

**Accounting & Consulting Group, LLP**

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Certified Public Accountants

STATE OF NEW MEXICO  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011



**STATE OF NEW MEXICO  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Official Roster  
June 30, 2011

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Lance Wiseman		Board President
Joseph Calderon		Board Vice President
Patricia D. Jones		Board Secretary
Gary Eidson		Board Member
Oscar Gonzalez		Board Member
<u>Administrative Officials</u>		
T.J. Parks		Superintendent
Sabrina Amador		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 major special revenue fund, and the aggregate remaining fund information of Hobbs Municipal School District #33 (the District), as of and for the year ended June 30, 2011, 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, 2011 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 and the requirements of the New Mexico State Audit Rule 2.2.2 NMAC. 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 also 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, 2011, and the respective changes in financial position thereof, 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, 2011, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with the budgetary basis of accounting as prescribed in the New Mexico Administrative Code, as more fully described in Note 2 to the financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2011 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 30 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 11, 2011

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
Unaudited

This Management's Discussion and Analysis of the fiscal performance of the Hobbs Municipal Schools (the "District") for the period ending June 30, 2011, represents the District's ninth 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, 2011. 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, Independent Auditors' 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, Schedule of Expenditures of Federal Awards, and a Schedule of Findings and Questioned Costs. These statements and information were included in past reporting by the District.

**Hobbs Municipal School District #33 Accounting and Finance**

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

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

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



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
Unaudited

**Significant Financial Highlights for the Year Ending June 30, 2011**

- Capital Outlay expenditures were \$31,977,380 for the year ending June 30, 2011. Of these expenditures, \$23,611,025 came 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 \$4,059,273 was recorded resulting in accumulated depreciation of \$70,127,754 as of June 30, 2011.
- Total net assets increased from \$56,345,393 as of June 30, 2010, to \$64,286,261 as of June 30, 2011. The overall increase of \$7,940,868 in total net assets is due to increased revenues for the District.
- The overall Fund Balance decreased from \$41,778,940 as of June 30, 2010, to \$31,318,852 as of June 30, 2011. The most significant reason for this decrease of \$10,460,088 in overall fund balance is a due to capital outlay expenditures of \$31,977,380, which is an increase in capital outlay expenditures of \$13,943,345 over the prior year, offset by additional debt proceeds of \$10,153,888 in the current year.
- Total revenues increased from \$77,543,714 for the year ended June 30, 2010, to \$79,051,222 for the year ended June 30, 2011. This revenue increase of \$1,507,508 reflects an overall revenue growth of 1.94%. The most significant increases in revenue are due to increases in appropriations to the State Equalization Guarantee by the New Mexico State Legislature, increases in various state and local grants, and increases in oil and gas taxes for the 2 and 4 mill levies.
  - For the General Fund, due to FY11 appropriation reductions made by the Legislature and signed by the Governor in early February 2011, the final unit value for 2010-2011 school year was set at \$3,712.17. This was a decrease of \$101.87 (2.67%) from the initial unit value of \$3,814.04 that we started the year with in our General Fund.
  - The final unit value for 2009-2010 was \$3,792.65 as compared to the final unit value for 2010-2011 of \$3,712.17 is a total reduction of \$80.48 or 2.12%.
- Total expenditures increased from \$87,947,149 for the year ended June 30, 2010, to \$99,664,627 for the year ended June 30, 2011. This is an expenditure increase of \$11,717,478 or 13.3%. Expenditures increased primarily due to the increase in capital outlay expenditures in the amount of \$13,943,345 offset by a \$2,819,704 decrease in expenditures for instruction.
- Based on the 180<sup>th</sup>-day count for the school year 2010-2011, the District saw an increase in student population of 2.98% which was well over the 1% growth benchmark.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
Unaudited

**Significant Financial Highlights for the Year Ending June 30, 2011 (continued)**

- The District completed various projects during the 2010-2011 fiscal year including the following:
  - Construction of the Freshman High School wing, which includes the Central Kitchen;
  - Fire alarm system for the Freshman High School;
  - Phase I of the Freshman Academy;
  - Central Office Addition/Renovations
  - Maintenance/Warehouse Facilities
  - Highland Junior High School Library Addition/Renovations
  
- Other significant events during the past few 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, the second \$9.5 million installment was issued on April 15, 2010 and the final \$8 million installment on September 15<sup>th</sup>, 2010. The majority of projects funded with this 2008 G.O. bond series include the construction of a new Freshman High Academy and Alternative High School to be located on the High School campus, addition/renovations to the Central Office Building, construction of a new warehouse and numerous other improvements at various school sites.
  
- Additionally, in the March 2010 election, our two and four-mill levies were approved by the local voters to continue for another six year term. This reflects the continued support of the school system from our community.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
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, 2011, the District has total net assets of \$64,286,261.

	<b><u>June 30, 2008</u></b>	<b><u>June 30, 2009</u></b>	<b><u>June 30, 2010</u></b>	<b><u>June 30, 2011</u></b>
<b>Assets</b>				
Cash & cash equivalents	\$ 12,095,488	\$ 15,740,742	\$ 15,172,807	\$ 18,993,939
Other current assets	3,428,876	16,669,883	23,929,469	10,837,585
Capital assets	113,333,935	122,199,219	139,837,585	170,662,946
Less: accumulated depreciation	(60,286,866)	(63,529,293)	(67,128,539)	(70,127,754)
Bond issuance costs, net of accum amortization	-	144,992	217,418	239,523
Restricted cash and investments	4,848,051	6,932,762	8,074,718	7,912,209
	<b><u>73,419,484</u></b>	<b><u>98,158,305</u></b>	<b><u>120,103,458</u></b>	<b><u>138,518,448</u></b>
<b>Total assets</b>				
<b>Liabilities</b>				
Other current liabilities	\$ 6,579,541	\$ 8,565,798	\$ 6,706,476	\$ 10,076,550
Long-term liabilities	19,435,787	37,664,273	57,051,589	64,155,637
	<b><u>26,015,328</u></b>	<b><u>46,230,071</u></b>	<b><u>63,758,065</u></b>	<b><u>74,232,187</u></b>
<b>Total liabilities</b>				
<b>Net assets</b>				
Invested in capital assets, net of related debt	33,092,069	40,148,012	29,668,913	43,821,289
Restricted	12,306,415	10,097,011	19,106,039	5,544,994
Unrestricted	2,005,672	1,683,211	7,570,441	14,919,978
	<b><u>47,404,156</u></b>	<b><u>51,928,234</u></b>	<b><u>56,345,393</u></b>	<b><u>64,286,261</u></b>
<b>Total net assets</b>				
<b>Total liabilities and net assets</b>				
	<b><u>\$ 73,419,484</u></b>	<b><u>\$ 98,158,305</u></b>	<b><u>\$ 120,103,458</u></b>	<b><u>\$ 138,518,448</u></b>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
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, 2011.

	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>
<b>Governmental Activities</b>				
Total government activities	\$ 69,110,286	\$ 71,777,236	\$ 72,834,002	\$ 71,160,165
Less charges for services	1,205,330	1,269,005	1,096,584	1,008,672
Less operating grants and contributions	12,094,149	11,599,415	16,665,852	12,630,211
Less capital grants and contributions	589,528	459,227	1,515,884	2,874,787
<b>Total governmental activities</b>	<u>55,221,279</u>	<u>58,449,589</u>	<u>53,555,682</u>	<u>54,646,495</u>
<b>General revenues</b>				
Property and oil & gas taxes	8,462,152	10,128,945	10,852,986	12,412,847
State of New Mexico equalization grant	47,787,471	52,064,521	46,759,934	49,883,621
Local sources	-	180,218	23,865	9,730
Investment earnings	507,161	443,776	293,370	303,580
Miscellaneous	124,311	180,932	60,128	69,546
Loss on disposition of assets	(42,037)	(19,917)	(17,442)	(91,961)
<b>Total general revenues</b>	<u>56,839,058</u>	<u>62,978,475</u>	<u>57,972,841</u>	<u>62,587,363</u>
<b>Increase in net assets</b>	1,617,779	4,528,886	4,417,159	7,940,868
<b>Net assets beginning - as restated</b>	45,038,337	47,404,156	51,928,234	56,345,393
Prior period adjustments	748,040	(4,808)	-	-
<b>Net assets ending</b>	<u>\$ 47,404,156</u>	<u>\$ 51,928,234</u>	<u>\$ 56,345,393</u>	<u>\$ 64,286,261</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
Unaudited

**GOVERNMENT FUND FINANCIAL STATEMENTS**

**Statement of Revenues and Expenditures**

Governmental fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues, Expenditures and Changes in Fund Balances is *not* new to the District's annual financial reports. This report guides the reader to a meaningful overall view for the district revenues, expenditures, and changes in fund balances. Total revenues from state, local and federal sources were \$79,051,222. Total expenditures for the District were \$99,664,627. The total ending fund balance was \$31,318,852, a decrease of \$10,460,088 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.

<b>Year</b>	<b>Total Revenues</b>	<b>Change %</b>	<b>Total Expenses</b>	<b>Change %</b>
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%
2010/2011	\$ 79,051,222	2%	\$ 99,664,451	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, 2011. 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, 2011  
Unaudited

**The Budget (continued)**

**Funds Revenue Budget Performance for Major Funds Only**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Favorable (Unfavorable) Variance</b>
General Fund	\$ 53,088,871	\$ 52,823,327	\$ 52,882,225	\$ 58,898
Title I IASA	1,989,726	2,375,894	1,418,677	(957,217)
Bond Building Fund	10,000	10,000	13,424	3,424
Capital Improvements HB-33 Fund	6,131,094	6,131,094	4,975,870	(1,155,224)
Debt Service Fund	3,289,090	3,289,090	4,260,573	971,483
Totals	<u>\$ 64,508,781</u>	<u>\$ 64,629,405</u>	<u>\$ 63,550,769</u>	<u>\$ (1,078,636)</u>

**Funds Expenditure Budget Performance for Major Funds Only**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Favorable (Unfavorable) Variance</b>
General Fund	\$ 53,651,495	\$ 53,946,973	\$ 50,383,129	\$ 3,563,844
Title I IASA	1,989,726	2,375,894	1,807,151	568,743
Bond Building Fund	5,010,000	30,157,274	25,271,512	4,885,762
Capital Improvements HB-33 Fund	7,675,390	11,385,936	4,232,428	7,153,508
Debt Service Fund	4,880,566	5,449,435	2,510,056	2,939,379
Totals	<u>\$ 73,207,177</u>	<u>\$ 103,315,512</u>	<u>\$ 84,204,276</u>	<u>\$ 19,111,236</u>

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

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

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
Unaudited

**The General Fund**

Because the General Fund revenues represent \$52,888,136 of the total \$79,051,222 of District revenues, the impact of this fund must be kept in context. The General Fund began the year with an initial budget of \$53,088,871 and had a final budget of \$52,823,327.

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 provides the predominant funding for athletics and summer school.

Except for fiscal year 2010, the General Fund has seen significant increases in revenues, exclusive of Capital Outlays, as seen in the following table:

**GENERAL FUND REVENUES**

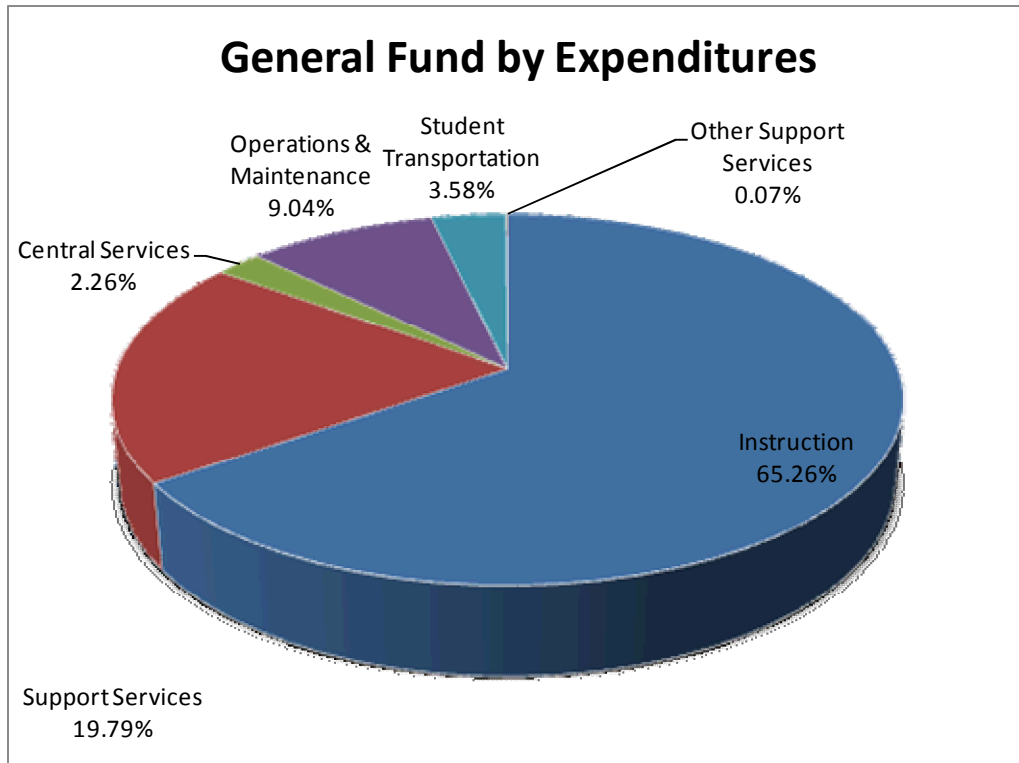
Year	Total Revenues	Change %
2001/2002	\$ 36,297,243	3.0%
2002/2003	\$ 37,354,618	2.9%
2003/2004	\$ 38,633,543	3.4%
2004/2005	\$ 41,663,268	7.8%
2005/2006	\$ 45,172,062	8.4%
2006/2007	\$ 47,964,173	6.2%
2007/2008	\$ 51,651,782	7.7%
2008/2009	\$ 56,125,943	8.7%
2009/2010	\$ 50,028,588	-10.9%
2010/2011	\$ 52,888,136	5.7%

Because the General Fund is the primary fund whose expenditures are significantly related to the educational process, \$49,911,840 was expended during the year ended June 30, 2011. The most significant inter-fund expenditure was for the function noted as "Instruction." This expenditure was \$32,574,346 or 65.26% of all General Fund expenditures. Expenditures included in this function are compensation for regular and special education teachers and instructional assistants, substitute teachers, employee benefits, payroll taxes, school supplies, professional development, and miscellaneous instructional related contract services. Approximately 86% of all General Fund expenditures are for employee salaries, payroll taxes, and benefits.

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**The General Fund (continued)**

Support Services represents 19.79% 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 2.26% of the total General Fund expenditures. Maintenance and Operations account for 9.04% 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 3.58% of General Fund expenditures; these expenditures are primarily for the flow through of the transportation funds for bus transporting the students to and from school each day. The General Fund also supports expenditures for school athletics and summer school.





**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
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 \$2,999,215 as of June 30, 2011. 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, 2011.

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 of approximately \$31 million to capital assets for the year was due to various school renovation projects as well as renovations to the administrative office building and construction of the new warehouse.

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

	<b><u>Balance</u></b> <b><u>June 30, 2009</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2010</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2011</u></b>
Capital assets not being depreciated:			
Land	\$ 4,480,692	\$ 4,532,513	\$ 4,532,513
Construction in process	<u>5,144,221</u>	<u>13,116,589</u>	<u>32,288,178</u>
Total capital assets not being depreciated	<u>9,624,913</u>	<u>17,649,102</u>	<u>36,820,691</u>
Capital assets being depreciated:			
Buildings and improvements	94,255,502	102,140,303	110,793,011
Equipment	17,372,818	17,444,744	19,661,629
Land improvements	<u>945,986</u>	<u>2,603,436</u>	<u>3,387,615</u>
Total capital assets being depreciated	<u>112,574,306</u>	<u>122,188,483</u>	<u>133,842,255</u>
Less accumulated depreciation for:			
Buildings and improvements	50,974,919	53,697,962	56,078,217
Equipment	12,432,604	13,186,603	13,458,529
Land improvements	<u>121,770</u>	<u>243,974</u>	<u>591,008</u>
Total accumulated depreciation	<u>63,529,293</u>	<u>67,128,539</u>	<u>70,127,754</u>
Total capital assets being depreciated, net	<u>49,045,013</u>	<u>55,059,944</u>	<u>63,714,501</u>
Governmental activity capital assets, net	<u>\$ 58,669,926</u>	<u>\$ 72,709,046</u>	<u>\$ 100,535,192</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
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 District issued General Obligation School Building Bonds on June 15, 2002, in the amount of \$7,000,000 with staggered maturity dates. On May 26, 2011, \$2,105,000 of the \$2,740,000 balance of this bond was set to be refunded via a New Mexico Finance Authority (NMFA) Loan on which there was \$40,000 of issuance costs rolled into the balance to arrive at a total loan balance of \$2,145,000. Final payment on the NMFA loan is scheduled for July 1, 2014. On July 1, 2011, NMFA remitted \$2,105,000 and the District remitted \$635,000 toward the bond balance of \$2,740,000 to fully extinguish this debt.

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.

The District issued General Obligation School Building Bonds on September 15, 2010, in the amount of \$8,000,000 with staggered maturity dates. The last maturity date is September 15, 2028.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
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**Long-Term Liabilities (continued)**

The follow schedule shows the District's combined annual debt service requirement to maturity for General Obligation long term debt as of June 30, 2011.

<b>Fiscal year ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirement</b>
2012	3,080,000	1,881,071	4,961,071
2013	345,000	1,685,772	2,030,772
2014	345,000	1,673,500	2,018,500
2015	1,145,000	1,661,200	2,806,200
2016	1,950,000	1,611,650	3,561,650
2017-2021	21,300,000	6,415,687	27,715,687
2022-2026	15,000,000	2,713,500	17,713,500
2027-2031	6,500,000	268,125	6,768,125
	<u>\$ 49,665,000</u>	<u>\$ 17,910,505</u>	<u>\$ 67,575,505</u>

The follow schedule shows the District's annual debt service requirement to maturity for the NMFA Loan long term debt as of June 30, 2011.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2012	\$ -	\$ 19,258	\$ 19,258
2013	705,000	28,130	733,130
2014	715,000	18,568	733,568
2015	725,000	6,637	731,637
	<u>\$ 2,145,000</u>	<u>\$ 72,593</u>	<u>\$ 2,217,593</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
Unaudited

**Long-Term Liabilities (continued)**

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

	<b>Beginning Balance</b>	<b>Minimum Annual Deposit</b>	<b>3.55% Investment Earnings</b>	<b>Ending Balance</b>
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>	

**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 Fiduciary Assets and Liabilities for the year ended June 30, 2011, shows the accumulated assets of all agency funds was \$818,083.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
Unaudited

**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 the ARRA include the preservation or creation of jobs and the promotion of an economic recovery, as well as the investment in transportation, environmental protection and other infrastructure providing long-term economic benefits. This included \$164.7 million in federal fiscal stabilization funds for the State Equalization Guarantee (SEG). 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 but has been extended into fiscal year 2012 for some programs. Substantial tapering-off of these funds has been experienced in fiscal year 2012.

**Future Trends**

**The Economy and Public School Funding:** During fiscal year 2010, the economy both locally and at the State level stalled. Locally, the economy in Hobbs saw a significant upswing in fiscal year 2011 due to the prevalence of the oil and gas industry. However, income from gross receipts, corporate and personal income taxes state-wide constitute the primary source of revenue for state governments, and the remainder of the state has not seen a favorable economy in a few years. School districts receive the majority of their funding from the State based on the State Equalization Guarantee formula. Therefore, local districts are greatly dependent upon the decisions made at the state level, and those decisions are affected by the revenue streams previously mentioned.

For fiscal year 2012, the State of New Mexico projected a \$450 million shortfall due to eight years of spending that have outpaced the trend for revenue growth. In fiscal year 2011, state and local governments had the benefit of federal stimulus funds to help balance budgets during an unpredictable economy. However, as those funds are no longer available to rely upon in fiscal year 2012, governments must either cut expenditures or choose to allocate General Fund dollars to maintain their budgets from the prior year. The state's plan is to cut spending; when considering the amount needed to replace stimulus funds, it translates to a cut of \$179 million.

So, how will we be affected by this cut in the state's budget? Fortunately, Governor Susana Martinez wants to preserve the educational budget as much as possible from the fiscal year 2011. However, when faced with the \$450 million shortfall, schools are inevitably going to be affected due to our heavy reliance on the state. Currently, the state wants to preserve instructional funding and reduce administrative costs at both the state and local district level. For fiscal year 2012, districts can expect to receive 1.5% less than amounts received in fiscal year 2011. With good reason, the state is "cautiously optimistic" due to the fickle economy in spite of the 4.4% forecasted revenue growth. At this point, we must wait to see the direction of the state's economy before we see an increase in the unit value, which is a pivotal component of the SEG funding calculation.

The trend for the unit value since fiscal year 2010 is unfavorable and based on the initial unit value for 2012, that trend continues. Fiscal year 2009 was the last year to see an increase in the unit value, which reached \$3,871.79 as the final unit value. The initial unit value for fiscal year 2012 is \$3,585.97, which is a \$285.82 or 7.38% drop from just three years ago. To put this in perspective based on the initial program units for fiscal year 2012 of 14,188, this difference amounts to a \$4,055,214 reduction in funding had the unit value remained unchanged in 2009.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
Unaudited

**Future Trends (continued)**

The District is facing this significant decrease in funding as it applies to SEG, but the rest of the economy in the Hobbs area has done remarkable in fiscal year 2011. Due to the local economy, the District is fortunate to see an increase in property and oil and gas taxes. Unemployment rates in Hobbs continue to be well below that of the national average primarily due to oil and gas, but also due to other employers in the area. The uranium facility, Urenco, located just 20 miles south of Hobbs continues to provide employment for many of the locals in the area as do the potash mines. This allows the local economy to outpace the nation. With this positive outlook locally, the community continues to support our schools as evidenced by the March 2010 two-and four-mill levy election. Both were approved by the voters for a six-year continuance. Funds from these levies support the majority of the District's maintenance and renovation of our buildings as well as keep our technology current in the classrooms. The earliest the District will have to request a vote on the matter again will be March 2015.

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. It is anticipated that growth for the District will be in the range of 2-5% over the next several years. Based on 40<sup>th</sup>-day counts, when compared to fiscal year 2011, the student population increased 3.52% in fiscal year 2012. 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 2008-2010 school year. Completing the Freshman Academy is one of the first steps taken to accommodate this growth. In fiscal year 2013, this allows the sixth grade students to move up with the seventh and eighth grade students to establish three middle schools within the District.

Local Assessments & General Obligation Bonds: For tax year 2011 (calendar year 2012), our District's bonding capacity at September 8, 2011, is \$24,550,979 after consideration of a \$77,729,004 debt limitation less bonded debt of \$53,178,025. Because of continued development in both the residential and commercial properties in the District, it is expected that future assessed valuations will continue to increase. As evidenced by the passage of the 2008 school building bond and the reauthorization of the two- and four-mill levies in March 2010, it is expected that voter support for the District will continue to be strong and revenues from the mill levies will continue to be an integral part of the District's capital funding plans in future years.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011  
Unaudited

**Future Trends (continued)**

**Facility Construction or Renovations:** The District has plans to commence or continue a number of Capital Outlay building projects during the 2012 fiscal year. Certain highlights of these projects include the following:

- Completion of the new Alternative High School anticipated bid in January 2010 (with school ready for occupancy in August 2011): Approximate cost \$3.3 million.
- Anticipated completion of classroom alterations to the 400-500 wing of the Hobbs High School by November 2011: Approximate cost \$2.2 million, cost sharing between the District and the Public School Facilities Authority is 44% and 56% respectively.
- Anticipated completion of the Media Center Remodel at the Hobbs High School by November 2011: Approximate cost \$4.5 million, cost sharing between the District and the Public Schools Capital Outlay Council is 68.483% and 31.517% respectively.
- Anticipated completion of the Hobbs High School administration and counseling area renovations by January 2012: Approximate cost \$1.14 million, cost sharing between the District and the Public Schools Capital Outlay Council is 44% and 56% respectively.
- Anticipated completion of interior improvements at the location to become Heizer Middle School (with school ready for occupancy in August 2012): Approximate cost \$509,000.
- Anticipated completion of Administration Parking Lot Modifications by January 2012: Approximate cost \$1.23 million, cost sharing between the District and the Public School Facilities Authority is 44% and 56% respectively.

More information regarding the District including an update of the various 2011 bond building projects is available at [www.hobbsschools.net](http://www.hobbsschools.net).

**BASIC  
FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Statement of Net Assets  
June 30, 2011

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 18,993,939
Restricted cash and cash equivalents	2,110,503
Investments	4,775,138
Receivables:	
Property taxes	370,384
Oil and gas taxes	1,072,860
Due from other governments	2,232,248
Other	12,942
Inventory	263,510
Total current assets	29,831,524
Noncurrent assets	
Restricted assets:	
Investments	7,912,209
Bond issuance costs, net of accumulated amortization of \$33,608	239,523
Capital assets	170,662,946
Less: accumulated depreciation	(70,127,754)
Total noncurrent assets	108,686,924
Total assets	\$ 138,518,448

The accompanying notes are an integral part of these financial statements

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 2,451,513
Accrued compensated absences	250,668
Accrued interest	650,251
Accrued payroll	3,644,118
Current portion of bonds payable	<u>3,080,000</u>
Total current liabilities	<u>10,076,550</u>
Noncurrent liabilities	
Accrued compensated absences	61,242
Loans payable	2,145,000
Bonds payable	61,515,000
Bond premium, net of accumulated accretion of \$42,200	<u>434,395</u>
Total noncurrent liabilities	<u>64,155,637</u>
Total liabilities	<u>74,232,187</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	43,821,289
Restricted for:	
Debt service	1,157,990
Capital projects	3,548,730
Other purposes - special revenue	838,274
Unrestricted	<u>14,919,978</u>
Total net assets	<u>64,286,261</u>
Total liabilities and net assets	<u>\$ 138,518,448</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Statement of Activities  
For the Year Ended June 30, 2011

<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	\$ 40,553,120	\$ 163,008	\$ 5,136,201
Support services - students	6,585,848	26,473	834,122
Support services - instruction	1,783,161	7,168	225,844
Support services - general administration	999,056	4,016	126,534
Support services - school administration	3,319,904	13,345	420,478
Central services	1,258,799	5,060	159,431
Operation and maintenance of plant	9,351,296	37,589	1,184,376
Student transportation	1,878,239	-	1,785,740
Other support services	33,695	-	-
Food services operations	3,513,881	752,014	2,757,485
Amortization	17,895	-	-
Interest and other charges	1,865,271	-	-
<i>Total governmental activities</i>	<u>\$ 71,160,165</u>	<u>\$ 1,008,672</u>	<u>\$ 12,630,211</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>
\$ 1,825,833	\$ (33,428,078)
296,516	(5,428,737)
80,284	(1,469,866)
44,981	(823,525)
149,473	(2,736,608)
56,675	(1,037,632)
421,026	(7,708,306)
-	(92,499)
-	(33,695)
-	(4,382)
-	(17,895)
-	(1,865,271)
<u>\$ 2,874,787</u>	(54,646,495)

282,939
2,458,567
4,072,563
5,598,778
49,883,621
9,730
303,580
69,546
(91,961)
<u>62,587,363</u>
7,940,868
<u>56,345,393</u>
<u>\$ 64,286,261</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Balance Sheet  
Governmental Funds  
June 30, 2011

	<u>General Fund</u>	<u>Title I IASA Special Revenue Fund</u>	<u>Bond Building Capital Projects Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 4,040,922	\$ 2,480,561	\$ 1,357,402
Investments	1,013,269	-	3,531,784
Receivables:			
Property taxes	15,592	-	-
Oil and gas taxes	53,004	-	-
Due from other governments	-	383,507	-
Other	12,942	-	-
Inventory	201,513	-	-
Due from other funds	3,862,923	-	-
<i>Total assets</i>	<u>\$ 9,200,165</u>	<u>\$ 2,864,068</u>	<u>\$ 4,889,186</u>
<i>Liabilities</i>			
Accounts payable	\$ 137,539	\$ -	\$ 558,020
Accrued payroll	3,104,040	122,955	-
Accrued compensated absences	3,740	-	-
Deferred revenue:			
Property taxes	8,860	-	-
Other	-	-	-
Due to other funds	-	2,650,000	-
<i>Total liabilities</i>	<u>3,254,179</u>	<u>2,772,955</u>	<u>558,020</u>
<i>Fund balances</i>			
Nonspendable			
Inventory	201,513	-	-
Spendable			
Restricted for:			
Transportation	142	-	-
Instructional materials	51,192	-	-
Food services	-	-	-
Education	-	91,113	-
Extracurricular activities	-	-	-
Capital acquisitions and improvements	-	-	2,618,166
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	1,200,000	-	1,713,000
Unassigned	4,493,139	-	-
<i>Total fund balances</i>	<u>5,945,986</u>	<u>91,113</u>	<u>4,331,166</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,200,165</u>	<u>\$ 2,864,068</u>	<u>\$ 4,889,186</u>

The accompanying notes are an integral part of these financial statements

Capital Improvements HB-33 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
\$ 5,998,285	\$ 4,673,979	\$ 2,553,293	\$ 21,104,442
-	8,142,294	-	12,687,347
159,694	115,244	79,854	370,384
424,034	383,805	212,017	1,072,860
-	-	1,848,741	2,232,248
-	-	-	12,942
-	-	61,997	263,510
-	-	-	3,862,923
<u>\$ 6,582,013</u>	<u>\$ 13,315,322</u>	<u>\$ 4,755,902</u>	<u>\$ 41,606,656</u>
\$ 1,075,081	\$ -	\$ 680,873	\$ 2,451,513
-	-	417,123	3,644,118
-	-	355	4,095
87,699	53,947	43,852	194,358
-	-	130,797	130,797
-	-	1,212,923	3,862,923
<u>1,162,780</u>	<u>53,947</u>	<u>2,485,923</u>	<u>10,287,804</u>
-	-	61,997	263,510
-	-	-	142
-	-	-	51,192
-	-	299,980	299,980
-	-	290,361	381,474
-	-	93,457	93,457
2,090,733	-	645,909	5,354,808
-	11,076,375	-	11,076,375
3,328,500	2,185,000	1,269,082	9,695,582
-	-	(390,807)	4,102,332
<u>5,419,233</u>	<u>13,261,375</u>	<u>2,269,979</u>	<u>31,318,852</u>
<u>\$ 6,582,013</u>	<u>\$ 13,315,322</u>	<u>\$ 4,755,902</u>	<u>\$ 41,606,656</u>

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Governmental Funds

Exhibit B-1  
(Page 2 of 2)

Reconciliation of the Balance Sheet to the Statement of Net Assets  
June 30, 2011

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

Fund balances - total governmental funds	\$	31,318,852
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		100,535,192
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in in the funds:		
Bond issuance costs		239,523
Delinquent property taxes and grant revenue 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		325,155
Other liabilities are not due and payable in the current period and therefore, are not reported in the funds:		
Accrued compensated absences not due and payable		(307,815)
Accrued interest payable		(650,251)
Bonds premiums		(434,395)
Bonds and loans payable		(66,740,000)
		(66,740,000)
Total net assets - governmental funds	\$	64,286,261

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, 2011

	<u>General Fund</u>	<u>Title I IASA Special Revenue Fund</u>	<u>Bond Building Capital Projects Fund</u>
<i>Revenues</i>			
Property taxes	\$ 286,548	\$ -	\$ -
Oil and gas taxes	291,504	-	-
Intergovernmental revenue:			
Federal flowthrough	59,519	1,800,729	-
Federal direct	-	-	-
Local sources	4,482	-	-
State flowthrough	524,466	-	-
State direct	49,883,621	-	-
Transportation distribution	1,785,740	-	-
Charges for services	18,875	-	-
Investment income	8,550	-	13,424
Miscellaneous	24,831	1,455	-
<i>Total revenues</i>	<u>52,888,136</u>	<u>1,802,184</u>	<u>13,424</u>
<i>Expenditures</i>			
Current:			
Instruction	32,574,346	1,502,856	-
Support services - students	4,552,186	-	-
Support services - instruction	1,742,151	-	-
Support services - general administration	672,185	129,422	-
Support services - school administration	2,909,422	77,451	-
Central services	1,128,511	-	-
Operation and maintenance of plant	4,513,593	-	1,230,218
Student transportation	1,785,751	93,000	-
Other support services	33,695	-	-
Food services operations	-	-	-
Capital Outlay	-	-	23,611,025
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<i>Total expenditures</i>	<u>49,911,840</u>	<u>1,802,729</u>	<u>24,841,243</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,976,296</u>	<u>(545)</u>	<u>(24,827,819)</u>
<i>Other financing sources (uses)</i>			
Remittal of prior year fund balance	-	-	-
Loan premium	-	-	-
Loan proceeds	-	-	-
Bond proceeds	-	-	8,000,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>8,000,000</u>
<i>Net change in fund balances</i>	2,976,296	(545)	(16,827,819)
<i>Fund balances - beginning</i>	<u>2,969,690</u>	<u>91,658</u>	<u>21,158,985</u>
<i>Fund balances - end of year</i>	<u>\$ 5,945,986</u>	<u>\$ 91,113</u>	<u>\$ 4,331,166</u>

The accompanying notes are an integral part of these financial statements

Capital Improvements HB-33 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
\$ 2,716,505	\$ 2,441,654	\$ 1,358,387	\$ 6,803,094
2,332,034	1,809,223	1,166,017	5,598,778
-	-	5,232,614	7,092,862
-	-	2,415,820	2,415,820
-	-	5,248	9,730
-	-	3,555,313	4,079,779
-	-	-	49,883,621
-	-	-	1,785,740
-	-	989,797	1,008,672
2,412	276,329	2,865	303,580
-	-	43,260	69,546
<u>5,050,951</u>	<u>4,527,206</u>	<u>14,769,321</u>	<u>79,051,222</u>
-	-	3,509,416	37,586,618
-	-	1,204,280	5,756,466
-	-	34,024	1,776,175
27,086	24,072	38,697	891,462
-	-	353,966	3,340,839
-	-	26,983	1,155,494
1,054,511	-	2,510,260	9,308,582
-	-	-	1,878,751
-	-	-	33,695
-	-	3,473,181	3,473,181
4,144,541	-	4,221,814	31,977,380
-	850,000	-	850,000
-	1,595,984	-	1,595,984
-	40,000	-	40,000
<u>5,226,138</u>	<u>2,510,056</u>	<u>15,372,621</u>	<u>99,664,627</u>
<u>(175,187)</u>	<u>2,017,150</u>	<u>(603,300)</u>	<u>(20,613,405)</u>
-	-	(571)	(571)
-	8,888	-	8,888
-	2,145,000	-	2,145,000
-	-	-	8,000,000
<u>-</u>	<u>2,153,888</u>	<u>(571)</u>	<u>10,153,317</u>
(175,187)	4,171,038	(603,871)	(10,460,088)
<u>5,594,420</u>	<u>9,090,337</u>	<u>2,873,850</u>	<u>41,778,940</u>
<u>\$ 5,419,233</u>	<u>\$ 13,261,375</u>	<u>\$ 2,269,979</u>	<u>\$ 31,318,852</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, 2011

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

Net change in fund balances - total governmental funds	\$ (10,460,088)
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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	31,977,380
Depreciation expense	(4,059,273)
Loss on disposal of capital assets	(91,961)

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

Increase in deferred revenue related to property taxes receivable	10,975
Increase in deferred revenue related to grant receivables	130,797

Expenses in the Statement of Activities that do not consume current financial resources are not reported as expenditures in the funds:

Increase in accrued compensated absences not due and payable	(15,892)
Increase in accrued interest payable	(300,369)

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	31,082
Amortization of bond issuance cost	(17,895)
Bond issuance cost	40,000
Bond premiums	(8,888)
Bond proceeds	(8,000,000)
Loan proceeds	(2,145,000)
Principal payments on bonds	850,000

Change in net assets of governmental activities	\$ 7,940,868
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The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
General Fund

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 276,483	\$ 276,483	\$ 282,270	\$ 5,787
Oil and gas taxes	432,376	432,376	283,103	(149,273)
Intergovernmental revenue:				
Federal flowthrough	28,000	28,000	59,519	31,519
Federal direct	-	-	-	-
Local sources	18,800	18,800	4,482	(14,318)
State flowthrough	421,321	466,902	523,710	56,808
State direct	50,092,197	49,781,450	49,883,621	102,171
Transportation distribution	1,786,194	1,785,816	1,785,740	(76)
Charges for services	10,000	10,000	18,875	8,875
Investment Income	21,000	21,000	8,550	(12,450)
Miscellaneous	2,500	2,500	32,355	29,855
<i>Total revenues</i>	53,088,871	52,823,327	52,882,225	58,898
<i>Expenditures</i>				
Current:				
Instruction	34,340,802	34,489,563	33,140,542	1,349,021
Support services - students	4,889,317	4,916,400	4,552,186	364,214
Support services - instruction	1,746,576	1,785,078	1,743,705	41,373
Support services - general administration	749,714	755,211	672,185	83,026
Support services - school administration	3,042,300	3,039,998	2,910,130	129,868
Central services	1,206,731	1,188,138	1,127,207	60,931
Operation and maintenance of plant	5,817,262	5,913,568	4,432,523	1,481,045
Student transportation	1,786,194	1,785,968	1,785,751	217
Other support services	72,599	73,049	18,900	54,149
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	53,651,495	53,946,973	50,383,129	3,563,844
<i>Excess (deficiency) of revenues over expenditures</i>	(562,624)	(1,123,646)	2,499,096	3,622,742
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	562,624	1,123,646	-	(1,123,646)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond Proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	562,624	1,123,646	-	(1,123,646)
<i>Net change in fund balances</i>	-	-	2,499,096	2,499,096
<i>Fund balances - beginning of year</i>	-	-	6,418,018	6,418,018
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 8,917,114	\$ 8,917,114
Net change in fund balances (Non-GAAP budgetary basis)				\$ 2,499,096
Adjustments to revenues for taxes and state flowthrough grants				5,911
Adjustments to expenditures for instructional and payroll expenditures and inventory on hand				471,289
Net change in fund balances (GAAP Basis)				\$ 2,976,296

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	1,989,726	2,375,894	1,417,222	(958,672)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	1,455	1,455
<i>Total revenues</i>	<u>1,989,726</u>	<u>2,375,894</u>	<u>1,418,677</u>	<u>(957,217)</u>
<i>Expenditures</i>				
Current:				
Instruction	1,689,799	2,015,634	1,507,278	508,356
Support services	206,228	266,561	206,873	59,688
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	93,699	93,699	93,000	699
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>1,989,726</u>	<u>2,375,894</u>	<u>1,807,151</u>	<u>568,743</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(388,474)</u>	<u>(388,474)</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>(388,474)</u>	<u>(388,474)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>219,035</u>	<u>219,035</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (169,439)</u>	<u>\$ (169,439)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (388,474)
Adjustments to revenues for federal flowthrough grants				383,507
Adjustments to expenditures for payroll expenditures				4,422
Net change in fund balance (GAAP Basis)				<u>\$ (545)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2011

Exhibit D-1

<i>Current Assets</i>	
Cash and cash equivalents	\$ 316,178
Investments	<u>501,905</u>
<i>Total assets</i>	<u><u>\$ 818,083</u></u>
<i>Current Liabilities</i>	
Accounts payable	\$ 42,510
Accrued payroll	13,040
Due to student organizations	<u>762,533</u>
<i>Total liabilities</i>	<u><u>\$ 818,083</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, 2011

**NOTE 1. Summary of Significant Accounting Policies**

Hobbs Municipal School District #33 "the District" 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 School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of six members who are elected for terms of four years. The District operates seventeen schools within the District with a total enrollment of approximately 8,500 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

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 the District's management who is responsible for their integrity and objectivity. The financial statements and notes of the District 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.

**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 scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate 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, 2011

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

**B. *Government-wide and fund financial statements***

The government-wide financial statements ( 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, state equalization, 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, 2011

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

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

The District 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 *Title I IASA Special Revenue Fund* is used to account for the revenues and expenditures of the Title I program which is used 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.

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. Authority for the creation of this fund is the New Mexico Public Education Department.

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. Authority for the creation of this fund is the New Mexico Public Education Department.

Additionally, the government reports the following Fiduciary funds:

The *Agency 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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

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, 2011, the District maintained \$516,538 of investments in the LGIP and the LGIP's reserve contingency fund.

**Restricted Assets:** Certain proceeds of the District's general obligation bonds, NMFA loans, and QZab sinking fund, are classified as restricted assets on the statement of Net Assets because their use is limited by the applicable bond covenants.

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

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

The District receives monthly income from a tax levy from Lea County. The funds are collected by the County Treasurer 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 2011 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2011. 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.

**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, 2011

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. Construction projects paid for by the Public School Capital Outlay Council are included in the District’s capital assets.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-50
Equipment	5-20
Land Improvements	5-20

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

- *Unearned revenue* - Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for *deferred revenue*.
- *Unavailable revenue* – Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual (it must be both measureable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue. The District has recorded \$194,358 in deferred revenue related to property taxes and \$130,797 in deferred revenue related to grant revenue 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, 2011

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

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

**Accrued Payroll:** In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

**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 or the straight-line method if the difference from the effective interest method is minimal. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 Balance Classification Policies and Procedures:** The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2011, the nonspendable fund balances in the general fund and food service fund are made up of inventory in the amounts of \$201,513 and \$61,997, respectively, that are not in spendable form.

**Restricted and Committed Fund Balance:** At June 30, 2011, the restricted fund balance on the governmental funds balance sheet is made up of \$826,245 for providing transportation, instructional materials, food services, education, and extracurricular activities to the students of the District, \$5,354,808 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 schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$11,076,375 for the payment of principal and interest of the future debt service requirements. The District has also committed fund balance in the amount of \$9,695,582 for expenditures in the subsequent year.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

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

**Net Assets:** 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. Descriptions for the related restrictions for net assets restricted for “special revenue, capital projects, and debt service” are described on pages 89-93.
- 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. Significant estimates for the District are management’s estimate of depreciation on assets over their estimated useful lives and the current portion of accrued compensated absences.

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 \$49,883,621 in state equalization guarantee distributions during the year ended June 30, 2011.

**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 \$6,814,069 in property tax revenues in the government-wide financial statements during the year ended June 30, 2011. The District also recognized \$5,598,778 in oil and gas tax revenues in the government- wide financial statements during the year ended June 30, 2011. 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 \$1,785,740 in transportation distributions during the year ended June 30, 2011.



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

E. *Revenues (continued)*

**Instructional Materials:** The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The District received \$330,916 in instructional materials revenue from the State for the year ended June 30, 2011.

**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 \$159,288 is state SB-9 matching during the year ended June 30, 2011.

**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, 2011, the District received \$2,715,499 in state flow-through capital outlay funds.

**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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

**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, with the exception of the funds listed in Note 14, 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 restricted 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 local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

10. 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.

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, 2011, 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	\$ (562,624)	\$ (1,123,646)
Title I IASA Special Revenue Fund	\$ -	\$ -
Bond Building Capital Projects Fund	\$ (5,000,000)	\$ (30,147,274)
Capital Improvements HB-33 Capital Projects Fund	\$ (1,544,296)	\$ (5,254,842)
Debt Service Fund	\$ (1,591,476)	\$ (2,160,345)
Other Governmental Funds	\$ (585,630)	\$ (2,801,158)

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, 2011.

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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state were insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts at the all FDIC-insured depository institutions. The separate coverage on non-interest bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2011 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts

Through July 20, 2011, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

*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, 2011, \$1,905 of the District's bank balance of \$15,731,398 was subject to custodial credit risk. \$1,905 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$0 was uninsured and uncollateralized at June 30, 2011.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

	Bank of America	First American Bank	Lea County State Bank	US Bank
Amount of deposits	\$ 42	\$ -	\$ 5,565,401	\$ 5,339
Transaction Deposit Accounts covered by the "Dodd-Frank Deposit Insurance Provision"	-	-	(5,063,496)	-
FDIC coverage	(42)	-	(500,000)	(5,339)
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>1,905</u>	<u>-</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	-	-	1,905	-
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ -	\$ -	\$ 953	\$ -
Pledged securities	1,470,637	87,500	2,015,197	-
Over (under) collateralized	<u>\$ 1,470,637</u>	<u>\$ 87,500</u>	<u>\$ 2,014,245</u>	<u>\$ -</u>

	Wells Fargo Bank	Western Commerce Bank	Total
Amount of deposits	\$ 8,201,904	\$ 1,958,712	\$ 15,731,398
Transaction Deposit Accounts covered by the "Dodd-Frank Deposit Insurance Provision"	(7,951,904)	(1,708,712)	(14,724,112)
FDIC coverage	(250,000)	(250,000)	(1,005,381)
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>1,905</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	-	-	1,905
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ -	\$ -	\$ 953
Pledged securities	4,229,077	1,410,698	9,213,109
Over (under) collateralized	<u>\$ 4,229,077</u>	<u>\$ 1,410,698</u>	<u>\$ 9,212,157</u>

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

*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, 2011, the District's investment balances were exposed to custodial credit risk as follows:

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

<u>Overnight Repurchase Agreements</u>	<u>Lea County State Bank</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
Total amount of deposits	\$ 1,030,958	\$ 5,637,696	\$ 6,668,654
FDIC Coverage	-	-	-
	<u>1,030,958</u>	<u>5,637,696</u>	<u>6,668,654</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>1,030,958</u>	<u>5,637,696</u>	<u>6,668,654</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured - repurchase)	\$ 1,051,577	\$ 5,750,450	\$ 6,802,027
Pledged Securities	<u>1,051,577</u>	<u>5,750,451</u>	<u>6,802,028</u>
Over (under) collateralization	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</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, 2011, the District's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

As of June 30, 2011, 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	\$ 473,984	AAAm
Reserve Contingencies Fund	Does not earn interest	42,554	Unrated
U.S. Treasury MM Mutual Fund	<1 year	6,613,276	AAA
FNMA Discount Note	92 days	7,912,209	A-1+
		<u>\$ 15,042,023</u>	

The investments are listed on Schedule I of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

**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, 44% and 53% 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, 2011. 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, 2011:

24106	Entitlement IDEA-B	\$ (246,487)
24109	Preschool IDEA-B	(10,073)
24129	Partnership in Character Education	(610)
24143	Title III - Incentive Award	(9,396)
24149	Title II D Competitive	(2,744)
24153	English Language Acquisition	(93,836)
24154	Teacher/Principal Training & Recruiting	(62,823)
24157	Safe & Drug Free Schools & Communities	(2,581)
24163	Immigrant Funding Title III	(11,482)
24174	Carl Perkins Secondary	(10,726)
24201	Title I IASA - Federal Stimulus	(168,183)
24206	Entitlement IDEA-B - Federal Stimulus	(109,822)
24249	Enhancing Education Through Technology - Federal Stimulus	(13,624)
25250	SEG Federal Stimulus	(13,722)
25255	Education Jobs Fund	(202,812)
27105	2008 GO Bond Student Library	(4,355)
27164	School Improvement Framework	(2,993)
27170	Libraries - GO Bonds	(31)
		<hr/>
	Total	<u>\$ (966,300)</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

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:

Primary Government

Reconciliation to the Statement of Net Assets

Cash and cash equivalents per Exhibit A-1	\$ 18,993,939
Restricted cash per Exhibit A-1	2,110,503
Investments per Exhibit A-1	4,775,138
Restricted investments Exhibit A-1	7,912,209
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	316,178
Investments - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	<u>501,905</u>
 Total cash, cash equivalents, and investments	 34,609,872
Add: outstanding checks	2,835,809
Less: deposits in transit	(6,672,260)
Less: investments held in New Mexico State Treasurer's LGIP	(516,538)
Less: investments held in U.S. MM mutual fund	(6,613,276)
Less: investment FNMA Discount Note	<u>(7,912,209)</u>
 Bank balance of deposits	 <u><u>\$ 15,731,398</u></u>



**STATE OF NEW MEXICO**  
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June 30, 2011

**NOTE 4. Accounts Receivable**

Accounts receivable as of June 30, 2011, are as follows:

**Governmental Activities:**

	General Fund	Title I IASA Special Revenue Fund	Capital Improvements HB-33
Property taxes receivable	\$ 15,592	\$ -	\$ 159,694
Oil and gas taxes receivable	53,004	-	424,034
Due from other governments:			
Federal sources	-	383,507	-
State sources	-	-	-
Other receivables	12,942	-	-
	<u>\$ 81,538</u>	<u>\$ 383,507</u>	<u>\$ 583,728</u>

	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 115,244	\$ 79,854	\$ 370,384
Oil and gas taxes receivable	383,805	212,017	1,072,860
Due from other governments:			
Federal sources	-	1,292,627	1,676,134
State sources	-	556,114	556,114
Other receivables	-	-	12,942
	<u>\$ 499,049</u>	<u>\$ 2,140,612</u>	<u>\$ 3,688,434</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$194,358 and grant revenues in the amount of \$130,797 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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

**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, 2011 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Title I IASA	\$ 2,650,000
General Fund	Entitlement IDEA-B	246,487
General Fund	Preschool IDEA-B	10,073
General Fund	Partnership in Character Education	610
General Fund	Title III - Incentive Award	9,396
General Fund	Title II D Competitive	2,744
General Fund	English Language Acquisition	93,836
General Fund	Teacher/Principal Training & Recruiting	62,823
General Fund	Safe & Drug Free Schools & Communities	2,581
General Fund	Immigrant Funding Title III	11,482
General Fund	Carl Perkins Secondary	10,726
General Fund	Title I IASA - Federal Stimulus	168,183
General Fund	Entitlement IDEA-B Federal Stimulus	109,822
General Fund	Enhancing Education Through Technology - Federal Stimulus	13,624
General Fund	SEG Federal Stimulus	13,722
General Fund	Education Jobs Fund	202,812
General Fund	Microsoft Settlementt Fund	65,000
General Fund	2008 GO Bond Student Library	4,355
General Fund	School Improvement Framework	2,993
General Fund	Libraries - G.O. Bonds	31
General Fund	Special Capital Outlay - State	181,623
	Total	<u>\$ 3,862,923</u>

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

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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June 30, 2011

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2011, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2011 appear in the Statement of Net Assets as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,532,513	\$ -	\$ -	\$ 4,532,513
Construction in progress	<u>13,116,589</u>	<u>24,229,442</u>	<u>5,057,853</u>	<u>32,288,178</u>
Total capital assets not being depreciated	<u>17,649,102</u>	<u>24,229,442</u>	<u>5,057,853</u>	<u>36,820,691</u>
Capital assets being depreciated:				
Buildings and improvements	102,140,303	8,740,739	88,031	110,793,011
Equipment	17,444,744	3,280,873	1,063,988	19,661,629
Land improvements	<u>2,603,436</u>	<u>784,179</u>	<u>-</u>	<u>3,387,615</u>
Total capital assets being depreciated	<u>122,188,483</u>	<u>12,805,791</u>	<u>1,152,019</u>	<u>133,842,255</u>
Total capital assets	<u>139,837,585</u>	<u>37,035,233</u>	<u>6,209,872</u>	<u>170,662,946</u>
Less accumulated depreciation:				
Buildings and improvements	53,697,962	2,467,574	87,319	56,078,217
Equipment	13,186,603	1,244,665	972,739	13,458,529
Land improvements	<u>243,974</u>	<u>347,034</u>	<u>-</u>	<u>591,008</u>
Total accumulated depreciation	<u>67,128,539</u>	<u>4,059,273</u>	<u>1,060,058</u>	<u>70,127,754</u>
Total capital assets, net of depreciation	<u>\$ 72,709,046</u>	<u>\$ 32,975,960</u>	<u>\$ 5,149,814</u>	<u>\$ 100,535,192</u>

Depreciation expense for the year ended June 30, 2011 was charged to the following function:

<b>Governmental Activities</b>	
Instruction	\$ 2,977,970
Support services-students	849,662
Support services-general administration	75,480
Central services	37,941
Operations and maintenance of plant	77,556
Food services operations	<u>40,664</u>
Total	<u>\$ 4,059,273</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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**NOTE 7. Long-term Debt**

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide Statement of Net Assets:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Due Within One Year
General Obligation Qualified Zone Academy School (Qzab) Bonds	\$ 14,930,000	\$ -	\$ -	\$ 14,930,000	\$ -
General Obligation Bonds Series 2002	3,350,000	-	610,000	2,740,000	2,740,000
General Obligation Bonds Series 2005	265,000	-	40,000	225,000	40,000
General Obligation Bonds Series 2008	9,500,000	-	100,000	9,400,000	100,000
General Obligation Bonds Series 2009	9,400,000	-	100,000	9,300,000	100,000
General Obligation Bonds Series 2010	20,000,000	-	-	20,000,000	-
General Obligation Bonds Series 2010A	-	8,000,000	-	8,000,000	100,000
NMFA Loan Payable	-	2,145,000	-	2,145,000	-
Compensated Absences	291,923	270,655	250,668	311,910	250,668
<b>Total Long-Term Debt</b>	<b>\$ 57,736,923</b>	<b>\$ 10,415,655</b>	<b>\$ 1,100,668</b>	<b>\$ 67,051,910</b>	<b>\$ 3,330,668</b>

General obligation bonds and the NMFA loan 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, 2011 are for governmental activities.

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2011, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 3,080,000	\$ 1,881,071	\$ 4,961,071
2013	345,000	1,685,772	2,030,772
2014	345,000	1,673,500	2,018,500
2015	1,145,000	1,661,200	2,806,200
2016	1,950,000	1,611,650	3,561,650
2017-2021	21,300,000	6,415,687	27,715,687
2022-2026	15,000,000	2,713,500	17,713,500
2027-2031	6,500,000	268,125	6,768,125
	<b>\$ 49,665,000</b>	<b>\$ 17,910,505</b>	<b>\$ 67,575,505</b>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

The annual requirements to amortize the general obligation qualified zone academy bonds as of June 30, 2011, 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, 2011, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 2,740,000	\$ 60,989	\$ 2,800,989
	<u>\$ 2,740,000</u>	<u>\$ 60,989</u>	<u>\$ 2,800,989</u>

The annual requirements to amortize the 2005 Series general obligation bonds outstanding as of June 30, 2011, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	50,000	1,025	51,025
	<u>\$ 225,000</u>	<u>\$ 23,416</u>	<u>\$ 248,416</u>

The annual requirements to amortize the 2008 Series general obligation bonds outstanding as of June 30, 2011, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	1,000,000	321,750	1,321,750
2017-2021	8,000,000	776,250	8,776,250
	<u>\$ 9,400,000</u>	<u>\$ 2,495,100</u>	<u>\$ 11,895,100</u>

**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 2009 Series general obligation bonds outstanding as of June 30, 2011, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 100,000	\$ 370,375	\$ 470,375
2013	100,000	367,125	467,125
2014	100,000	363,875	463,875
2015	100,000	360,625	460,625
2016	100,000	357,375	457,375
2017-2021	4,300,000	1,671,500	5,971,500
2021-2025	4,500,000	260,000	4,760,000
	<u>\$ 9,300,000</u>	<u>\$ 3,750,875</u>	<u>\$ 13,050,875</u>

The annual requirements to amortize the 2010 Series general obligation bonds outstanding as of June 30, 2011, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ -	\$ 716,875	\$ 716,875
2013	-	716,875	716,875
2014	-	716,875	716,875
2015	750,000	716,875	1,466,875
2016	750,000	694,375	1,444,375
2017-2021	8,500,000	2,812,500	11,312,500
2022-2026	10,000,000	1,360,000	11,360,000
	<u>\$ 20,000,000</u>	<u>\$ 7,734,375</u>	<u>\$ 27,734,375</u>

The annual requirements to amortize the 2010A Series general obligation bonds outstanding as of June 30, 2011, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 100,000	\$ 368,188	\$ 468,188
2013	100,000	243,125	343,125
2014	100,000	241,125	341,125
2015	100,000	239,125	339,125
2016	100,000	237,125	337,125
2017-2021	500,000	1,155,437	1,655,437
2022-2026	500,000	1,093,500	1,593,500
2027-2031	6,500,000	268,125	6,768,125
	<u>\$ 8,000,000</u>	<u>\$ 3,845,750</u>	<u>\$ 11,845,750</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
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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.

**General Obligation School Building Bonds Series 2010A** – The District issued General Obligation School Building Bonds in the amount of \$8,000,000 on September 15, 2010 with staggered maturity dates. The last maturity date is September 15, 2028. The principal payment ranges from \$100,000 to \$4,000,000 with annual payments due September 15. The interest rate ranges from 2.00% to 3.25%, with semi-annual payments due on March 15 and September 15. The District was authorized to issue the bonds for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act or any combination of these purposes.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
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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>	



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

The District has entered into a loan agreement with the New Mexico Finance Authority, wherein the District pledged revenue derived from Property Taxes to cover debt service. The Loan was used to pay off the General Obligation School Building Bonds Series 2002 in July 2011. The NMFA loan is as follows:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2011
NMFA Loan	May-11	Jul-14	1.2108-1.8308%	\$ 2,145,000	\$ 2,145,000

The loan included a premium of \$8,888, which is accreted over the life of the loan.

The annual requirements to amortize the NMFA Loan as of June 30, 2011, including interest payments is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ -	\$ 19,258	\$ 19,258
2013	705,000	28,130	733,130
2014	715,000	18,568	733,568
2015	725,000	6,637	731,637
	<u>\$ 2,145,000</u>	<u>\$ 72,593</u>	<u>\$ 2,217,593</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, 2011, compensated absences increased \$19,987 from the prior year accrual. In prior years, the General Fund and Title I IASA Special Revenue Fund were typically used to liquidate such long-term liabilities.

**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 disaster, for which 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, 2011, there have been no claims that have exceeded insurance coverage.

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Hobbs Municipal School District #33  
Notes to Financial Statements  
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**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, 2011:

**Nonmajor Funds**

Preschool IDEA-B Special Revenue Fund	\$	(2,836)
Partnership in Character Education Special Revenue Fund		(610)
Title III - Incentive Award Special Revenue Fund		(9,396)
English Language Acquisition Special Revenue Fund		(19,836)
Teacher/Principal Training & Recruiting Special Revenue Fund		(4,105)
Title I School Improvement Special Revenue Fund		(122,639)
Immigrant Funding Title III Special Revenue Fund		(11,482)
Carl Perkins Secondary Special Revenue Fund		(9,531)
Enhancing Education Through Technology - Federl Stimulus Special Revenue Fund		(21,015)
Education Jobs Fund Special Revenue Fund		(355)
2008 G.O. Bond Student Library Special Revenue Fund		(4,355)
School Improvement Framework Special Revenue Fund		(2,993)
Libraries - G.O. Bonds Special Revenue Fund		(31)
Special Capital Outlay - State - Capital Projects Fund		(181,623)

**Total Governmental Funds** \$ (390,807)

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

- B. Excess of expenditures over appropriations. The District was aware of any funds with line item expenditures in excess of the budgeted appropriations for the year ended June 30, 2011.
- C. Designated cash appropriations in excess of available balances. The following funds' budgets exceeded approved budgetary authority for the year ended June 30, 2011:

	<b>Designated Cash</b>	<b>Beginning Year Cash &amp; AR Available</b>	<b>Cash Appropriation in excess of available</b>
SEG Federal Stimulus Special Revenue Fund	\$ 483,262	\$ 453,301	\$ (29,961)
Technology for Education PED Special Revenue Fund	7,642	2,700	(4,942)

**STATE OF NEW MEXICO**  
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**NOTE 10. Pension Plan – Educational Retirement Board**

*Plan Description.* Substantially all of the District'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 through June 30, 2011, 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 District 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. Effective July 1, 2011 plan members are 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 are required to contribute 11.15% of their gross salary. The District is required to contribute 12.40% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2011, 2010, and 2009 were \$4,042,522, \$4,400,415, and \$4,431,983, 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.* The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which 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).

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee’s annual salary; each participating employee is required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 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>
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 District’s contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$603,192, \$513,373, and \$495,458, 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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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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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June 30, 2011

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

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

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

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

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

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

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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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

*Participants:* 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

*Responsible party:* All participants

*Description :* 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.

*Begin date:* November 17, 2003

*Ending date:* Any party can terminate participation by providing thirty days written notice

*Estimated amount of project :* Not Applicable

*Amount contributed:* Not Applicable

*Audit responsibility:* Each Participant

*Fiscal agent:* 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 (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>	Regional Education Cooperative #7
<i>Fiscal agent:</i>	Regional Education Cooperative #7

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2011

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

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

Lea County Distance Education Consortium Agreement

*Participants:* 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

*Responsible party:* All participants

*Description :* 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.

*Begin date:* February 14, 1994

*Ending date:* As long as mutually agreeable by all parties

*Estimated amount of project :* Not Applicable

*Amount contributed:* \$18,878

*Audit responsibility:* Each Participant

*Fiscal agent:* New Mexico Junior College

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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June 30, 2011

**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

**NOTE 14. Payroll Related Expenditures**

The District's expenditures are budgeted on a cash basis, with the exception of those expenditures related to payroll. Payroll expenditures are budgeted on the accrual basis and the beginning fund balance and current year actual expenditures are budgeted on the budgetary comparisons in those funds that have accrued payroll for held checks at year end have been adjusted to account for this requirement. The following funds were affected by this requirement:

Safe & Drug Free Schools & Communities Special Revenue Fund	\$ 1,399
Immigrant Funding Title III Special Revenue Fund	2,603
Reading First Special Revenue Fund	6,545
Title I IASA - Federal Stimulus Special Revenue Fund	8,746
Family Youth Resource Program Special Revenue Fund	526
Pre-K Initiative Special Revenue Fund	6,476
Beginning Teacher Mentoring Special Revenue Fund	2

**STATE OF NEW MEXICO**  
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June 30, 2011

**NOTE 15. Commitments**

The District had multiple construction projects ongoing as of the year ended June 30, 2011 that are to continue into the following fiscal year. These projects are as follows:

<u>Construction Project:</u>	<u>Project #</u>	<u>PO #</u>	<u>Contract Price</u>	<u>Paid-to-date expenses</u>	<u>Expected amount to complete</u>	<u>Expected date of completion</u>
Classroom Alterations to 400-500 Wing of High School	Bid #1011-22	various	\$ 2,226,102	\$ 126,698	\$ 2,099,404	November-11
High School Media Center	Bid #1011-14	various	4,488,551	2,636,396	1,852,155	November-11
Alternative High School	Bid #0910-21	various	3,315,303	3,046,938	268,365	August-11
<b>Totals</b>			<b>\$ 10,029,956</b>	<b>\$ 5,810,032</b>	<b>\$ 4,219,924</b>	

**NOTE 16. Restricted Net Assets**

The government-wide statement of net assets reports \$5,544,994 of restricted net assets, all of which 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 89-93.

**NOTE 17. Concentrations**

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

The District depends of financial resources flowing from, or associated with, oil and gas tax revenues. Because of this dependency, the District is subject to changes in specific flows of revenues based on the production of oil and gas which is can be volatile.

**NOTE 18. Subsequent Events**

**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 have been no additional distributions in the past year.

The New Mexico State Treasurer's Office believes that there may be additional distributions. Uncertainty remains, however, as to the timing and amounts of these distributions. Effective November 24, 2010, all remaining assets were transferred to a liquidating service agent, Crederian Fund Services LLC.

**STATE OF NEW MEXICO**  
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**NOTE 18. Subsequent Events (continued)**

The date to which events occurring after June 30, 2011, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is November 11, 2011 which is the date on which the financial statements were issued.

**NOTE 19. Subsequent Pronouncements**

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*, effective date: for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The standard is expected to have no effect on the District in upcoming years.

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, effective date: the provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the District in upcoming years.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective date: the requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The District will implement this standard during fiscal year June 30, 2013.

In June 2011, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective date: the provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the District in upcoming years.

In June 2011, GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53* effective date: the provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the District in upcoming years.

**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**



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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Fund Descriptions  
June 30, 2011

**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.

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

**Entitlement IDEA-B (24106)** – To account for a program funded by a Federal grant to assist the Schools in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

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

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

**“Risk Pool” IDEA-B (24120)** - Entitlement funds that are set aside each year for the Puente para los Ninos high cost child program. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 611(e) (and 613 (a)(4)(A)(iii)).

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

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

**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).

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Fund Descriptions  
June 30, 2011

**Special Revenue Funds (continued)**

**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.

**Title I School Improvement (24162)** – To account for federal funds to provide family-center education projects to help parents become full partners in the education of their children and to assist children in reaching their full potential as leaders. Authority is Public Law 100-297.

**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 D. Perkins (24174 – Carl Perkins Secondary) (24175 – Carl Perkins Secondary PY) (24176 – Carl Perkins Secondary - Redistribution)** – To provide federal funds to expand and improve vocational education programs and to provide equal access in vocational education to special needs populations. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1998, as amended, Public Law 105-332.

**Title I - IASA - Federal Stimulus (24201)** – Funded through the American Recovery and Reinvestment Act of 2009 (ARRA), the purpose of this fund is to provide assistance to local education agencies for schools that have high concentrations of students from families that live in poverty in order to help improve teaching and learning for students most at risk of failing to meet State standards. Federal revenues accounted for in this fund are allocated to the schools through the New Mexico 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 Individuals with Disabilities Education Act (IDEA).

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June 30, 2011

**Special Revenue Funds (continued)**

**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)** – Created 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.

**Education Jobs Fund (25255)** – Created under the American Recovery and Reinvestment Act of 2009 (ARRA), these federal funds are to provide assistance to States to save or create education jobs for the 2010-2011 school year. Jobs funding under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

**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. Authority for the creation of this fund is the New Mexico Public Education Department.

**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. Authority for the creation of this fund is the New Mexico Public Education Department.

**Technology for Education PED (27117)** – The purpose of this grant is to assist the Schools to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

**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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Fund Descriptions  
June 30, 2011

**Special Revenue Funds (continued)**

**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 Annual Yearly Progress (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.

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

**Kindergarten – Three Plus (27166)** – Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

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

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

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

**Capital Projects Funds**

**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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Fund Descriptions  
June 30, 2011

**Capital Projects Funds (continued)**

**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, 2011

	Special Revenue			
	Food Service	Athletics	Javits Gifted & Talented Students	Entitlement IDEA-B
<i>Assets</i>				
Cash and cash equivalents	\$ 435,376	\$ 94,698	\$ 24	\$ -
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	-	337,219
Inventory	61,997	-	-	-
<i>Total assets</i>	\$ 497,373	\$ 94,698	\$ 24	\$ 337,219
<i>Liabilities</i>				
Accounts payable	\$ 7,183	\$ 1,241	\$ -	\$ -
Accrued payroll	128,213	-	-	86,996
Accrued compensated absences	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Other	-	-	-	-
Due to other funds	-	-	-	246,487
<i>Total liabilities</i>	135,396	1,241	-	333,483
<i>Fund balances</i>				
Nonspendable				
Inventory	61,997	-	-	-
Spendable				
Restricted for:				
Food services	299,980	-	-	-
Education	-	-	24	3,736
Extracurricular activities	-	93,457	-	-
Capital acquisitions and improvements	-	-	-	-
Committed for:				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	361,977	93,457	24	3,736
<i>Total liabilities and fund balances</i>	\$ 497,373	\$ 94,698	\$ 24	\$ 337,219

The accompanying notes are an integral part of these financial statements

Special Revenue

Competitive IDEA-B	Preschool IDEA-B	"Risk Pool" IDEA-B	Partnership in Character Education	Enhancing Education Through Technology
\$ 3,365	\$ -	\$ -	\$ -	\$ 960
-	-	-	-	-
-	-	-	-	-
-	8,101	-	-	-
-	-	-	-	-
<u>\$ 3,365</u>	<u>\$ 8,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	864	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	10,073	-	610	-
-	10,937	-	610	-
-	-	-	-	-
-	-	-	-	-
3,365	-	-	-	960
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(2,836)	-	(610)	-
<u>3,365</u>	<u>(2,836)</u>	<u>-</u>	<u>(610)</u>	<u>960</u>
<u>\$ 3,365</u>	<u>\$ 8,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	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	\$ -	\$ -	\$ 850
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	2,744	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ 349	\$ -	\$ 2,744	\$ 850
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Other	-	-	-	-
Due to other funds	-	9,396	2,744	-
<i>Total liabilities</i>	-	9,396	2,744	-
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	349	-	-	850
Extracirricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Committed for:				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	(9,396)	-	-
<i>Total fund balances</i>	349	(9,396)	-	850
<i>Total liabilities and fund balances</i>	\$ 349	\$ -	\$ 2,744	\$ 850

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>English Language Acquisition</u>	<u>Teacher / Principal Training &amp; Recruiting</u>	<u>Safe &amp; Drug Free Schools &amp; Communities</u>	<u>Title I School Improvement</u>	<u>Immigrant Funding Title III</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
79,718	94,251	2,581	122,639	-
-	-	-	-	-
<u>\$ 79,718</u>	<u>\$ 94,251</u>	<u>\$ 2,581</u>	<u>\$ 122,639</u>	<u>\$ -</u>
\$ -	\$ 3,521	\$ -	\$ 122,639	\$ -
5,718	28,491	-	-	-
-	-	-	-	-
-	-	-	-	-
-	3,521	-	122,639	-
93,836	62,823	2,581	-	11,482
<u>99,554</u>	<u>98,356</u>	<u>2,581</u>	<u>245,278</u>	<u>11,482</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(19,836)	(4,105)	-	(122,639)	(11,482)
<u>(19,836)</u>	<u>(4,105)</u>	<u>-</u>	<u>(122,639)</u>	<u>(11,482)</u>
<u>\$ 79,718</u>	<u>\$ 94,251</u>	<u>\$ 2,581</u>	<u>\$ 122,639</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	Special Revenue			
	Reading First	Carl Perkins Secondary	Carl Perkins Secondary PY	Carl Perkins Secondary - Redistribution
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 5	\$ -
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	1,195	-	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ -	\$ 1,195	\$ 5	\$ -
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Other	-	-	-	-
Due to other funds	-	10,726	-	-
<i>Total liabilities</i>	-	10,726	-	-
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	5	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Committed for:				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	(9,531)	-	-
<i>Total fund balances</i>	-	(9,531)	5	-
<i>Total liabilities and fund balances</i>	\$ -	\$ 1,195	\$ 5	\$ -

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	Special Revenue			
	SEG Federal Stimulus	Education Jobs Fund	J.F Maddox Foundation	Microsoft Settlement Funds
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 173,353	\$ 82,805
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	13,722	333,632	88,891	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ 13,722	\$ 333,632	\$ 262,244	\$ 82,805
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	130,820	3,705	-
Accrued compensated absences	-	355	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Other	-	-	-	-
Due to other funds	13,722	202,812	-	65,000
<i>Total liabilities</i>	13,722	333,987	3,705	65,000
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	218,539	2,805
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Committed for:				
Subsequent year's expenditures	-	-	40,000	15,000
Unassigned	-	(355)	-	-
<i>Total fund balances</i>	-	(355)	258,539	17,805
<i>Total liabilities and fund balances</i>	\$ 13,722	\$ 333,632	\$ 262,244	\$ 82,805

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>2009 Dual Credit IM/HB2</u>	<u>2008 G.O. Bond Student Library</u>	<u>Technology For Education PED</u>	<u>Incentives for School Improvement</u>	<u>Family Youth Resource Program</u>
\$ -	\$ -	\$ 2,700	\$ 43,929	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,700</u>	<u>\$ 43,929</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	4,355	-	-	-
<u>-</u>	<u>4,355</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	4,355	-	-	-
-	-	-	-	-
-	-	-	43,929	-
-	-	-	-	-
-	-	-	-	-
-	-	2,700	-	-
<u>-</u>	<u>(4,355)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(4,355)</u>	<u>2,700</u>	<u>43,929</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,700</u>	<u>\$ 43,929</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	Special Revenue			
	G.O. Library Bonds	Pre-K Initiative	Beginning Teacher Mentoring	Breakfast for Elementary Students
<i>Assets</i>				
Cash and cash equivalents	\$ 127	\$ 12,752	\$ 8,111	\$ -
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 127</u>	<u>\$ 12,752</u>	<u>\$ 8,111</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	12,752	-	-
Accrued compensated absences	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Other	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>12,752</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	127	-	8,111	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Committed for:				
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>127</u>	<u>-</u>	<u>8,111</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 127</u>	<u>\$ 12,752</u>	<u>\$ 8,111</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Technology Equity	School Improvement Framework	Kindergarten- Three Plus	Libraries - G.O. Bonds	2008 Library Book Fund
\$ 39	\$ -	\$ 1	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,993	-	31	-
<u>-</u>	<u>2,993</u>	<u>-</u>	<u>31</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
39	-	1	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>(2,993)</u>	<u>-</u>	<u>(31)</u>	<u>-</u>
<u>39</u>	<u>(2,993)</u>	<u>1</u>	<u>(31)</u>	<u>-</u>
<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	<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>
<i>Assets</i>				
Cash and cash equivalents	\$ 10,309	\$ -	\$ 22,547	\$ -
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	307,935	-	159,288
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 10,309</u>	<u>\$ 307,935</u>	<u>\$ 22,547</u>	<u>\$ 159,288</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 307,935	\$ -	\$ 159,288
Accrued payroll	2,788	-	-	-
Accrued compensated absences	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Other	-	-	-	-
Due to other funds	-	-	-	181,623
<i>Total liabilities</i>	<u>2,788</u>	<u>307,935</u>	<u>-</u>	<u>340,911</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	7,521	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	1,165	-
Committed for:				
Subsequent year's expenditures	-	-	21,382	-
Unassigned	-	-	-	(181,623)
<i>Total fund balances</i>	<u>7,521</u>	<u>-</u>	<u>22,547</u>	<u>(181,623)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 10,309</u>	<u>\$ 307,935</u>	<u>\$ 22,547</u>	<u>\$ 159,288</u>

The accompanying notes are an integral part of these financial statements

Capital Projects

<u>SB-9 Capital Improvements</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,644,776	\$ 2,553,293
79,854	79,854
212,017	212,017
-	1,848,741
-	61,997
<u>\$ 1,936,647</u>	<u>\$ 4,755,902</u>
\$ 58,051	\$ 680,873
-	417,123
-	355
43,852	43,852
-	130,797
-	1,212,923
<u>101,903</u>	<u>2,485,923</u>
-	61,997
-	299,980
-	290,361
-	93,457
644,744	645,909
1,190,000	1,269,082
-	(390,807)
<u>1,834,744</u>	<u>2,269,979</u>
<u>\$ 1,936,647</u>	<u>\$ 4,755,902</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, 2011

	Special Revenue			
	Food Services	Athletics	Javits Gifted & Talented Students	Entitlement IDEA-B
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	2,517,578	-	-	1,237,735
Federal direct	239,658	-	-	-
Local sources	-	-	-	-
State flowthrough	249	-	-	-
Charges for services	752,014	237,783	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	3,509,499	237,783	-	1,237,735
<i>Expenditures</i>				
Current:				
Instruction	-	169,994	-	251,758
Support services - students	-	-	-	818,922
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	167,055
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	3,450,080	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	3,450,080	169,994	-	1,237,735
<i>Excess (deficiency) of revenues over expenditures</i>	59,419	67,789	-	-
<i>Other financing sources (uses)</i>				
Remittal of prior year fund balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	59,419	67,789	-	-
<i>Fund balances - beginning</i>	302,558	25,668	24	3,736
<i>Fund balances - end of year</i>	\$ 361,977	\$ 93,457	\$ 24	\$ 3,736

The accompanying notes are an integral part of these financial statements

Special Revenue

Competitive IDEA-B	Preschool IDEA-B	"Risk Pool" IDEA-B	Partnership in Character Education	Enhancing Education Through Technology
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	48,967	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	48,967	-	-	-
-	-	-	-	-
-	-	-	-	-
-	28,162	-	-	-
-	-	-	-	-
-	-	-	-	-
-	20,804	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	48,966	-	-	-
-	-	-	-	-
-	1	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1	-	-	-
3,365	(2,837)	-	(610)	960
\$ 3,365	\$ (2,836)	\$ -	\$ (610)	\$ 960

**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, 2011

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	-	-	2,744	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>2,744</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	2,744	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>2,744</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>				
Remittal of prior year fund balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	<u>349</u>	<u>(9,396)</u>	<u>-</u>	<u>850</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	Title I School Improvement	Immigrant Funding Title III
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
247,641	402,240	14,712	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>247,641</u>	<u>402,240</u>	<u>14,712</u>	<u>-</u>	<u>-</u>
234,458	362,175	975	109,650	-
-	-	13,436	-	-
-	-	-	12,989	-
5,070	10,014	301	-	-
8,114	8,270	-	-	-
-	26,401	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>247,642</u>	<u>406,860</u>	<u>14,712</u>	<u>122,639</u>	<u>-</u>
<u>(1)</u>	<u>(4,620)</u>	<u>-</u>	<u>(122,639)</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
(1)	(4,620)	-	(122,639)	-
<u>(19,835)</u>	<u>515</u>	<u>-</u>	<u>-</u>	<u>(11,482)</u>
<u>\$ (19,836)</u>	<u>\$ (4,105)</u>	<u>\$ -</u>	<u>\$ (122,639)</u>	<u>\$ (11,482)</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, 2011

	Special Revenue			
	Reading First	Carl Perkins Secondary	Carl Perkins Secondary PY	Carl Perkins Secondary - Redistribution
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	48,545	5,742	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	-	48,545	5,742	-
<i>Expenditures</i>				
Current:				
Instruction	-	48,172	5,737	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	373	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	48,545	5,737	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	5	-
<i>Other financing sources (uses)</i>				
Remittal of prior year fund balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	5	-
<i>Fund balances - beginning</i>	-	(9,531)	-	-
<i>Fund balances - end of year</i>	\$ -	\$ (9,531)	\$ 5	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue

Title I IASA - Federal Stimulus	Entitlement IDEA- B - Federal Stimulus	Preschool IDEA- B - Federal Stimulus	Enhancing Education Through Technology - Federal Stimulus	Title XIX Medicaid
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
421,267	153,111	-	132,332	-
-	-	-	-	176,826
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>421,267</u>	<u>153,111</u>	<u>-</u>	<u>132,332</u>	<u>176,826</u>
336,961	75,466	-	153,347	-
11	77,645	-	-	198,690
-	-	-	-	-
9,395	-	-	-	-
74,318	-	-	-	-
582	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>421,267</u>	<u>153,111</u>	<u>-</u>	<u>153,347</u>	<u>198,690</u>
-	-	-	(21,015)	(21,864)
-	-	-	-	-
-	-	-	-	-
-	-	-	(21,015)	(21,864)
-	-	-	-	21,864
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,015)</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, 2011

Special Revenue

	SEG Federal Stimulus	Education Jobs Fund	J.F Maddox Foundation	Microsoft Settlement Funds
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	563,043	1,436,293	-	-
Local sources	-	-	-	-
State flowthrough	-	-	310,533	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>563,043</u>	<u>1,436,293</u>	<u>310,533</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	126,152	1,147,292	127,287	154,011
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	13,107	-
Central services	-	-	-	-
Operation and maintenance of plant	855,779	289,356	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>981,931</u>	<u>1,436,648</u>	<u>140,394</u>	<u>154,011</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(418,888)</u>	<u>(355)</u>	<u>170,139</u>	<u>(154,011)</u>
<i>Other financing sources (uses)</i>				
Remittal of prior year fund balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(418,888)	(355)	170,139	(154,011)
<i>Fund balances - beginning</i>	<u>418,888</u>	<u>-</u>	<u>88,400</u>	<u>171,816</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (355)</u>	<u>\$ 258,539</u>	<u>\$ 17,805</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>2009 Dual Credit IM/HB2</u>	<u>2008 G.O. Bond Student Library</u>	<u>Technology For Education PED</u>	<u>Incentives for School Improvement</u>	<u>Family Youth Resource Program</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	21,301	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>21,301</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	21,035	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>21,035</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>266</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	266	-	-	-
-	(4,621)	2,700	43,929	-
<u>\$ -</u>	<u>\$ (4,355)</u>	<u>\$ 2,700</u>	<u>\$ 43,929</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, 2011

	Special Revenue			
	G.O. Library Bonds	Pre-K Initiative	Beginning Teacher Mentoring	Breakfast for Elementary Students
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	189,867	-	23,101
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>189,867</u>	<u>-</u>	<u>23,101</u>
<i>Expenditures</i>				
Current:				
Instruction	-	189,867	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	-	-	-	23,101
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>189,867</u>	<u>-</u>	<u>23,101</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Remittal of prior year fund balance	-	(98)	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(98)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(98)	-	-
<i>Fund balances - beginning</i>	<u>127</u>	<u>98</u>	<u>8,111</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 8,111</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011

	Special Revenue	Capital Projects		
	TCA Value Options	Public School Capital Outlay	Special Building Local	Special Capital Outlay - State
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	5,248	-
State flowthrough	135,475	2,715,499	-	159,288
Charges for services	-	-	-	-
Investment income	-	-	11	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>135,475</u>	<u>2,715,499</u>	<u>5,259</u>	<u>159,288</u>
<i>Expenditures</i>				
Current:				
Instruction	13,370	-	-	-
Support services - students	67,414	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	62,298	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	3,332	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	2,715,499	-	159,288
<i>Total expenditures</i>	<u>146,414</u>	<u>2,715,499</u>	<u>-</u>	<u>159,288</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,939)</u>	<u>-</u>	<u>5,259</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Remittal of prior year fund balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(10,939)	-	5,259	-
<i>Fund balances - beginning</i>	<u>18,460</u>	<u>-</u>	<u>17,288</u>	<u>(181,623)</u>
<i>Fund balances - end of year</i>	<u>\$ 7,521</u>	<u>\$ -</u>	<u>\$ 22,547</u>	<u>\$ (181,623)</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>			
	<u>SB-9 Capital Improvements</u>		<u>Total Nonmajor Governmental Funds</u>
\$	1,358,387	\$	1,358,387
	1,166,017		1,166,017
	-		5,232,614
	-		2,415,820
	-		5,248
	-		3,555,313
	-		989,797
	2,854		2,865
	43,260		43,260
	<u>2,570,518</u>		<u>14,769,321</u>
	-		3,509,416
	-		1,204,280
	-		34,024
	13,544		38,697
	-		353,966
	-		26,983
	1,361,793		2,510,260
	-		3,473,181
	1,347,027		4,221,814
	<u>2,722,364</u>		<u>15,372,621</u>
	<u>(151,846)</u>		<u>(603,300)</u>
	-		<u>(571)</u>
	-		<u>(571)</u>
	(151,846)		(603,871)
	<u>1,986,590</u>		<u>2,873,850</u>
\$	<u>1,834,744</u>	\$	<u>2,269,979</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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	2,000,000	2,289,145	2,517,578	228,433
Federal direct	170,000	239,658	239,658	-
Local sources	-	-	-	-
State flowthrough	-	-	249	249
State direct	-	-	-	-
Charges for services	840,000	840,000	752,014	(87,986)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,010,000</u>	<u>3,368,803</u>	<u>3,509,499</u>	<u>140,696</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	3,010,000	3,616,368	3,452,279	164,089
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>3,010,000</u>	<u>3,616,368</u>	<u>3,452,279</u>	<u>164,089</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(247,565)</u>	<u>57,220</u>	<u>304,785</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	247,565	-	(247,565)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>247,565</u>	<u>-</u>	<u>(247,565)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>57,220</u>	<u>57,220</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>378,156</u>	<u>378,156</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,376</u>	<u>\$ 435,376</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 57,220
No adjustments to revenues				-
Adjustments to expenditures for food service operations and changes in inventory on hand				2,199
Net change in fund balance (GAAP Basis)				<u>\$ 59,419</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, 2011

	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	210,000	210,000	237,783	27,783
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>210,000</u>	<u>210,000</u>	<u>237,783</u>	<u>27,783</u>
<i>Expenditures</i>				
Current:				
Instruction	210,000	235,656	168,753	66,903
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>210,000</u>	<u>235,656</u>	<u>168,753</u>	<u>66,903</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(25,656)</u>	<u>69,030</u>	<u>94,686</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	25,656	-	(25,656)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>25,656</u>	<u>-</u>	<u>(25,656)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>69,030</u>	<u>69,030</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>25,668</u>	<u>25,668</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,698</u>	<u>\$ 94,698</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 69,030
No adjustments to revenues				-
Adjustments to expenditures for student travel expenditures				(1,241)
Net change in fund balance (GAAP Basis)				<u>\$ 67,789</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, 2011

Statement B-3

	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**  
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, 2011

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	-	2,022,202	928,492	(1,093,710)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>2,022,202</u>	<u>928,492</u>	<u>(1,093,710)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	251,768	251,758	10
Support services	-	1,770,434	981,346	789,088
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>2,022,202</u>	<u>1,233,104</u>	<u>789,098</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(304,612)</u>	<u>(304,612)</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>(304,612)</u>	<u>(304,612)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>58,125</u>	<u>58,125</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (246,487)</u>	<u>\$ (246,487)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (304,612)
Adjustments to revenues for federal flowthrough grants				309,243
Adjustments to expenditures for payroll expenditures				(4,631)
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  
 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, 2011

	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>	-	-	3,365	3,365
<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-6

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	79,685	40,866	(38,819)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>79,685</u>	<u>40,866</u>	<u>(38,819)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	79,685	50,131	29,554
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>79,685</u>	<u>50,131</u>	<u>29,554</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(9,265)</u>	<u>(9,265)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(9,265)	(9,265)
<i>Fund balance - beginning of year</i>	-	-	(808)	(808)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,073)</u>	<u>\$ (10,073)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (9,265)
Adjustments to revenues for federal flowthrough grants				8,101
Adjustments to expenditures for payroll expenditures				1,165
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

Statement B-7

Hobbs Municipal School District #33  
 "Risk Pool" 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	987	-	(987)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>987</u>	<u>-</u>	<u>(987)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	987	-	987
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>987</u>	<u>-</u>	<u>987</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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, 2011

Statement B-8

	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>(610)</u>	<u>(610)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (610)</u>	<u>\$ (610)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
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  
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, 2011

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	-	-	-	-
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>960</u>	<u>960</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 960</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Comprehensive School Reform Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

Statement B-10

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

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Title III - Incentive Award Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

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>(9,396)</u>	<u>(9,396)</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)				\$ -
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 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	5,000	6,448	1,608	(4,840)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,000</u>	<u>6,448</u>	<u>1,608</u>	<u>(4,840)</u>
<i>Expenditures</i>				
Current:				
Instruction	5,000	3,392	2,744	648
Support services	-	3,056	2,828	228
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>5,000</u>	<u>6,448</u>	<u>5,572</u>	<u>876</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,964)</u>	<u>(3,964)</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>(3,964)</u>	<u>(3,964)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,220</u>	<u>1,220</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,744)</u>	<u>\$ (2,744)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (3,964)
Adjustments to revenues for federal flowthrough grants				1,136
Adjustments to expenditures for payroll expenditures recognized in the prior year				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-13

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, 2011

	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>850</u>	<u>850</u>
<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)				\$ -
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  
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, 2011

Statement B-14

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	113,643	265,218	199,143	(66,075)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>113,643</u>	<u>265,218</u>	<u>199,143</u>	<u>(66,075)</u>
<i>Expenditures</i>				
Current:				
Instruction	105,214	248,088	234,103	13,985
Support services	8,429	17,130	13,184	3,946
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>113,643</u>	<u>265,218</u>	<u>247,287</u>	<u>17,931</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(48,144)</u>	<u>(48,144)</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>(48,144)</u>	<u>(48,144)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(45,692)</u>	<u>(45,692)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (93,836)</u>	<u>\$ (93,836)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (48,144)
Adjustments to revenues for federal flowthrough grants				48,498
Adjustments to expenditures for payroll expenditures				<u>(355)</u>
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

Statement B-15

Hobbs Municipal School District #33  
 Teacher/Principal Training & Recruiting Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	504,441	713,620	313,072	(400,548)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>504,441</u>	<u>713,620</u>	<u>313,072</u>	<u>(400,548)</u>
<i>Expenditures</i>				
Current:				
Instruction	449,268	619,268	359,955	259,313
Support services	55,173	66,701	18,284	48,417
Central services	-	27,651	26,401	1,250
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>504,441</u>	<u>713,620</u>	<u>404,640</u>	<u>308,980</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(91,568)</u>	<u>(91,568)</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>(91,568)</u>	<u>(91,568)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>28,745</u>	<u>28,745</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,823)</u>	<u>\$ (62,823)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (91,568)
Adjustments to revenues for federal flowthrough grants				89,168
Adjustments to expenditures for supplies and payroll expenditures				(2,220)
Net change in fund balance (GAAP Basis)				<u>\$ (4,620)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-16

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	14,866	12,856	(2,010)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>14,866</u>	<u>12,856</u>	<u>(2,010)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	1,000	975	25
Support services	-	13,866	13,737	129
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>14,866</u>	<u>14,712</u>	<u>154</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,856)</u>	<u>(1,856)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(1,856)	(1,856)
<i>Fund balance - beginning of year</i>	-	-	(725)	(725)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,581)</u>	<u>\$ (2,581)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,856)
Adjustments to revenues for federal flowthrough grants				1,856
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-17

Hobbs Municipal School District #33  
 Title I 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	131,000	-	(131,000)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>131,000</u>	<u>-</u>	<u>(131,000)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	111,000	-	111,000
Support services	-	20,000	-	20,000
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>131,000</u>	<u>-</u>	<u>131,000</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				-
Adjustments to expenditures for software expenditures				(122,639)
Net change in fund balance (GAAP Basis)				<u>\$ (122,639)</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, 2011

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	-	-	1,488	1,488
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,488</u>	<u>1,488</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>1,488</u>	<u>1,488</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	1,488	1,488
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(12,970)</u>	<u>(12,970)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,482)</u>	<u>\$ (11,482)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,488
Adjustments to revenues for federal flowthrough grants recognized in the prior year				(1,488)
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-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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	3,797	3,797
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>3,797</u>	<u>3,797</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>3,797</u>	<u>3,797</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	3,797	3,797
<i>Fund balance - beginning of year</i>	-	-	(3,797)	(3,797)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 3,797
Adjustments to revenues for federal flowthrough grants recognized in the prior year				(3,797)
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-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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	81,009	66,200	47,350	(18,850)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>81,009</u>	<u>66,200</u>	<u>47,350</u>	<u>(18,850)</u>
<i>Expenditures</i>				
Current:				
Instruction	79,284	64,475	48,172	16,303
Support services	1,725	1,725	373	1,352
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>81,009</u>	<u>66,200</u>	<u>48,545</u>	<u>17,655</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,195)</u>	<u>(1,195)</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>(1,195)</u>	<u>(1,195)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(9,531)</u>	<u>(9,531)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,726)</u>	<u>\$ (10,726)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,195)
Adjustments to revenues for federal flowthrough grants				1,195
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-21

Hobbs Municipal School District #33  
 Carl Perkins Secondary 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	13,225	5,742	(7,483)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>13,225</u>	<u>5,742</u>	<u>(7,483)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	13,225	5,737	7,488
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>13,225</u>	<u>5,737</u>	<u>7,488</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</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</u>	<u>5</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>\$ 5</u>	<u>\$ 5</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 5</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-22

Hobbs Municipal School District #33  
 Carl Perkins Secondary - Redistribution Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	11,174	11,174	-	(11,174)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>11,174</u>	<u>11,174</u>	<u>-</u>	<u>(11,174)</u>
<i>Expenditures</i>				
Current:				
Instruction	11,033	11,033	-	11,033
Support services	141	141	-	141
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>11,174</u>	<u>11,174</u>	<u>-</u>	<u>11,174</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-23

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	400,000	423,731	276,833	(146,898)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>400,000</u>	<u>423,731</u>	<u>276,833</u>	<u>(146,898)</u>
<i>Expenditures</i>				
Current:				
Instruction	285,436	338,316	336,961	1,355
Support services	114,564	84,832	83,724	1,108
Central services	-	582	582	-
Operation and maintenance of plant	-	1	-	1
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>400,000</u>	<u>423,731</u>	<u>421,267</u>	<u>2,464</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(144,434)</u>	<u>(144,434)</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>	-	-	(144,434)	(144,434)
<i>Fund balance - beginning of year</i>	-	-	(23,749)	(23,749)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (168,183)</u>	<u>\$ (168,183)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (144,434)
Adjustments to revenues for federal flowthrough grants				144,434
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-24

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	463,552	547,650	68,732	(478,918)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>463,552</u>	<u>547,650</u>	<u>68,732</u>	<u>(478,918)</u>
<i>Expenditures</i>				
Current:				
Instruction	120,293	75,788	75,466	322
Support services	343,259	471,862	149,083	322,779
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>463,552</u>	<u>547,650</u>	<u>224,549</u>	<u>323,101</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(155,817)</u>	<u>(155,817)</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>	-	-	(155,817)	(155,817)
<i>Fund balance - beginning of year</i>	-	-	45,995	45,995
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (109,822)</u>	<u>\$ (109,822)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (155,817)
Adjustments to revenues for federal flowthrough grants				84,379
Adjustments to expenditures for payroll expenditures				71,438
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  
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, 2011

Statement B-25

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	66,520	-	(66,520)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>66,520</u>	<u>-</u>	<u>(66,520)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	66,520	-	66,520
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>66,520</u>	<u>-</u>	<u>66,520</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>	-	-	-	-
<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-26

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	85,376	188,030	125,936	(62,094)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>85,376</u>	<u>188,030</u>	<u>125,936</u>	<u>(62,094)</u>
<i>Expenditures</i>				
Current:				
Instruction	85,376	188,030	132,332	55,698
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>85,376</u>	<u>188,030</u>	<u>132,332</u>	<u>55,698</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(6,396)</u>	<u>(6,396)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(6,396)	(6,396)
<i>Fund balance - beginning of year</i>	-	-	(7,228)	(7,228)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,624)</u>	<u>\$ (13,624)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (6,396)
Adjustments to revenues for federal flowthrough grants				6,396
Adjustments to expenditures for supplies				(21,015)
Net change in fund balance (GAAP Basis)				<u>\$ (21,015)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Title XIX Medicaid Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

Statement B-27

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	218,144	176,826	(41,318)
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>218,144</u>	<u>176,826</u>	<u>(41,318)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	218,144	182,473	35,671
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>218,144</u>	<u>182,473</u>	<u>35,671</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(5,647)</u>	<u>(5,647)</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>	-	-	(5,647)	(5,647)
<i>Fund balance - beginning of year</i>	-	-	21,864	21,864
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,217</u>	<u>\$ 16,217</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (5,647)
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				<u>(16,217)</u>
Net change in fund balance (GAAP Basis)				<u>\$ (21,864)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-28

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, 2011

	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	519,360	533,082	1,002,622	469,540
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>519,360</b>	<b>533,082</b>	<b>1,002,622</b>	<b>469,540</b>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	519,360	1,016,344	855,779	160,565
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<b>Total expenditures</b>	<b>519,360</b>	<b>1,016,344</b>	<b>855,779</b>	<b>160,565</b>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(483,262)	146,843	630,105
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	483,262	-	(483,262)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>483,262</b>	<b>-</b>	<b>(483,262)</b>
<i>Net change in fund balance</i>	-	-	146,843	146,843
<i>Fund balance - beginning of year</i>	-	-	(160,565)	(160,565)
<i>Fund balance - end of year</i>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (13,722)</b>	<b>\$ (13,722)</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 146,843
Adjustments to revenues for federal flowthrough grants				(439,579)
Adjustments to expenditures for inventory expended in the current year				(126,152)
Net change in fund balance (GAAP Basis)				<b>\$ (418,888)</b>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-29

Hobbs Municipal School District #33  
 Education Jobs 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, 2011

	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	-	1,436,294	1,102,661	(333,633)
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,436,294</u>	<u>1,102,661</u>	<u>(333,633)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	1,147,292	1,016,472	130,820
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	289,002	289,001	1
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,436,294</u>	<u>1,305,473</u>	<u>130,821</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(202,812)</u>	<u>(202,812)</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>	-	-	(202,812)	(202,812)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (202,812)</u>	<u>\$ (202,812)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (202,812)
Adjustments to revenues for federal flowthrough grants				333,632
Adjustments to expenditures for payroll and compensated absences expenditures				(131,175)
Net change in fund balance (GAAP Basis)				<u>\$ (355)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
J.F Maddox Foundation Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

Statement B-30

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	359,157	221,642	(137,515)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>359,157</u>	<u>221,642</u>	<u>(137,515)</u>
<i>Expenditures</i>				
Current:				
Instruction	83,557	428,306	123,582	304,724
Support services	-	14,408	13,107	1,301
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>83,557</u>	<u>442,714</u>	<u>136,689</u>	<u>306,025</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(83,557)</u>	<u>(83,557)</u>	<u>84,953</u>	<u>168,510</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	83,557	83,557	-	(83,557)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>83,557</u>	<u>83,557</u>	<u>-</u>	<u>(83,557)</u>
<i>Net change in fund balance</i>	-	-	84,953	84,953
<i>Fund balance - beginning of year</i>	-	-	88,400	88,400
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,353</u>	<u>\$ 173,353</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 84,953
Adjustments to revenues for state flowthrough grants				88,891
Adjustments to expenditures for payroll expenditures				<u>(3,705)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 170,139</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Microsoft Settlement Funds Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

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	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
Instruction	171,816	171,816	154,011	17,805
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>	171,816	171,816	154,011	17,805
<i>Excess (deficiency) of revenues over expenditures</i>	(171,816)	(171,816)	(154,011)	17,805
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	171,816	171,816	-	(171,816)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	171,816	171,816	-	(171,816)
<i>Net change in fund balance</i>	-	-	(154,011)	(154,011)
<i>Fund balance - beginning of year</i>	-	-	171,816	171,816
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 17,805	\$ 17,805
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (154,011)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ (154,011)

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2011

Statement B-32

	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	-	37,500	30,000	(7,500)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	37,500	30,000	(7,500)
<i>Expenditures</i>				
Current:				
Instruction	-	37,500	-	37,500
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>	-	37,500	-	37,500
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	30,000	30,000
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	30,000	30,000
<i>Fund balance - beginning of year</i>	-	-	(30,000)	(30,000)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 30,000
Adjustments to revenues for state flowthrough grants recognized in the prior year				(30,000)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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, 2011

Statement B-33

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	33,906	21,301	(12,605)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	33,906	21,301	(12,605)
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	33,906	21,035	12,871
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>	-	33,906	21,035	12,871
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	266	266
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	266	266
<i>Fund balance - beginning of year</i>	-	-	(4,621)	(4,621)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (4,355)	\$ (4,355)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 266
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ 266

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Technology For Education PED Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

Statement B-34

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
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	7,642	2,700	-	2,700
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>7,642</u>	<u>2,700</u>	<u>-</u>	<u>2,700</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,642)</u>	<u>(2,700)</u>	<u>-</u>	<u>2,700</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	7,642	2,700	-	(2,700)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>7,642</u>	<u>2,700</u>	<u>-</u>	<u>(2,700)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	2,700	2,700
<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)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Incentives for School Improvement Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

Statement B-35

	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>	-	-	43,929	43,929
<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)				\$ -
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  
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, 2011

Statement B-36

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	1,215	1,215
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,215</u>	<u>1,215</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>1,215</u>	<u>1,215</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	1,215	1,215
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,215)</u>	<u>(1,215)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,215
Adjustments to revenues for state flowthrough grants recognized in the prior year				(1,215)
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-37

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, 2011

	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>	-	-	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-38

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, 2011

	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	190,604	190,604	189,867	(737)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>190,604</u>	<u>190,604</u>	<u>189,867</u>	<u>(737)</u>
<i>Expenditures</i>				
Current:				
Instruction	190,604	190,604	189,867	737
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>190,604</u>	<u>190,604</u>	<u>189,867</u>	<u>737</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)	-	-	-	-
Remittal of prior year fund balance	-	-	(98)	(98)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(98)</u>	<u>(98)</u>
<i>Net change in fund balance</i>	-	-	(98)	(98)
<i>Fund balance - beginning of year</i>	-	-	12,850	12,850
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,752</u>	<u>\$ 12,752</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (98)
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (98)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Beginning Teacher Mentoring Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

Statement B-39

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
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>8,111</u>	<u>8,111</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,111</u>	<u>\$ 8,111</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  
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, 2011

Statement B-40

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	23,102	23,101	(1)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>23,102</u>	<u>23,101</u>	<u>(1)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	23,102	23,101	1
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>23,102</u>	<u>23,101</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2011

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>	-	-	-	-
<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>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	39	39
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 39	\$ 39
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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, 2011

Statement B-42

	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>	-	-	-	-
<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>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	(2,993)	(2,993)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (2,993)	\$ (2,993)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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, 2011

Statement B-43

	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>1</u>	<u>1</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)				\$ -
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  
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, 2011

Statement B-44

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

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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, 2011

Statement B-45

	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)	-	-	-	-
Remittal of prior year fund balance	-	-	(473)	(473)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(473)</u>	<u>(473)</u>
<i>Net change in fund balance</i>	-	-	(473)	(473)
<i>Fund balance - beginning of year</i>	-	-	473	473
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (473)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (473)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2011

Statement B-46

	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	-	208,463	140,501	(67,962)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>208,463</u>	<u>140,501</u>	<u>(67,962)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	31,906	13,370	18,536
Support services	-	168,557	132,423	36,134
Central services	-	-	-	-
Operation and maintenance of plant	-	8,000	3,332	4,668
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>208,463</u>	<u>149,125</u>	<u>59,338</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(8,624)</u>	<u>(8,624)</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>	-	-	(8,624)	(8,624)
<i>Fund balance - beginning of year</i>	-	-	18,933	18,933
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,309</u>	<u>\$ 10,309</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (8,624)
Adjustments to revenues for state flowthrough grants recognized in the prior year				(5,026)
Adjustments to expenditures for payroll expenditures				2,711
Net change in fund balance (GAAP Basis)				<u>\$ (10,939)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-47

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, 2011

	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	10,000	10,000	13,424	3,424
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10,000</u>	<u>10,000</u>	<u>13,424</u>	<u>3,424</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	10,000	1,279,765	1,126,331	153,434
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	5,000,000	28,877,509	24,145,181	4,732,328
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>5,010,000</u>	<u>30,157,274</u>	<u>25,271,512</u>	<u>4,885,762</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,000,000)</u>	<u>(30,147,274)</u>	<u>(25,258,088)</u>	<u>4,889,186</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	5,000,000	22,147,274	-	(22,147,274)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	8,000,000	8,000,000	-
<i>Total other financing sources (uses)</i>	<u>5,000,000</u>	<u>30,147,274</u>	<u>8,000,000</u>	<u>(22,147,274)</u>
<i>Net change in fund balance</i>	-	-	(17,258,088)	(17,258,088)
<i>Fund balance - beginning of year</i>	-	-	22,147,274	22,147,274
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,889,186</u>	<u>\$ 4,889,186</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (17,258,088)
No adjustments to revenues				-
Adjustments to expenditures for capital outlay and supply expenditures				430,269
Net change in fund balance (GAAP Basis)				<u>\$ (16,827,819)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2011

Statement B-48

	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	1,606,870	4,214,894	2,407,564	(1,807,330)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,606,870</u>	<u>4,214,894</u>	<u>2,407,564</u>	<u>(1,807,330)</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	1,606,870	4,214,894	2,407,564	1,807,330
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>1,606,870</u>	<u>4,214,894</u>	<u>2,407,564</u>	<u>1,807,330</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>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
Adjustments to revenues for PSCOC award revenues				307,935
Adjustments to expenditures for capital outlay expenditures				<u>(307,935)</u>
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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, 2011

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	-	-	5,248	5,248
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	11	11	11	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>11</u>	<u>11</u>	<u>5,259</u>	<u>5,248</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	16,415	16,415	-	16,415
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>16,415</u>	<u>16,415</u>	<u>-</u>	<u>16,415</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16,404)</u>	<u>(16,404)</u>	<u>5,259</u>	<u>21,663</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	16,404	16,404	-	(16,404)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>16,404</u>	<u>16,404</u>	<u>-</u>	<u>(16,404)</u>
<i>Net change in fund balance</i>	-	-	5,259	5,259
<i>Fund balance - beginning of year</i>	-	-	17,288	17,288
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,547</u>	<u>\$ 22,547</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5,259
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 5,259</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, 2011

Statement B-50

	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>	-	-	-	-
<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>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	(181,623)	(181,623)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (181,623)	\$ (181,623)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
Adjustments to revenues for PSFA revenues				159,288
Adjustments to expenditures for capital outlay expenditures				(159,288)
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-51

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ 2,672,085	\$ 2,672,085	\$ 2,708,622	\$ 36,537
Oil and gas taxes	3,459,009	3,459,009	2,264,836	(1,194,173)
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	2,412	2,412
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>6,131,094</u>	<u>6,131,094</u>	<u>4,975,870</u>	<u>(1,155,224)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	30,000	30,000	27,086	2,914
Central services	-	-	-	-
Operation and maintenance of plant	1,207,390	2,207,390	867,955	1,339,435
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	6,438,000	9,148,546	3,337,387	5,811,159
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>7,675,390</u>	<u>11,385,936</u>	<u>4,232,428</u>	<u>7,153,508</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,544,296)</u>	<u>(5,254,842)</u>	<u>743,442</u>	<u>5,998,284</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,544,296	5,254,842	-	(5,254,842)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,544,296</u>	<u>5,254,842</u>	<u>-</u>	<u>(5,254,842)</u>
<i>Net change in fund balance</i>	-	-	743,442	743,442
<i>Fund balance - beginning of year</i>	-	-	5,254,843	5,254,843
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,998,285</u>	<u>\$ 5,998,285</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 743,442
Adjustments to revenues for taxes				75,081
Adjustments to expenditures for capital outlay and supply expenditures				(993,710)
Net change in fund balance (GAAP Basis)				<u>\$ (175,187)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-52

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,336,042	\$ 1,336,042	\$ 1,354,440	\$ 18,398
Oil and gas taxes	1,729,504	1,729,504	1,132,418	(597,086)
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	163,949	-	(163,949)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	3,000	3,000	2,854	(146)
Miscellaneous	197,061	197,061	43,260	(153,801)
<i>Total revenues</i>	<u>3,265,607</u>	<u>3,429,556</u>	<u>2,532,972</u>	<u>(896,584)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	15,000	20,000	13,544	6,456
Central services	-	-	-	-
Operation and maintenance of plant	1,824,870	2,690,261	1,345,973	1,344,288
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	1,731,948	2,505,897	1,315,281	1,190,616
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>3,571,818</u>	<u>5,216,158</u>	<u>2,674,798</u>	<u>2,541,360</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(306,211)</u>	<u>(1,786,602)</u>	<u>(141,826)</u>	<u>1,644,776</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	306,211	1,786,602	-	(1,786,602)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>306,211</u>	<u>1,786,602</u>	<u>-</u>	<u>(1,786,602)</u>
<i>Net change in fund balance</i>	-	-	(141,826)	(141,826)
<i>Fund balance - beginning of year</i>	-	-	1,786,602	1,786,602
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,644,776</u>	<u>\$ 1,644,776</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (141,826)
Adjustments to revenues for taxes				37,546
Adjustments to expenditures for capital outlay and supply expenditures				(47,566)
Net change in fund balance (GAAP Basis)				<u>\$ (151,846)</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-53

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,699,437	\$ 1,699,437	\$ 2,407,219	\$ 707,782
Oil and gas taxes	1,588,153	1,588,153	1,577,025	(11,128)
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,500	1,500	276,329	274,829
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>3,289,090</b>	<b>3,289,090</b>	<b>4,260,573</b>	<b>971,483</b>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	18,000	25,500	24,072	1,428
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	3,266,582	3,787,951	850,000	2,937,951
Interest	1,595,984	1,595,984	1,595,984	-
Bond issuance cost	-	40,000	40,000	-
<b>Total expenditures</b>	<b>4,880,566</b>	<b>5,449,435</b>	<b>2,510,056</b>	<b>2,939,379</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,591,476)</b>	<b>(2,160,345)</b>	<b>1,750,517</b>	<b>3,910,862</b>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,591,476	2,160,345	-	(2,160,345)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond premium	-	8,888	8,888	-
Bond proceeds	-	-	2,145,000	2,145,000
<b>Total other financing sources (uses)</b>	<b>1,591,476</b>	<b>2,169,233</b>	<b>2,153,888</b>	<b>(15,345)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>8,888</b>	<b>3,904,405</b>	<b>3,895,517</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>-</b>	<b>8,911,868</b>	<b>8,911,868</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ 8,888</b>	<b>\$ 12,816,273</b>	<b>\$ 12,807,385</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 3,904,405
Adjustments to revenues for taxes				266,633
No adjustments to expenditures				-
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ 4,171,038</b>

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, 2011

Statement C-1

	Operating	Pupil Transportation	Instructional Materials	Total
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 3,989,567	\$ 163	\$ 51,192	\$ 4,040,922
Investments	1,013,269	-	-	1,013,269
Receivables:				
Property taxes	15,592	-	-	15,592
Oil and gas taxes	53,004	-	-	53,004
Other	12,942	-	-	12,942
Inventory	201,513	-	-	201,513
Due from other funds	3,862,923	-	-	3,862,923
 <i>Total assets</i>	 <b>\$ 9,148,810</b>	 <b>\$ 163</b>	 <b>\$ 51,192</b>	 <b>\$ 9,200,165</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities</i>				
Accounts payable	\$ 137,539	\$ -	\$ -	\$ 137,539
Accrued payroll	3,104,019	21	-	3,104,040
Accrued compensated absences	3,740	-	-	3,740
Deferred revenue:				
Property taxes	8,860	-	-	8,860
 <i>Total liabilities</i>	 3,254,158	 21	 -	 3,254,179
 <i>Fund Balances</i>				
Nonspendable				
Inventory	201,513	-	-	201,513
Spendable				
Restricted for:				
Transportation	-	142	-	142
Instructional materials	-	-	51,192	51,192
Committed for:				
Subsequent year's expenditures	1,200,000	-	-	1,200,000
Unassigned	4,493,139	-	-	4,493,139
 <i>Total fund balances</i>	 5,894,652	 142	 51,192	 5,945,986
 <i>Total liabilities and fund balances</i>	 <b>\$ 9,148,810</b>	 <b>\$ 163</b>	 <b>\$ 51,192</b>	 <b>\$ 9,200,165</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, 2011

Statement C-2

	<u>Operating</u>	<u>Pupil Transportation</u>	<u>Instructional Materials</u>	<u>Total</u>
<i>Revenues:</i>				
Property taxes	\$ 286,548	\$ -	\$ -	\$ 286,548
Oil and gas taxes	291,504	-	-	291,504
Intergovernmental revenue:				
Federal flowthrough	59,519	-	-	59,519
Local sources	4,482	-	-	4,482
State flowthrough	193,550	-	330,916	524,466
State direct	49,883,621	-	-	49,883,621
Transportation distribution	-	1,785,740	-	1,785,740
Charges for services	18,875	-	-	18,875
Investment income	8,550	-	-	8,550
Miscellaneous	24,831	-	-	24,831
<i>Total revenues</i>	<u>50,771,480</u>	<u>1,785,740</u>	<u>330,916</u>	<u>52,888,136</u>
<i>Expenditures:</i>				
Current:				
Instruction	32,334,057	-	240,289	32,574,346
Support services - students	4,552,186	-	-	4,552,186
Support services - instruction	1,742,151	-	-	1,742,151
Support services - general administration	672,185	-	-	672,185
Support services - school administration	2,909,422	-	-	2,909,422
Central services	1,128,511	-	-	1,128,511
Operation and maintenance plant	4,513,593	-	-	4,513,593
Student transportation	-	1,785,751	-	1,785,751
Other support services	33,695	-	-	33,695
<i>Total expenditures</i>	<u>47,885,800</u>	<u>1,785,751</u>	<u>240,289</u>	<u>49,911,840</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,885,680</u>	<u>(11)</u>	<u>90,627</u>	<u>2,976,296</u>
<i>Net change in fund balances</i>	2,885,680	(11)	90,627	2,976,296
<i>Fund balances - beginning of year</i>	<u>3,008,972</u>	<u>153</u>	<u>(39,435)</u>	<u>2,969,690</u>
<i>Fund balances - end of year</i>	<u>\$ 5,894,652</u>	<u>\$ 142</u>	<u>\$ 51,192</u>	<u>\$ 5,945,986</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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 276,483	\$ 276,483	\$ 282,270	\$ 5,787
Oil and gas taxes	432,376	432,376	283,103	(149,273)
Intergovernmental revenue:				
Federal flowthrough	28,000	28,000	59,519	31,519
Federal direct	-	-	-	-
Local sources	18,800	18,800	4,482	(14,318)
State flowthrough	135,987	135,987	192,794	56,807
State direct	50,092,197	49,781,450	49,883,621	102,171
Transportation distribution	-	-	-	-
Charges for services	10,000	10,000	18,875	8,875
Investment income	21,000	21,000	8,550	(12,450)
Miscellaneous	2,500	2,500	32,355	29,855
<i>Total revenues</i>	<u>51,017,343</u>	<u>50,706,596</u>	<u>50,765,569</u>	<u>58,973</u>
<i>Expenditures:</i>				
Current:				
Instruction	34,055,468	33,897,753	32,599,183	1,298,570
Support services - students	4,889,317	4,916,400	4,552,186	364,214
Support services - instruction	1,746,576	1,784,481	1,743,705	40,776
Support services - general administration	749,714	755,211	672,185	83,026
Support services - school administration	3,042,300	3,039,998	2,910,130	129,868
Central services	1,206,731	1,188,138	1,127,207	60,931
Operation and maintenance of plant	5,817,262	5,913,568	4,432,523	1,481,045
Student transportation	-	-	-	-
Other support services	72,599	73,049	18,900	54,149
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>51,579,967</u>	<u>51,568,598</u>	<u>48,056,019</u>	<u>3,512,579</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(562,624)</u>	<u>(862,002)</u>	<u>2,709,550</u>	<u>3,571,552</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	562,624	862,002	-	(862,002)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>562,624</u>	<u>862,002</u>	<u>-</u>	<u>(862,002)</u>
<i>Net change in fund balance</i>	-	-	2,709,550	2,709,550
<i>Fund balance - beginning of year</i>	-	-	6,156,209	6,156,209
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,865,759</u>	<u>\$ 8,865,759</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,709,550
Adjustments to revenues for taxes and state flowthrough grants				5,911
Adjustments to expenditures for instructional and payroll expenditures and inventory on hand				170,219
Net change in fund balance (GAAP Basis)				<u>\$ 2,885,680</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, 2011

	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	1,786,194	1,785,816	1,785,740	(76)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,786,194</u>	<u>1,785,816</u>	<u>1,785,740</u>	<u>(76)</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	1,786,194	1,785,968	1,785,751	217
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>1,786,194</u>	<u>1,785,968</u>	<u>1,785,751</u>	<u>217</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(152)</u>	<u>(11)</u>	<u>141</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	152	-	(152)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>152</u>	<u>-</u>	<u>(152)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(11)</u>	<u>(11)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>174</u>	<u>174</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163</u>	<u>\$ 163</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (11)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (11)</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 C-5

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2011

	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	285,334	330,915	330,916	1
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>285,334</u>	<u>330,915</u>	<u>330,916</u>	<u>1</u>
<i>Expenditures:</i>				
Current:				
Instruction	285,334	591,810	541,359	50,451
Support services - students	-	-	-	-
Support services - instruction	-	597	-	597
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>285,334</u>	<u>592,407</u>	<u>541,359</u>	<u>51,048</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(261,492)</u>	<u>(210,443)</u>	<u>51,049</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	261,492	-	(261,492)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>261,492</u>	<u>-</u>	<u>(261,492)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(210,443)</u>	<u>(210,443)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>261,635</u>	<u>261,635</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,192</u>	<u>\$ 51,192</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (210,443)
No adjustments to revenues				-
Adjustments to expenditures for instructional expenditures				301,070
Net change in fund balance (GAAP Basis)				<u>\$ 90,627</u>

The accompanying notes are an integral part of these financial statements

**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Deposit and Investment Accounts  
As of the Year Ended June 30, 2011

<u>Bank Account Type/Name</u>	<u>Bank of America</u>	<u>Bank of NY Mellon</u>	<u>Lea County State Bank</u>	<u>LGIP</u>
Capital Improvements	\$ 42	\$ -	\$ -	\$ -
NMFA Reserve Account**	-	2,105,164	-	-
Operational	-	-	1,028,665	-
Special Building	-	-	22,547	-
State/Local Grant	-	-	309,412	-
Ralph Tasker Scholarship	-	-	627	-
Bond Building	-	-	1,388,769	-
Debt Service	-	-	2,563,476	-
Certificate of Deposit	-	-	251,905	-
Investment	-	-	-	516,538
Money Market (Qzab sinking fund)	-	-	-	-
FNMA Discount Note (Qzab)	-	-	-	-
HB33	-	-	-	-
Payroll	-	-	-	-
Money Market	-	-	-	-
Investment**	-	-	-	-
Federal Projects	-	-	-	-
Cafeteria	-	-	-	-
Activity/Athletics	-	-	-	-
<b>Total</b>	<b>42</b>	<b>2,105,164</b>	<b>5,565,401</b>	<b>516,538</b>
Reconciling items	-	-	3,007,736	-
Reconciled balance June 30, 2010	<u>\$ 42</u>	<u>\$ 2,105,164</u>	<u>\$ 8,573,137</u>	<u>\$ 516,538</u>

\*\*Accounts are U.S. Treasury MMA Mutual Funds

See accompanying independent auditors' report

US Bank	Wells Fargo Bank	Western Commerce Bank	Totals
\$ -	\$ -	\$ -	\$ 42
-	-	-	2,105,164
-	-	-	1,028,665
-	-	-	22,547
-	-	-	309,412
-	-	-	627
-	-	-	1,388,769
-	-	-	2,563,476
-	-	-	251,905
-	-	-	516,538
5,339	-	-	5,339
7,912,209	-	-	7,912,209
-	2,500,000	-	2,500,000
-	5,701,904	-	5,701,904
-	2,759,500	-	2,759,500
-	1,748,612	-	1,748,612
-	-	1,213,004	1,213,004
-	-	312,381	312,381
-	-	433,327	433,327
7,917,548	12,710,016	1,958,712	30,773,421
-	(558,882)	1,387,597	3,836,451
<u>\$ 7,917,548</u>	<u>\$ 12,151,134</u>	<u>\$ 3,346,309</u>	34,609,872

Less: investments per Exhibit A-1	(4,775,138)
Less: restricted cash per Exhibit A-1	(2,110,503)
Less: restricted investments per Exhibit A-1	(7,912,209)
Less: agency cash per Exhibit D-1	(316,178)
Less: agency investments per Exhibit D-1	(501,905)
Cash and cash equivalents per Exhibit A-1	<u>\$ 18,993,939</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Cash Reconciliation  
For the Year Ended June 30, 2011

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash				
June 30, 2010	\$ 5,611,114	\$ 174	\$ 261,635	\$ 378,156
Investments on hand, June 30, 2010	13,492	-	-	-
Total cash June 30, 2010	<u>5,624,606</u>	<u>174</u>	<u>261,635</u>	<u>378,156</u>
Add:				
Current year receipts	50,765,569	1,785,740	330,916	3,509,499
Repayment of prior year loans	531,603	-	-	-
Loans from other funds	-	-	-	-
Bond proceeds	-	-	-	-
Total cash available	<u>56,921,778</u>	<u>1,785,914</u>	<u>592,551</u>	<u>3,887,655</u>
Less:				
Current year expenditures	48,056,019	1,785,751	541,359	3,452,279
Repayment of prior year loans	-	-	-	-
Loans to other funds	3,862,923	-	-	-
Net cash	<u>5,002,836</u>	<u>163</u>	<u>51,192</u>	<u>435,376</u>
Investments on hand, June 30, 2011	<u>1,013,269</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2011	<u>\$ 3,989,567</u>	<u>\$ 163</u>	<u>\$ 51,192</u>	<u>\$ 435,376</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>
\$ 25,668	\$ 308,885	\$ 414,010	\$ 21,864	\$ 260,216	\$ 75,234
-	500,904	-	-	-	-
<u>25,668</u>	<u>809,789</u>	<u>414,010</u>	<u>21,864</u>	<u>260,216</u>	<u>75,234</u>
237,783	887,272	3,444,591	2,282,109	221,642	265,484
-	-	-	-	-	-
-	-	3,392,387	216,534	65,000	7,379
-	-	-	-	-	-
<u>263,451</u>	<u>1,697,061</u>	<u>7,250,988</u>	<u>2,520,507</u>	<u>546,858</u>	<u>348,097</u>
168,753	878,978	4,614,319	2,343,725	290,700	241,578
-	-	150,555	160,565	-	38,860
-	-	-	-	-	-
<u>94,698</u>	<u>818,083</u>	<u>2,486,114</u>	<u>16,217</u>	<u>256,158</u>	<u>67,659</u>
-	501,905	-	-	-	-
<u>\$ 94,698</u>	<u>\$ 316,178</u>	<u>\$ 2,486,114</u>	<u>\$ 16,217</u>	<u>\$ 256,158</u>	<u>\$ 67,659</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Cash Reconciliation  
For the Year Ended June 30, 2011

	<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, 2010	\$ 18,933	\$ 7,121,502	\$ -	\$ 17,288
Investments on hand, June 30, 2010	-	15,025,772	-	-
Total cash June 30, 2010	<u>18,933</u>	<u>22,147,274</u>	<u>-</u>	<u>17,288</u>
Add:				
Current year receipts	140,501	13,424	2,407,564	5,259
Repayment of prior year loans	-	-	-	-
Loans from other funds	-	-	-	-
Bond proceeds	<u>-</u>	<u>8,000,000</u>	<u>-</u>	<u>-</u>
Total cash available	<u>159,434</u>	<u>30,160,698</u>	<u>2,407,564</u>	<u>22,547</u>
Less:				
Current year expenditures	149,125	25,271,512	2,407,564	-
Repayment of prior year loans	-	-	-	-
Loans to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash	<u>10,309</u>	<u>4,889,186</u>	<u>-</u>	<u>22,547</u>
Investments on hand, June 30, 2011	<u>-</u>	<u>3,531,784</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2011	<u>\$ 10,309</u>	<u>\$ 1,357,402</u>	<u>\$ -</u>	<u>\$ 22,547</u>

See accompanying independent auditor's report

Special Capital Outlay-State	Capital Improvements HB 33	Capital Improvements SB9	Debt Service	Total
\$ -	\$ 5,254,843	\$ 1,786,602	\$ 1,737,502	\$ 23,293,626
-	-	-	7,174,366	22,714,534
-	5,254,843	1,786,602	8,911,868	46,008,160
-	4,975,870	2,532,972	4,260,573	78,066,768
-	-	-	-	531,603
181,623	-	-	-	3,862,923
-	-	-	2,153,888	10,153,888
181,623	10,230,713	4,319,574	15,326,329	138,623,342
-	4,232,428	2,674,798	2,510,056	99,618,944
181,623	-	-	-	531,603
-	-	-	-	3,862,923
-	5,998,285	1,644,776	12,816,273	34,609,872
-	-	-	8,142,294	13,189,252
<u>\$ -</u>	<u>\$ 5,998,285</u>	<u>\$ 1,644,776</u>	<u>\$ 4,673,979</u>	<u>\$ 21,420,620</u>

Invesment balance above	13,189,252
Less: agency investment per Exhibit D-1	<u>(501,905)</u>
Investments per Exhibit B-1	<u>\$ 12,687,347</u>
Cash and cash equivalent balance above	21,420,620
Less: agency cash per Exhibit D-1	<u>(316,178)</u>
Cash and cash equivalent per Exhibit B-1	<u>\$ 21,104,442</u>



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Collateral Pledged by Depository for Public Funds  
As of June 30, 2011

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2011</u>
<b>Bank of America</b>				
	FNCL Pool - 995023	8/1/2037	31416BLC0	\$ 1,470,637
	<b>Total Bank of America</b>			<u>1,470,637</u>
Name and location of safekeeper for above pledged collateral: Bank of America, NC				
<b>First American Bank</b>				
	Gadsden NM ISD**	8/15/2013	362550KL8	<u>87,500</u>
	<b>Total First American Bank</b>			<u>87,500</u>
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX				
<b>Lea County State Bank</b>				
Collateral Pledged for Deposits				
	FNR 2003-32 TB KP9	4/25/2030	31393BKP9	15,197
	Alamogordo NM**	8/1/2011		1,000,000
	Farmington NM**	9/1/2013		<u>1,000,000</u>
	Total			2,015,197
Collateral Pledged for Overnight Repurchase Agreements				
	Federal Home Loan Bank	6/12/2015	3133XWNB1	<u>1,051,577</u>
	Total			<u>1,051,577</u>
	<b>Total Lea County State Bank</b>			<u>3,066,774</u>
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX				

See accompanying independent auditor's report

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2011</u>
<b>Wells Fargo Bank</b>				
	Collateral Pledged for Deposits			
	Fed Natl Mtg Assn Pool #867437	5/1/2036	31409CV69	1,751,140
	Fed Natl Mtg Assn Pool #885337	6/1/2036	31410CS29	899,166
	Fed Natl Mtg Assn Pool #891601	6/1/2036	31410MRW2	<u>1,578,771</u>
	Total			<u>4,229,077</u>
	Collateral Pledged for Overnight Repurchase Agreements			
	FHG-1 - J13468	11/1/2025	3128PSZ91	<u>5,750,451</u>
	Total			<u>5,750,451</u>
	<b>Total Wells Fargo Bank</b>			<u><u>9,979,528</u></u>
	Name and location of safekeeper for above pledged collateral: WF Brokerage, Minneapolis, MN			
<b>Western Commerce Bank</b>				
	FHLMC #350190	5/1/2022	31291YBN7	3,056
	FHLMC ARM #420022	11/1/2016	31346AAX3	2,209
	FNMA #72167	6/1/2028	31362VFG8	20,553
	FNMA #577242	4/1/2021	31386YHT4	24,319
	FNMA #704407	5/1/2033	31401CR47	241,595
	GNMA Pool #370588	9/20/2025	36204HUM0	19,800
	GNMA Pool #008350	1/20/2024	36202KH32	149,095
	GNMA Pool #002689	12/20/2028	36202C7A5	62,632
	GNMA Pool #080493	2/20/2031	36225CRP3	58,199
	FNMA #MA0299	1/1/2030	31417YKM8	<u>829,240</u>
	<b>Total Western Commerce Bank</b>			<u><u>1,410,698</u></u>
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			
	<b>Total Pledged Collateral</b>			<u><u>\$ 16,015,137</u></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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Changes in Assets and Liabilities-Agency Funds  
For the Year Ended June 30, 2011

Schedule IV

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Administration	\$ 17,394	\$ 32,653	\$ 34,215	\$ 15,832
Warehouse	145	-	99	46
Taos House/Federal Program	187	18	-	205
Dalton Tabor/Special Services	8,511	393	-	8,904
Athletics	136,196	27,105	18,254	145,047
TARS	16	-	-	16
Jenkins Nunan Learning Center	699	1,113	524	1,288
Superintendent	12,712	4,000	-	16,712
Computer Aided Instruction	55	38	87	6
Hobbs High School	273,707	198,965	183,557	289,115
Hobbs Freshman School	58,255	97,015	92,305	62,965
Highland Junior High	85,856	159,878	152,639	93,095
Houston Junior High	62,923	162,520	181,593	43,850
Broadmoor Elementary	9,477	4,651	4,829	9,299
Edison Elementary	7,085	27,272	23,717	10,640
Jefferson Elementary	7,159	10,414	8,333	9,240
Sanger Elementary	13,274	34,382	15,748	31,908
Southern Heights Elementary	4,172	4,421	2,229	6,364
Taylor Elementary	7,200	7,313	5,245	9,268
B.T. Washington Elementary	952	23,790	24,014	728
Will Rogers Elementary	10,237	24,224	24,994	9,467
Coronado Elementary	7,021	10,668	9,286	8,403
Mills Elementary	5,676	2,840	6,954	1,562
Stone Elementary	17,934	31,544	41,714	7,764
College Lane Elementary	1,817	6,688	5,961	2,544
District-wide Activity Funds	61,129	15,367	42,681	33,815
Totals	<u>\$ 809,789</u>	<u>\$ 887,272</u>	<u>\$ 878,978</u>	<u>\$ 818,083</u>

See accompanying independent auditor's report

**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 major special revenue fund and the aggregate remaining fund information of Hobbs Municipal School District #33 (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated November 11, 2011. 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, 2011 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items FS 11-01 to be a material weakness.

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. We did not identify any deficiencies in internal control that we consider be a significant deficiency.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did disclose an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item FS 11-02.

We noted a certain matter that is required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and questioned costs as item 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  
November 11, 2011

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**FEDERAL FINANCIAL ASSISTANCE**





**INDEPENDENT AUDITORS' 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, 2011. 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, 2011.

Internal Control Over Compliance

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, 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  
November 11, 2011

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

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>			
Food Distribution	21000	10.555	\$ 239,658
National School Lunch Act	21000	10.555	<u>2,517,578</u>
Total U.S. Department of Agriculture			<u>2,757,236</u>
<b>U.S. Department of Education</b>			
<i>Passthrough - State of NM Public Education Department</i>			
Title I IASA	24101	84.010	1,802,729
ARRA - Title I IASA	24201	84.389	421,267
IDEA-B Entitlement	24106	84.027	1,237,735
IDEA-B Preschool	24109	84.173	48,966
ARRA - Entitlement IDEA-B	24206	84.391	153,111
Enhancing Education Through Technology	24149	84.318	2,744 (1)
ARRA - Enhancing Education Through Technology	24249	84.318X	153,347 (1)
Title III - English Language Acquisition	24153	84.365A	247,642 (1)
Title IIA - Teacher Principal Training	24154	84.367A	406,860
Safe and Drug Free Schools	24157	84.186A	14,712
Title I School Improvement	24162	84.010	122,639
Carl D Perkins Secondary	24174	84.048O	48,545
Carl D Perkins Secondary PY	24175	84.048O	5,737
<b>Direct Assistance</b>			
ARRA - State Equalization Guarantee	25250	84.394	981,931 (1)
ARRA - Education Jobs Fund	25255	84.410	<u>1,436,648 (1)</u>
Total U.S. Department of Education			<u>7,084,613</u>
Total Federal Financial Assistance			<u>\$ 9,841,849</u>

(1) Major program

See accompanying independent auditors' report

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

The accompanying Schedule of Expenditures of Federal Awards 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 except the Department of Agriculture awards that are presented on the accrual basis of accounting. 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.

Subrecipients

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

Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of the commodities received for the year ended June 30, 2011 was \$239,658 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.550.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 9,841,849
Total expenditures funded by other sources	<u>89,822,778</u>
Total expenditures	<u><u>\$ 99,664,627</u></u>

See accompanying independent auditors' report

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

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

*Federal Awards:*

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

CFDA Number	Federal Program
84.318	Enhancing Education through Technology
84.318X	Enhancing Education through Technology – ARRA
84.365A	Title III – English Language Acquisition
84.394	SEG Federal Stimulus – ARRA
84.410	Education Jobs Fund – ARRA

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

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

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

*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>
SEG Federal Stimulus Special Revenue Fund	\$ 483,262	\$ 453,301	\$ (29,961)
Technology for Education PED Special Revenue Fund	7,642	2,700	(4,942)

*Criteria:* Section 2.2.2.10. (P) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

*Effect:* The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the District incurring debt to pay for current year budgeted expenditures, which would result in noncompliance with the Bateman Act.

*Cause:* Incorrect estimates of the ending cash balance for the funds and the incorrect posting of a budget adjustment caused this noncompliance.

*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:* For the SEG Federal Stimulus Special Revenue Fund, an error occurred on the budget adjustment request to PED, and therefore to the budget entry posted to the financial system upon PED approval. These funds were related to the carryover of funding, but when entered on the budget adjustment request, instead of selecting the respective revenue account, budgeted restricted cash was selected for the credit and the expenditure account was correctly selected for the debit. Had this been caught at that time, this finding would be non-existent as budgeted expenditures would not have exceeded budgeted revenues.

For the Technology for Education PED Special Revenue Fund, the original budget is due to PED by mid-June and it is based on an estimate of what the cash balance is anticipated to be at the end of the year. 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 10, 2010, had been determined so that the revised budget accurately reflects the available designated cash to prevent a budget deficit for fiscal year 2011.

The District will be more careful in entering budget adjustment requests and will try to maintain an April 1<sup>st</sup> cut-off date as it pertains to requesting purchase orders to prevent future occurrences of this type of finding.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

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

**FS 11-01 – Recording of Debt and Related Cash – Material Weakness**

*Condition:* During our audit, we noted that the District had not properly recorded debt proceeds received the related cash in the Debt Service Fund in the amount of \$2,105,000.

*Criteria:* NMSA 6-10-2 discusses the duty of public bodies to balance public money at the close of each business day. Generally Accepted Accounting Principles also require that all activity be recorded when the transaction occurs.

*Effect:* The District had understated their cash balance and their bond proceeds for the year by \$2,105,000.

*Cause:* The monies were intercepted for payment on retiring bonds and the District never received any physical check or cash, so the amount was never receipted and recorded. The District did not have the understanding of the timing in which the loan proceeds were being received and therefore, did not record the transaction.

*Auditors' Recommendation:* The District is responsible for monitoring and recording all debt related transactions and the District should implement controls to monitor and fully record all debt transactions in the proper time period.

*Agency's Response:* To fully understand this finding, a timeline of the events is necessary.

<b>Date</b>	<b>Description of Event</b>	<b>Balance of Bond Refinanced</b>	<b>Balance of NMFA Loan</b>	<b>Funds Held on Behalf of the District at NMFA</b>
5/1/2011	Beginning Balance	\$ 2,740,000.00	\$ -	\$ -
5/27/2011	Bond Refinancing per NMFA records - This opened the new loan per NMFA records for \$2,105,000 plus \$40,000 in closing costs.	\$ 2,740,000.00	\$ 2,145,000.00	\$ 2,105,000.00
6/30/2011	Cutoff date for the audit	\$ 2,740,000.00	\$ 2,145,000.00	\$ 2,105,000.00
7/1/2011	Original payment date on Bond - In order to fully pay off the bond balance, NMFA paid the \$2,105,000 held on behalf of the District and the District paid the scheduled payment of \$635,000	\$ -	\$ 2,145,000.00	\$ -

The primary reason for this finding is a timing issue, and a lack of physical handling of funds. Because the bond refinancing, via a New Finance Authority Loan, occurred outside of the District's Business Office, the District did not have bond proceeds to physically receipt. The District also did not have bond principal to pay in the year subsequent to the audit as NMFA held the funds on behalf of the District. This is an unusual transaction for the District to handle. Had the audit cutoff date not occurred in the middle of these transactions, the bond refinancing would not have had a net effect on cash with the exception of the issuance costs, which were in fact recorded correctly. The proper way to have handled this would have been make an entry on the District's records for cash held on our behalf in fiscal year 2011.

The District acknowledges the effect on the financial statements due to the cutoff date. If future transactions like this occur, the District will account for this type of event by grossing up the amounts and using the effective date for each transaction instead of only accounting for transactions that do not have a zero net effect on all accounts over a period of time.

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

**FS 11-02 – Accrued Leave Pay – Anti – Donation – Noncompliance**

*Condition:* During our process of understanding the District's Internal controls and testing of payroll transactions, it was noted that 1 out of 11 employees tested took vacation and was paid for the vacation day; however, the employee did not have any accrued time off in which to be paid and left the employee with negative accrued time.

*Criteria:* NMAC 6.20.2 states that schools must have internal controls in place so that employees are paid the correct amounts and the District shall establish and maintain proper internal controls to verify that all payments made to employees are reasonable and correct. According to the NM Constitution, Article IX, Section 14, neither the state nor any county, school district, or municipality shall directly or indirectly make any donation to or in aid of any person, association or public or private corporation. A donation for purposes of the anti-donation clause is a gift. A retroactive salary increase or performance bonus is, by its nature, additional pay for services already performed by an employee and, as such is a gift of public money.

*Effect:* Paying an employee for time off when they don't have any time off could lead to the District overpaying for accrued leave and could lead to employees being paid more than their contract rate which would be in violation of the Anti-Donation clause of the State of New Mexico.

*Cause:* The District converted software during the year and the system did not have the controls in place immediately and the system did not correctly inform management of this employee not having leave before the leave was authorized and paid.

*Auditors' Recommendations:* We recommend that the District implement internal controls to verify that all employees have accrued leave time when used in order to verify that the employees don't end up with negative leave balances.

*Agency's Response:* The District implemented a new accounting system taking a huge step forward technologically. In an attempt to address all control issues, the District did their best to integrate old processes with the new system. Yet, this was one of the areas that accidentally overlooked as it was believed that the new system's controls would automatically prevent payment of accrued time if it did not exist. The system allowed payment because it determined a contract balance still was present; it would not allow payment in excess of the contract balance. However, negative accrual balances were created, but did not automatically create a dock pay record as the District believed would occur automatically. Upon the auditor's finding, the District implemented a process to manually review accrual records while running payroll to determine if a dock pay record should be added to an employee's pay record due to the lack of a time off balance.



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Schedule VI  
Page 5 of 5

**C. FEDERAL AWARD FINDINGS**

None

**D. PRIOR YEAR AUDIT FINDINGS**

**FS 09-01: Expenditures in Excess of Budget – Resolved**

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

**FS 10-01 – Bank Reconciliation – Resolved**

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

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Other Disclosures  
For the Year Ended June 30, 2011

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on November 14, 2011. In attendance were the following:

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

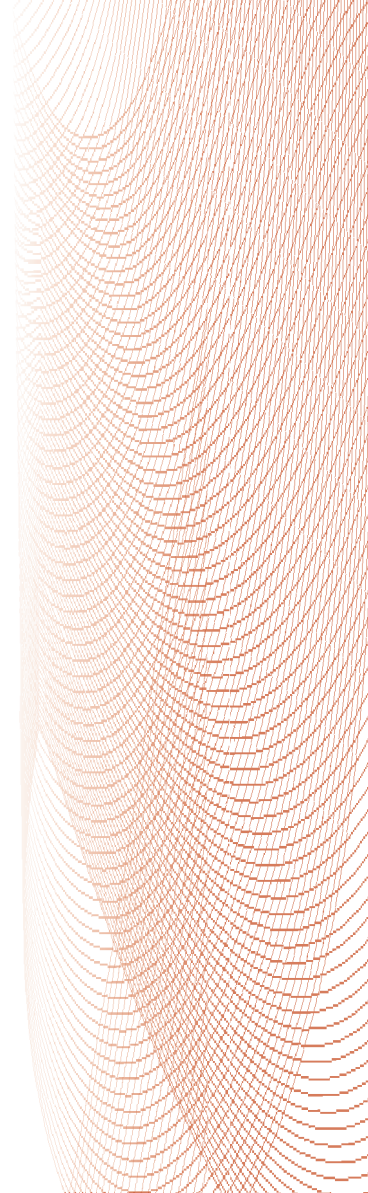
TJ Parks, Superintendent  
Sabrina Amador, Director of Finance  
Joseph Calderaon, Board of Education Vice President  
Oscar Gonzalez, Board of Education Member  
Gary Beal, Audit Subcommittee

**Representing Accounting & Consulting Group, LLP:**

Cindy Bryan, Partner

**Auditor Prepared Financial Statements**

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.



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