

**STATE OF NEW MEXICO  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2010**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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June 30, 2010

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Official Roster  
June 30, 2010

<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

TJ Parks		Superintendent
Kerri Frizzell		Director of Finance
Will Hawkins		Assistant Superintendent for Secondary Instruction
Debbie Cooper		Assistant Superintendent for Elementary Instruction
Pam Thompson		Assistant Superintendent for Personnel

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**FINANCIAL SECTION**



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

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget  
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, 2010, 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, 2010 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, 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, 2010, 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, 2010, 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 October 22, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *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  
October 22, 2010

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
Unaudited

This Management Discussion and Analysis of the fiscal performance of the Hobbs Municipal Schools (the "District") for the period ending June 30, 2010, represents the District's eighth 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, 2010. 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 Board of Education ("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. In addition, the School Board has added two new subcommittees including the Audit Subcommittee and the Finance Subcommittee. These Board subcommittees will provide an even greater level of oversight for the District.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
Unaudited

**Significant Financial Highlights for the Year Ending June 30, 2010**

- Capital Outlay expenditures were \$18,034,035 for the year ending June 30, 2010. \$12,789,414 of these expenditures was 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 \$3,977,473 was recorded resulting in accumulated depreciation of \$67,128,539 as of June 30, 2010.
- Total net assets increased from \$51,928,234 as of June 30, 2009, to \$56,345,393 as of June 30, 2010. The overall increase of \$4,417,159 in total net assets is due to increased revenues (primarily bond proceeds) for the District.
- The overall Fund Balance increased from \$31,782,375 as of June 30, 2009, to \$41,778,940 as of June 30, 2010. The most significant reason for this increase of \$9,996,565 in overall fund balance is an increase in investments of \$8,172,210 (mostly from bond proceeds which are held pending completion of the related construction projects).
- Total revenues increased from \$76,006,004 for the year ended June 30, 2009, to \$77,543,714 for the year ended June 30, 2010. This revenue increase of \$1,537,710 reflects an overall revenue growth of 2.02%. The most significant increases in revenue are due to increases in Federal flow-through funding (specifically ARRA stimulus funds), increases in various state and local grants, and increases in property taxes for the 2 and 4 mill levies.
  - For Operational Fund, due to FY10 appropriation reductions made by the Legislature and signed by the Governor in early February 2010, the final unit value for 2009-2010 school year was reduced to \$3,792.65 (which was based on a combination of general fund appropriations and Federal Stabilization ARRA Stimulus funding). This resulted in an additional decrease of \$70.14 (1.816%) from the initial unit value of \$3,862.79 that we started the year with in our general funding (Operational Fund 11000 and Federal Stabilization Stimulus Fund 25250).
  - The final unit value for 2008-2009 was \$3,871.79 as compared to the final unit value for 2009-2010 of \$3,792.65 is a total reduction of \$79.14 or 2.04%.
- Total expenditures increased from \$77,589,231 for the year ended June 30, 2009, to \$87,947,149 for the year ended June 30, 2010. This is an expenditure increase of \$10,357,918 or 13.3%. Expenditures increased in large part due to \$18,034,035 in capital outlay as well as \$1,093,546 in debt service interest payments during this fiscal year.
- For the school year 2009-2010, the District saw an increase in student population of 1.28% which was 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, 2010  
Unaudited

**Significant Financial Highlights for the Year Ending June 30, 2010 (continued)**

- The District completed various projects during the 2009-2010 fiscal year including, but not limited to, the following:
  - Renovations to HMS Training Center;
  - Replace roof of Jefferson Elementary School;
  - Upgrade restrooms and play ground area at Taylor Elementary School;
  - Remodel of several elementary schools' classroom sinks and cabinets;
  - Refurbished building interior and exterior surfaces at Southern Heights Elementary School ;
  - Replaced concrete on playground at Edison Elementary School;
  - Replaced exterior window coverings at Hobbs Freshman High School;
  - Completed restrooms and storage facility at Hobbs High School practice fields;
  - ADA concrete replacement at Hobbs High School; and
  - Renovation of restrooms and replace practice gym floor at Houston Junior High School.
- Other significant events during recent 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, then the second installment of \$9.5 million was issued on April 15, 2009, and the third installment of \$20 million was issued on April 15, 2010. The final installment of \$8 million was recently issued on September 15, 2010. 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, the District's two and four-mill levies were approved by the local voters to continue for another six year term (until March 2015). 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, 2010  
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, 2010, the District has total net assets of \$53,345,393.

	<b><u>June 30, 2007</u></b>	<b><u>June 30, 2008</u></b>	<b><u>June 30, 2009</u></b>	<b><u>June 30, 2010</u></b>
<b>Assets</b>				
Cash & cash equivalents	\$ 10,992,636	\$ 12,095,488	\$ 15,740,742	\$ 15,172,807
Other current assets	2,816,598	3,428,876	16,669,883	23,929,469
Capital assets	110,215,055	113,333,935	122,199,219	139,837,585
Less: accumulated depreciation	(56,865,438)	(60,286,866)	(63,529,293)	(67,128,539)
Bond issuance costs, net of accum amortization	-	-	144,992	217,418
Restricted cash	3,613,974	4,848,051	6,932,762	8,074,718
	<b><u>70,772,825</u></b>	<b><u>73,419,484</u></b>	<b><u>98,158,305</u></b>	<b><u>120,103,458</u></b>
<b>Liabilities</b>				
Other current liabilities	\$ 5,149,619	\$ 6,579,541	\$ 8,565,798	\$ 6,706,476
Long-term liabilities	20,584,869	19,435,787	37,664,273	57,051,589
	<b><u>25,734,488</u></b>	<b><u>26,015,328</u></b>	<b><u>46,230,071</u></b>	<b><u>63,758,065</u></b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	33,009,617	33,092,069	40,148,012	29,668,913
Restricted	5,681,289	12,306,415	10,097,011	19,106,039
Unrestricted	6,347,431	2,005,672	1,683,211	7,570,441
	<b><u>45,038,337</u></b>	<b><u>47,404,156</u></b>	<b><u>51,928,234</u></b>	<b><u>56,345,393</u></b>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
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, 2010.

	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
<b>Governmental Activities</b>				
Total government activities	\$ 63,492,693	\$ 69,110,286	\$ 71,777,236	\$ 72,834,002
Less charges for services	1,126,976	1,205,330	1,269,005	1,096,584
Less operating grants and contributions	9,801,525	12,094,149	11,599,415	16,665,852
Less capital grants and contributions	<u>2,252,625</u>	<u>589,528</u>	<u>459,227</u>	<u>1,515,884</u>
<b>Total governmental activities</b>	50,311,567	55,221,279	58,449,589	53,555,682
<b>General revenues</b>				
Property and oil & gas taxes	7,605,437	8,462,152	10,128,945	10,852,986
State of New Mexico equalization grant	44,307,157	47,787,471	52,064,521	46,759,934
Local sources	-	-	180,218	23,865
Investment earnings	535,679	507,161	443,776	293,370
Transfers to PED	(57,820)	-	-	-
Miscellaneous	1,079,339	124,311	180,932	60,128
Loss on disposition of assets	<u>-</u>	<u>(42,037)</u>	<u>(19,917)</u>	<u>(17,442)</u>
<b>Total general revenues</b>	<u>53,469,792</u>	<u>56,839,058</u>	<u>62,978,475</u>	<u>57,972,841</u>
<b>Increase in Net Assets</b>	3,158,225	1,617,779	4,528,886	4,417,159
<b>Net Assets Beginning - As Restated</b>	42,329,218	45,038,337	47,404,156	51,928,234
Prior period adjustments	<u>(449,106)</u>	<u>748,040</u>	<u>(4,808)</u>	<u>-</u>
<b>Net Assets Ending</b>	<u>\$ 45,038,337</u>	<u>\$ 47,404,156</u>	<u>\$ 51,928,234</u>	<u>\$ 56,345,393</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
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**GOVERNMENT FUND FINANCIAL STATEMENTS**

**Statement of Revenues and Expenditures**

Governmental fund financial statements are based on a modified accrual basis of accounting. The Statements 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 \$77,543,714. Total expenditures for the District were \$87,947,149. The total ending fund balance was \$41,778,940, an increase of \$9,996,565 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	Change %	Total Expenses	Change %
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%
2009/2010	\$ 77,543,714	2%	\$ 87,947,149	13%

**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, 2010. 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, 2010  
Unaudited

**The Budget (continued)**

**Funds Revenue Budget Performance**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
General Fund	\$ 51,661,912	\$ 49,961,406	\$ 50,017,518	\$ 56,112
Bond Building Fund	-	-	28,069	28,069
Capital Improvements HB-33 Fund	4,415,428	4,415,428	5,233,034	817,606
Debt Service Fund	2,670,151	2,670,151	2,394,410	(275,741)
Nonmajor Funds	13,696,613	25,108,394	19,380,401	(5,727,993)
<b>Totals</b>	<b>\$ 72,444,104</b>	<b>\$ 82,155,379</b>	<b>\$ 77,053,432</b>	<b>\$ (5,101,947)</b>

**Funds Expenditure Budget Performance**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
General Fund	\$ 53,671,553	\$ 52,056,042	\$ 51,625,123	\$ 430,919
Bond Building Fund	11,309,410	34,929,173	12,809,968	22,119,205
Capital Improvements HB-33 Fund	7,806,825	9,306,825	4,982,243	4,324,582
Debt Service Fund	4,680,778	5,289,138	1,825,755	3,463,383
Nonmajor Funds	14,781,189	26,792,851	18,541,672	8,251,179
<b>Totals</b>	<b>\$ 92,249,755</b>	<b>\$ 128,374,029</b>	<b>\$ 89,784,761</b>	<b>\$ 38,589,268</b>

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, School Support, Maintenance and Administrative staff as well as classroom materials, special education consulting/ancillary staff, property insurance, 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, 2010  
Unaudited

**The General Fund**

Because the General Fund revenues represent \$50,028,588 of the total \$77,543,714 of District revenues, the impact of this fund must be kept in context. The General Fund began the year with an initial budget of \$51,661,912 and had a final budget of \$49,961,406.

The General 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 as well as pupil transportation and instructional materials. The General Fund also provides the predominant funding for athletics and summer school.

Until the past year, the General Fund has seen significant increases in revenues through the years, exclusive of Capital Outlays, as seen in the following table:

**GENERAL FUND REVENUES**

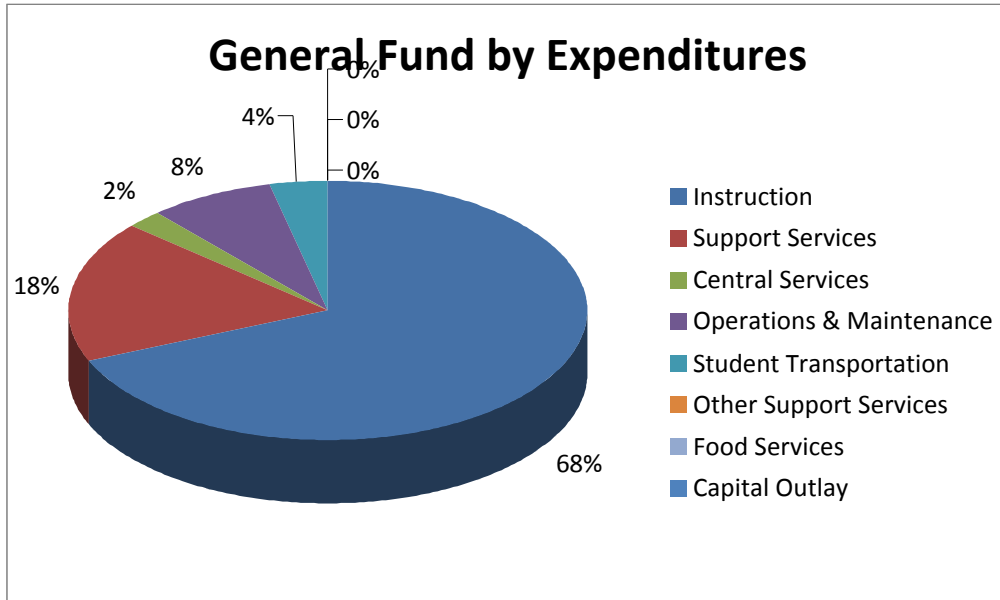
Year	Total Revenues	Change %
2001/2002	\$ 36,297,243	3.0%
2002/2003	\$ 37,354,618	2.9%
2003/2004	\$ 38,633,543	3.4%
2004/2005	\$ 41,663,268	7.8%
2005/2006	\$ 45,172,062	8.4%
2006/2007	\$ 47,964,173	6.2%
2007/2008	\$ 51,651,782	7.7%
2008/2009	\$ 56,125,943	8.7%
2009/2010	\$ 50,028,588	-10.9%

Because the General Fund is the primary fund whose expenditures are significantly related to the educational process, \$50,530,399 was expended during the year ended June 30, 2010. The most significant inter-fund expense was for the function noted as "Instruction." This expenditure was \$34,634,474 or 68.54% of all General Fund expenditures. Expenses included in this function are compensation for grades K-12 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.

**STATE OF NEW MEXICO**  
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For the Year Ended June 30, 2010  
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**The General Fund (continued)**

Support Services represents 17.82% of General 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 2.14% of the total General Fund expenditures. Maintenance and Operations account for 7.89% of the General Fund expenditures. Included in the Maintenance and Operations expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, risk/property insurance, maintenance and repairs, maintenance supplies, and school custodial supplies. Additional support for repairs and maintenance along with capital projects comes from the voter-approved Two Mill and Four Mill Levy Funds. Student transportation accounts for 3.61% of the General Fund expenditures; these expenditures are primarily for the flow through of the transportation for the bus transporting the students to and from school each day. The General Fund also supports expenditures for school athletics, extra-curricular, and summer school.



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
Unaudited

**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 \$3,977,473 as of June 30, 2010. 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, 2010.

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 \$17 million.

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

	<b>Balance June 30, 2008</b>	<b>Balance June 30, 2009</b>	<b>Balance June 30, 2010</b>
Capital assets not being depreciated:			
Land	\$ 3,517,082	\$ 4,480,692	\$ 4,532,513
Construction in process	151,162	5,144,221	13,116,589
Total capital assets not being depreciated	<u>3,668,244</u>	<u>9,624,913</u>	<u>17,649,102</u>
Capital assets being depreciated:			
Buildings & improvements	92,320,854	94,255,502	102,140,303
Equipment	16,407,892	17,372,818	17,444,744
Land improvements	936,945	945,986	2,603,436
Total capital assets being depreciated	<u>109,665,691</u>	<u>112,574,306</u>	<u>122,188,483</u>
Less accumulated depreciation for:			
Buildings & improvements	48,542,566	50,974,919	53,697,962
Equipment	11,689,742	12,432,604	13,186,603
Land improvements	54,558	121,770	243,974
Total accumulated depreciation	<u>60,286,866</u>	<u>63,529,293</u>	<u>67,128,539</u>
Total capital assets being depreciated, net	<u>49,378,825</u>	<u>49,045,013</u>	<u>55,059,944</u>
Governmental activity capital assets, net	<u>\$ 53,047,069</u>	<u>\$ 58,669,926</u>	<u>\$ 72,709,046</u>



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
Unaudited

**Long Term Liabilities**

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

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

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

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

The District sold Qualified Zone Academy Bonds (QZAB's) on September 5, 2002, in the amount of \$14,930,000. 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.

The District issued General Obligation School Building Bonds on April 15, 2010, in the amount of \$20,000,000 with staggered maturity dates. The last maturity date is April 15, 2026.

Listed below is the District's combined annual debt service requirement to maturity for long term debt as of June 30, 2010.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
Unaudited

**Long Term Liabilities (continued)**

Fiscal year ended June 30,	Principal	Interest	Total Requirement
2011	\$ 850,000	\$ 1,595,984	\$ 2,445,984
2012	875,000	1,559,585	2,434,585
2013	915,000	1,521,646	2,436,646
2014	945,000	1,481,394	2,426,394
2015	1,730,000	1,438,798	3,168,798
2016-2020	17,950,000	5,787,784	23,737,784
2021-2025	17,250,000	2,370,000	19,620,000
2026-2030	2,000,000	80,000	2,080,000
	<u>\$ 42,515,000</u>	<u>\$ 15,835,191</u>	<u>\$ 58,350,191</u>

The following summarizes the sinking fund account for the QZAB's 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	195,839	6,554,047
2010	6,554,028	841,605	232,669	7,628,302
2011	7,628,263	841,605	270,805	8,740,673
2012	8,740,614	841,605	310,296	9,892,515
2013	9,892,435	841,605	351,188	11,085,228
2014	11,085,127	841,605	393,533	12,320,265
2015	12,320,140	841,605	437,380	13,599,125
2016	13,598,977	841,605	488,847	14,929,429
		<u>\$ 11,779,800</u>	<u>\$ 3,150,200</u>	

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
Unaudited

**Agency Funds**

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

While each school site is responsible for the administration of the agency funds, the custody and use of these funds are in accordance with New Mexico Public Education Department Regulations and School District Policy. The Statement of Changes in Net Assets and Liabilities for the year ended June 30, 2010, shows the accumulated assets of all agency funds was \$809,789.

**Federal Stimulus Funds**

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 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.

**Future Trends**

The Economy and Public School Funding: During the past year, the economy both locally and at the State level has continued to stall. The income from gross receipts taxes as well as corporate and personal income taxes, the main revenue source for both state and local governments, continued to decline during fiscal year 2010. Significant revenues provided by the State Equalization formula to school districts for operating expenses come from this revenue source. While oil and gas prices took an upward turn, it was not enough to offset the losses in other revenues for the State.

Because of the weak economy, the State of New Mexico continued to find itself with a projected shortfall in revenue and loss of federal Stimulus funds of approximately \$437 million for the 2011 fiscal year. Even taking into consideration the ARRA funds from the SEG Stabilization fund, the combined initial unit value for 2010-2011 was set at \$3,712.45 which was \$80.20 less than the final 2009-2010 unit value (or another decline of 2.11%). The combination of the reduced funding over the past couple of years as well as increases in fixed costs (such as employee benefits and health insurance, property insurance, and utilities) resulted in the District facing a 5.5% deficit as compared to 2009-2010. In order to meet this tightened budget, the District took a variety of measures including reducing the number of work days for all contract employees by three (3) days; reducing all requested program/school budgets by an additional 8%; significantly reducing all travel and training; and discontinuing various incentives such as the unused sick leave bonus and United Way day (paid leave). The District also absorbed various positions through attrition by reassigning existing staff to fill the void of employees retiring or leaving the District.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
Unaudited

**Future Trends (continued)**

In August 2010, the State found that the fiscal year 2010 revenue was down by \$32.5 million and the fiscal year 2011 revenue was down by 159.3 million compared to the December 2009 consensus estimate. After various solvency initiatives, the fiscal year 2010 appropriations exceeded revenue by \$214.7 million. Fiscal year revenue was \$211.2 million less than appropriations and even after transfers authorized by Legislature, revenue for fiscal year 2011 still fell \$151.7 million short of the amount needed to cover appropriations. Under the fiscal year 2011 General Appropriations Act, the Governor with Board of Finance approval was required to reduce allotments if revenues and authorized transfers were insufficient to meet appropriations. Therefore, the Governor reduced the State Equalization Guarantee for 2010-2011 by an additional 3.244%. At that same time, the U.S. Department of Education (USDOE) awarded \$10 billion in assistance to states to save or create education jobs for the 2010-2011 school year. New Mexico's allocation of these funds was approximately \$64.9 million and the District received a share of this Education Jobs Fund. The Education Jobs Fund limited the net effect of the reduced state funding to the District to about a .45% decrease.

The general fund consensus revenue forecast that was released in October 2010 predicts a further decline of .41%. Districts were advised to continue to plan for the possibility of an even higher reduction after the December 2010 forecast when the legislature meets for its regular session in January 2011. Even though our District received funding through the Education Jobs Fund (described above), steps were taken to reduce the District's Operational budget significantly. These additional cuts to start the 2010-2011 school year included cutting secondary overload increments, further reduction of travel and training, cutting program/school budgets by an additional 2%, cutting printing budgets by approximately \$100,000, and absorbing more additional vacant positions throughout the District. Overall, the District has absorbed approximately 45 positions (the majority of which were administration and support services) through attrition and reallocation of duties from fiscal year 2009-2010. Because of concerns over further reductions in the State's funding, our District will continue to monitor the State's actions and will keep a very tight rein on our expenditures.

The local economy in Hobbs continues to be stronger than the rest of the state. The collection of gross receipts taxes has begun to improve and there are still many positive economic trends at the local level. For example, we have had significant growth in our local tax base from 2009 to 2010 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 this past year. Over the past couple of years, five more hotels have been built in Hobbs as well as several new shopping centers that were either recently completed or 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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2010  
Unaudited

**Future Trends (continued)**

**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, then experienced over 2.2% growth in 2008-2009 school year, and 1.28% growth for the 2009-2010 school year. The District's 40<sup>th</sup> day preliminary numbers for 2010-2011 school year show that our student population has grown by approximately 2.4% over the prior year's 40<sup>th</sup> day numbers. The future growth study anticipated that the District's growth 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.

**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 2010.

**Facility Construction or Renovations:** The District has plans to commence or complete a number of Capital Outlay building projects during the 2010-2011 fiscal year. Certain highlights of these ongoing projects include the following:

- Completion of the Freshman High School Wing (ground-breaking was held in December 2009 with school to be ready for occupancy in August 2011): Approximate total cost \$24 million
- Completion of Central Kitchen (ground-breaking was held in December 2009 with anticipated completion in December 2010): Approximate total cost \$2.5 million
- Completion of the new Alternative High School (ground-breaking was in Summer 2010 with school to be ready for occupancy by August 2011): Approximate total cost \$3.4 million
- Build new central warehouse: Approximate total cost \$2.8 million
- Completion of the remodel of the original Central Office and Board Meeting Room anticipated for Spring 2011: Approximate total cost \$4 million
- Completion of Highland Junior High School's new library and renovation of current library (bid was held in December 2009): Approximate cost \$1.3 million
- High School Ag Farm modifications: Approximate cost \$91,000
- Various repairs and renovations (anticipated for Summer 2010): Approximate cost \$500,000
- Various carpet and tile replacements (anticipated for Summer 2010): Approximate cost \$225,000
- Mills Elementary School renovations: Approximate cost \$24,000
- Southern Heights Elementary School parking lot addition: Approximate cost \$55,000

More information regarding the District including an update of the various 2010 bond building projects is available at [www.hobbsschools.net](http://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, 2010

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 15,172,807
Investments	21,950,846
Receivables:	
Property taxes	308,866
Oil and gas taxes	731,464
Due from other governments	614,897
Other	19,710
Inventory	303,686
Total current assets	39,102,276
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	1,280,437
Investments	6,794,281
Bond issuance costs, net of accumulated amortization	217,418
Capital assets	139,837,585
Less: accumulated depreciation	(67,128,539)
Total noncurrent assets	81,001,182
Total assets	\$ 120,103,458

The accompanying notes are an integral part of these financial statements



	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 1,423,740
Accrued compensated absences	291,923
Accrued interest	349,882
Accrued payroll	3,790,931
Current portion of bonds payable	<u>850,000</u>
Total current liabilities	<u>6,706,476</u>
Noncurrent liabilities	
Bonds payable	56,595,000
Bond premium, net of accumulated accretion	<u>456,589</u>
Total noncurrent liabilities	<u>57,051,589</u>
Total liabilities	<u>63,758,065</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	29,668,913
Restricted for:	
Debt service	9,573,705
Capital projects	8,394,153
Other purposes - special revenue	1,138,181
Unrestricted	<u>7,570,441</u>
Total net assets	<u>56,345,393</u>
Total liabilities and net assets	<u>\$ 120,103,458</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Statement of Activities  
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental Activities:</b>			
Instruction	\$ 43,376,103	\$ 170,110	\$ 7,987,607
Support services - students	7,115,372	27,905	1,310,279
Support services - instruction	1,835,423	7,198	337,989
Support services - general administration	904,281	3,546	166,521
Support services - school administration	3,864,042	15,154	711,554
Central services	1,177,169	4,617	216,773
Operation and maintenance of plant	8,074,790	31,667	1,486,954
Student transportation	1,927,422	-	1,824,332
Other support services	282	-	-
Food services operations	3,629,827	836,388	2,623,843
Amortization	12,187	-	-
Interest and other charges	917,104	-	-
<i>Total governmental activities</i>	<u>\$ 72,834,002</u>	<u>\$ 1,096,584</u>	<u>\$ 16,665,852</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 - 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>
\$ 991,046	\$ (34,227,340)
162,570	(5,614,618)
41,935	(1,448,301)
20,661	(713,553)
88,285	(3,049,049)
26,896	(928,884)
184,491	(6,371,678)
-	(103,090)
-	(282)
-	(169,596)
-	(12,187)
-	(917,104)
<u>\$ 1,515,884</u>	<u>(53,555,682)</u>

306,386
1,236,794
4,364,550
4,945,256
46,759,934
23,865
293,370
60,128
(17,442)
<u>57,972,841</u>
4,417,159
<u>51,928,234</u>
<u>\$ 56,345,393</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Balance Sheet  
Governmental Funds  
June 30, 2010

	General Fund	Bond Building	Capital Improvements HB-33
<i>Assets</i>			
Cash and cash equivalents	\$ 5,872,571	\$ 590,357	\$ 5,254,843
Investments	13,844	21,556,917	-
Receivables			
Property taxes	14,923	-	153,367
Oil and gas taxes	44,603	-	356,836
Due from other governments	-	-	-
Other	19,710	-	-
Inventory	122,698	-	-
Due from other funds	531,603	-	-
<i>Total assets</i>	\$ 6,619,952	\$ 22,147,274	\$ 5,765,046
<i>Liabilities</i>			
Accounts payable	\$ 343,595	\$ 988,289	\$ 81,371
Accrued payroll	3,294,198	-	-
Deferred revenue	12,469	-	89,255
Due to other funds	-	-	-
<i>Total liabilities</i>	3,650,262	988,289	170,626
<i>Fund balances</i>			
Reserved for:			
Inventory	122,698	-	-
Future debt service payments	-	-	-
Unreserved, reported in			
General fund	2,846,992	-	-
Special revenue funds	-	-	-
Capital projects funds	-	21,158,985	5,594,420
<i>Total fund balances</i>	2,969,690	21,158,985	5,594,420
<i>Total liabilities and fund balances</i>	\$ 6,619,952	\$ 22,147,274	\$ 5,765,046

The accompanying notes are an integral part of these financial statements

<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,737,502	\$ 2,997,971	\$ 16,453,244
7,174,366	-	28,745,127
63,896	76,680	308,866
151,607	178,418	731,464
-	614,897	614,897
-	-	19,710
-	180,988	303,686
-	-	531,603
\$ 9,127,371	\$ 4,048,954	\$ 47,708,597
\$ -	\$ 10,485	\$ 1,423,740
-	496,733	3,790,931
37,034	44,625	183,383
-	531,603	531,603
37,034	1,083,446	5,929,657
-	180,988	303,686
9,090,337	-	9,090,337
-	-	2,846,992
-	962,265	962,265
-	1,822,255	28,575,660
9,090,337	2,965,508	41,778,940
\$ 9,127,371	\$ 4,048,954	\$ 47,708,597

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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, 2010

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

Fund balances - total governmental funds	\$ 41,778,940
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	72,709,046
Bond issuance costs, including original issue discounts and premiums are not financial resources and, therefore, are not reported in the funds	(239,171)
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	183,383
Liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(291,923)
Accrued interest payable	(349,882)
Bonds payable	<u>(57,445,000)</u>
Total net assets - governmental funds	<u><u>\$ 56,345,393</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Statements of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

	General Fund	Bond Building	Capital Improvements HB-33
<i>Revenues</i>			
Property taxes	\$ 306,829	\$ -	\$ 2,895,301
Oil and gas taxes	302,843	-	2,422,753
Intergovernmental revenue			
Federal flowthrough	65,857	-	-
Federal direct	-	-	-
Local sources	18,717	-	-
State flowthrough	681,057	-	-
State direct	46,759,934	-	-
Transportation distribution	1,824,332	-	-
Charges for services	19,261	-	-
Investment income	20,587	28,069	1,741
Miscellaneous	29,171	-	19,344
<i>Total revenues</i>	<u>50,028,588</u>	<u>28,069</u>	<u>5,339,139</u>
<i>Expenditures</i>			
Current			
Instruction	34,634,474	-	-
Support services - students	3,777,404	-	-
Support services - instruction	1,466,781	-	-
Support services - general administration	645,725	-	28,813
Support services - school administration	3,114,919	-	-
Central services	1,079,855	-	-
Operation and maintenance of plant	3,986,481	30,717	670,758
Student transportation	1,824,478	-	-
Other support services	282	-	-
Food services operations	-	-	-
Capital Outlay	-	12,789,414	3,559,128
Debt service			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	84,613	-
<i>Total expenditures</i>	<u>50,530,399</u>	<u>12,904,744</u>	<u>4,258,699</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(501,811)</u>	<u>(12,876,675)</u>	<u>1,080,440</u>
<i>Other financing sources (uses)</i>			
Bond premium	-	-	-
Bond proceeds	-	20,000,000	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>20,000,000</u>	<u>-</u>
<i>Net change in fund balances</i>	(501,811)	7,123,325	1,080,440
<i>Fund balances - beginning</i>	<u>3,471,501</u>	<u>14,035,660</u>	<u>4,513,980</u>
<i>Fund balances - end of year</i>	<u>\$ 2,969,690</u>	<u>\$ 21,158,985</u>	<u>\$ 5,594,420</u>

The accompanying notes are an integral part of these financial statements



<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,228,047	\$ 1,447,650	\$ 5,877,827
1,008,281	1,211,379	4,945,256
-	13,109,183	13,175,040
-	172,600	172,600
-	5,148	23,865
-	2,633,721	3,314,778
-	-	46,759,934
-	-	1,824,332
-	1,077,323	1,096,584
237,787	5,186	293,370
-	11,613	60,128
<u>2,474,115</u>	<u>19,673,803</u>	<u>77,543,714</u>
-	5,771,848	40,406,322
-	2,489,568	6,266,972
-	378,830	1,845,611
12,209	212,160	898,907
-	755,314	3,870,233
-	116,194	1,196,049
-	3,334,286	8,022,242
-	101,247	1,925,725
-	-	282
-	3,582,612	3,582,612
-	1,685,493	18,034,035
720,000	-	720,000
1,093,546	-	1,093,546
-	-	84,613
<u>1,825,755</u>	<u>18,427,552</u>	<u>87,947,149</u>
<u>648,360</u>	<u>1,246,251</u>	<u>(10,403,435)</u>
400,000	-	400,000
-	-	20,000,000
<u>400,000</u>	<u>-</u>	<u>20,400,000</u>
1,048,360	1,246,251	9,996,565
<u>8,041,977</u>	<u>1,719,257</u>	<u>31,782,375</u>
<u>\$ 9,090,337</u>	<u>\$ 2,965,508</u>	<u>\$ 41,778,940</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, 2010

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

Net change in fund balances - total governmental funds	\$	9,996,565
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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		18,034,035
Depreciation expense		(3,977,473)
Loss on disposal of capital assets		(17,442)

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		29,903
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:

Accretion of bond premium		8,767
Bond issuance cost		84,613
Amortization of bond issuance cost		(12,187)
Bond proceeds		(20,000,000)
Bond premiums		(400,000)
Decrease in accrued compensated absences		87,717
Decrease in accrued interest payable		167,675
Principal payments on bonds		720,000

Change in net assets of governmental activities	\$	<u>4,417,159</u>
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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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 195,271	\$ 195,271	\$ 304,375	\$ 109,104
Oil and gas taxes	316,193	316,193	286,691	(29,502)
Intergovernmental revenue				
Federal flowthrough	18,000	18,000	65,857	47,857
Federal direct	-	-	-	-
Local sources	25,020	38,020	18,717	(19,303)
State flowthrough	606,235	656,020	683,144	27,124
State direct	48,516,467	46,794,511	46,759,934	(34,577)
Transportation distribution	1,865,816	1,824,481	1,824,332	(149)
Charges for services	22,410	22,410	19,261	(3,149)
Investment Income	90,000	90,000	20,587	(69,413)
Miscellaneous	6,500	6,500	34,620	28,120
<i>Total revenues</i>	51,661,912	49,961,406	50,017,518	56,112
<i>Expenditures</i>				
Current				
Instruction	34,980,183	34,970,124	34,947,418	22,706
Support services - students	4,254,936	4,105,036	4,004,139	100,897
Support services - instruction	1,689,636	1,522,442	1,467,117	55,325
Support services - general administration	631,059	659,799	645,725	14,074
Support services - school administration	3,173,820	3,151,280	3,120,905	30,375
Central services	1,026,607	1,097,550	1,079,012	18,538
Operation and maintenance of plant	6,003,022	4,678,424	4,536,068	142,356
Student transportation	1,865,816	1,824,631	1,824,457	174
Other support services	46,464	46,746	282	46,464
Food services operations	10	10	-	10
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	53,671,553	52,056,042	51,625,123	430,919
<i>Excess (deficiency) of revenues over expenditures</i>	(2,009,641)	(2,094,636)	(1,607,605)	487,031
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,009,641	2,094,636	-	(2,094,636)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond Proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	2,009,641	2,094,636	-	(2,094,636)
<i>Net change in fund balances</i>	-	-	(1,607,605)	(1,607,605)
<i>Fund balances - beginning of year</i>	-	-	8,025,623	8,025,623
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 6,418,018	\$ 6,418,018
Net change in fund balances (Non-GAAP budgetary basis)				\$ (1,607,605)
Adjustments to revenues for taxes and state flowthrough grants				11,070
Adjustments to expenditures for instructional and payroll expenditures				1,094,724
Net change in fund balances (GAAP Basis)				\$ (501,811)

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, 2010

Exhibit D-1

<i>Current Assets</i>	
Cash and cash equivalents	\$ 308,885
Investments	<u>500,904</u>
<i>Total assets</i>	<u><u>\$ 809,789</u></u>
<i>Current Liabilities</i>	
Accounts payable	\$ 29,425
Accrued payroll	10,132
Due to student organizations	<u>770,232</u>
<i>Total liabilities</i>	<u><u>\$ 809,789</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, 2010

**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, 2010

**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, 2010

**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's 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 (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2010, the District maintained \$678,849 of investments in the LGIP.

**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, 2010

**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 2010 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2010. 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.

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

**Inventory:** The District'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, 2010

**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. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. 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. The District has recorded \$183,383 in deferred revenue related to property taxes considered “unavailable.”

**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, 2010

**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. Invested in capital assets, net of related debt: Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. 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 \$46,759,934 in state equalization guarantee distributions during the year ended June 30, 2010.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2010

**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 \$10,852,986 in tax revenues in the government-wide financial statements during the year ended June 30, 2010. 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 12 attending public school within the school district. The District received \$1,824,332 in transportation distributions during the year ended June 30, 2010.

**Instructional Materials:** The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The District received \$352,865 in instructional materials revenue from the State for the year ended June 30, 2010.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$152,367 in state SB-9 matching during the year ended June 30, 2010.

**Public School Capital Outlay:** The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

During the year ended June 30, 2010, the District received \$1,363,517 in state flow-through capital outlay funds.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2010

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

E. *Revenues (continued)*

**Federal Grants:** The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

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

*Budgetary Information*

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

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 the Public School Finance Division.

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the New Mexico Public Education Department.
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 New Mexico Public Education Department.
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.



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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**NOTE 2. Stewardship, Compliance and Accountability (continued)**

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

The appropriated budget for the year ended June 30, 2010, was properly amended by the District's Board of Education throughout the year. These amendments resulted in the following changes to the budgets.

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (2,009,641)	\$ (2,094,636)
Bond Building Capital Projects Fund	\$ (11,309,410)	\$ (34,929,173)
Capital Improvements HB-33 Capital Projects Fund	\$ (3,391,397)	\$ (4,891,397)
Debt Service Fund	\$ (2,010,627)	\$ (2,618,987)
Other Governmental Funds	\$ (1,084,576)	\$ (1,684,457)

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

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

**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, 2010.

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 financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing negotiable order of withdrawal (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 (TAG) Program, that provides depositors' with unlimited coverage through December 31, 2010, for insured depository institutions (IDIs) currently participating in the TAG program, with the possibility of an additional extension of up to 12 months without additional rulemaking, upon a determination by the FDIC's Board of Directors that continuing economic difficulties warrant further extension.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2010

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

With regards to this Transaction Guarantee Program, noninterest-bearing checking accounts include Demand Deposit Accounts (DDA's) and any other transaction accounts that has 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.

*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, 2010, \$12,357,850 of the District's bank balance of \$13,705,948 was subject to custodial credit risk. \$9,736,325 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$2,305,531 was uninsured and uncollateralized at June 30, 2010.

	Bank of America	First American Bank	Lea County State Bank	US Bank
Amount of deposits	\$ 1,787,166	\$ 91,969	\$ 3,140,956	\$ 6,129
Transaction Deposit Accounts covered by the "Transactions Account Guarantee Program"	-	-	(2,640,052)	-
FDIC coverage	(250,000)	(91,969)	(500,000)	(6,129)
Total uninsured public funds	<u>1,537,166</u>	<u>-</u>	<u>904</u>	<u>-</u>

Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name  
Uninsured and uncollateralized

	1,537,166	-	904	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Collateral requirement (50%)  
Pledged securities  
Over (under) collateralized

	\$ 768,583	\$ -	\$ 452	\$ -
	1,914,440	140,205	1,896,471	-
	<u>\$ 1,145,857</u>	<u>\$ 140,205</u>	<u>\$ 1,896,019</u>	<u>\$ -</u>

Amount of deposits  
Transaction Deposit Accounts covered by the  
"Transactions Account Guarantee Program"  
FDIC coverage  
Total uninsured public funds

	Western Commerce Bank	Wells Fargo Bank	Total
Amount of deposits	\$ 2,279,838	\$ 6,399,890	\$ 13,705,948
Transaction Deposit Accounts covered by the "Transactions Account Guarantee Program"	-	-	(2,640,052)
FDIC coverage	(250,000)	(250,000)	(1,348,098)
Total uninsured public funds	<u>2,029,838</u>	<u>6,149,890</u>	<u>9,717,798</u>

Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name  
Uninsured and uncollateralized

	1,713,844	4,588,844	7,840,758
	<u>\$ -</u>	<u>\$ 1,561,046</u>	<u>\$ 1,561,046</u>

Collateral requirement (50%)  
Pledged securities  
Over (under) collateralized

	\$ 1,014,919	\$ 3,074,945	\$ 4,858,899
	1,713,844	4,588,844	10,253,804
	<u>\$ 698,925</u>	<u>\$ 1,513,899</u>	<u>\$ 5,394,905</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2010

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

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.

*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, 2010, the District’s investment balances were exposed to custodial credit risk as follows:

<u>Overnight Repurchase Agreements</u>	<u>Lea County State Bank</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
Total amount of deposits	\$ 562,268	\$ 2,801,953	\$ 3,364,221
FDIC Coverage	-	-	-
	<u>562,268</u>	<u>2,801,953</u>	<u>3,364,221</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>562,268</u>	<u>2,801,953</u>	<u>3,364,221</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured - repurchase)	\$ 573,513	\$ 2,857,992	\$ 3,431,505
Pledged Securities	<u>573,513</u>	<u>2,857,992</u>	<u>3,431,505</u>
Over (under) collateralization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2010, the District’s investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor’s.

As of June 30, 2010, 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	50 days	\$ 622,675	AAAm
Reserve Contingencies Fund	Does not earn interest	56,174	Unrated
U.S. Treasury Bills	<1 year	21,521,997	AAA
FNMA Discount Note	92 days	6,794,281	A-1+
		<u>\$ 28,995,127</u>	

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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June 30, 2010

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

*Interest Rate Risk – Investments.* The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

*Concentration Credit Risk – Investments.* For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in US Treasury Bills and FNMA Discount Notes represent, respectively, 74% and 23% of the District’s investment portfolio. Since the District only purchases investment with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District’s policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

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, 2010. 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, 2010:

24129	Partnership in Character Education	\$	(610)
24143	Title III - Incentive Award		(9,396)
24174	Carl Perkins Secondary		(9,531)
24249	Enhancing Education Through Technology - Federal Stimulus		(7,228)
25250	SEG Federal Stimulus		(160,565)
27103	2009 Duel Credit IM/HB2		(30,000)
27105	2008 GO Bond Student Library		(4,621)
27164	School Improvement Framework		(2,993)
27170	Libraries - GO Bonds		(31)
			<hr/>
	Total	\$	<u><u>(224,975)</u></u>

Reconciliation to the Statement of Net Assets

The carrying amounts of deposits shown above are included in the District’s statement of net assets as follows:

Cash and cash equivalents per Exhibit A-1	\$	15,172,807
Restricted cash per Exhibit A-1		1,280,437
Investments per Exhibit A-1		21,950,846
Restricted cash investments Exhibit A-1		6,794,281
Cash - Statement of Fiduciary Assets and Liabilites per Exhibit D-1		308,885
Investments - Statement of Fiduciary Assets and Liabilites per Exhibit D-1		<u>500,904</u>
		<hr/>
Total cash, cash equivalents, and investments		46,008,160
Add: outstanding checks		924,369
Less: deposits in transit		(4,231,454)
Less: investments held in New Mexico State Treasurer's LGIP		(678,849)
Less: investments held in US Treasury Bills		(21,521,997)
Less: investment FNMA Discount Note		<u>(6,794,281)</u>
		<hr/>
Bank balance of deposits	\$	<u><u>13,705,948</u></u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2010

**NOTE 4. Accounts Receivable**

Accounts receivable as of June 30, 2010, are as follows:

**Governmental Activities:**

	General Fund	Capital Improvements HB-33	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 14,923	\$ 153,367	\$ 63,896	\$ 76,680	\$ 308,866
Oil and gas taxes receivable	44,603	356,836	151,607	178,418	731,464
Due from other governments					
Federal sources	-	-	-	578,656	578,656
State sources	-	-	-	36,241	36,241
Other receivables	19,710	-	-	-	19,710
	<u>\$ 79,236</u>	<u>\$ 510,203</u>	<u>\$ 215,503</u>	<u>\$ 869,995</u>	<u>\$ 1,674,937</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$183,383 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

**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, 2010 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Preschool IDEA-B	\$ 2,837
General Fund	Partnership in Character Education	610
General Fund	Title III - Incentive Award	9,396
General Fund	Title II D Competitive	1,608
General Fund	English Language Acquisition	51,055
General Fund	Teacher/Principal Training & Recruiting	1,047
General Fund	Safe & Drug Free Schools & Communities	725
General Fund	Immigrant Funding Title III	12,970
General Fund	Reading First	3,797
General Fund	Carl Perkins Secondary	9,531
General Fund	Title I IASA - Federal Stimulus	23,749
General Fund	Entitlement IDEA-B Federal Stimulus	26,002
General Fund	Enhancing Education Through Technology - Federal Stimulus	7,228
General Fund	SEG Federal Stimulus	160,565
General Fund	2009 Duel Credit IM/HB2	30,000
General Fund	2008 GO Bond Student Library	4,621
General Fund	Family Youth Resource Program	1,215
General Fund	School Improvement Framework	2,993
General Fund	Libraries - G.O. Bonds	31
General Fund	Special Capital Outlay - State	181,623
	Total	<u>\$ 531,603</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, 2010

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2010, 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, 2010 appear in the Statement of Net Assets as follows:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,480,692	\$ 51,821	\$ -	\$ 4,532,513
Construction in progress	<u>5,144,221</u>	<u>12,329,216</u>	<u>4,356,848</u>	<u>13,116,589</u>
 Total capital assets not being depreciated	 <u>9,624,913</u>	 <u>12,381,037</u>	 <u>4,356,848</u>	 <u>17,649,102</u>
Capital assets being depreciated:				
Buildings and improvements	94,255,502	7,884,801	-	102,140,303
Equipment	17,372,818	467,595	395,669	17,444,744
Land improvements	<u>945,986</u>	<u>1,657,450</u>	<u>-</u>	<u>2,603,436</u>
 Total capital assets being depreciated	 <u>112,574,306</u>	 <u>10,009,846</u>	 <u>395,669</u>	 <u>122,188,483</u>
Less accumulated depreciation:				
Buildings and improvements	50,974,919	2,723,043	-	53,697,962
Equipment	12,432,604	1,132,226	378,227	13,186,603
Land improvements	<u>121,770</u>	<u>122,204</u>	<u>-</u>	<u>243,974</u>
 Total accumulated depreciation	 <u>63,529,293</u>	 <u>3,977,473</u>	 <u>378,227</u>	 <u>67,128,539</u>
 Total capital assets, net of depreciation	 <u>\$ 58,669,926</u>	 <u>\$ 18,413,410</u>	 <u>\$ 4,374,290</u>	 <u>\$ 72,709,046</u>

Depreciation expense for the year ended June 30, 2010 was charged to the following functions and funds:

<b>Governmental Activities</b>	
Instruction	\$ 2,963,195
Support services-students	816,729
Support services-general administration	57,195
Central services	26,974
Operations and maintenance of plant	59,443
Food services operations	<u>53,937</u>
 Total	 <u>\$ 3,977,473</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2010

**NOTE 7. Long-term Debt**

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Due Within One Year
General Obligation Qualified Zone Academy School (Qzab) Bonds	\$ 14,930,000	\$ -	\$ -	\$ 14,930,000	\$ -
General Obligation Bonds Series 2002	3,930,000	-	580,000	3,350,000	610,000
General Obligation Bonds Series 2005	305,000	-	40,000	265,000	40,000
General Obligation Bonds Series 2008	9,500,000	-	-	9,500,000	100,000
General Obligation Bonds Series 2009	9,500,000	-	100,000	9,400,000	100,000
General Obligation Bonds Series 2010	-	20,000,000	-	20,000,000	-
Compensated Absences	379,640	244,906	332,623	291,923	291,923
<b>Total Long-Term Debt</b>	<b>\$ 38,544,640</b>	<b>\$ 20,244,906</b>	<b>\$ 1,052,623</b>	<b>\$ 57,736,923</b>	<b>\$ 1,141,923</b>

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, 2010 are for governmental activities.

The annual requirements to amortize the long-term debt as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 850,000	\$ 1,595,984	\$ 2,445,984
2012	875,000	1,559,585	2,434,585
2013	915,000	1,521,646	2,436,646
2014	945,000	1,481,394	2,426,394
2015	1,730,000	1,438,798	3,168,798
2016-2020	17,950,000	5,787,784	23,737,784
2021-2025	17,250,000	2,370,000	19,620,000
2026-2030	2,000,000	80,000	2,080,000
	<b>\$ 42,515,000</b>	<b>\$ 15,835,191</b>	<b>\$ 58,350,191</b>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
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**NOTE 7. Long-term Debt (continued)**

The annual requirements to amortize the general obligation qualified zone academy bonds as of June 30, 2010, including interest payments are as follows:

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

The annual requirements to amortize the 2002 Series general obligation bonds outstanding as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	735,000	16,721	751,721
	<u>\$ 3,350,000</u>	<u>\$ 387,367</u>	<u>\$ 3,737,367</u>

The annual requirements to amortize the 2005 Series general obligation bonds outstanding as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	45,000	2,950	47,950
2016-2020	50,000	1,025	51,025
	<u>\$ 265,000</u>	<u>\$ 33,135</u>	<u>\$ 298,135</u>



**STATE OF NEW MEXICO**  
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**NOTE 7. Long-term Debt (continued)**

The annual requirements to amortize the 2008 Series general obligation bonds outstanding as of June 30, 2010, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	100,000	341,625	441,625
2016-2020	8,000,000	998,000	8,998,000
2021-2025	1,000,000	100,000	1,100,000
	<u>\$ 9,500,000</u>	<u>\$ 2,855,925</u>	<u>\$ 12,355,925</u>

The annual requirements to amortize the 2009 Series general obligation bonds outstanding as of June 30, 2010, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	100,000	360,626	460,626
2016-2020	1,900,000	1,751,879	3,651,879
2021-2025	7,000,000	540,000	7,540,000
	<u>\$ 9,400,000</u>	<u>\$ 4,127,505</u>	<u>\$ 13,527,505</u>

The annual requirements to amortize the 2010 Series general obligation bonds outstanding as of June 30, 2010, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ -	\$ 716,875	\$ 716,875
2012	-	716,876	716,876
2013	-	716,876	716,876
2014	-	716,876	716,876
2015	750,000	716,876	1,466,876
2016-2020	8,000,000	3,036,880	11,036,880
2021-2025	9,250,000	1,730,000	10,980,000
2026-2030	2,000,000	80,000	2,080,000
	<u>\$ 20,000,000</u>	<u>\$ 8,431,259</u>	<u>\$ 28,431,259</u>

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

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

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

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

**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.

**General Obligation School Building Bonds Series 2010** – The District issued General Obligation School Building Bonds in the amount of \$20,000,000 on April 15, 2010 with staggered maturity dates. The last maturity date is April 15, 2026. The principal payment ranges from \$750,000 to \$3,000,000 with annual payments due April 15. The interest rate ranges from 2.75% to 4.00%, 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.

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**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	195,839	6,554,047
2010	6,554,028	841,605	232,669	7,628,302
2011	7,628,263	841,605	270,805	8,740,673
2012	8,740,614	841,605	310,296	9,892,515
2013	9,892,435	841,605	351,188	11,085,228
2014	11,085,127	841,605	393,533	12,320,265
2015	12,320,140	841,605	437,380	13,599,125
2016	13,598,977	841,605	488,847	14,929,429
		<u>\$ 11,779,800</u>	<u>\$ 3,150,200</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, 2010, compensated absences decreased \$87,717 from the prior year accrual. In prior years, the general fund and Title I were typically used to liquidate such long-term liabilities.

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**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, 2010, 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, 2010:

**Nonmajor Funds**

Preschool IDEA-B Special Revenue Fund	\$ (2,837)
Partnership in Character Education Special Revenue Fund	(610)
Title III - Incentive Award Special Revenue Fund	(9,396)
English Language Acquisition Special Revenue Fund	(19,835)
Immigrant Funding Title III Special Revenue Fund	(11,482)
Carl Perkins Secondary Special Revenue Fund	(9,531)
2008 G.O. Bond Student Library Special Revenue Fund	(4,621)
School Improvement Framework Special Revenue Fund	(2,993)
Libraries - G.O. Bonds Special Revenue Fund	(31)
Special Capital Outlay - State - Capital Projects Fund	<u>(181,623)</u>

<b>Total Governmental Funds</b>	<u><u>\$ (242,959)</u></u>
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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.

**STATE OF NEW MEXICO**  
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**NOTE 9. Other Required Individual Fund Disclosures (continued)**

B. Excess of expenditures over appropriations. The following funds had line item expenditures in excess of the budget for the year ended June 30, 2010.

**Nonmajor Funds**

Reading First Special Revenue Fund	\$ (1,357)
Title XIX Medicaid Special Revenue Fund	(17,287)
Family Youth Resource Program Special Revenue Fund	<u>(3,852)</u>
 Total Governmental Funds	 <u><u>\$ (22,496)</u></u>

C. Designated cash appropriations in excess of available balances. The following funds' original budgets exceeded approved budgetary authority for the year ended June 30, 2010:

	<b>Designated Cash</b>	<b>Beginning Year Cash &amp; AR Available</b>	<b>Cash Appropriation in excess of available</b>
Athletics Special Revenue Fund	\$ 502	\$ 169	\$ (333)
Partnership in Character Education Special Revenue Fund	192	-	(192)
Microsoft Settlement Funds Special Revenue Fund	199,893	183,685	(16,208)

**NOTE 10. ERB 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 Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of state public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy.* Effective July 1, 2009, plan members were required by statute to contribute 7.90% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.40% of their gross salary. The Hobbs Municipal School District #33 was required to contribute 12.40% of the gross covered salary for employees earning \$20,000 or less, and 10.90% of the gross salary of employees earning more than \$20,000 annually. The employer contribution is increasing by .75% each year until effective July 1, 2011, the employer contribution will be 13.90% of the gross covered salary. The contribution requirements of plan members and the Hobbs Municipal School District #33 are established in State Statute under Chapter 22, Article 11, NMSA 1978. The 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, 2010, 2009, and 2008 were \$4,400,415, \$4,431,983, and \$3,936,126, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 11. Post-Employment Benefits – State 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.

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.30% of each participating employee’s annual salary; each participating employee is required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

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

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

The Hobbs Municipal School District #33’s contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$513,373, \$495,458, and \$467,447, respectively, which equal the required contribution for 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.

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**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  
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**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



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**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  
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**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**  
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**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

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**NOTE 13. Joint Powers Agreements (continued)**

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

Lea County Distance Education 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 Eastern New Mexico University
<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 Education 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  
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**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**  
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**NOTE 14. Related Parties**

The President of Wells Fargo Bank in Hobbs is also on the District's Board of Education. At year end, the District had \$6,399,890 on deposit with Wells Fargo Bank which represents approximately 57% of the District's total bank deposits. At year end, the District also had \$21,521,997 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, 2010, Wells Fargo Bank 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, 2010 that are to continue into the following fiscal year. These projects are as follows:

<b>Construction Project:</b>	<b>Project #</b>	<b>PO #</b>	<b>Contract Price</b>	<b>Paid-to-date expenses</b>	<b>Expected amount to complete</b>	<b>Expected date of completion</b>
Administration Building Renovation - Totals	Bid #0809-39	various	\$ 4,045,019	\$ 2,995,726	\$ 1,049,293	July-11
Administration Building Direct Digital Control System	Contract	202932	41,909	32,169	9,740	July-11
Freshman Academy Phase I	Bid #0708-08	198332	1,540,878	1,259,975	280,903	March-11
Freshman Wing & Cafeteria - Totals	various	various	22,233,187	4,891,804	17,341,383	March-11
PSCOC-Central Kitchen	Bid #0910-13		2,598,612	638,971	1,959,641	December-10
Freshman-Fire Alarms	Bid #0607-23	209843	452,689	48,009	404,680	December-10
Highland Jr. High Library Addn - Totals	various	various	1,270,517	623,348	647,169	December-10
Warehouse/Maintenance Facility - Totals	various	various	2,802,366	1,060,626	1,741,740	December-10
Alternative High School Facility - Totals	various	various	3,395,301	135,172	3,260,129	March-11
HHS Ag Farm Modifications - Totals	various	various	91,486	82,332	9,154	December-10
HHS Install Controls						
EBI/EXCEL	Contract	200591	157,443	153,754	3,689	December-10
Various Summer 2010 Renovations/Etc - Totals	various	various	512,303	279,413	232,890	September-10
Mills Admin Renovations	Bid #0809-32	205015 & 205016	23,603	18,882	4,721	August-10
Southern Heights Parking Lot	Bid #0910-26	209645 & 209646	55,391	-	55,391	September-10
Summer 2010 Carpeting	CES	209736	225,377	-	225,377	September-10
HMS Training Center - Totals	CES	various	812,153	757,598	54,555	July-10
<b>Totals</b>			<b>\$ 40,258,234</b>	<b>\$ 12,977,779</b>	<b>\$ 27,280,455</b>	

As of the year ended June 30, 2010, the District has \$7,610,586 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, 2011.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2010

**NOTE 16. Restricted Net Assets**

The government-wide statement of net assets reports \$19,106,039 of restricted net assets, of which \$19,106,039 is restricted by enabling legislation. For descriptions of the related restrictions for net assets restricted for special revenue, debt service and capital projects, see pages 51 and 85-89.

**NOTE 17. Subsequent Events**

The District closed on General Obligation School Bond Series 2010A on September 28, 2010 for \$8,000,000. The interest rate on this bond is 3.16%, maturing on September 2028. The purpose of the bond shall be used for erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software or hardware for student use in public schools, and providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act.

After the year ended on June 30, 2010, the District began the process of converting account software from Cims to Skyward. The district plans to go live with the new software January 2011. The total cost of the conversion is \$282,592 and they expect approximately a yearly \$50,000 contract for maintenance and upgrades with the new software

**LGIP Investment in the Reserve Primary Fund**

The New Mexico State Treasurer's Office invested a portion of the LGIP in The Reserve Primary Fund ("the Fund"), a money market fund, in fiscal years 2006, 2007, 2008 and 2009. On September 15, 2008, the balance of the LGIP's investment in the Fund was \$381.7 million. On September 16, 2008, The Reserve Primary Fund's net asset value fell below \$1.00 and holdings in the Fund were frozen.

On July 15, 2010, the Reserve announced that it will begin its seventh distribution to Primary Fund shareholders on or about July 16, 2010. The distribution, in the amount of approximately \$215 million, represents approximately 67% of the Fund's remaining asset value of \$323 million as of the close of business on July 9, 2010. Including this seventh distribution, \$50.7 billion of Fund assets as of the close of business on September 15, 2008, will have been returned to investors. There is \$108 million still remaining with the Reserve at this time and the State Treasurer's Office has no information about timing nor amounts of potential future distributions. As a result, the State Treasurer's Office cannot anticipate what the actual loss to the LGIP from The Reserve Primary Fund may be or when the actual loss may be realized. No actual loss has been realized to date.

The date to which events occurring after June 30, 2010, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is October 22, 2010 which is the date on which the financial statements were issued.

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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Funds  
June 30, 2010

**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 Public Education Department. 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 Public Education Department. 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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Funds  
June 30, 2010

**Special Revenue Funds (continued)**

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

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

**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 II D Competitive (24149)** – To improve instructional strategies, student academic achievement in reading and literacy, and increase student and teacher capacity in 21<sup>st</sup> Century Skills through school-wide implementation of Building Blocks instructional model. The authority for creation of this fund is Title II.D, as amended by the No Child Left Behind Act (Pub L 107-110).

**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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Funds  
June 30, 2010

**Special Revenue Funds (continued)**

**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 Public Education Department. 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.

**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.

**Preschool IDEA-B Federal Stimulus (24209)** – Funded through the American Recovery and Reinvestment Act of 2009 (ARRA) 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.

**Enhancing Education through Technology Federal Stimulus (24249)** – Funded through the American Recovery and Reinvestment Act of 2009 (ARRA), the objective is 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.

**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.

**SEG Federal Stimulus (25250)** - Under the American Recovery and Reinvestment Act of 2009 (ARRA), these federal funds help stabilize the District's budget in order to minimize and avoid reduction in education services.

**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.

**2009 Dual Credit IM/HB2 (27103)** – SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Funds  
June 30, 2010

**Special Revenue Funds (continued)**

**2008 G.O. Bond Student Library (27105)** – The purpose of this fund is to be used to fund each library facility for improvement or acquisition and to acquire library books and library resources to support the library program.

**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.

**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.

**G.O. 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 Initiative (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.

**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.



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Funds  
June 30, 2010

**Special Revenue Funds (continued)**

**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**

**Public School Capital Outlay (31200)** – 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.

**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, 2010

	Special Revenue			
	Food Service	Athletics	Title I IASA	Javits Gifted & Talented Students
<i>Assets</i>				
Cash and cash equivalents	\$ 378,156	\$ 25,668	\$ 219,035	\$ 24
Receivables				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	-	-
Inventory	54,836	-	-	-
<i>Total assets</i>	\$ 432,992	\$ 25,668	\$ 219,035	\$ 24
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	130,434	-	127,377	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	130,434	-	127,377	-
<i>Fund balances</i>				
Reserved for:				
Inventory	54,836	-	-	-
Unreserved, reported in:				
Special revenue	247,722	25,668	91,658	24
Capital projects	-	-	-	-
<i>Total fund balances</i>	302,558	25,668	91,658	24
<i>Total liabilities and fund balances</i>	\$ 432,992	\$ 25,668	\$ 219,035	\$ 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
\$ 58,125	\$ -	\$ 3,365	\$ 2,029	\$ -	\$ 960
-	-	-	-	-	-
-	-	-	-	-	-
27,976	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 86,101</u>	<u>\$ -</u>	<u>\$ 3,365</u>	<u>\$ 2,029</u>	<u>\$ -</u>	<u>\$ 960</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
82,365	-	-	2,029	-	-
-	-	-	-	-	-
-	-	-	2,837	610	-
<u>82,365</u>	<u>-</u>	<u>-</u>	<u>4,866</u>	<u>610</u>	<u>-</u>
-	-	-	-	-	-
3,736	-	3,365	(2,837)	(610)	960
-	-	-	-	-	-
<u>3,736</u>	<u>-</u>	<u>3,365</u>	<u>(2,837)</u>	<u>(610)</u>	<u>960</u>
<u>\$ 86,101</u>	<u>\$ -</u>	<u>\$ 3,365</u>	<u>\$ 2,029</u>	<u>\$ -</u>	<u>\$ 960</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue			
	Comprehensive School Reform	Title III - Incentive Award	Title II D Competitive	Title V Innovative Education Program
<i>Assets</i>				
Cash and cash equivalents	\$ 349	\$ -	\$ 2,828	\$ 850
Receivables				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	1,608	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ 349	\$ -	\$ 4,436	\$ 850
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	2,828	-
Deferred revenue	-	-	-	-
Due to other funds	-	9,396	1,608	-
<i>Total liabilities</i>	-	9,396	4,436	-
<i>Fund balances</i>				
Reserved for:				
Inventory	-	-	-	-
Unreserved, reported in:				
Special revenue	349	(9,396)	-	850
Capital projects	-	-	-	-
<i>Total fund balances</i>	349	(9,396)	-	850
<i>Total liabilities and fund balances</i>	\$ 349	\$ -	\$ 4,436	\$ 850

The accompanying notes are an integral part of these financial statements

Special Revenue

English Language Acquisition	Teacher / Principal Training & Recruiting	Safe & Drug Free Schools & Communities	Immigrant Funding Title III	Reading First	Carl Perkins Secondary
\$ 5,363	\$ 29,792	\$ 1,399	\$ 2,603	\$ 6,545	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
31,220	1,562	725	1,488	3,797	-
-	-	-	-	-	-
<u>\$ 36,583</u>	<u>\$ 31,354</u>	<u>\$ 2,124</u>	<u>\$ 4,091</u>	<u>\$ 10,342</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,363	29,792	1,399	2,603	6,545	-
-	-	-	-	-	-
51,055	1,047	725	12,970	3,797	9,531
-	-	-	-	-	-
56,418	30,839	2,124	15,573	10,342	9,531
-	-	-	-	-	-
(19,835)	515	-	(11,482)	-	(9,531)
-	-	-	-	-	-
<u>(19,835)</u>	<u>515</u>	<u>-</u>	<u>(11,482)</u>	<u>-</u>	<u>(9,531)</u>
<u>\$ 36,583</u>	<u>\$ 31,354</u>	<u>\$ 2,124</u>	<u>\$ 4,091</u>	<u>\$ 10,342</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue			
	Carl Perkins Secondary PY	Title I IASA - Federal Stimulus	Entitlement IDEA- B - Federal Stimulus	Preschool IDEA- B - Federal Stimulus
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 8,746	\$ 71,997	\$ -
Receivables				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	23,749	26,002	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ -	\$ 32,495	\$ 97,999	\$ -
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	8,746	71,997	-
Deferred revenue	-	-	-	-
Due to other funds	-	23,749	26,002	-
<i>Total liabilities</i>	-	32,495	97,999	-
<i>Fund balances</i>				
Reserved for:				
Inventory	-	-	-	-
Unreserved, reported in:				
Special revenue	-	-	-	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	-	-	-	-
<i>Total liabilities and fund balances</i>	\$ -	\$ 32,495	\$ 97,999	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue

Enhancing Education Through Technology - Federal Stimulus	Title XIX Medicaid	SEG Federal Stimulus	J.F Maddox Foundation	Microsoft Settlement Funds	2009 Dual Credit IM/HB2
\$ -	\$ 21,864	\$ -	\$ 88,400	\$ 171,816	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
7,228	-	453,301	-	-	30,000
-	-	126,152	-	-	-
<u>\$ 7,228</u>	<u>\$ 21,864</u>	<u>\$ 579,453</u>	<u>\$ 88,400</u>	<u>\$ 171,816</u>	<u>\$ 30,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
7,228	-	160,565	-	-	30,000
<u>7,228</u>	<u>-</u>	<u>160,565</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
-	-	126,152	-	-	-
-	21,864	292,736	88,400	171,816	-
-	-	-	-	-	-
<u>-</u>	<u>21,864</u>	<u>418,888</u>	<u>88,400</u>	<u>171,816</u>	<u>-</u>
<u>\$ 7,228</u>	<u>\$ 21,864</u>	<u>\$ 579,453</u>	<u>\$ 88,400</u>	<u>\$ 171,816</u>	<u>\$ 30,000</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue			
	2008 G.O. Bond Student Library	Technology For Education PED	Incentives for School Improvement	Family Youth Resource Program
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 2,700	\$ 43,929	\$ 526
Receivables				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	-	1,215
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ 2,700	\$ 43,929	\$ 1,741
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	526
Deferred revenue	-	-	-	-
Due to other funds	4,621	-	-	1,215
	4,621	-	-	1,215
<i>Total liabilities</i>	4,621	-	-	1,741
<i>Fund balances</i>				
Reserved for:				
Inventory	-	-	-	-
Unreserved, reported in:				
Special revenue	(4,621)	2,700	43,929	-
Capital projects	-	-	-	-
	(4,621)	2,700	43,929	-
<i>Total fund balances</i>	(4,621)	2,700	43,929	-
<i>Total liabilities and fund balances</i>	\$ -	\$ 2,700	\$ 43,929	\$ 1,741

The accompanying notes are an integral part of these financial statements



Special Revenue

<u>G.O. Library Bonds</u>	<u>Pre-K Initiative</u>	<u>Beginning Teacher Mentoring</u>	<u>Breakfast For Elementary Students</u>	<u>Technology Equity</u>	<u>Schools in Need of Improvement</u>
\$ 127	\$ 19,326	\$ 8,113	\$ -	\$ 39	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 127</u>	<u>\$ 19,326</u>	<u>\$ 8,113</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	19,228	2	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>19,228</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
127	98	8,111	-	39	-
-	-	-	-	-	-
<u>127</u>	<u>98</u>	<u>8,111</u>	<u>-</u>	<u>39</u>	<u>-</u>
<u>\$ 127</u>	<u>\$ 19,326</u>	<u>\$ 8,113</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue			
	School Improvement Framework	Kindergarten- Three Plus	Libraries - G.O. Bonds	2008 Library Book Fund
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 1	\$ -	\$ 473
Receivables				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ -	\$ 1	\$ -	\$ 473
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	2,993	-	31	-
<i>Total liabilities</i>	2,993	-	31	-
<i>Fund balances</i>				
Reserved for:				
Inventory	-	-	-	-
Unreserved, reported in:				
Special revenue	(2,993)	1	(31)	473
Capital projects	-	-	-	-
<i>Total fund balances</i>	(2,993)	1	(31)	473
<i>Total liabilities and fund balances</i>	\$ -	\$ 1	\$ -	\$ 473

The accompanying notes are an integral part of these financial statements

<u>Special Revenue</u>	<u>Capital Projects</u>					
<u>TCA Value Options</u>	<u>Public School Capital Outlay</u>	<u>Special Building Local</u>	<u>Special Capital Outlay - State</u>	<u>SB-9 Capital Improvements</u>	<u>Total Nonmajor Governmental Funds</u>	
\$ 18,933	\$ -	\$ 17,288	\$ -	\$ 1,786,602	\$ 2,997,971	
-	-	-	-	76,680	76,680	
-	-	-	-	178,418	178,418	
5,026	-	-	-	-	614,897	
-	-	-	-	-	180,988	
<u>\$ 23,959</u>	<u>\$ -</u>	<u>\$ 17,288</u>	<u>\$ -</u>	<u>\$ 2,041,700</u>	<u>\$ 4,048,954</u>	
\$ -	\$ -	\$ -	\$ -	\$ 10,485	\$ 10,485	
5,499	-	-	-	-	496,733	
-	-	-	-	44,625	44,625	
-	-	-	181,623	-	531,603	
<u>5,499</u>	<u>-</u>	<u>-</u>	<u>181,623</u>	<u>55,110</u>	<u>1,083,446</u>	
-	-	-	-	-	180,988	
18,460	-	-	-	-	962,265	
-	-	17,288	(181,623)	1,986,590	1,822,255	
<u>18,460</u>	<u>-</u>	<u>17,288</u>	<u>(181,623)</u>	<u>1,986,590</u>	<u>2,965,508</u>	
<u>\$ 23,959</u>	<u>\$ -</u>	<u>\$ 17,288</u>	<u>\$ -</u>	<u>\$ 2,041,700</u>	<u>\$ 4,048,954</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, 2010

	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	2,451,243	-	1,730,699	-
Federal direct	172,600	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	836,388	240,935	-	-
Investment income	-	-	-	-
Miscellaneous income	-	500	-	-
<i>Total revenues</i>	3,460,231	241,435	1,730,699	-
<i>Expenditures</i>				
Current				
Instruction	-	215,936	1,491,925	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	42,927	-
Support services - school administration	-	-	169,860	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	93,000	-
Food services operations	3,490,887	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	3,490,887	215,936	1,797,712	-
<i>Excess (deficiency) of revenues over expenditures</i>	(30,656)	25,499	(67,013)	-
<i>Net change in fund balances</i>	(30,656)	25,499	(67,013)	-
<i>Fund balances - beginning</i>	333,214	169	158,671	24
<i>Fund balances - end of year</i>	\$ 302,558	\$ 25,668	\$ 91,658	\$ 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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,308,862	5,397	-	62,398	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,308,862</u>	<u>5,397</u>	<u>-</u>	<u>62,398</u>	<u>-</u>	<u>-</u>
295,572	120	-	-	-	-
717,548	5,277	-	38,249	-	-
-	-	-	-	-	-
-	-	-	-	-	-
295,741	-	-	20,913	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,308,861</u>	<u>5,397</u>	<u>-</u>	<u>59,162</u>	<u>-</u>	<u>-</u>
<u>1</u>	<u>-</u>	<u>-</u>	<u>3,236</u>	<u>-</u>	<u>-</u>
1	-	-	3,236	-	-
<u>3,735</u>	<u>-</u>	<u>3,365</u>	<u>(6,073)</u>	<u>(610)</u>	<u>960</u>
<u>\$ 3,736</u>	<u>\$ -</u>	<u>\$ 3,365</u>	<u>\$ (2,837)</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, 2010

Special Revenue

	Comprehensive School Reform	Title III - Incentive Award	Title II D Competitive	Title V Innovative Education Program
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	53,552	313
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>53,552</u>	<u>313</u>
<i>Expenditures</i>				
Current				
Instruction	-	1,337	53,552	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,337</u>	<u>53,552</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,337)</u>	<u>-</u>	<u>313</u>
<i>Net change in fund balances</i>	-	(1,337)	-	313
<i>Fund balances - beginning</i>	<u>349</u>	<u>(8,059)</u>	<u>-</u>	<u>537</u>
<i>Fund balances - end of year</i>	<u>\$ 349</u>	<u>\$ (9,396)</u>	<u>\$ -</u>	<u>\$ 850</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

English Language Acquisition	Teacher / Principal Training & Recruiting	Safe & Drug Free Schools & Communities	Immigrant Funding Title III	Reading First	Carl Perkins Secondary
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
186,406	481,041	26,028	98,952	105,947	59,619
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>186,406</u>	<u>481,041</u>	<u>26,028</u>	<u>98,952</u>	<u>105,947</u>	<u>59,619</u>
140,991	355,906	-	74,243	79,809	59,225
-	378	16,916	-	-	-
-	-	-	-	-	-
2,842	9,610	338	1,670	1,597	254
1,103	37,195	-	2,573	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>144,936</u>	<u>403,089</u>	<u>17,254</u>	<u>78,486</u>	<u>81,406</u>	<u>59,479</u>
<u>41,470</u>	<u>77,952</u>	<u>8,774</u>	<u>20,466</u>	<u>24,541</u>	<u>140</u>
41,470	77,952	8,774	20,466	24,541	140
(61,305)	(77,437)	(8,774)	(31,948)	(24,541)	(9,671)
<u>\$ (19,835)</u>	<u>\$ 515</u>	<u>\$ -</u>	<u>\$ (11,482)</u>	<u>\$ -</u>	<u>\$ (9,531)</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, 2010

	Special Revenue			
	Carl Perkins Secondary PY	Title I IASA - Federal Stimulus	Entitlement IDEA- B - Federal Stimulus	Preschool IDEA- B - Federal Stimulus
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	839,222	1,012,026	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	-	839,222	1,012,026	-
<i>Expenditures</i>				
Current				
Instruction	-	700,028	45,028	-
Support services - students	-	35,531	955,656	-
Support services - instruction	-	1,907	3,596	-
Support services - general administration	-	16,003	-	-
Support services - school administration	-	62,383	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	286	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	816,138	1,004,280	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	23,084	7,746	-
<i>Net change in fund balances</i>	-	23,084	7,746	-
<i>Fund balances - beginning</i>	-	(23,084)	(7,746)	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements



Special Revenue

Enhancing Education Through Technology - Federal Stimulus	Title XIX Medicaid	SEG Federal Stimulus	J.F Maddox Foundation	Microsoft Settlement Funds	2009 Dual Credit IM/HB2
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
152,648	-	4,534,830	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	70,538	-	30,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>152,648</u>	<u>-</u>	<u>4,534,830</u>	<u>70,538</u>	<u>-</u>	<u>30,000</u>
152,648	-	1,411,551	150,989	-	30,000
-	-	546,869	-	-	-
-	-	311,257	-	11,869	-
-	-	122,513	-	-	-
-	-	85,224	7,805	-	-
-	-	102,011	-	-	-
-	-	1,536,517	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>152,648</u>	<u>-</u>	<u>4,115,942</u>	<u>158,794</u>	<u>11,869</u>	<u>30,000</u>
-	-	418,888	(88,256)	(11,869)	-
-	-	418,888	(88,256)	(11,869)	-
-	21,864	-	176,656	183,685	-
<u>\$ -</u>	<u>\$ 21,864</u>	<u>\$ 418,888</u>	<u>\$ 88,400</u>	<u>\$ 171,816</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, 2010

Special Revenue

	2008 G.O. Bond Student Library	Technology For Education PED	Incentives for School Improvement	Family Youth Resource Program
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	21,672	54,153	-	49,913
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>21,672</u>	<u>54,153</u>	<u>-</u>	<u>49,913</u>
<i>Expenditures</i>				
Current				
Instruction	-	77,869	10,093	-
Support services - students	-	-	-	33,809
Support services - instruction	26,293	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>26,293</u>	<u>77,869</u>	<u>10,093</u>	<u>33,809</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,621)</u>	<u>(23,716)</u>	<u>(10,093)</u>	<u>16,104</u>
<i>Net change in fund balances</i>	(4,621)	(23,716)	(10,093)	16,104
<i>Fund balances - beginning</i>	-	26,416	54,022	(16,104)
<i>Fund balances - end of year</i>	<u>\$ (4,621)</u>	<u>\$ 2,700</u>	<u>\$ 43,929</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

G.O. Library Bonds	Pre-K Initiative	Beginning Teacher Mentoring	Breakfast For Elementary Students	Technology Equity	Schools in Need of Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	264,954	27,763	91,725	-	68,637
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	264,954	27,763	91,725	-	68,637
-	216,448	32,372	-	-	58,136
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,537	-	-	-
-	-	14,183	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,494
-	-	-	91,725	-	-
-	-	-	-	-	-
-	216,448	48,092	91,725	-	59,630
-	48,506	(20,329)	-	-	9,007
-	48,506	(20,329)	-	-	9,007
127	(48,408)	28,440	-	39	(9,007)
\$ 127	\$ 98	\$ 8,111	\$ -	\$ 39	\$ -

**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, 2010

	Special Revenue			
	School Improvement Framework	Kindergarten- Three Plus	Libraries - G.O. Bonds	2008 Library Book Fund
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	154,079	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	-	154,079	-	-
<i>Expenditures</i>				
Current				
Instruction	-	90,801	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	23,908
Support services - general administration	-	-	-	-
Support services - school administration	-	19,520	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	6,753	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	117,074	-	23,908
<i>Excess (deficiency) of revenues over expenditures</i>	-	37,005	-	(23,908)
<i>Net change in fund balances</i>	-	37,005	-	(23,908)
<i>Fund balances - beginning</i>	(2,993)	(37,004)	(31)	24,381
<i>Fund balances - end of year</i>	\$ (2,993)	\$ 1	\$ (31)	\$ 473

The accompanying notes are an integral part of these financial statements

Special Revenue	Capital Projects					Total Nonmajor Governmental Funds
TCA Value Options	Public School Capital Outlay	Special Building Local	Special Capital Outlay - State	SB-9 Capital Improvements		
\$ -	\$ -	\$ -	\$ -	\$ 1,447,650	\$	1,447,650
-	-	-	-	1,211,379		1,211,379
-	-	-	-	-		13,109,183
-	-	-	-	-		172,600
-	-	5,148	-	-		5,148
284,403	638,971	-	724,546	152,367		2,633,721
-	-	-	-	-		1,077,323
-	-	15	-	5,171		5,186
-	-	-	-	11,113		11,613
<u>284,403</u>	<u>638,971</u>	<u>5,163</u>	<u>724,546</u>	<u>2,827,680</u>		<u>19,673,803</u>
27,269	-	-	-	-		5,771,848
139,335	-	-	-	-		2,489,568
-	-	-	-	-		378,830
-	-	-	-	14,406		212,160
51,460	-	-	-	-		755,314
-	-	-	-	-		116,194
23,358	-	-	-	1,774,125		3,334,286
-	-	-	-	-		101,247
-	-	-	-	-		3,582,612
-	638,971	-	724,546	321,976		1,685,493
<u>241,422</u>	<u>638,971</u>	<u>-</u>	<u>724,546</u>	<u>2,110,507</u>		<u>18,427,552</u>
42,981	-	5,163	-	717,173		1,246,251
42,981	-	5,163	-	717,173		1,246,251
(24,521)	-	12,125	(181,623)	1,269,417		1,719,257
<u>\$ 18,460</u>	<u>\$ -</u>	<u>\$ 17,288</u>	<u>\$ (181,623)</u>	<u>\$ 1,986,590</u>		<u>\$ 2,965,508</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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	2,100,000	2,100,000	2,457,797	357,797
Federal direct	173,398	172,599	172,600	1
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	1,040,350	1,040,350	836,388	(203,962)
Investment income	45	45	-	(45)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,313,793</u>	<u>3,312,994</u>	<u>3,466,785</u>	<u>153,791</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	3,431,055	3,580,907	3,475,650	105,257
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>3,431,055</u>	<u>3,580,907</u>	<u>3,475,650</u>	<u>105,257</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(117,262)</u>	<u>(267,913)</u>	<u>(8,865)</u>	<u>259,048</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	117,262	267,913	-	(267,913)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>117,262</u>	<u>267,913</u>	<u>-</u>	<u>(267,913)</u>
<i>Net change in fund balance</i>	-	-	(8,865)	(8,865)
<i>Fund balance - beginning of year</i>	-	-	387,021	387,021
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,156</u>	<u>\$ 378,156</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (8,865)
Adjustments to revenue for federal grants recognized in the prior year				(6,554)
Adjustments to expenditures for food service operations				(15,237)
Net change in fund balance (GAAP Basis)				<u>\$ (30,656)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-2

Hobbs Municipal School District #33

Athletics Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	185,000	232,000	240,935	8,935
Investment income	-	-	-	-
Miscellaneous	-	-	500	500
<i>Total revenues</i>	<u>185,000</u>	<u>232,000</u>	<u>241,435</u>	<u>9,435</u>
<i>Expenditures</i>				
Current				
Instruction	185,502	232,157	215,936	16,221
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>185,502</u>	<u>232,157</u>	<u>215,936</u>	<u>16,221</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(502)</u>	<u>(157)</u>	<u>25,499</u>	<u>25,656</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	502	157	-	(157)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>502</u>	<u>157</u>	<u>-</u>	<u>(157)</u>
<i>Net change in fund balance</i>	-	-	25,499	25,499
<i>Fund balance - beginning of year</i>	-	-	169	169
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,668</u>	<u>\$ 25,668</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 25,499
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 25,499</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-3

Hobbs Municipal School District #33

Title I IASA Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	2,023,779	2,116,840	1,730,699	(386,141)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,023,779</u>	<u>2,116,840</u>	<u>1,730,699</u>	<u>(386,141)</u>
<i>Expenditures</i>				
Current				
Instruction	1,687,935	1,770,468	1,513,778	256,690
Support services	232,775	243,303	212,787	30,516
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	103,069	103,069	93,000	10,069
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>2,023,779</u>	<u>2,116,840</u>	<u>1,819,565</u>	<u>297,275</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(88,866)</u>	<u>(88,866)</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>	<u>-</u>	<u>-</u>	<u>(88,866)</u>	<u>(88,866)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>307,901</u>	<u>307,901</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,035</u>	<u>\$ 219,035</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (88,866)
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				21,853
Net change in fund balance (GAAP Basis)				<u>\$ (67,013)</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, 2010

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	1,700,580	1,416,459	(284,121)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,700,580</u>	<u>1,416,459</u>	<u>(284,121)</u>
<i>Expenditures</i>				
Current				
Instruction	-	308,736	295,572	13,164
Support services	-	1,391,844	1,035,631	356,213
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>1,331,203</u>	<u>369,377</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>85,256</u>	<u>85,256</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>	-	-	85,256	85,256
<i>Fund balance - beginning of year</i>	-	-	(27,131)	(27,131)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,125</u>	<u>\$ 58,125</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 85,256
Adjustments to revenue for federal flowthrough grants				(107,597)
Adjustments to expenditures for payroll expenditures				22,342
Net change in fund balance (GAAP Basis)				<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2010

Statement B-6

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	6,013	37,927	31,914
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>6,013</u>	<u>37,927</u>	<u>31,914</u>
<i>Expenditures</i>				
Current				
Instruction	-	123	120	3
Support services	-	5,890	5,277	613
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>6,013</u>	<u>5,397</u>	<u>616</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>	<u>-</u>	<u>-</u>	<u>32,530</u>	<u>32,530</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(32,530)</u>	<u>(32,530)</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)				\$ 32,530
Adjustments to revenue for federal grants recognized in the prior year				(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, 2010

Statement B-7

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	71,022	62,398	(8,624)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>71,022</u>	<u>62,398</u>	<u>(8,624)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	71,022	58,371	12,651
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>71,022</u>	<u>58,371</u>	<u>12,651</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>4,027</u>	<u>4,027</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>	<u>-</u>	<u>-</u>	<u>4,027</u>	<u>4,027</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(4,835)</u>	<u>(4,835)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (808)</u>	<u>\$ (808)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,027
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				(791)
Net change in fund balance (GAAP Basis)				<u>\$ 3,236</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2010

Statement B-9

	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	192	192	-	192
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>192</u>	<u>192</u>	<u>-</u>	<u>192</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(192)</u>	<u>(192)</u>	<u>-</u>	<u>192</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	192	192	-	(192)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>192</u>	<u>192</u>	<u>-</u>	<u>(192)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	(610)	(610)
<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)				\$ -
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-10

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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>	-	-	960	960
<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, 2010

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

Statement B-12

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	3,004	-	(3,004)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>3,004</u>	<u>-</u>	<u>(3,004)</u>
<i>Expenditures</i>				
Current				
Instruction	-	3,004	1,337	1,667
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>3,004</u>	<u>1,337</u>	<u>1,667</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,337)</u>	<u>(1,337)</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>	<u>-</u>	<u>-</u>	<u>(1,337)</u>	<u>(1,337)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(8,059)</u>	<u>(8,059)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,396)</u>	<u>\$ (9,396)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,337)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (1,337)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-13

Hobbs Municipal School District #33  
 Title II D Competitive 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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	60,000	51,944	(8,056)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>60,000</u>	<u>51,944</u>	<u>(8,056)</u>
<i>Expenditures</i>				
Current				
Instruction	-	60,000	50,724	9,276
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>60,000</u>	<u>50,724</u>	<u>9,276</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,220</u>	<u>1,220</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>	<u>-</u>	<u>-</u>	<u>1,220</u>	<u>1,220</u>
<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>\$ 1,220</u>	<u>\$ 1,220</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,220
Adjustments to revenues for federal grants				1,608
Adjustments to expenditures for payroll expenditures				(2,828)
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-14

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	313	313
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>313</u>	<u>313</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>313</u>	<u>313</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>	-	-	313	313
<i>Fund balance - beginning of year</i>	-	-	537	537
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 850</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 313
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 313</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-15

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	116,600	229,733	155,186	(74,547)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>116,600</u>	<u>229,733</u>	<u>155,186</u>	<u>(74,547)</u>
<i>Expenditures</i>				
Current				
Instruction	100,195	181,312	140,761	40,551
Support services	16,405	48,421	3,945	44,476
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>116,600</u>	<u>229,733</u>	<u>144,706</u>	<u>85,027</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>10,480</u>	<u>10,480</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>	<u>-</u>	<u>-</u>	<u>10,480</u>	<u>10,480</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(56,172)</u>	<u>(56,172)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,692)</u>	<u>\$ (45,692)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 10,480
Adjustments to revenue for federal flowthrough grants				31,220
Adjustments to expenditures for payroll expenditures				(230)
Net change in fund balance (GAAP Basis)				<u>\$ 41,470</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-16

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	527,883	612,114	479,479	(132,635)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>527,883</u>	<u>612,114</u>	<u>479,479</u>	<u>(132,635)</u>
<i>Expenditures</i>				
Current				
Instruction	479,297	561,876	365,867	196,009
Support services	48,586	50,238	47,183	3,055
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>527,883</u>	<u>612,114</u>	<u>413,050</u>	<u>199,064</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>66,429</u>	<u>66,429</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>	<u>-</u>	<u>-</u>	<u>66,429</u>	<u>66,429</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(37,684)</u>	<u>(37,684)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,745</u>	<u>\$ 28,745</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 66,429
Adjustments to revenue for federal flowthrough grants				1,562
Adjustments to expenditures for payroll expenditures				9,961
Net change in fund balance (GAAP Basis)				<u>\$ 77,952</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-17

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	31,961	32,121	25,303	(6,818)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>31,961</u>	<u>32,121</u>	<u>25,303</u>	<u>(6,818)</u>
<i>Expenditures</i>				
Current				
Instruction	49	-	-	-
Support services	31,912	32,121	19,666	12,455
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>31,961</u>	<u>32,121</u>	<u>19,666</u>	<u>12,455</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>5,637</u>	<u>5,637</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>	<u>-</u>	<u>-</u>	<u>5,637</u>	<u>5,637</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(4,963)</u>	<u>(4,963)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 674</u>	<u>\$ 674</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5,637
Adjustments to revenue for federal flowthrough grants				725
Adjustments to expenditures for payroll expenditures				2,412
Net change in fund balance (GAAP Basis)				<u>\$ 8,774</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, 2010

Statement B-18

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	91,518	105,615	14,097
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>91,518</u>	<u>105,615</u>	<u>14,097</u>
<i>Expenditures</i>				
Current				
Instruction	-	84,778	81,848	2,930
Support services	-	6,740	4,243	2,497
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>91,518</u>	<u>86,091</u>	<u>5,427</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>19,524</u>	<u>19,524</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>	<u>-</u>	<u>-</u>	<u>19,524</u>	<u>19,524</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(29,891)</u>	<u>(29,891)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,367)</u>	<u>\$ (10,367)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 19,524
Adjustments to revenue for federal flowthrough grants				(6,663)
Adjustments to expenditures for payroll expenditures				7,605
Net change in fund balance (GAAP Basis)				<u>\$ 20,466</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-19

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	162,827	81,413	102,150	20,737
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>162,827</u>	<u>81,413</u>	<u>102,150</u>	<u>20,737</u>
<i>Expenditures</i>				
Current				
Instruction	159,634	79,816	81,173	(1,357)
Support services	3,193	1,597	1,597	-
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>162,827</u>	<u>81,413</u>	<u>82,770</u>	<u>(1,357)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>19,380</u>	<u>19,380</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>	<u>-</u>	<u>-</u>	<u>19,380</u>	<u>19,380</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(16,632)</u>	<u>(16,632)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,748</u>	<u>\$ 2,748</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 19,380
Adjustments to revenue for federal flowthrough grants				3,797
Adjustments to expenditures for payroll expenditures				1,364
Net change in fund balance (GAAP Basis)				<u>\$ 24,541</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-20

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	61,139	81,009	66,585	(14,424)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>61,139</u>	<u>81,009</u>	<u>66,585</u>	<u>(14,424)</u>
<i>Expenditures</i>				
Current				
Instruction	58,082	77,952	59,225	18,727
Support services	3,057	3,057	254	2,803
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>61,139</u>	<u>81,009</u>	<u>59,479</u>	<u>21,530</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>7,106</u>	<u>7,106</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>	<u>-</u>	<u>-</u>	<u>7,106</u>	<u>7,106</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(16,637)</u>	<u>(16,637)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,531)</u>	<u>\$ (9,531)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 7,106
Adjustments to revenue for federal grants recognized in the prior year				(6,966)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 140</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 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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	3,000	-	(3,000)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
<i>Expenditures</i>				
Current				
Instruction	-	3,000	-	3,000
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>3,000</u>	<u>-</u>	<u>3,000</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-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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	634,782	1,239,869	815,473	(424,396)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>634,782</u>	<u>1,239,869</u>	<u>815,473</u>	<u>(424,396)</u>
<i>Expenditures</i>				
Current				
Instruction	498,453	1,022,465	691,282	331,183
Support services	131,075	208,312	115,824	92,488
Central services	1,516	1,516	-	1,516
Operation and maintenance of plant	236	572	286	286
Student transportation	-	-	-	-
Food services operations	3,502	7,004	-	7,004
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>634,782</u>	<u>1,239,869</u>	<u>807,392</u>	<u>432,477</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>8,081</u>	<u>8,081</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>	<u>-</u>	<u>-</u>	<u>8,081</u>	<u>8,081</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(23,084)</u>	<u>(23,084)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,003)</u>	<u>\$ (15,003)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 8,081
Adjustments to revenue for federal flowthrough grants				23,749
Adjustments to expenditures for payroll expenditures				(8,746)
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

Statement B-23

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	1,622,220	986,024	(636,196)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,622,220</u>	<u>986,024</u>	<u>(636,196)</u>
<i>Expenditures</i>				
Current				
Instruction	-	71,840	45,028	26,812
Support services	-	1,550,380	887,255	663,125
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>1,622,220</u>	<u>932,283</u>	<u>689,937</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>53,741</u>	<u>53,741</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>	-	-	53,741	53,741
<i>Fund balance - beginning of year</i>	-	-	(7,746)	(7,746)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,995</u>	<u>\$ 45,995</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 53,741
Adjustments to revenue for federal flowthrough grants				26,002
Adjustments to expenditures for payroll expenditures				(71,997)
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

Statement B-24

Hobbs Municipal School District #33  
 Preschool IDEA-B Federal Stimulus Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	38,369	-	(38,369)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>38,369</u>	<u>-</u>	<u>(38,369)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	38,369	-	38,369
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>38,369</u>	<u>-</u>	<u>38,369</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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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-25

Hobbs Municipal School District #33

Enhancing Education Through Technology 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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	230,698	145,420	(85,278)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>230,698</u>	<u>145,420</u>	<u>(85,278)</u>
<i>Expenditures</i>				
Current				
Instruction	-	230,698	152,648	78,050
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>230,698</u>	<u>152,648</u>	<u>78,050</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,228)</u>	<u>(7,228)</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>	-	-	(7,228)	(7,228)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,228)</u>	<u>\$ (7,228)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (7,228)
Adjustments to revenue for federal flowthrough grants				7,228
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-26

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, 2010

	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	-	-	17,287	(17,287)
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>17,287</u>	<u>(17,287)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(17,287)</u>	<u>(17,287)</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>	-	-	(17,287)	(17,287)
<i>Fund balance - beginning of year</i>	-	-	39,151	39,151
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,864</u>	<u>\$ 21,864</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (17,287)
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures recognized in the prior year				17,287
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-27

Hobbs Municipal School District #33  
 SEG 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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	3,477,382	4,564,791	4,081,529	(483,262)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,477,382</u>	<u>4,564,791</u>	<u>4,081,529</u>	<u>(483,262)</u>
<i>Expenditures</i>				
Current				
Instruction	1,960,149	1,830,649	1,537,703	292,946
Support services	1,232,922	1,079,460	1,065,863	13,597
Central services	141,800	110,761	102,011	8,750
Operation and maintenance of plant	142,511	1,543,921	1,536,517	7,404
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>3,477,382</u>	<u>4,564,791</u>	<u>4,242,094</u>	<u>322,697</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(160,565)</u>	<u>(160,565)</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>	<u>-</u>	<u>-</u>	<u>(160,565)</u>	<u>(160,565)</u>
<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>\$ (160,565)</u>	<u>\$ (160,565)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (160,565)
Adjustments to revenue for federal flowthrough grants				453,301
Adjustments to expenditures for inventory expenditures				126,152
Net change in fund balance (GAAP Basis)				<u>\$ 418,888</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-28

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	66,875	72,413	70,538	(1,875)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>66,875</u>	<u>72,413</u>	<u>70,538</u>	<u>(1,875)</u>
<i>Expenditures</i>				
Current				
Instruction	152,018	237,040	150,989	86,051
Support services	-	12,029	7,805	4,224
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>152,018</u>	<u>249,069</u>	<u>158,794</u>	<u>90,275</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(85,143)</u>	<u>(176,656)</u>	<u>(88,256)</u>	<u>88,400</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	85,143	176,656	-	(176,656)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>85,143</u>	<u>176,656</u>	<u>-</u>	<u>(176,656)</u>
<i>Net change in fund balance</i>	-	-	(88,256)	(88,256)
<i>Fund balance - beginning of year</i>	-	-	176,656	176,656
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,400</u>	<u>\$ 88,400</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (88,256)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (88,256)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-29

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, 2010

	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	-	149,900	149,900	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>149,900</u>	<u>149,900</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	199,893	183,685	11,869	171,816
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>199,893</u>	<u>183,685</u>	<u>11,869</u>	<u>171,816</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(199,893)</u>	<u>(33,785)</u>	<u>138,031</u>	<u>171,816</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	199,893	33,785	-	(33,785)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>199,893</u>	<u>33,785</u>	<u>-</u>	<u>(33,785)</u>
<i>Net change in fund balance</i>	-	-	138,031	138,031
<i>Fund balance - beginning of year</i>	-	-	33,785	33,785
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,816</u>	<u>\$ 171,816</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 138,031
Adjustments to revenue for state flowthrough grants recognized in the prior year				(149,900)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (11,869)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-30

Hobbs Municipal School District #33  
 2009 Dual Credit IM/HB2 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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	30,000	-	(30,000)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
<i>Expenditures</i>				
Current				
Instruction	-	30,000	30,000	-
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>30,000</u>	<u>30,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</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>	-	-	(30,000)	(30,000)
<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>\$ (30,000)</u>	<u>\$ (30,000)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (30,000)
Adjustments to revenue for state flowthrough grants				30,000
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  
2008 G.O. Bond Student Library Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

Statement B-31

	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	-	60,199	21,672	(38,527)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>60,199</u>	<u>21,672</u>	<u>(38,527)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	60,199	26,293	33,906
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>60,199</u>	<u>26,293</u>	<u>33,906</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,621)</u>	<u>(4,621)</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>	<u>-</u>	<u>-</u>	<u>(4,621)</u>	<u>(4,621)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,621)</u>	<u>\$ (4,621)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (4,621)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (4,621)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-32

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	51,457	54,153	2,696
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>51,457</u>	<u>54,153</u>	<u>2,696</u>
<i>Expenditures</i>				
Current				
Instruction	31,403	86,872	86,869	3
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>31,403</u>	<u>86,872</u>	<u>86,869</u>	<u>3</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(31,403)</u>	<u>(35,415)</u>	<u>(32,716)</u>	<u>2,699</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	31,403	35,415	-	(35,415)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>31,403</u>	<u>35,415</u>	<u>-</u>	<u>(35,415)</u>
<i>Net change in fund balance</i>	-	-	(32,716)	(32,716)
<i>Fund balance - beginning of year</i>	-	-	35,416	35,416
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,700</u>	<u>\$ 2,700</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (32,716)
No adjustments to revenues				-
Adjustments to expenditures for instructional expenditures recognized in the prior year				9,000
Net change in fund balance (GAAP Basis)				<u>\$ (23,716)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-33

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, 2010

	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	9,813	19,702	-	(19,702)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,813</u>	<u>19,702</u>	<u>-</u>	<u>(19,702)</u>
<i>Expenditures</i>				
Current				
Instruction	9,813	19,702	10,093	9,609
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>9,813</u>	<u>19,702</u>	<u>10,093</u>	<u>9,609</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(10,093)</u>	<u>(10,093)</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>	<u>-</u>	<u>-</u>	<u>(10,093)</u>	<u>(10,093)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>54,022</u>	<u>54,022</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,929</u>	<u>\$ 43,929</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (10,093)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (10,093)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-34

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, 2010

	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	-	33,815	48,698	14,883
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>33,815</u>	<u>48,698</u>	<u>14,883</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	33,815	37,667	(3,852)
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>33,815</u>	<u>37,667</u>	<u>(3,852)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>11,031</u>	<u>11,031</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>	-	-	11,031	11,031
<i>Fund balance - beginning of year</i>	-	-	(11,720)	(11,720)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (689)</u>	<u>\$ (689)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 11,031
No adjustments to revenues				1,215
Adjustments to expenditures for payroll expenditures				3,858
Net change in fund balance (GAAP Basis)				<u>\$ 16,104</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-35

Hobbs Municipal School District #33  
 G.O. 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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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>	-	-	127	127
<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-36

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	224,240	272,894	48,654
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>224,240</u>	<u>272,894</u>	<u>48,654</u>
<i>Expenditures</i>				
Current				
Instruction	-	224,240	217,275	6,965
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>	<u>-</u>	<u>224,240</u>	<u>217,275</u>	<u>6,965</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>55,619</u>	<u>55,619</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>	-	-	55,619	55,619
<i>Fund balance - beginning of year</i>	-	-	(36,293)	(36,293)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,326</u>	<u>\$ 19,326</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 55,619
Adjustments to revenue for state flowthrough grants recognized in the prior year				(7,940)
Adjustments to expenditures for payroll expenditures				827
Net change in fund balance (GAAP Basis)				<u>\$ 48,506</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-37

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, 2010

	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	-	27,764	27,763	(1)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>27,764</u>	<u>27,763</u>	<u>(1)</u>
<i>Expenditures</i>				
Current				
Instruction	-	32,823	32,370	453
Support services	-	3,444	1,537	1,907
Central services	-	19,936	14,183	5,753
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>56,203</u>	<u>48,090</u>	<u>8,113</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(28,439)</u>	<u>(20,327)</u>	<u>8,112</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	28,439	-	(28,439)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>28,439</u>	<u>-</u>	<u>(28,439)</u>
<i>Net change in fund balance</i>	-	-	(20,327)	(20,327)
<i>Fund balance - beginning of year</i>	-	-	28,440	28,440
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,113</u>	<u>\$ 8,113</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (20,327)
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				(2)
Net change in fund balance (GAAP Basis)				<u>\$ (20,329)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-38

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	91,725	91,725	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>91,725</u>	<u>91,725</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	91,725	91,725	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>91,725</u>	<u>91,725</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-39

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	39	39	-	39
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>39</u>	<u>39</u>	<u>-</u>	<u>39</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(39)</u>	<u>(39)</u>	<u>-</u>	<u>39</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	39	39	-	(39)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>39</u>	<u>39</u>	<u>-</u>	<u>(39)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	39	39
<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)				\$ -
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-40

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	122,680	68,637	(54,043)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>122,680</u>	<u>68,637</u>	<u>(54,043)</u>
<i>Expenditures</i>				
Current				
Instruction	-	121,180	58,136	63,044
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	1,500	1,494	6
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>122,680</u>	<u>59,630</u>	<u>63,050</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>	<u>-</u>	<u>-</u>	<u>9,007</u>	<u>9,007</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(9,007)</u>	<u>(9,007)</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)				\$ 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, 2010

Statement B-41

	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

Statement B-42

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	140,430	154,079	13,649
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>140,430</u>	<u>154,079</u>	<u>13,649</u>
<i>Expenditures</i>				
Current				
Instruction	-	105,390	90,801	14,589
Support services	-	23,873	19,520	4,353
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	11,167	6,753	4,414
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>140,430</u>	<u>117,074</u>	<u>23,356</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>37,005</u>	<u>37,005</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>	<u>-</u>	<u>-</u>	<u>37,005</u>	<u>37,005</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(37,004)</u>	<u>(37,004)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 37,005
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 37,005</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-43

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	7,280	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,280</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	7,280	-	-	-
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>7,280</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>	-	-	(31)	(31)
<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)				\$ -
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-44

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, 2010

	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	-	(24,381)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>24,381</u>	<u>24,381</u>	<u>-</u>	<u>(24,381)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	24,381	24,381	23,908	473
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>24,381</u>	<u>24,381</u>	<u>23,908</u>	<u>473</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(23,908)</u>	<u>(23,908)</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>	<u>-</u>	<u>-</u>	<u>(23,908)</u>	<u>(23,908)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>24,381</u>	<u>24,381</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473</u>	<u>\$ 473</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (23,908)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (23,908)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-45

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	276,836	324,204	47,368
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>276,836</u>	<u>324,204</u>	<u>47,368</u>
<i>Expenditures</i>				
Current				
Instruction	-	38,669	27,269	11,400
Support services	-	214,809	192,570	22,239
Central services	-	-	-	-
Operation and maintenance of plant	-	23,358	23,358	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>276,836</u>	<u>243,197</u>	<u>33,639</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>81,007</u>	<u>81,007</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>	<u>-</u>	<u>-</u>	<u>81,007</u>	<u>81,007</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(62,074)</u>	<u>(62,074)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,933</u>	<u>\$ 18,933</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 81,007
Adjustments to revenue for state flowthrough grants				(39,801)
Adjustments to expenditures for payroll expenditures				1,775
Net change in fund balance (GAAP Basis)				<u>\$ 42,981</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-46

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	-	-	28,069	28,069
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>28,069</u>	<u>28,069</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	11,309,410	34,929,173	12,809,968	22,119,205
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>11,309,410</u>	<u>34,929,173</u>	<u>12,809,968</u>	<u>22,119,205</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,309,410)</u>	<u>(34,929,173)</u>	<u>(12,781,899)</u>	<u>22,147,274</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	11,309,410	14,929,173	-	(14,929,173)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	20,000,000	20,000,000	-
<i>Total other financing sources (uses)</i>	<u>11,309,410</u>	<u>34,929,173</u>	<u>20,000,000</u>	<u>(14,929,173)</u>
<i>Net change in fund balance</i>	-	-	7,218,101	7,218,101
<i>Fund balance - beginning of year</i>	-	-	14,929,173	14,929,173
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,147,274</u>	<u>\$ 22,147,274</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 7,218,101
No adjustments to revenues				-
Adjustments to expenditures for bond issuance costs and capital outlay expenditures				(94,776)
Net change in fund balance (GAAP Basis)				<u>\$ 7,123,325</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-47

Hobbs Municipal School District #33  
 Public School Capital Outlay Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	4,205,482	638,971	(3,566,511)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>4,205,482</u>	<u>638,971</u>	<u>(3,566,511)</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	-	4,205,482	638,971	3,566,511
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>4,205,482</u>	<u>638,971</u>	<u>3,566,511</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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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-48

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, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	5,148	5,148
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	15	15
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>5,163</u>	<u>5,163</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	11,971	11,971	-	11,971
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>11,971</u>	<u>11,971</u>	<u>-</u>	<u>11,971</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,971)</u>	<u>(11,971)</u>	<u>5,163</u>	<u>17,134</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	11,971	11,971	-	(11,971)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>11,971</u>	<u>11,971</u>	<u>-</u>	<u>(11,971)</u>
<i>Net change in fund balance</i>	-	-	5,163	5,163
<i>Fund balance - beginning of year</i>	-	-	12,125	12,125
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,288</u>	<u>\$ 17,288</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5,163
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 5,163</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, 2010

Statement B-49

	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	688,773	724,546	724,546	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>688,773</u>	<u>724,546</u>	<u>724,546</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	688,773	724,546	724,546	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>688,773</u>	<u>724,546</u>	<u>724,546</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>	-	-	(181,623)	(181,623)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (181,623)</u>	<u>\$ (181,623)</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-50

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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,885,888	\$ 1,885,888	\$ 2,881,370	\$ 995,482
Oil and gas taxes	2,529,540	2,529,540	2,294,806	(234,734)
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	1,741	1,741
Miscellaneous	-	-	55,117	55,117
<i>Total revenues</i>	<u>4,415,428</u>	<u>4,415,428</u>	<u>5,233,034</u>	<u>817,606</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	18,859	29,359	28,813	546
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	7,787,966	9,277,466	4,953,430	4,324,036
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>7,806,825</u>	<u>9,306,825</u>	<u>4,982,243</u>	<u>4,324,582</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,391,397)</u>	<u>(4,891,397)</u>	<u>250,791</u>	<u>5,142,188</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,391,397	4,891,397	-	(4,891,397)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,391,397</u>	<u>4,891,397</u>	<u>-</u>	<u>(4,891,397)</u>
<i>Net change in fund balance</i>	-	-	250,791	250,791
<i>Fund balance - beginning of year</i>	-	-	5,004,052	5,004,052
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,254,843</u>	<u>\$ 5,254,843</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 250,791
Adjustments to revenues for taxes				106,105
Adjustments to expenditures for capital outlay expenditures				723,544
Net change in fund balance (GAAP Basis)				<u>\$ 1,080,440</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-51

Hobbs Municipal School District #33  
 SB-9 Capital Improvements 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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 942,708	\$ 942,708	\$ 1,440,678	\$ 497,970
Oil and gas taxes	1,264,770	1,264,770	1,147,405	(117,365)
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	152,367	311,538	152,367	(159,171)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	4,500	4,500	5,171	671
Miscellaneous	-	-	11,113	11,113
<i>Total revenues</i>	<u>2,364,345</u>	<u>2,523,516</u>	<u>2,756,734</u>	<u>233,218</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	12,648	14,648	14,406	242
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	2,989,868	3,638,758	2,085,616	1,553,142
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>3,002,516</u>	<u>3,653,406</u>	<u>2,100,022</u>	<u>1,553,384</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(638,171)</u>	<u>(1,129,890)</u>	<u>656,712</u>	<u>1,786,602</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	638,171	1,129,890	-	(1,129,890)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>638,171</u>	<u>1,129,890</u>	<u>-</u>	<u>(1,129,890)</u>
<i>Net change in fund balance</i>	-	-	656,712	656,712
<i>Fund balance - beginning of year</i>	-	-	1,129,890	1,129,890
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,786,602</u>	<u>\$ 1,786,602</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 656,712
Adjustments to revenues for taxes and state flowthrough grants				70,946
Adjustments to expenditures for capital outlay expenditures				(10,485)
Net change in fund balance (GAAP Basis)				<u>\$ 717,173</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-52

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,027,800	\$ 1,027,800	\$ 1,220,914	\$ 193,114
Oil and gas taxes	1,627,351	1,627,351	937,700	(689,651)
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	15,000	15,000	235,796	220,796
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,670,151</u>	<u>2,670,151</u>	<u>2,394,410</u>	<u>(275,741)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	10,278	12,278	12,209	69
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	3,576,954	4,183,313	720,000	3,463,313
Interest	1,093,546	1,093,547	1,093,546	1
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>4,680,778</u>	<u>5,289,138</u>	<u>1,825,755</u>	<u>3,463,383</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,010,627)</u>	<u>(2,618,987)</u>	<u>568,655</u>	<u>3,187,642</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,010,627	2,618,987	-	(2,618,987)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond premium	-	401,991	401,991	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,010,627</u>	<u>3,020,978</u>	<u>401,991</u>	<u>(2,618,987)</u>
<i>Net change in fund balance</i>	-	401,991	970,646	568,655
<i>Fund balance - beginning of year</i>	-	-	7,941,222	7,941,222
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ 401,991</u>	<u>\$ 8,911,868</u>	<u>\$ 8,509,877</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 970,646
Adjustments to revenues for taxes				77,714
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 1,048,360</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
General Fund  
June 30, 2010

Statement C-1

	Operating	Pupil Transportation	Instructional Materials	Total
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 5,610,762	\$ 174	\$ 261,635	\$ 5,872,571
Investments	13,844	-	-	13,844
Receivables				
Property taxes	14,923	-	-	14,923
Oil and gas taxes	44,603	-	-	44,603
Other	19,710	-	-	19,710
Inventory	122,698	-	-	122,698
Due from other funds	531,603	-	-	531,603
	<b>\$ 6,358,143</b>	<b>\$ 174</b>	<b>\$ 261,635</b>	<b>\$ 6,619,952</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities</i>				
Accounts payable	\$ 42,525	\$ -	\$ 301,070	\$ 343,595
Accrued payroll	3,294,177	21	-	3,294,198
Deferred revenue	12,469	-	-	12,469
	<b>3,349,171</b>	<b>21</b>	<b>301,070</b>	<b>3,650,262</b>
<i>Fund Balances</i>				
Reserved for				
Inventory	122,698	-	-	122,698
Unreserved, reported in:				
General Fund	2,886,274	153	(39,435)	2,846,992
	<b>3,008,972</b>	<b>153</b>	<b>(39,435)</b>	<b>2,969,690</b>
<i>Total liabilities and fund balances</i>	<b>\$ 6,358,143</b>	<b>\$ 174</b>	<b>\$ 261,635</b>	<b>\$ 6,619,952</b>

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, 2010

Statement C-2

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Revenues:</i>				
Property taxes	\$ 306,829	\$ -	\$ -	\$ 306,829
Oil and gas taxes	302,843	-	-	302,843
Intergovernmental revenue				
Federal flowthrough	65,857	-	-	65,857
Local sources	18,717	-	-	18,717
State flowthrough	328,192	-	352,865	681,057
State direct	46,759,934	-	-	46,759,934
Transportation distribution	-	1,824,332	-	1,824,332
Charges for services	19,261	-	-	19,261
Investment income	20,587	-	-	20,587
Miscellaneous	29,171	-	-	29,171
<i>Total revenues</i>	<u>47,851,391</u>	<u>1,824,332</u>	<u>352,865</u>	<u>50,028,588</u>
<i>Expenditures:</i>				
Current:				
Instruction	33,822,178	-	812,296	34,634,474
Support services - students	3,777,404	-	-	3,777,404
Support services - instruction	1,462,064	-	4,717	1,466,781
Support services - general administration	645,725	-	-	645,725
Support services - school administration	3,114,919	-	-	3,114,919
Central services	1,079,855	-	-	1,079,855
Operation and maintenance plant	3,986,481	-	-	3,986,481
Student transportation	-	1,824,478	-	1,824,478
Other support services	282	-	-	282
<i>Total expenditures</i>	<u>47,888,908</u>	<u>1,824,478</u>	<u>817,013</u>	<u>50,530,399</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(37,517)</u>	<u>(146)</u>	<u>(464,148)</u>	<u>(501,811)</u>
<i>Net change in fund balances</i>	(37,517)	(146)	(464,148)	(501,811)
<i>Fund balances - beginning of year</i>	<u>3,046,489</u>	<u>299</u>	<u>424,713</u>	<u>3,471,501</u>
<i>Fund balances - end of year</i>	<u>\$ 3,008,972</u>	<u>\$ 153</u>	<u>\$ (39,435)</u>	<u>\$ 2,969,690</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, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 195,271	\$ 195,271	\$ 304,375	\$ 109,104
Oil and gas taxes	316,193	316,193	286,691	(29,502)
Intergovernmental revenue				
Federal flowthrough	18,000	18,000	65,857	47,857
Federal direct	-	-	-	-
Local sources	25,020	38,020	18,717	(19,303)
State flowthrough	303,155	303,155	330,279	27,124
State direct	48,516,467	46,794,511	46,759,934	(34,577)
Transportation distribution	-	-	-	-
Charges for services	22,410	22,410	19,261	(3,149)
Investment income	90,000	90,000	20,587	(69,413)
Miscellaneous	6,500	6,500	34,620	28,120
<i>Total revenues</i>	<u>49,493,016</u>	<u>47,784,060</u>	<u>47,840,321</u>	<u>56,261</u>
<i>Expenditures:</i>				
Current:				
Instruction	34,425,556	34,171,589	35,165,641	(994,052)
Support services - students	4,254,936	4,105,036	3,777,404	327,632
Support services - instruction	1,682,355	1,517,127	1,462,400	54,727
Support services - general administration	631,059	659,799	645,725	14,074
Support services - school administration	3,173,820	3,151,280	3,120,905	30,375
Central services	1,026,607	1,097,550	1,079,012	18,538
Operation and maintenance of plant	6,003,022	4,678,424	4,007,019	671,405
Student transportation	-	-	-	-
Other support services	46,464	46,746	282	46,464
Food services operations	10	10	-	10
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>51,243,829</u>	<u>49,427,561</u>	<u>49,258,388</u>	<u>169,173</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,750,813)</u>	<u>(1,643,501)</u>	<u>(1,418,067)</u>	<u>225,434</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	1,750,813	1,643,501	-	(1,643,501)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,750,813</u>	<u>1,643,501</u>	<u>-</u>	<u>(1,643,501)</u>
<i>Net change in fund balance</i>	-	-	(1,418,067)	(1,418,067)
<i>Fund balance - beginning of year</i>	-	-	7,574,276	7,574,276
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,156,209</u>	<u>\$ 6,156,209</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,418,067)
Adjustments to revenues for taxes and state flowthrough grants				11,070
Adjustments to expenditures for instructional and payroll expenditures				1,369,480
Net change in fund balance (GAAP Basis)				<u>\$ (37,517)</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 C-4

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2010

	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	-	-	-	-
Transportation distribution	1,865,816	1,824,481	1,824,332	(149)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,865,816</u>	<u>1,824,481</u>	<u>1,824,332</u>	<u>(149)</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 of plant	-	-	-	-
Student transportation	1,865,816	1,824,631	1,824,457	174
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>1,865,816</u>	<u>1,824,631</u>	<u>1,824,457</u>	<u>174</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(150)</u>	<u>(125)</u>	<u>25</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	150	-	(150)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>150</u>	<u>-</u>	<u>(150)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(125)</u>	<u>(125)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>299</u>	<u>299</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 174</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (125)
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				(21)
Net change in fund balance (GAAP Basis)				<u>\$ (146)</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, 2010

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	303,080	352,865	352,865	-
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>303,080</u>	<u>352,865</u>	<u>352,865</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	554,627	798,535	537,561	260,974
Support services - students	-	-	-	-
Support services - instruction	7,281	5,315	4,717	598
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of 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>561,908</u>	<u>803,850</u>	<u>542,278</u>	<u>261,572</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(258,828)</u>	<u>(450,985)</u>	<u>(189,413)</u>	<u>261,572</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	258,828	450,985	-	(450,985)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>258,828</u>	<u>450,985</u>	<u>-</u>	<u>(450,985)</u>
<i>Net change in fund balance</i>	-	-	(189,413)	(189,413)
<i>Fund balance - beginning of year</i>	-	-	451,048	451,048
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,635</u>	<u>\$ 261,635</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (189,413)
No adjustments to revenues				-
Adjustments to expenditures for instructional expenditures				(274,735)
Net change in fund balance (GAAP Basis)				<u>\$ (464,148)</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, 2010

<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	\$ 1,787,166	\$ -	\$ -	\$ -
Advanced Placement	-	91,969	-	-
Operational	-	-	1,020,660	-
Special Building	-	-	17,288	-
State/Local Grant	-	-	213,699	-
Ralph Tasker Scholarship	-	-	627	-
Bond Building	-	-	590,357	-
Debt Service	-	-	1,047,421	-
Certificate of Deposit	-	-	250,904	-
Investment	-	-	-	678,849
Money Market (Qzab sinking fund)	-	-	-	-
FNMA Discount Note (Qzab)	-	-	-	-
Federal Projects	-	-	-	-
Cafeteria	-	-	-	-
Activity/Athletics	-	-	-	-
HB33	-	-	-	-
Payroll	-	-	-	-
Direct Deposit	-	-	-	-
Money Market	-	-	-	-
Investment**	-	-	-	-
<b>Total</b>	<b>1,787,166</b>	<b>91,969</b>	<b>3,140,956</b>	<b>678,849</b>
Reconciling items	<u>(563)</u>	<u>(3,569)</u>	<u>4,905,454</u>	<u>-</u>
Reconciled balance June 30, 2010	<u><u>\$ 1,786,603</u></u>	<u><u>\$ 88,400</u></u>	<u><u>\$ 8,046,410</u></u>	<u><u>\$ 678,849</u></u>

\*\*Accounts are U.S. Treasury Bills

See accompanying independent auditors' report

US Bank	Western Commerce Bank	Wells Fargo Bank	Totals
\$ -	\$ -	\$ -	\$ 1,787,166
-	-	-	91,969
-	-	-	1,020,660
-	-	-	17,288
-	-	-	213,699
-	-	-	627
-	-	-	590,357
-	-	-	1,047,421
-	-	-	250,904
-	-	-	678,849
6,129	-	-	6,129
6,794,281	-	-	6,794,281
-	1,722,384	-	1,722,384
-	261,777	-	261,777
-	295,677	-	295,677
-	-	2,505,433	2,505,433
-	-	1,791,988	1,791,988
-	-	2,102,469	2,102,469
-	-	6,531,497	6,531,497
-	-	14,990,500	14,990,500
6,800,410	2,279,838	27,921,887	42,701,075
683,951	(1,133,141)	(1,145,047)	3,307,085
<u>\$ 7,484,361</u>	<u>\$ 1,146,697</u>	<u>\$ 26,776,840</u>	46,008,160

Less: investments per Exhibit A-1	(28,745,127)
Less: restricted cash per Exhibit A-1	(1,280,437)
Less: agency cash per Exhibit D-1	(308,885)
Less: agency investments per Exhibit D-1	<u>(500,904)</u>
Cash and cash equivalents per Exhibit A-1	<u>\$ 15,172,807</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Cash Reconciliation  
For the Year Ended June 30, 2010

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash				
June 30, 2009	\$ 6,686,204	\$ 299	\$ 451,048	\$ 387,021
Investments on hand, June 30, 2009	83,568	-	-	-
Total cash June 30, 2009	<u>6,769,772</u>	<u>299</u>	<u>451,048</u>	<u>387,021</u>
Add:				
Current year receipts	47,851,391	1,824,332	352,865	3,460,231
Repayment of prior year loans	804,504	-	-	-
Loans from other funds	-	-	-	-
Bond proceeds	-	-	-	-
Total cash available	<u>55,425,667</u>	<u>1,824,631</u>	<u>803,913</u>	<u>3,847,252</u>
Less:				
Current year expenditures	49,269,458	1,824,457	542,278	3,469,096
Repayment of prior year loans	-	-	-	-
Loans to other funds	531,603	-	-	-
Net cash	<u>5,624,606</u>	<u>174</u>	<u>261,635</u>	<u>378,156</u>
Investments on hand, June 30, 2010	<u>13,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2010	<u>\$ 5,611,114</u>	<u>\$ 174</u>	<u>\$ 261,635</u>	<u>\$ 378,156</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>
\$ 169	\$ 435,803	\$ 479,208	\$ 39,151	\$ 210,441	\$ 166,864
-	412,000	-	-	-	-
<u>169</u>	<u>847,803</u>	<u>479,208</u>	<u>39,151</u>	<u>210,441</u>	<u>166,864</u>
241,435	907,407	4,392,411	4,534,830	70,538	762,896
-	-	-	-	-	-
-	-	150,555	160,565	-	38,860
-	-	-	-	-	-
<u>241,604</u>	<u>1,755,210</u>	<u>5,022,174</u>	<u>4,734,546</u>	<u>280,979</u>	<u>968,620</u>
215,936	945,421	4,176,118	4,712,682	20,763	771,899
-	-	432,046	-	-	121,487
-	-	-	-	-	-
<u>25,668</u>	<u>809,789</u>	<u>414,010</u>	<u>21,864</u>	<u>260,216</u>	<u>75,234</u>
-	500,904	-	-	-	-
<u>\$ 25,668</u>	<u>\$ 308,885</u>	<u>\$ 414,010</u>	<u>\$ 21,864</u>	<u>\$ 260,216</u>	<u>\$ 75,234</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Cash Reconciliation  
For the Year Ended June 30, 2010

	<u>Local/State Fund</u>	<u>Bond Building</u>	<u>Public School Capital Outlay</u>	<u>Special Capital Outlay-Local</u>
Audited Cash				
June 30, 2009	\$ 7,274	\$ 1,208,536	\$ -	\$ 12,125
Investments on hand, June 30, 2009	-	13,720,637	-	-
Total cash June 30, 2009	<u>7,274</u>	<u>14,929,173</u>	<u>-</u>	<u>12,125</u>
Add:				
Current year receipts	284,403	28,069	638,971	5,163
Repayment of prior year loans	-	-	-	-
Loans from other funds	-	-	-	-
Bond proceeds	-	20,000,000	-	-
Total cash available	<u>291,677</u>	<u>34,957,242</u>	<u>638,971</u>	<u>17,288</u>
Less:				
Current year expenditures	203,396	12,809,968	638,971	-
Repayment of prior year loans	69,348	-	-	-
Loans to other funds	-	-	-	-
Net cash	<u>18,933</u>	<u>22,147,274</u>	<u>-</u>	<u>17,288</u>
Investments on hand, June 30, 2010	<u>-</u>	<u>15,025,772</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2010	<u>\$ 18,933</u>	<u>\$ 7,121,502</u>	<u>\$ -</u>	<u>\$ 17,288</u>

See accompanying independent auditor's report

<u>Special Capital Outlay-State</u>	<u>Capital Improvements HB 33</u>	<u>Capital Improvements SB9</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$ 5,004,052	\$ 1,129,890	\$ 1,172,510	\$ 17,390,595
-	-	-	6,768,712	20,984,917
-	<u>5,004,052</u>	<u>1,129,890</u>	<u>7,941,222</u>	<u>38,375,512</u>
724,546	5,339,139	2,827,680	2,474,115	76,720,422
-	-	-	-	804,504
181,623	-	-	-	531,603
-	-	-	400,000	20,400,000
<u>906,169</u>	<u>10,343,191</u>	<u>3,957,570</u>	<u>10,815,337</u>	<u>136,832,041</u>
724,546	5,088,348	2,170,968	1,903,469	89,487,774
181,623	-	-	-	804,504
-	-	-	-	531,603
-	<u>5,254,843</u>	<u>1,786,602</u>	<u>8,911,868</u>	<u>46,008,160</u>
-	-	-	7,174,366	22,714,534
<u>\$ -</u>	<u>\$ 5,254,843</u>	<u>\$ 1,786,602</u>	<u>\$ 1,737,502</u>	<u>\$ 23,293,626</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Collateral Pledged by Depository for Public Funds  
June 30, 2010

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2010</u>
<b>Bank of America</b>				
	FNCL Pool - 995023	8/1/2037	31416BLC0	\$ 1,914,440
	<b>Total Bank of America</b>			<u>1,914,440</u>
<b>First American Bank</b>				
	Gadsden NM ISD**	8/15/2013	362550KL8	87,500
	MBS GNMA	5/15/2018	36200ECU3	52,705
	<b>Total First American Bank</b>			<u>140,205</u>
<b>Lea County State Bank</b>				
	FNR 2003-64 AG	11/25/2015	31393DLS8	269,030
	FNR 2003-32 TB KP9	4/25/2030	31393BKP9	200,954
	Alamogordo NM**	8/1/2011		1,000,000
	Farmington NM**	9/1/2013		1,000,000
	<b>Total Lea County State Bank</b>			<u>2,469,984</u>
<b>Western Commerce Bank</b>				
	FHLMC #350190	5/1/2022	31291YBN7	3,379
	FHLMC ARM #420022	11/1/2016	31346AAX3	2,730
	FNMA #72167	6/1/2028	31362VFG8	22,975
	FNMA #577242	4/1/2021	31386YHT4	46,644
	FNMA #704407	5/1/2033	31401CR47	308,680
	GNMA Pool #370588	9/20/2025	36204HUM0	20,011
	GNMA Pool #008350	1/20/2024	36202KH32	167,991
	GNMA Pool #002689	12/20/2028	36202C7A5	72,561
	GNMA Pool #080493	2/20/2031	36225CRP3	60,109
	FNMA #MA0299	1/1/2030	31417YKM8	1,008,764
	<b>Total Western Commerce Bank</b>			<u>1,713,844</u>
<b>Wells Fargo Bank</b>				
	FNMA #303524	8/1/2025	31373UD53	148,902
	Fed Natl Mtg Assn Pool #867437	5/1/2036	31409CV69	2,404,620
	Fed Natl Mtg Assn Pool #885337	6/1/2036	31410CS29	1,148,673
	Fed Natl Mtg Assn Pool #888021	12/1/2036	31410FSJ5	1,157,304
	Fed Natl Mtg Assn Pool #891601	6/1/2036	31410MRW2	2,376,952
	GNMA Pool II #3120	8/20/2031	36202DPD7	20,091
	GNMA Pool #486842	1/15/2029	36210AZF7	18,392
	GNMA Pool #781048	6/15/2029	36225BEV6	11,040
	GNMA Pool #781215	9/15/2029	36225BK49	15,106
	GNMA Pool #781280	4/15/2031	36225BM54	30,840
	GNMA Pool #781259	3/15/2031	36225BMG0	114,916
	<b>Total Wells Fargo Bank</b>			<u>7,446,836</u>
	<b>Total Pledged Collateral</b>			<u>\$ 13,685,309</u>

\*\* As per NMSA 2.2.2.10 (N) (4), the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be par value.

See accompanying independent auditor's report



**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  
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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  
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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, 2010

Schedule IV

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Administration	\$ 48,663	\$ 1,175	\$ 32,444	\$ 17,394
Warehouse	356	69	280	145
Taos House/Federal Program	727	167	707	187
Dalton Tabor/Special Services	9,901	1,562	2,952	8,511
Athletics	133,708	34,627	32,139	136,196
TARS	16	-	-	16
Jenkins Nunan Learning Center	778	1,104	1,183	699
Superintendent	9,712	3,000	-	12,712
Computer Aided Instruction	70	79	94	55
Hobbs High School	294,781	234,969	256,043	273,707
Hobbs Freshman School	71,069	79,457	92,271	58,255
Highland Junior High	91,260	148,269	153,673	85,856
Houston Junior High	82,708	181,295	201,080	62,923
Broadmoor Elementary	8,725	6,197	5,445	9,477
Edison Elementary	6,940	16,358	16,213	7,085
Jefferson Elementary	7,172	7,284	7,297	7,159
Sanger Elementary	17,959	14,510	19,195	13,274
Southern Heights Elementary	5,445	4,807	6,080	4,172
Taylor Elementary	6,502	5,736	5,038	7,200
B.T. Washington Elementary	3,391	25,342	27,781	952
Will Rogers Elementary	9,464	29,472	28,699	10,237
Coronado Elementary	7,159	14,121	14,259	7,021
Mills Elementary	3,807	8,423	6,554	5,676
Stone Elementary	2,020	36,718	20,804	17,934
College Lane Elementary	656	5,414	4,253	1,817
District-wide Activity Funds	24,814	47,805	11,490	61,129
Totals	<u>\$ 847,803</u>	<u>\$ 907,960</u>	<u>\$ 945,974</u>	<u>\$ 809,789</u>

See accompanying independent auditor's report

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**COMPLIANCE SECTION**



Accounting & Consulting Group, LLP  
Certified Public Accountants

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

Hector 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 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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated October 22, 2010. 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, 2010 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 10-01 and FS 10-02 to be significant deficiencies. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### 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*.

We noted certain matters that are required to be reported pursuant to *Government Auditing Standards* 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*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
October 22, 2010

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**FEDERAL FINANCIAL ASSISTANCE**



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

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

Hector 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 Hobbs Municipal School District #33 (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular *A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. 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  
October 22, 2010

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Federal Grantor/Pass Through Grantor/Program Title	Pass Thru Number	Federal C.F.D.A. Number	Expenditures
<b>U.S. Department of Agriculture</b>			
<i>Passthrough - State of NM Public Education Department</i>			
School Lunch Program	21000	10.555	\$ 2,630,397
Total U.S. Department of Agriculture Passthrough			<u>2,630,397</u>
<b>U.S. Department of Education</b>			
<i>Passthrough - State of NM Public Education Department</i>			
Title I IASA	24101	84.010	1,797,712 (1)
IDEA-B Entitlement	24106	84.027	1,308,861 (1)
IDEA-B Discretionary	24107	84.027	5,397 (1)
IDEA-B Preschool	24109	84.173	59,162 (1)
Title III - Incentive Award	24143	84.365A	1,337
Enhancing Education Through Technology	24149	84.318	53,552 (1)
Title III - English Language Acquisition	24153	84.365A	144,936
Title IIA - Teacher Principal Training	24154	84.367A	403,089 (1)
Safe and Drug Free Schools	24157	84.186A	17,254
Immigrant Funding Title III	24163	84.365	78,486
Reading First	24167	84.357A	81,406
Carl D Perkins Secondary	24174	84.048O	59,479
ARRA - Title I IASA	24201	84.389	816,138 (1)
ARRA - Entitlement IDEA-B	24206	84.391	1,004,280 (1)
ARRA - Enhancing Education Through Technology	24249	84.318X	152,648 (1)
ARRA - State Equalization Guarantee	25250	84.394	<u>4,115,942 (1)</u>
Total U.S. Department of Education Passthrough			<u>10,099,679</u>
Total Federal Financial Assistance			<u>\$ 12,730,076</u>

(1) Major program

See accompanying independent auditors' report

**Notes to Schedule of Expenditures of Federal Awards**1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of 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	\$ 12,730,076
Total expenditures funded by other sources	<u>75,217,073</u>
Total expenditures	<u><u>\$ 87,947,149</u></u>

See accompanying independent auditors' report

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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, 2010

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

- |  |             |
|--|-------------|
| 1. Type of auditors' report issued   | Unqualified |
| 2. Internal control over financial reporting:                                    |             |
| a. Material weakness identified?   | No          |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes         |
| c. Noncompliance material to the financial statements noted?                     | 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
84.010	Title I
84.389	Title I – ARRA
84.027 & 84.173	IDEA-B Cluster
84.391	IDEA-B – ARRA
84.318	Enhancing Education through Technology
84.318X	Enhancing Education through Technology – ARRA
84.367A	Title IIA – Teacher Principal Training
84.394	SEG Federal Stimulus – ARRA

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$381,902 |
| 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, 2010

**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

**FS 09-01 – Expenditures in Excess of Budget (Repeated/Modified)**

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

**Nonmajor Funds**

Reading First Special Revenue Fund	\$ (1,357)
Title XIX Medicaid Special Revenue Fund	(17,287)
Family Youth Resource Program Special Revenue Fund	<u>(3,852)</u>
Total Governmental Funds	<u>\$ (22,496)</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 budgets 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 District is not 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 2010 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.

*Agency's responses:* As indicated, all three of these unbudgeted expenses were due to the accounting adjustments made to record deferred payroll (the "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 the 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 the held checks from the prior fiscal year as actually being paid during the current year while the held checks at the end of the current 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, 2009, was greater than the amount of held checks at June 30, 2010, so the accounting adjustment resulted in increasing the instructional expenditures beyond this year's decreased budget.

This is further aggravated by the fact that two of the above referenced funds (Reading First and Family Youth) will no longer be funded by the federal and State so that there will be no budget to offset the held checks at June 30, 2010, in those funds next year. This is the situation with the Medicaid fund referenced above because this fund was not budgeted for in fiscal year 2010 and the overage shown above was the result of the held checks at June 30, 2009.

It should be noted that 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.



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

**FS 09-01 – Expenditures in Excess of Budget (Repeated/Modified) (continued)**

Again, 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.

**FS 09-02 – Cash Appropriations in Excess of Available Cash Balances (Repeated/Modified)**

*Condition:* The District rebudgeted “cash balances” in excess of available cash balance in the following funds:

	<u>Designated Cash</u>	<u>Beginning Year Cash &amp; AR Available</u>	<u>Cash Appropriation in excess of available</u>
Athletics Special Revenue Fund	\$ 502	\$ 169	\$ (333)
Partnership in Character Education Special Revenue Fund	192	-	(192)
Microsoft Settlement Funds Special Revenue Fund	199,893	183,685	(16,208)

*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 receivable 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.

*Agency’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 promptly adjust the budget after the actual cash balance at June 30, 2009, had been determined so that the revised 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, the District has implemented a policy of requiring all purchase orders for all funds to be completed by April each year and anything that was anticipated to be spent from April 1 through June 30 thereafter to be encumbered. This policy has allowed the District to more accurately calculate the ending cash balance and prepare the next year’s budget accordingly. Furthermore, the District is in the process of converting to new financial software as of January 1, 2011. The new software will have the ability to completely prevent any further purchase orders after the April 1<sup>st</sup> cut-off date. This ability to strictly enforce the policy will definitely assist in more accurately calculating the ending cash for next year’s budget.

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

**FS 10-01 – Bank Reconciliation**

*Condition:* During the performance of audit procedures relating to cash and bank reconciliations, we noted one item in the amount of \$30,880 in the Activity/Athletics bank account that was incorrectly left off of the Bank Reconciliation for the year ended June 30, 2010 and should have been included as a deposit in transit.

*Criteria:* NMAC 6.20.2.14 states that a School District shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular 102, and applicable state and federal laws and regulations.

*Effect:* Reconciling cash accounts accurately and completely is essential to District operation and management decisions. Incorrect postings to the general ledger and any potential irregularities can go undetected as well as misstate the actual cash balances. Such items may be indicative of errors or possible fraudulent activity and result in unnecessary adjustments which are not properly supported.

*Cause:* The District received a check late on June 30, 2010 and the bank did not process the deposit until the following day. However, the District had not recorded the money received as revenue in the correct fiscal year, nor did the District record the deposit as outstanding for the year ended June 30, 2010.

*Auditors' Recommendations:* We recommend that the District review all items received to verify that they are properly recorded in the correct period and all items outstanding are properly recorded on the Bank Reconciliations.

*Agency Response:* As indicated above, this situation was due to receiving a check late on June 30, 2010, and even though it was promptly delivered to the bank for deposit, the bank was already on the next day's work. Instead of recording the receipt on June 30<sup>th</sup> and then carrying the amount as a deposit in transit, the deposit was recorded on July 1, 2010, and then reconciled with the July 2010 bank statement. To prevent this from occurring again, the proper timing to record revenue has been reviewed with District staff.

It should be noted that the District promptly and consistently reconciles their bank accounts at the beginning of each month.

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

**FS 10-02 – Preparation of Accounts Payable**

*Condition:* During the performance of audit procedures relating to accounts payable, it was noted that the District included 2 items in the amount of \$119,169 as payables that were not due as of the year ended June 30, 2010.

*Criteria:* Generally Accepted Accounting Principles (GAAP) state that expense recognition is recognized in the period in which the expense is incurred.

*Effect:* Preparing an accurate accounts payable subledger is essential to District operational and management decisions. Incorrect preparation of the accounts payable could lead to misstating the balances and the related expenditures in the proper periods.

*Cause:* The District prepared its accounts payable listing at year end and included one check for payment of services that were to be rendered in the following quarter of the year but was billed in June. The other item was a check that was used to pay multiple invoices for construction services, however, only a portion of the services were performed during the year ended June 30, 2010.

*Auditors' Recommendations:* We recommend that the District review all invoices when they are received to verify that the expenses are being properly listed as accounts payable or as expenses of the subsequent period.

*Agency Response:* Currently the District operates on a cash flow basis so that the recording of accounts payable is a manual transaction. The District is in the process of upgrading its financial software as of January 1, 2011. The new software will assist the District by automatically recording and tracking accounts payable throughout the year. This ability will allow the District to more accurately prepare a year end listing of accounts payable.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

**C. FEDERAL AWARD FINDINGS**

None

**D. PRIOR YEAR AUDIT FINDINGS**

**FS 09-01: Expenditures in Excess of Budget – Repeated/Modified**

**FS 09-02: Cash Appropriations in Excess of Available Cash Balances – Repeated/Modified**

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Other Disclosures  
For the Year Ended June 30, 2010

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on November 12, 2010. In attendance were the following:

**Representing Hobbs Municipal School District #33:**

TJ Parks, Superintendent  
Kerri Frizzell, Director of Finance  
Tejay Simpson, Board of Education Secretary

**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.