521)	-	-	-
Capital projects	-	12,125	(181,623)	1,269,417
<i>Total fund balances</i>	<u>(24,521)</u>	<u>12,125</u>	<u>(181,623)</u>	<u>1,269,417</u>
<i>Total liabilities and fund balances</i>	<u>\$ 52,101</u>	<u>\$ 12,125</u>	<u>\$ -</u>	<u>\$ 1,306,752</u>

The accompanying notes are an integral part of these financial statements

Total Nonmajor
Governmental
Funds

\$ 2,432,143

62,418
114,444
540,589
156,866
59,370

\$ 3,365,830

\$ 15,686
484,034
342,349
804,504

1,646,573

59,370

559,968
1,099,919

1,719,257

\$ 3,365,830

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, 2009

	Special Revenue			
	Food Services	Athletics	Title I IASA	Javits Gifted & Talented Students
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	2,258,046	-	2,147,735	-
Federal direct	346,796	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	1,051,383	185,885	-	-
Investment income	40	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	3,656,265	185,885	2,147,735	-
<i>Expenditures</i>				
Current				
Instruction	-	190,670	1,701,233	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	32,187	-
Support services - school administration	-	-	161,945	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	93,699	-
Food services operations	3,736,082	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	3,736,082	190,670	1,989,064	-
<i>Excess (deficiency) of revenues over expenditures</i>	(79,817)	(4,785)	158,671	-
<i>Net change in fund balances</i>	(79,817)	(4,785)	158,671	-
<i>Fund balances - beginning</i>	413,031	4,954	-	24
<i>Fund balances - restatement (note 16)</i>	-	-	-	-
<i>Fund balances - as restated</i>	413,031	4,954	-	24
<i>Fund balances - end of year</i>	\$ 333,214	\$ 169	\$ 158,671	\$ 24

The accompanying notes are an integral part of these financial statements

Special Revenue

Entitlement IDEA-B	Discretionary IDEA-B	Competitive IDEA-B	Preschool IDEA-B	Partnership in Character Education	Enhancing Education Through Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,319,940	32,530	-	52,290	-	15,356
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
191	-	-	-	192	-
<u>1,320,131</u>	<u>32,530</u>	<u>-</u>	<u>52,290</u>	<u>192</u>	<u>15,356</u>
341,141	7,355	-	-	-	15,356
701,643	25,175	-	39,781	-	-
-	-	-	-	-	-
-	-	-	-	-	-
274,007	-	-	20,951	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,316,791</u>	<u>32,530</u>	<u>-</u>	<u>60,732</u>	<u>-</u>	<u>15,356</u>
<u>3,340</u>	<u>-</u>	<u>-</u>	<u>(8,442)</u>	<u>192</u>	<u>-</u>
3,340	-	-	(8,442)	192	-
395	-	3,365	2,369	-	960
-	-	-	-	(802)	-
<u>395</u>	<u>-</u>	<u>3,365</u>	<u>2,369</u>	<u>(802)</u>	<u>960</u>
<u>\$ 3,735</u>	<u>\$ -</u>	<u>\$ 3,365</u>	<u>\$ (6,073)</u>	<u>\$ (610)</u>	<u>\$ 960</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, 2009

	Special Revenue			
	Comprehensive School Reform	Title III - Incentive Award	Title V Innovative Education Program	English Language Acquisition
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	31,630
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,630</u>
<i>Expenditures</i>				
Current				
Instruction	-	7,158	-	102,152
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	27	1,924
Support services - school administration	-	-	644	1,840
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>7,158</u>	<u>671</u>	<u>105,916</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(7,158)</u>	<u>(671)</u>	<u>(74,286)</u>
<i>Net change in fund balances</i>	-	(7,158)	(671)	(74,286)
<i>Fund balances - beginning</i>	349	(901)	5,214	12,981
<i>Fund balances - restatement (note 16)</i>	<u>-</u>	<u>-</u>	<u>(4,006)</u>	<u>-</u>
<i>Fund balances - as restated</i>	<u>349</u>	<u>(901)</u>	<u>1,208</u>	<u>12,981</u>
<i>Fund balances - end of year</i>	<u>\$ 349</u>	<u>\$ (8,059)</u>	<u>\$ 537</u>	<u>\$ (61,305)</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Teacher / Principal Training & Recruiting	Safe & Drug Free Schools & Communities	Immigrant Funding Title III	Reading First	Carl Perkins Secondary	Carl Perkins Secondary PY
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
353,817	37,108	14,191	58,082	2,845	14,297
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>353,817</u>	<u>37,108</u>	<u>14,191</u>	<u>58,082</u>	<u>2,845</u>	<u>14,297</u>
454,665	14,772	51,439	81,495	52,517	14,297
-	34,312	-	-	-	-
-	-	-	-	-	-
8,408	908	-	1,551	334	-
35,891	-	391	2,369	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>498,964</u>	<u>49,992</u>	<u>51,830</u>	<u>85,415</u>	<u>52,851</u>	<u>14,297</u>
<u>(145,147)</u>	<u>(12,884)</u>	<u>(37,639)</u>	<u>(27,333)</u>	<u>(50,006)</u>	<u>-</u>
(145,147)	(12,884)	(37,639)	(27,333)	(50,006)	-
67,710	4,110	5,691	2,792	40,335	-
-	-	-	-	-	-
<u>67,710</u>	<u>4,110</u>	<u>5,691</u>	<u>2,792</u>	<u>40,335</u>	<u>-</u>
<u>\$ (77,437)</u>	<u>\$ (8,774)</u>	<u>\$ (31,948)</u>	<u>\$ (24,541)</u>	<u>\$ (9,671)</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, 2009

Special Revenue

	Carl Perkins Secondary - Redistribution	Title I IASA - Federal Stimulus	Entitlement IDEA- B - Federal Stimulus	Title XIX Medicaid
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	5,367	-	-	-
Federal direct	-	-	-	200,535
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>5,367</u>	<u>-</u>	<u>-</u>	<u>200,535</u>
<i>Expenditures</i>				
Current				
Instruction	5,330	19,510	3,541	-
Support services - students	-	-	-	200,535
Support services - instruction	-	444	-	-
Support services - general administration	37	747	4,205	-
Support services - school administration	-	2,204	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	179	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>5,367</u>	<u>23,084</u>	<u>7,746</u>	<u>200,535</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(23,084)</u>	<u>(7,746)</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(23,084)	(7,746)	-
<i>Fund balances - beginning</i>	-	-	-	21,864
<i>Fund balances - restatement (note 16)</i>	-	-	-	-
<i>Fund balances - as restated</i>	-	-	-	21,864
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (23,084)</u>	<u>\$ (7,746)</u>	<u>\$ 21,864</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>J.F. Maddox Foundation</u>	<u>Microsoft Settlement Funds</u>	<u>Technology For Education PED</u>	<u>Advanced Placement</u>	<u>Incentives for School Improvement</u>	<u>Family Youth Resource Program</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	149,900	-	-	-	-
140,011	8,488	140,254	-	-	43,313
-	-	-	-	-	-
487	-	-	-	-	-
-	-	-	-	-	-
<u>140,498</u>	<u>158,388</u>	<u>140,254</u>	<u>-</u>	<u>-</u>	<u>43,313</u>
183,741	-	212,578	-	38,335	-
-	-	-	-	-	43,275
-	132,323	-	-	-	-
255	-	-	-	-	-
2,938	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>186,934</u>	<u>132,323</u>	<u>212,578</u>	<u>-</u>	<u>38,335</u>	<u>43,275</u>
<u>(46,436)</u>	<u>26,065</u>	<u>(72,324)</u>	<u>-</u>	<u>(38,335)</u>	<u>38</u>
(46,436)	26,065	(72,324)	-	(38,335)	38
223,092	157,620	98,740	35,152	92,357	(16,142)
-	-	-	(35,152)	-	-
<u>223,092</u>	<u>157,620</u>	<u>98,740</u>	<u>-</u>	<u>92,357</u>	<u>(16,142)</u>
<u>\$ 176,656</u>	<u>\$ 183,685</u>	<u>\$ 26,416</u>	<u>\$ -</u>	<u>\$ 54,022</u>	<u>\$ (16,104)</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, 2009

Special Revenue

	<u>GO Library Bonds</u>	<u>Pre-K Initiative</u>	<u>Beginning Teacher Mentoring</u>	<u>Breakfast For Elementary Students</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	158,917	43,133	92,704
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>158,917</u>	<u>43,133</u>	<u>92,704</u>
<i>Expenditures</i>				
Current				
Instruction	-	200,118	12,528	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	903	-
Central services	-	-	4,908	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	92,704
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>200,118</u>	<u>18,339</u>	<u>92,704</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(41,201)</u>	<u>24,794</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(41,201)	24,794	-
<i>Fund balances - beginning</i>	127	(42,359)	3,646	-
<i>Fund balances - restatement (note 16)</i>	<u>-</u>	<u>35,152</u>	<u>-</u>	<u>-</u>
<i>Fund balances - as restated</i>	<u>127</u>	<u>(7,207)</u>	<u>3,646</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 127</u>	<u>\$ (48,408)</u>	<u>\$ 28,440</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Technology Equity	Schools in Need of Improvement	School Improvement Framework	Kindergarten-Three Plus	Libraries - G.O. Bonds	2008 Library Book Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
162,767	143,312	-	49,810	7,280	24,381
-	-	-	-	-	-
-	-	-	-	-	-
39	-	-	-	-	-
<u>162,806</u>	<u>143,312</u>	<u>-</u>	<u>49,810</u>	<u>7,280</u>	<u>24,381</u>
-	149,816	-	70,032	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,503	-	20,583	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	467	-	-
-	-	-	-	-	-
-	<u>152,319</u>	<u>-</u>	<u>91,082</u>	<u>-</u>	<u>-</u>
<u>162,806</u>	<u>(9,007)</u>	<u>-</u>	<u>(41,272)</u>	<u>7,280</u>	<u>24,381</u>
162,806	(9,007)	-	(41,272)	7,280	24,381
(162,767)	-	(2,993)	4,268	(7,311)	-
-	-	-	-	-	-
<u>(162,767)</u>	<u>-</u>	<u>(2,993)</u>	<u>4,268</u>	<u>(7,311)</u>	<u>-</u>
<u>\$ 39</u>	<u>\$ (9,007)</u>	<u>\$ (2,993)</u>	<u>\$ (37,004)</u>	<u>\$ (31)</u>	<u>\$ 24,381</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, 2009

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	<u>TCA Value Options</u>	<u>Special Building Local</u>	<u>Special Capital Outlay - State</u>	<u>SB-9 Capital Improvement</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ 1,006,738
Oil and gas taxes	-	-	-	1,516,687
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	5,561	-	-
State flowthrough	236,474	-	423,454	-
Charges for services	-	-	-	-
Investment income	-	15	-	5,851
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>236,474</u>	<u>5,576</u>	<u>423,454</u>	<u>2,529,276</u>
<i>Expenditures</i>				
Current				
Instruction	33,009	-	-	-
Support services - students	121,315	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	10,071
Support services - school administration	58,114	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	10,000	-	-	1,613,950
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	423,454	545,554
<i>Total expenditures</i>	<u>222,438</u>	<u>-</u>	<u>423,454</u>	<u>2,169,575</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>14,036</u>	<u>5,576</u>	<u>-</u>	<u>359,701</u>
<i>Net change in fund balances</i>	14,036	5,576	-	359,701
<i>Fund balances - beginning</i>	(38,557)	6,549	(181,623)	909,716
<i>Fund balances - restatement (note 16)</i>	-	-	-	-
<i>Fund balances - as restated</i>	<u>(38,557)</u>	<u>6,549</u>	<u>(181,623)</u>	<u>909,716</u>
<i>Fund balances - end of year</i>	<u>\$ (24,521)</u>	<u>\$ 12,125</u>	<u>\$ (181,623)</u>	<u>\$ 1,269,417</u>

The accompanying notes are an integral part of these financial statements

Total Nonmajor Governmental Funds	
<u></u>	<u></u>
\$	1,006,738
	1,516,687
	6,343,234
	547,331
	155,461
	1,674,298
	1,237,268
	6,393
	422
	<u>12,487,832</u>
	3,962,788
	1,166,036
	132,767
	60,654
	585,283
	4,908
	1,624,129
	94,166
	3,828,786
	969,008
	<u>12,428,525</u>
	<u>59,307</u>
	59,307
	1,664,758
	<u>(4,808)</u>
	<u>1,659,950</u>
\$	<u><u>1,719,257</u></u>

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STATE OF NEW MEXICO

Statement B-1

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	2,000,000	2,086,000	2,251,492	165,492
Federal direct	177,646	173,398	173,398	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	965,000	1,025,000	1,051,383	26,383
Investment income	3,000	3,000	40	(2,960)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,145,646</u>	<u>3,287,398</u>	<u>3,476,313</u>	<u>188,915</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	3,321,781	3,658,455	3,581,507	76,948
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>3,321,781</u>	<u>3,658,455</u>	<u>3,581,507</u>	<u>76,948</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(176,135)</u>	<u>(371,057)</u>	<u>(105,194)</u>	<u>265,863</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	176,135	371,057	-	(371,057)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>176,135</u>	<u>371,057</u>	<u>-</u>	<u>(371,057)</u>
<i>Net change in fund balance</i>	-	-	(105,194)	(105,194)
<i>Fund balance - beginning of year</i>	-	-	492,215	492,215
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,021</u>	<u>\$ 387,021</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (105,194)
Adjustments to revenue for federal grants				179,952
Adjustments to expenditures for food service operations				(154,575)
Net change in fund balance (GAAP Basis)				<u>\$ (79,817)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Athletics Special Revenue Fund

Statement B-2

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	245,000	245,000	185,885	(59,115)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	245,000	245,000	185,885	(59,115)
<i>Expenditures</i>				
Current				
Instruction	250,970	249,954	190,670	59,284
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	250,970	249,954	190,670	59,284
<i>Excess (deficiency) of revenues over expenditures</i>	(5,970)	(4,954)	(4,785)	169
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,970	4,954	-	(4,954)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	5,970	4,954	-	(4,954)
<i>Net change in fund balance</i>	-	-	(4,785)	(4,785)
<i>Fund balance - beginning of year</i>	-	-	4,954	4,954
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 169	\$ 169
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (4,785)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ (4,785)

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	1,998,750	1,998,750	2,287,238	288,488
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,998,750</u>	<u>1,998,750</u>	<u>2,287,238</u>	<u>288,488</u>
<i>Expenditures</i>				
Current				
Instruction	1,703,740	1,710,915	1,737,622	(26,707)
Support services	208,610	194,136	194,132	4
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	86,400	93,699	93,699	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>1,998,750</u>	<u>1,998,750</u>	<u>2,025,453</u>	<u>(26,703)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>261,785</u>	<u>261,785</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	261,785	261,785
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>46,116</u>	<u>46,116</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,901</u>	<u>\$ 307,901</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 261,785
Adjustments to revenue for federal flowthrough grants				(139,503)
Adjustments to expenditures for payroll expenditures				36,389
Net change in fund balance (GAAP Basis)				<u>\$ 158,671</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-4

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
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	-	-	-	-
Bond issuance cost	-	-	-	-
<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 (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<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>24</u>	<u>24</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 24</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	1,700,580	1,184,367	(516,213)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	191	191
<i>Total revenues</i>	<u>-</u>	<u>1,700,580</u>	<u>1,184,558</u>	<u>(516,022)</u>
<i>Expenditures</i>				
Current				
Instruction	-	346,708	341,141	5,567
Support services	-	1,353,872	1,001,406	352,466
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,700,580</u>	<u>1,342,547</u>	<u>358,033</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(157,989)</u>	<u>(157,989)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(157,989)	(157,989)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>130,858</u>	<u>130,858</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,131)</u>	<u>\$ (27,131)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (157,989)
Adjustments to revenue for federal flowthrough grants				135,573
Adjustments to expenditures for payroll expenditures				25,756
Net change in fund balance (GAAP Basis)				<u>\$ 3,340</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

Hobbs Municipal School District #33
Discretionary 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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	46,307	-	(46,307)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>46,307</u>	<u>-</u>	<u>(46,307)</u>
<i>Expenditures</i>				
Current				
Instruction	-	15,102	7,355	7,747
Support services	-	31,205	25,175	6,030
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>46,307</u>	<u>32,530</u>	<u>13,777</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(32,530)</u>	<u>(32,530)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(32,530)	(32,530)
<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>\$ (32,530)</u>	<u>\$ (32,530)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (32,530)
Adjustments to revenue for federal flowthrough grants				32,530
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-7

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
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	-	-	-	-
Bond issuance cost	-	-	-	-
<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 (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<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>3,365</u>	<u>3,365</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,365</u>	<u>\$ 3,365</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	64,498	54,829	(9,669)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>64,498</u>	<u>54,829</u>	<u>(9,669)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	64,449	60,911	3,538
Central services	-	49	-	49
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>64,498</u>	<u>60,911</u>	<u>3,587</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(6,082)</u>	<u>(6,082)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(6,082)	(6,082)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,247</u>	<u>1,247</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,835)</u>	<u>\$ (4,835)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (6,082)
Adjustments to revenue for federal flowthrough grants				(2,539)
Adjustments to expenditures for payroll expenditures				179
Net change in fund balance (GAAP Basis)				<u>\$ (8,442)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	7,724	7,724
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	192	192	-
<i>Total revenues</i>	<u>-</u>	<u>192</u>	<u>7,916</u>	<u>7,724</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	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>192</u>	<u>7,916</u>	<u>7,724</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(192)	-	192
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(192)</u>	<u>-</u>	<u>192</u>
<i>Net change in fund balance</i>	-	-	7,916	7,916
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(8,526)</u>	<u>(8,526)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (610)</u>	<u>\$ (610)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 7,916
Adjustments to revenue for federal flowthrough grants				(7,724)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 192</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-10

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	15,534	15,356	(178)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>15,534</u>	<u>15,356</u>	<u>(178)</u>
<i>Expenditures</i>				
Current				
Instruction	-	15,534	15,356	178
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>15,534</u>	<u>15,356</u>	<u>178</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 (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<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>960</u>	<u>960</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 960</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</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, 2009

Statement B-11

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
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	-	-	-	-
Bond issuance cost	-	-	-	-
<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 (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<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>349</u>	<u>349</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349</u>	<u>\$ 349</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-12

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	9,000	-	(9,000)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>(9,000)</u>
<i>Expenditures</i>				
Current				
Instruction	-	9,000	7,158	1,842
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>9,000</u>	<u>7,158</u>	<u>1,842</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,158)</u>	<u>(7,158)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(7,158)	(7,158)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(901)</u>	<u>(901)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,059)</u>	<u>\$ (8,059)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (7,158)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (7,158)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-13

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	1,520	1,520	3,436	1,916
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,520</u>	<u>1,520</u>	<u>3,436</u>	<u>1,916</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	1,520	1,520	1,410	110
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>1,520</u>	<u>1,520</u>	<u>1,410</u>	<u>110</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,026</u>	<u>2,026</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	2,026	2,026
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,489)</u>	<u>(1,489)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537</u>	<u>\$ 537</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,026
Adjustments to revenue for accounts receivable				(3,436)
Adjustments to expenditures for payroll expenditures				739
Net change in fund balance (GAAP Basis)				<u>\$ (671)</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, 2009

Statement B-14

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	97,536	117,742	67,008	(50,734)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>97,536</u>	<u>117,742</u>	<u>67,008</u>	<u>(50,734)</u>
<i>Expenditures</i>				
Current				
Instruction	95,437	110,044	104,381	5,663
Support services	2,099	7,698	3,764	3,934
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>97,536</u>	<u>117,742</u>	<u>108,145</u>	<u>9,597</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(41,137)</u>	<u>(41,137)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(41,137)	(41,137)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(15,035)</u>	<u>(15,035)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,172)</u>	<u>\$ (56,172)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (41,137)
Adjustments to revenue for federal flowthrough grants				(35,378)
Adjustments to expenditures for payroll expenditures				<u>2,229</u>
Net change in fund balance (GAAP Basis)				<u>\$ (74,286)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	574,564	515,967	444,926	(71,041)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>574,564</u>	<u>515,967</u>	<u>444,926</u>	<u>(71,041)</u>
<i>Expenditures</i>				
Current				
Instruction	528,615	471,654	464,426	7,228
Support services	45,949	44,313	44,299	14
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>574,564</u>	<u>515,967</u>	<u>508,725</u>	<u>7,242</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(63,799)</u>	<u>(63,799)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(63,799)	(63,799)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>26,115</u>	<u>26,115</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,684)</u>	<u>\$ (37,684)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (63,799)
Adjustments to revenue for federal flowthrough grants				(91,109)
Adjustments to expenditures for payroll expenditures				9,761
Net change in fund balance (GAAP Basis)				<u>\$ (145,147)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-16

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	43,313	53,313	58,515	5,202
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>43,313</u>	<u>53,313</u>	<u>58,515</u>	<u>5,202</u>
<i>Expenditures</i>				
Current				
Instruction	4,955	14,842	14,772	70
Support services	38,358	38,471	33,814	4,657
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>43,313</u>	<u>53,313</u>	<u>48,586</u>	<u>4,727</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>9,929</u>	<u>9,929</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	9,929	9,929
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(14,892)</u>	<u>(14,892)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,963)</u>	<u>\$ (4,963)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 9,929
Adjustments to revenue for federal flowthrough grants				(21,407)
Adjustments to expenditures for payroll expenditures				(1,406)
Net change in fund balance (GAAP Basis)				<u>\$ (12,884)</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, 2009

Statement B-17

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	81,275	65,513	(15,762)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>81,275</u>	<u>65,513</u>	<u>(15,762)</u>
<i>Expenditures</i>				
Current				
Instruction	-	79,775	58,746	21,029
Support services	-	1,500	391	1,109
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>81,275</u>	<u>59,137</u>	<u>22,138</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>6,376</u>	<u>6,376</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	6,376	6,376
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(36,267)</u>	<u>(36,267)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,891)</u>	<u>\$ (29,891)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 6,376
Adjustments to revenue for federal flowthrough grants				(51,322)
Adjustments to expenditures for payroll expenditures				7,307
Net change in fund balance (GAAP Basis)				<u>\$ (37,639)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	92,115	93,483	88,433	(5,050)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>92,115</u>	<u>93,483</u>	<u>88,433</u>	<u>(5,050)</u>
<i>Expenditures</i>				
Current				
Instruction	87,615	86,433	81,383	5,050
Support services	4,500	7,050	3,920	3,130
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>92,115</u>	<u>93,483</u>	<u>85,303</u>	<u>8,180</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,130</u>	<u>3,130</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	3,130	3,130
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(19,762)</u>	<u>(19,762)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,632)</u>	<u>\$ (16,632)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 3,130
Adjustments to revenue for federal flowthrough grants				(30,351)
Adjustments to expenditures for payroll expenditures				(112)
Net change in fund balance (GAAP Basis)				<u>\$ (27,333)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-19

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	72,592	72,592	90,006	17,414
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>72,592</u>	<u>72,592</u>	<u>90,006</u>	<u>17,414</u>
<i>Expenditures</i>				
Current				
Instruction	70,192	68,962	52,517	16,445
Support services	2,400	3,630	334	3,296
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>72,592</u>	<u>72,592</u>	<u>52,851</u>	<u>19,741</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>37,155</u>	<u>37,155</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	37,155	37,155
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(53,792)</u>	<u>(53,792)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,637)</u>	<u>\$ (16,637)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 37,155
Adjustments to revenue for federal flowthrough grants				(87,161)
No adjustments to expenditures				<u>-</u>
Net change in fund balance (GAAP Basis)				<u>\$ (50,006)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Carl Perkins Secondary PY Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-20

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	14,297	14,297	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>14,297</u>	<u>14,297</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	14,297	14,297	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>14,297</u>	<u>14,297</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 (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<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>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	56,808	8,085	(48,723)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>56,808</u>	<u>8,085</u>	<u>(48,723)</u>
<i>Expenditures</i>				
Current				
Instruction	-	53,206	6,557	46,649
Support services	-	3,602	37	3,565
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>56,808</u>	<u>6,594</u>	<u>50,214</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,491</u>	<u>1,491</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	1,491	1,491
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,491)</u>	<u>(1,491)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,491
Adjustments to revenue for federal flowthrough grants				(2,718)
Adjustments to expenditures for payroll expenditures				1,227
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

Hobbs Municipal School District #33
 Title I IASA - Federal Stimulus Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	634,783	-	(634,783)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>634,783</u>	<u>-</u>	<u>(634,783)</u>
<i>Expenditures</i>				
Current				
Instruction	-	476,766	19,510	457,256
Support services	-	151,854	3,395	148,459
Central services	-	6,163	-	6,163
Operation and maintenance of plant	-	-	179	(179)
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>634,783</u>	<u>23,084</u>	<u>611,699</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(23,084)</u>	<u>(23,084)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(23,084)	(23,084)
<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>\$ (23,084)</u>	<u>\$ (23,084)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (23,084)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (23,084)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Entitlement IDEA-B Federal Stimulus Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-23

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	115,694	-	(115,694)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>115,694</u>	<u>-</u>	<u>(115,694)</u>
<i>Expenditures</i>				
Current				
Instruction	-	59,489	3,541	55,948
Support services	-	56,205	4,205	52,000
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>115,694</u>	<u>7,746</u>	<u>107,948</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,746)</u>	<u>(7,746)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(7,746)	(7,746)
<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>\$ (7,746)</u>	<u>\$ (7,746)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (7,746)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (7,746)</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, 2009

Statement B-24

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	200,535	200,535	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>200,535</u>	<u>200,535</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	200,535	202,627	(2,092)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>200,535</u>	<u>202,627</u>	<u>(2,092)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,092)</u>	<u>(2,092)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(2,092)	(2,092)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>41,243</u>	<u>41,243</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,151</u>	<u>\$ 39,151</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (2,092)
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				<u>2,092</u>
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-25

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	140,012	140,011	(1)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	487	487
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>140,012</u>	<u>140,498</u>	<u>486</u>
<i>Expenditures</i>				
Current				
Instruction	198,760	353,092	183,741	169,351
Support services	-	10,012	3,193	6,819
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>198,760</u>	<u>363,104</u>	<u>186,934</u>	<u>176,170</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(198,760)</u>	<u>(223,092)</u>	<u>(46,436)</u>	<u>176,656</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	198,760	223,092	-	(223,092)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>198,760</u>	<u>223,092</u>	<u>-</u>	<u>(223,092)</u>
<i>Net change in fund balance</i>	-	-	(46,436)	(46,436)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>223,092</u>	<u>223,092</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,656</u>	<u>\$ 176,656</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (46,436)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (46,436)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Microsoft Settlement Funds 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, 2009

Statement B-26

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	332,216	166,108	(166,108)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>332,216</u>	<u>166,108</u>	<u>(166,108)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	332,216	132,323	199,893
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>332,216</u>	<u>132,323</u>	<u>199,893</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>33,785</u>	<u>33,785</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	33,785	33,785
<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>\$ 33,785</u>	<u>\$ 33,785</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 33,785
Adjustments to revenue for state flowthrough grants				(7,720)
No adjustments to expenditures				<u>-</u>
Net change in fund balance (GAAP Basis)				<u>\$ 26,065</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, 2009

Statement B-27

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	157,036	140,254	(16,782)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	157,036	140,254	(16,782)
<i>Expenditures</i>				
Current				
Instruction	-	289,857	246,892	42,965
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	-	289,857	246,892	42,965
<i>Excess (deficiency) of revenues over expenditures</i>	-	(132,821)	(106,638)	26,183
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	132,821	-	(132,821)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	132,821	-	(132,821)
<i>Net change in fund balance</i>	-	-	(106,638)	(106,638)
<i>Fund balance - beginning of year</i>	-	-	142,054	142,054
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 35,416	\$ 35,416
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (106,638)
No adjustments to revenues				-
Adjustments to expenditures for instructional expenditures				34,314
Net change in fund balance (GAAP Basis)				\$ (72,324)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
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	-	-	-	-
Bond issuance cost	-	-	-	-
<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 (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<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>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-29

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	48,303	-	(48,303)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>48,303</u>	<u>-</u>	<u>(48,303)</u>
<i>Expenditures</i>				
Current				
Instruction	-	48,303	38,335	9,968
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>48,303</u>	<u>38,335</u>	<u>9,968</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(38,335)</u>	<u>(38,335)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(38,335)	(38,335)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>92,357</u>	<u>92,357</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,022</u>	<u>\$ 54,022</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (38,335)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (38,335)</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, 2009

Statement B-30

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	45,000	43,313	(1,687)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>45,000</u>	<u>43,313</u>	<u>(1,687)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	45,000	43,863	1,137
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>45,000</u>	<u>43,863</u>	<u>1,137</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(550)</u>	<u>(550)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(550)	(550)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(11,170)</u>	<u>(11,170)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,720)</u>	<u>\$ (11,720)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (550)
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				588
Net change in fund balance (GAAP Basis)				<u>\$ 38</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-31

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
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	-	-	-	-
Bond issuance cost	-	-	-	-
<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 (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<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>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-32

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	224,240	186,129	(38,111)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>224,240</u>	<u>186,129</u>	<u>(38,111)</u>
<i>Expenditures</i>				
Current				
Instruction	-	224,240	205,774	18,466
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>224,240</u>	<u>205,774</u>	<u>18,466</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(19,645)</u>	<u>(19,645)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(19,645)	(19,645)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(16,648)</u>	<u>(16,648)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,293)</u>	<u>\$ (36,293)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (19,645)
Adjustments to revenue for state flowthrough grants				(27,212)
Adjustments to expenditures for payroll expenditures				5,656
Net change in fund balance (GAAP Basis)				<u>\$ (41,201)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Beginning Teacher Mentoring 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, 2009

Statement B-33

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	43,133	43,133	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>43,133</u>	<u>43,133</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	28,033	12,528	15,505
Support services	-	2,000	903	1,097
Central services	-	13,100	4,908	8,192
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>43,133</u>	<u>18,339</u>	<u>24,794</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>24,794</u>	<u>24,794</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	24,794	24,794
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,646</u>	<u>3,646</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,440</u>	<u>\$ 28,440</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 24,794
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 24,794</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Breakfast for Elementary 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, 2009

Statement B-34

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	92,705	92,704	(1)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>92,705</u>	<u>92,704</u>	<u>(1)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	92,705	92,704	1
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>92,705</u>	<u>92,704</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 (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<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>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-35

Hobbs Municipal School District #33
 Technology Equity 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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	16,000	162,767	146,767
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	39	39
<i>Total revenues</i>	<u>-</u>	<u>16,000</u>	<u>162,806</u>	<u>146,806</u>
<i>Expenditures</i>				
Current				
Instruction	-	16,000	16,000	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>146,806</u>	<u>146,806</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	146,806	146,806
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(146,767)</u>	<u>(146,767)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 146,806
No adjustments to revenues				-
Adjustments to expenditures for instructional expenditures				16,000
Net change in fund balance (GAAP Basis)				<u>\$ 162,806</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schools in Need of Improvement Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-36

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	155,000	143,312	(11,688)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>155,000</u>	<u>143,312</u>	<u>(11,688)</u>
<i>Expenditures</i>				
Current				
Instruction	-	152,450	149,816	2,634
Support services	-	2,550	2,503	47
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>155,000</u>	<u>152,319</u>	<u>2,681</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(9,007)</u>	<u>(9,007)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(9,007)	(9,007)
<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>\$ (9,007)</u>	<u>\$ (9,007)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (9,007)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (9,007)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-37

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
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	-	-	-	-
Bond issuance cost	-	-	-	-
<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 (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<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>(2,993)</u>	<u>(2,993)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,993)</u>	<u>\$ (2,993)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-38

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	55,904	98,908	49,810	(49,098)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>55,904</u>	<u>98,908</u>	<u>49,810</u>	<u>(49,098)</u>
<i>Expenditures</i>				
Current				
Instruction	44,837	81,479	114,511	(33,032)
Support services	11,067	21,227	20,583	644
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	470	467	3
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>55,904</u>	<u>103,176</u>	<u>135,561</u>	<u>(32,385)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(4,268)</u>	<u>(85,751)</u>	<u>(81,483)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	4,268	-	(4,268)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>4,268</u>	<u>-</u>	<u>(4,268)</u>
<i>Net change in fund balance</i>	-	-	(85,751)	(85,751)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>48,747</u>	<u>48,747</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,004)</u>	<u>\$ (37,004)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (85,751)
No adjustments to revenues				-
Adjustments to expenditures for instructional expenditures				<u>44,479</u>
Net change in fund balance (GAAP Basis)				<u>\$ (41,272)</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, 2009

Statement B-39

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	7,280	7,280	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>7,280</u>	<u>7,280</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	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>7,280</u>	<u>7,280</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(7,280)	-	7,280
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(7,280)</u>	<u>-</u>	<u>7,280</u>
<i>Net change in fund balance</i>	-	-	7,280	7,280
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(7,311)</u>	<u>(7,311)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31)</u>	<u>\$ (31)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 7,280
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 7,280</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
2008 Library Book Fund Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

Statement B-40

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	24,381	24,381	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>24,381</u>	<u>24,381</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	24,381	-	24,381
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>24,381</u>	<u>-</u>	<u>24,381</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>24,381</u>	<u>24,381</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	24,381	24,381
<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>\$ 24,381</u>	<u>\$ 24,381</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 24,381
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 24,381</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-41

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	222,490	191,647	(30,843)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>222,490</u>	<u>191,647</u>	<u>(30,843)</u>
<i>Expenditures</i>				
Current				
Instruction	-	33,044	33,009	35
Support services	-	179,446	173,355	6,091
Central services	-	-	-	-
Operation and maintenance of plant	-	10,000	10,000	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>222,490</u>	<u>216,364</u>	<u>6,126</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(24,717)</u>	<u>(24,717)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(24,717)	(24,717)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(37,357)</u>	<u>(37,357)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,074)</u>	<u>\$ (62,074)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (24,717)
Adjustments to revenue for state flowthrough grants				44,827
Adjustments to expenditures for payroll expenditures				(6,074)
Net change in fund balance (GAAP Basis)				<u>\$ 14,036</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-42

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	15,059	102,647	87,588
Miscellaneous	-	-	-	-
Total revenues	-	15,059	102,647	87,588
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	19,015,059	4,173,474	14,841,585
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
Total expenditures	-	19,015,059	4,173,474	14,841,585
Excess (deficiency) of revenues over expenditures	-	(19,000,000)	(4,070,827)	14,929,173
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	19,000,000	18,810,000	(190,000)
Total other financing sources (uses)	-	19,000,000	18,810,000	(190,000)
Net change in fund balance	-	-	14,739,173	14,739,173
Fund balance - beginning of year	-	-	190,000	190,000
Fund balance - end of year	\$ -	\$ -	\$ 14,929,173	\$ 14,929,173
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 14,739,173
Adjustments to revenues for bond premiums				67,707
Adjustments to expenditures for bond issuance costs and capital outlay expenditures				(961,220)
Net change in fund balance (GAAP Basis)				<u>\$ 13,845,660</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-43

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	5,500	5,500	5,561	61
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	13	13	15	2
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,513</u>	<u>5,513</u>	<u>5,576</u>	<u>63</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	11,266	12,062	-	12,062
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>11,266</u>	<u>12,062</u>	<u>-</u>	<u>12,062</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,753)</u>	<u>(6,549)</u>	<u>5,576</u>	<u>12,125</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,753	6,549	-	(6,549)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,753</u>	<u>6,549</u>	<u>-</u>	<u>(6,549)</u>
<i>Net change in fund balance</i>	-	-	5,576	5,576
<i>Fund balance - beginning of year</i>	-	-	6,549	6,549
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,125</u>	<u>\$ 12,125</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5,576
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 5,576</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-44

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	773,000	773,000	423,454	(349,546)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	773,000	773,000	423,454	(349,546)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	773,000	773,000	423,454	349,546
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	773,000	773,000	423,454	349,546
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<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>	\$ -	\$ -	\$ (181,623)	\$ (181,623)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ -

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, 2009

Statement B-45

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,785,000	\$ 1,785,000	\$ 2,014,765	\$ 229,765
Oil and gas taxes	2,400,000	2,400,000	3,058,659	658,659
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	58,000	12,000	9,445	(2,555)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,243,000</u>	<u>4,197,000</u>	<u>5,082,869</u>	<u>885,869</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	17,850	20,147	20,146	1
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	7,727,840	7,559,334	3,441,152	4,118,182
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>7,745,690</u>	<u>7,579,481</u>	<u>3,461,298</u>	<u>4,118,183</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,502,690)</u>	<u>(3,382,481)</u>	<u>1,621,571</u>	<u>5,004,052</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,502,690	3,382,481	-	(3,382,481)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,502,690</u>	<u>3,382,481</u>	<u>-</u>	<u>(3,382,481)</u>
<i>Net change in fund balance</i>	-	-	1,621,571	1,621,571
<i>Fund balance - beginning of year</i>	-	-	3,382,481	3,382,481
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,004,052</u>	<u>\$ 5,004,052</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,621,571
Adjustments to revenues for taxes and state flowthrough grants				9,661
Adjustments to expenditures for capital outlay expenditures				<u>(530,966)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 1,100,266</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, 2009

Statement B-46

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 890,000	\$ 890,000	\$ 1,007,159	\$ 117,159
Oil and gas taxes	1,200,000	1,200,000	1,529,329	329,329
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	40,754	-	(40,754)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	16,000	6,000	5,851	(149)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,106,000</u>	<u>2,136,754</u>	<u>2,542,339</u>	<u>405,585</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	19,940	19,940	10,071	9,869
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	2,623,135	2,927,845	2,213,409	714,436
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>2,643,075</u>	<u>2,947,785</u>	<u>2,223,480</u>	<u>724,305</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(537,075)</u>	<u>(811,031)</u>	<u>318,859</u>	<u>1,129,890</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	537,075	811,031	-	(811,031)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>537,075</u>	<u>811,031</u>	<u>-</u>	<u>(811,031)</u>
<i>Net change in fund balance</i>	-	-	318,859	318,859
<i>Fund balance - beginning of year</i>	-	-	811,031	811,031
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,129,890</u>	<u>\$ 1,129,890</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 318,859
Adjustments to revenues for taxes				(13,063)
Adjustments to expenditures for capital outlay expenditures				53,905
Net change in fund balance (GAAP Basis)				<u>\$ 359,701</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Debt Service Fund

Statement B-47

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 600,000	\$ 600,000	\$ 794,909	\$ 194,909
Oil and gas taxes	950,000	950,000	1,079,608	129,608
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	36,000	22,000	239,358	217,358
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,586,000</u>	<u>1,572,000</u>	<u>2,113,875</u>	<u>541,875</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	7,000	7,950	7,949	1
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	3,342,064	3,341,294	600,000	2,741,294
Interest	196,572	196,572	196,571	1
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>3,545,636</u>	<u>3,545,816</u>	<u>804,520</u>	<u>2,741,296</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,959,636)</u>	<u>(1,973,816)</u>	<u>1,309,355</u>	<u>3,283,171</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,959,636	1,973,816	-	(1,973,816)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,959,636</u>	<u>1,973,816</u>	<u>-</u>	<u>(1,973,816)</u>
<i>Net change in fund balance</i>	-	-	1,309,355	1,309,355
<i>Fund balance - beginning of year</i>	-	-	6,631,867	6,631,867
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,941,222</u>	<u>\$ 7,941,222</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,309,355
Adjustments to revenues for taxes				83,177
Adjustments to expenditures for interest				102,007
Net change in fund balance (GAAP Basis)				<u>\$ 1,494,539</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, 2009

Statement C-1

	Operating	Pupil Transportation	Instructional Materials	Total
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 6,686,204	\$ 299	\$ 451,048	\$ 7,137,551
Investments	83,568	-	-	83,568
Receivables				
Property taxes	12,912	-	-	12,912
Oil and gas taxes	28,451	-	-	28,451
Other	27,246	-	-	27,246
Inventory	294,551	-	-	294,551
Due from other funds	804,504	-	-	804,504
	<u>\$ 7,937,436</u>	<u>\$ 299</u>	<u>\$ 451,048</u>	<u>\$ 8,388,783</u>
 LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ 59,399	\$ -	\$ 26,335	\$ 85,734
Accrued payroll	4,818,636	-	-	4,818,636
Deferred revenue	12,912	-	-	12,912
	<u>4,890,947</u>	<u>-</u>	<u>26,335</u>	<u>4,917,282</u>
 <i>Fund Balances</i>				
Reserved for				
Inventory	294,551	-	-	294,551
Unreserved, reported in:				
General Fund	2,751,938	299	424,713	3,176,950
	<u>3,046,489</u>	<u>299</u>	<u>424,713</u>	<u>3,471,501</u>
<i>Total liabilities and fund balances</i>	<u>\$ 7,937,436</u>	<u>\$ 299</u>	<u>\$ 451,048</u>	<u>\$ 8,388,783</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
General Fund
For the Year Ended June 30, 2009

Statement C-2

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Revenues:</i>				
Property taxes	\$ 206,516	\$ -	\$ -	\$ 206,516
Oil and gas taxes	378,977	-	-	378,977
Intergovernmental revenue				
Federal flowthrough	36,983	-	-	36,983
Local sources	24,757	-	-	24,757
State flowthrough	107,790	73,007	935,727	1,116,524
State direct	52,064,521	-	-	52,064,521
Transportation distribution	-	1,999,485	-	1,999,485
Charges for services	31,737	-	-	31,737
Investment income	85,933	-	-	85,933
Miscellaneous	180,510	-	-	180,510
<i>Total revenues</i>	<u>53,117,724</u>	<u>2,072,492</u>	<u>935,727</u>	<u>56,125,943</u>
<i>Expenditures:</i>				
Current:				
Instruction	35,444,714	-	506,055	35,950,769
Support services - students	4,622,330	-	-	4,622,330
Support services - instruction	1,768,264	-	44,248	1,812,512
Support services - general administration	784,637	-	-	784,637
Support services - school administration	3,255,330	-	-	3,255,330
Central services	1,145,726	-	-	1,145,726
Operation and maintenance plant	5,661,120	-	-	5,661,120
Student transportation	-	2,072,249	-	2,072,249
Food services operations	5,762	-	-	5,762
Capital Outlay	20,800	-	-	20,800
<i>Total expenditures</i>	<u>52,708,683</u>	<u>2,072,249</u>	<u>550,303</u>	<u>55,331,235</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>409,041</u>	<u>243</u>	<u>385,424</u>	<u>794,708</u>
<i>Net change in fund balances</i>	409,041	243	385,424	794,708
<i>Fund balances - beginning of year</i>	<u>2,637,448</u>	<u>56</u>	<u>39,289</u>	<u>2,676,793</u>
<i>Fund balances - end of year</i>	<u>\$ 3,046,489</u>	<u>\$ 299</u>	<u>\$ 424,713</u>	<u>\$ 3,471,501</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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 200,000	\$ 200,000	\$ 211,259	\$ 11,259
Oil and gas taxes	380,000	380,000	382,297	2,297
Intergovernmental revenue				
Federal flowthrough	18,000	18,000	36,983	18,983
Federal direct	-	-	-	-
Local sources	30,000	47,820	24,757	(23,063)
State flowthrough	52,000	52,000	93,517	41,517
State direct	50,989,857	52,166,636	52,064,521	(102,115)
Transportation distribution	-	-	-	-
Charges for services	13,000	23,103	31,737	8,634
Investment income	235,000	90,000	85,933	(4,067)
Miscellaneous	3,000	156,720	167,537	10,817
<i>Total revenues</i>	<u>51,920,857</u>	<u>53,134,279</u>	<u>53,098,541</u>	<u>(35,738)</u>
<i>Expenditures:</i>				
Current:				
Instruction	34,327,963	35,580,122	34,460,606	1,119,516
Support services - students	4,786,856	4,813,155	4,622,330	190,825
Support services - instruction	2,023,003	2,038,470	1,903,707	134,763
Support services - general administration	959,600	941,440	784,637	156,803
Support services - school administration	3,302,434	3,358,777	3,257,491	101,286
Central services	1,149,124	1,207,111	1,156,160	50,951
Operation and maintenance plant	5,563,985	6,029,567	5,623,759	405,808
Student transportation	-	-	-	-
Other support services	37,882	37,882	-	37,882
Food services operations	-	5,764	5,762	2
Community services operations	-	-	-	-
Capital Outlay	-	20,800	20,800	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>52,150,847</u>	<u>54,033,088</u>	<u>51,835,252</u>	<u>2,197,836</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(229,990)</u>	<u>(898,809)</u>	<u>1,263,289</u>	<u>2,162,098</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	229,990	898,809	-	(898,809)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>229,990</u>	<u>898,809</u>	<u>-</u>	<u>(898,809)</u>
<i>Net change in fund balance</i>	-	-	1,263,289	1,263,289
<i>Fund balance - beginning of year</i>	-	-	6,310,987	6,310,987
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,574,276</u>	<u>\$ 7,574,276</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,263,289
Adjustments to revenues for taxes and state flowthrough grants				19,183
Adjustments to expenditures for instructional and payroll expenditures				<u>(873,431)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 409,041</u>

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, 2009

Statement C-4

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	73,006	73,007	1
State direct	-	-	-	-
Transportation distribution	1,979,039	1,999,485	1,999,485	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,979,039</u>	<u>2,072,491</u>	<u>2,072,492</u>	<u>1</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance plant	-	-	-	-
Student transportation	1,979,066	2,072,546	2,072,249	297
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>1,979,066</u>	<u>2,072,546</u>	<u>2,072,249</u>	<u>297</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(27)</u>	<u>(55)</u>	<u>243</u>	<u>298</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	27	55	-	(55)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>27</u>	<u>55</u>	<u>-</u>	<u>(55)</u>
<i>Net change in fund balance</i>	-	-	243	243
<i>Fund balance - beginning of year</i>	-	-	56	56
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299</u>	<u>\$ 299</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 243
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 243</u>

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, 2009

Statement C-5

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	716,100	937,693	935,727	(1,966)
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>716,100</u>	<u>937,693</u>	<u>935,727</u>	<u>(1,966)</u>
<i>Expenditures:</i>				
Current:				
Instruction	944,254	1,156,602	710,869	445,733
Support services - students	-	-	-	-
Support services - instruction	42,680	51,529	44,248	7,281
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>986,934</u>	<u>1,208,131</u>	<u>755,117</u>	<u>453,014</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(270,834)</u>	<u>(270,438)</u>	<u>180,610</u>	<u>451,048</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	270,834	270,438	-	(270,438)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>270,834</u>	<u>270,438</u>	<u>-</u>	<u>(270,438)</u>
<i>Net change in fund balance</i>	-	-	180,610	180,610
<i>Fund balance - beginning of year</i>	-	-	270,438	270,438
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 451,048</u>	<u>\$ 451,048</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 180,610
No adjustments to revenues				-
Adjustments to expenditures for instructional expenditures				204,814
Net change in fund balance (GAAP Basis)				<u>\$ 385,424</u>

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, 2009

<u>Bank Account Type/Name</u>	<u>Bank of America</u>	<u>First American Bank</u>	<u>Lea County State Bank</u>	<u>LGIP</u>
Capital Improvements	\$ 1,159,979	\$ -	\$ -	\$ -
Money Market (Qzab sinking fund)	5,514	-	-	-
FNMA Discount Note (Qzab)	5,718,712	-	-	-
Advanced Placement	-	180,027	-	-
Operational	-	-	1,100,000	-
Special Building	-	-	12,125	-
State/Local Grant	-	-	111,059	-
Ralph Tasker Scholarship	-	-	598	-
Bond Building	-	-	1,217,816	-
Debt Service	-	-	1,166,996	-
Investment	-	-	-	6,264,040
Federal Projects	-	-	-	-
Cafeteria	-	-	-	-
Activity/Athletics	-	-	-	-
HB33	-	-	-	-
Payroll	-	-	-	-
Direct Deposit	-	-	-	-
Investment**	-	-	-	-
Total	6,884,205	180,027	3,608,594	6,264,040
Reconciling items	<u>(30,089)</u>	<u>(3,371)</u>	<u>6,126,034</u>	<u>-</u>
Reconciled balance June 30, 2009	<u><u>\$ 6,854,116</u></u>	<u><u>\$ 176,656</u></u>	<u><u>\$ 9,734,628</u></u>	<u><u>\$ 6,264,040</u></u>

Less: investments per Exhibit A-1
Less: restricted cash per Exhibit A-1
Less: agency cash per Exhibit D-1
Less: agency investments per Exhibit D-1

Cash and cash equivalents per Exhibit A-1

**Accounts are U.S. Treasury Bills

See accompanying independent auditors' report

Western Commerce Bank	Wells Fargo Bank	Totals
\$ -	\$ -	\$ 1,159,979
-	-	5,514
-	-	5,718,712
-	-	180,027
-	-	1,100,000
-	-	12,125
-	-	111,059
-	-	598
-	-	1,217,816
-	-	1,166,996
-	-	6,264,040
819,500	-	819,500
281,829	-	281,829
429,652	-	429,652
-	2,798,000	2,798,000
-	3,492,343	3,492,343
-	2,088,956	2,088,956
-	9,002,165	9,002,165
1,530,981	17,381,464	35,849,311
<u>(191,126)</u>	<u>(3,375,247)</u>	<u>2,526,201</u>
<u>\$ 1,339,855</u>	<u>\$ 14,006,217</u>	38,375,512
		(20,572,917)
		(1,214,050)
		(435,803)
		<u>(412,000)</u>
		<u>\$ 15,740,742</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Cash Reconciliation
For the Year Ended June 30, 2009

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash				
June 30, 2008	\$ 5,079,364	\$ 56	\$ 270,438	\$ 492,215
Investments on hand, June 30, 2008	-	-	-	-
Total cash June 30, 2008	<u>5,079,364</u>	<u>56</u>	<u>270,438</u>	<u>492,215</u>
Add:				
Current year receipts	53,117,724	2,072,492	935,727	3,656,265
Repayment of prior year loans	1,231,623	-	-	-
Loans from other funds	-	-	-	-
Bond proceeds	-	-	-	-
Total cash available	<u>59,428,711</u>	<u>2,072,548</u>	<u>1,206,165</u>	<u>4,148,480</u>
Less:				
Current year expenditures	51,854,435	2,072,249	755,117	3,761,459
Repayment of prior year loans	-	-	-	-
Loans to other funds	804,504	-	-	-
Net cash	<u>6,769,772</u>	<u>299</u>	<u>451,048</u>	<u>387,021</u>
Investments on hand, June 30, 2009	<u>83,568</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2009	<u>\$ 6,686,204</u>	<u>\$ 299</u>	<u>\$ 451,048</u>	<u>\$ 387,021</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>
\$ 4,954	\$ 299,663	\$ 756,826	\$ 49,928	\$ 113,092	\$ 209,361
-	500,000	-	-	110,000	-
<u>4,954</u>	<u>799,663</u>	<u>756,826</u>	<u>49,928</u>	<u>223,092</u>	<u>209,361</u>
185,885	987,627	4,085,571	200,535	298,886	865,910
-	-	-	-	-	-
-	-	432,046	-	-	121,487
-	-	-	-	-	-
<u>190,839</u>	<u>1,787,290</u>	<u>5,274,443</u>	<u>250,463</u>	<u>521,978</u>	<u>1,196,758</u>
190,670	939,487	4,095,288	211,312	311,537	831,142
-	-	699,947	-	-	198,752
-	-	-	-	-	-
<u>169</u>	<u>847,803</u>	<u>479,208</u>	<u>39,151</u>	<u>210,441</u>	<u>166,864</u>
-	412,000	-	-	-	-
<u>\$ 169</u>	<u>\$ 435,803</u>	<u>\$ 479,208</u>	<u>\$ 39,151</u>	<u>\$ 210,441</u>	<u>\$ 166,864</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Cash Reconciliation
For the Year Ended June 30, 2009

	Local/State Fund	Bond Building	Special Capital Outlay-Local	Special Capital Outlay-State
Audited Cash				
June 30, 2008	\$ -	\$ 190,000	\$ 6,549	\$ -
Investments on hand, June 30, 2008	-	-	-	-
Total cash June 30, 2008	<u>-</u>	<u>190,000</u>	<u>6,549</u>	<u>-</u>
Add:				
Current year receipts	236,474	102,647	5,576	423,454
Repayment of prior year loans	-	-	-	-
Loans from other funds	69,348	-	-	181,623
Bond proceeds	-	18,877,707	-	-
Total cash available	<u>305,822</u>	<u>19,170,354</u>	<u>12,125</u>	<u>605,077</u>
Less:				
Current year expenditures	261,191	4,241,181	-	423,454
Repayment of prior year loans	37,357	-	-	181,623
Loans to other funds	-	-	-	-
Net cash	<u>7,274</u>	<u>14,929,173</u>	<u>12,125</u>	<u>-</u>
Investments on hand, June 30, 2009	<u>-</u>	<u>13,720,637</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2009	<u>\$ 7,274</u>	<u>\$ 1,208,536</u>	<u>\$ 12,125</u>	<u>\$ -</u>

See accompanying independent auditor's report

Capital Improvements HB 33	Capital Improvements SB9	Debt Service	Total
\$ 3,382,481	\$ 661,031	\$ 868,895	\$ 12,384,853
-	150,000	5,762,972	6,522,972
<u>3,382,481</u>	<u>811,031</u>	<u>6,631,867</u>	<u>18,907,825</u>
5,092,530	2,529,276	2,197,052	76,993,631
-	-	-	1,231,623
-	-	-	804,504
-	-	-	18,877,707
<u>8,475,011</u>	<u>3,340,307</u>	<u>8,828,919</u>	<u>116,815,290</u>
3,470,959	2,210,417	887,697	76,517,595
-	-	-	1,117,679
-	-	-	804,504
<u>5,004,052</u>	<u>1,129,890</u>	<u>7,941,222</u>	<u>38,375,512</u>
-	-	6,768,712	20,984,917
<u>\$ 5,004,052</u>	<u>\$ 1,129,890</u>	<u>\$ 1,172,510</u>	<u>\$ 17,390,595</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule Of Collateral Pledged By Depository for Public Funds
June 30, 2009

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2009</u>
Bank of America				
	FNMA 555424 Note	5/1/2033	31385XAZ0	\$ 1,041,626
	Total Bank of America			<u>1,041,626</u>
First American Bank				
	FHLB Note	8/15/2013	362550KL8	91,771
	FHLB Note	5/15/2018	36200ECU3	65,157
	Total First American Bank			<u>156,928</u>
Lea County State Bank				
	FHR 2627 HP Note	10/15/2014	31393V2Z3	202,523
	FNR 2003-64 AG Note	11/25/2015	31393DLS8	1,217,886
	FNR 2003-133 GA Note	12/25/2026	31393UC68	2,093,122
	FNR 2003-32 TB KP9 Note	4/25/2030	31393BKP9	436,287
	Total Lea County State Bank			<u>3,949,818</u>
Western Commerce Bank				
	FHLMC #350190 Note	5/1/2022	31291YBN7	3,499
	FHLMC ARM #420022 Note	11/1/2016	31346AAX3	3,149
	FNMA #72167 Note	6/1/2028	31362VFG8	25,304
	FNMA #577242 Note	4/1/2021	31386YHT4	68,712
	FNMA #704407 Note	5/1/2033	31401CR47	391,371
	GNMA POOL #370588 Note	9/20/2025	36204HUM0	18,875
	GNMA POOL #008350 Note	1/20/2024	36202KH32	194,176
	Total Western Commerce Bank			<u>705,086</u>
Wells Fargo Bank				
	FNCL #303524 Note	8/1/2025	31373UD53	199,771
	FNCL #867437 Note	5/1/2036	31409CV69	3,287,798
	G2SF #3120 Note	8/20/2031	36202DPD7	24,198
	GNSF #486842 Note	1/15/2029	36210AZF7	21,974
	GNSF #781048 Note	6/15/2029	36225BEV6	12,646
	GNSF #781215 Note	9/15/2029	36225BK49	17,996
	GNSF #781259 Note	3/15/2031	36225BMG0	131,658
	GNSF #781280 Note	4/15/2031	36225BM54	36,891
	Total Wells Fargo Bank			<u>3,732,932</u>
	Total Pledged Collateral			<u>\$ 9,586,390</u>

See accompanying independent auditor's reports

**Location
of Safekeeper**

Bank of America, NC

Federal Home Loan Bank, Dallas, TX
Federal Home Loan Bank, Dallas, TX

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

Federal Home Loan Bank, Dallas, TX
Federal Home Loan Bank, Dallas, TX
Federal Home Loan Bank, Dallas, TX
Federal Home Loan Bank, Dallas, TX
Federal Home Loan Bank, Dallas, TX
Federal Home Loan Bank, Dallas, TX
Federal Home Loan Bank, Dallas, TX

WF Brokerage, Minneapolis, MN
WF Brokerage, Minneapolis, MN
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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, 2009

Schedule IV

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
Administration	\$ 47,145	\$ 51,605	\$ 50,087	\$ 48,663
Warehouse	257	146	47	356
Taos House/Federal Program	687	161	121	727
Dalton Tabor/Special Services	9,897	145	141	9,901
Athletics	130,641	28,945	25,878	133,708
TARS	150	-	134	16
Jenkins Nunan Learning Center	371	1,040	633	778
Superintendent	7,527	6,250	4,065	9,712
Computer Aided Instruction	224	78	232	70
Hobbs High School	258,954	258,512	222,685	294,781
Hobbs Freshman School	70,500	89,923	89,354	71,069
Highland Junior High	86,164	160,300	155,204	91,260
Houston Junior High	91,002	198,682	206,976	82,708
Broadmoor Elementary	7,497	7,090	5,862	8,725
Edison Elementary	4,433	19,886	17,379	6,940
Jefferson Elementary	9,526	6,993	9,347	7,172
Sanger Elementary	14,608	15,196	11,845	17,959
Southern Heights Elementary	7,268	4,585	6,408	5,445
Taylor Elementary	2,127	9,980	5,605	6,502
B.T. Washington Elementary	3,334	28,622	28,565	3,391
Will Rogers Elementary	10,211	19,724	20,471	9,464
Coronado Elementary	3,131	22,046	18,018	7,159
Mills Elementary	5,863	10,660	12,716	3,807
Stone Elementary	1,514	31,451	30,945	2,020
College Lane Elementary	1,675	5,711	6,730	656
District-wide Activity Funds	15,236	11,895	2,317	24,814
Totals	<u>\$ 789,942</u>	<u>\$ 989,626</u>	<u>\$ 931,765</u>	<u>\$ 847,803</u>

See accompanying independent auditor's reports

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP

**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
The Board of Education
Hobbs Municipal School District #33
Hobbs, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparison for the general fund and the aggregate remaining fund information of Hobbs Municipal School District #33 (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated November 13, 2009. 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 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, 2009 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 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 a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Certified Public Accountants

2700 San Pedro Northeast [87110-333] – P.O. Box 3130, Albuquerque, New Mexico 87190-3130
866.307.2727 – 505.883.2727 – Fax 505.884.6719 – albuquerque.office@acgnm.com – www.acgnm.com

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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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

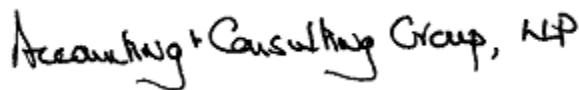
Compliance and Other Matters

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

We noted certain matters that are required to be reported under *Government Auditing Standards January 2009 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items FS 09-01 and FS 09-02.

The District’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District’s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the organization, the Board of Education, the Office of the State Auditor, the New Mexico Public Education Department, the New Mexico Legislature and its committees, 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
Albuquerque, NM
November 13, 2009

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP

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

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

Compliance

We have audited the compliance of Hobbs Municipal School District #33 (the District), 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, 2009. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District'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, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine 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 District's internal control over compliance.

A *control deficiency* in the District'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.

Certified Public Accountants

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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 the District's internal control.

Our consideration of 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 the District's 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 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 its committees, 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 13, 2009

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/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	\$ 2,604,842 (1)
Total U.S. Department of Agriculture Passthrough			<u>2,604,842</u>
U.S. Department of Education			
<i>Passthrough - State of NM Public Education Department</i>			
Title I IASA	24101	84.010	1,989,064
IDEA-B Entitlement	24106	84.027	1,316,791 (1)
IDEA-B Discretionary	24107	84.027	32,530 (1)
IDEA-B Preschool	24109	84.173	60,732 (1)
Enhancing Education Through Technology	24133	84.318	15,356
Title III - Incentive Award	24143	84.365A	7,158
Title V (A) - Innovative Education Program Strategies	24150	84.298	671
Title III - English Language Acquisition	24153	84.365A	105,916
Title IIA - Teacher Principal Training	24154	84.367A	498,964
Safe and Drug Free Schools	24157	84.186A	49,992
Immigrant Funding Title III	24163	84.365	51,830
Reading First	24167	84.357A	85,415
Carl D Perkins Secondary	24174	84.048O	52,851
Carl D Perkins Secondary PY	24175	84.048O	14,297
Carl D Perkins - Redistribution	24176	84.048O	5,367
Title I IASA - Federal Stimulus	24201	84.010	23,084
Entitlement IDEA-B - Federal Stimulus	24206	84.027	<u>7,746 (1)</u>
Total U.S. Department of Education Passthrough			<u>4,317,764</u>
Total Federal Financial Assistance			<u>\$ 6,922,606</u>

(1) Major program

See accompanying independent auditors' report

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, (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. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

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	\$ 6,922,606
Total expenditures funded by other sources	<u>70,666,625</u>
Total expenditures	<u><u>\$ 77,589,231</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, 2009

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? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

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

CFDA Number	Federal Program
10.555	School Lunch Program
84.027 & 84.173	IDEA-B Cluster

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

B. FINDINGS-FINANCIAL STATEMENT AUDIT

FS 09-01 – Expenditures in Excess of Budget

Condition: The District over expended its budget at the function level in the following funds:

Nonmajor Funds

Title I IASA Special Revenue Fund	\$ (26,707)
Title XIX Medicaid Special Revenue Fund	(2,092)
Kindergarten-Three Plus Special Revenue Fund	<u>(33,032)</u>
 Total Governmental Funds	 <u>\$ (61,831)</u>

Criteria: Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budges not be exceeded at the legal level of control. For School District’s, the expenditure function is the legal level of control.

Effect: As a result, the School is in compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

Cause: The District had budgeted for the contract amounts for the current fiscal year, however, there were expenditures from the prior year contracts that were expended in the current year which were not included in the current year budget. The unbudgeted expenses in the current year were caused by checks written and held at the end of the 2008 fiscal year.

Auditors’ recommendation: We recommend that the District prepare its budget on a cash basis. In addition, the District must be aware of when the actual payment is made for goods and/or services.

Management’s responses: As indicated, all three of these unbudgeted expenses were due to the accounting adjustments made to record deferred payroll (“held checks”). The District has held checks at the end of each fiscal year due to the vast majority of its instructional staff electing to receive their compensation over a 12 month period rather than just during the school year. The District budgets compensation and benefits each year and the employees’ employment contracts are drawn up based on current fiscal year’s budget. The final summer payrolls are run prior to the fiscal year end; however, the payroll checks are not actually sent to the electing employees until their regularly scheduled payroll dates. An accounting adjustment is made for the financial statements to record held checks from the prior fiscal year as actually being paid during the current year while the held checks at the end of the fiscal year are not shown as being paid out until the next fiscal year in order to have the expenditure agree with when the held checks are actually paid to the employees. In years where the budget remains relatively stable, the accounting adjustment for held checks each year is a negligible amount because the fiscal years’ payrolls should be relatively the same; however, in years of declining budgets (and therefore decreasing payrolls), the accounting adjustment results in a higher expenditure than what was budgeted. That is the case here because the amount of held checks at year end June 30, 2008, was greater than the amount of held checks at June 30, 2009, so the accounting adjustment resulted in increasing the instructional expenditures beyond this year’s decreased budget.

The held checks are not actually unbudgeted expenses but rather the timing of these held checks does not agree with the budget. Because the actual dollars for the held checks are already taken into consideration, these held checks will not result in usage of the District’s operating funds.

Unfortunately with declining budgets and the instructional staffs’ need for 12 month compensation, corrective action is difficult. The District is aware of when the actual payment is made for goods and/or services and will continue to monitor this situation closely.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 09-02 – Cash Appropriations in Excess of Available Cash Balances

Condition: The District rebudgeted “cash balances” in excess of available cash balance in the following funds: over expended its budget in the following funds:

	<u>Designated Cash</u>	<u>Beginning Year Cash & AR Available</u>	<u>Cash Appropriation in excess of available</u>
Athletics Special Revenue Fund	\$ 5,970	\$ 4,954	\$ (1,016)
Capital Improvements HB-33 Capital Projects Fund	3,502,690	3,382,481	(120,209)
Instruction Materials Fund	270,834	270,438	(396)

Criteria: All District funds are to be budgeted by the local governing body and submitted to the New Mexico Public Education Department for approval. Cash balances rebudgeted to absorb budget deficits cannot exceed the actual cash balance available plus accounts at the end of the prior year.

Effect: The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Cause: The District did not properly monitor beginning cash balances and prepare the budget accordingly.

Auditors' recommendation: We recommend that the District establish policies and procedures to properly monitor budgetary controls, which include proper monitoring of year end cash balances.

Management's responses: The above situations happened because the initial budget which is due to PED by mid June is based on an estimate of what the cash balance is anticipated to be at the end of June. Obviously, circumstances occur that cause those estimates to be incorrect.

Monitoring and budgetary controls allowed the District to adjust the budget after the actual cash balance at June 30, 2008, had been determined so that the final budget for these funds accurately reflected the available designated cash and there was no budget deficit.

In order to better calculate what the ending cash balance for the fiscal year will be, last year the District implemented a policy of requiring all purchase orders for all funds to be completed by April 2009 and anything that was anticipated to be spent from April 1 through June 30 had to be encumbered. This new policy should allow the District to more accurately calculate the ending cash balance and prepare the next year's budget accordingly.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

C. FEDERAL AWARD FINDINGS

None

D. PRIOR YEAR AUDIT FINDINGS

FS 2007-02: Preparation of Financial Statements – Resolved

FS 2008-01: Pooled Cash Requirements – Resolved

FS 2008-02: Pledged Collateral Issues – Resolved

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Other Disclosures
For the Year Ended June 30, 2009

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 13, 2009. In attendance were the following:

Representing Hobbs Municipal School District #33:

Cliff Burch, Superintendent
Kerri Frizzell, Director of Finance
Lance Wiseman, Board of Education President

Representing Accounting & Consulting Group, LLP:

Cindy Bryan, Partner

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 sufficient time to prepare them. Therefore, the outside auditor, Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of Hobbs Municipal School District #33 from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.