

Accounting & Consulting Group, LLP

Certified Public Accountants

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012



STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

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INTRODUCTORY SECTION

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Hobbs Municipal School District #33
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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Official Roster
June 30, 2012

<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 Human Resources

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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, 2012, 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, the combining financial statements for the General Fund and the respective budgetary comparisons for the major capital projects fund, the major 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, 2012 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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, 2012, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and the combining financial statements for the General Fund of the District as of June 30, 2012, 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 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 5, 2012, 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 15-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 5, 2012

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2012
Unaudited

Within the Management Discussion and Analysis of the fiscal performance of the Hobbs Municipal Schools (the "District") for the period ending June 30, 2012, 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, 2012. Governmental fund financial statements are reported on a modified accrual basis of accounting. Rather than look at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics.

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

Hobbs Municipal School District #33 Accounting and Finance

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

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2012
Unaudited

Significant Financial Highlights for the Year Ending June 30, 2012

- Capital Outlay expenditures were \$13,499,743 for the year ending June 30, 2012. Of these expenditures, \$3,471,667 came from remaining bond proceeds for new construction projects, renovation projects, and upgrading technology in the schools.
- For assets over \$5,000 current depreciation of \$4,687,147 was recorded resulting in accumulated depreciation of \$73,955,802 as of June 30, 2012.
- Total net assets increased from \$64,286,261 as of June 30, 2011, to \$73,848,326 as of June 30, 2012. The overall increase of \$9,562,065 in total net assets is due to an increase in revenues and a decrease in capital outlay expenditures related to the last bond issuance as projects come to an end.
- The overall Fund Balance decreased slightly from \$31,318,852 as of June 30, 2011, to \$30,894,328 as of June 30, 2012 resulting in a \$424,524 decrease between the two fiscal years.
- Total revenues increased from \$79,051,222 for the year ended June 30, 2011, to \$81,971,310 for the year ended June 30, 2012. This revenue increase of \$2,920,088 reflects an overall revenue growth of 3.69%. The most significant increases in revenue are due to increases in appropriations to the State Equalization Guarantee (SEG) by the New Mexico State Legislature and an increase in funds for our district due to the growth of the District's student membership. Overall, revenue also increased due to an increase in revenues related to the oil and gas industry.
 - For the General Fund, the final unit value for the 2011-2012 school year was set at \$3,598.87. This was a modest increase of \$12.90 (0.36%) from the initial unit value of \$3,585.97 that we started the year with in our General Fund. When combined with funds received for growth, the District received an additional \$1.9 million adjustment from SEG that took effect mid-year.
 - The final unit value for 2010-2011 was \$3,712.17 as compared to the final unit value for 2011-2012 of \$3,598.87 – a total reduction of \$113.30 or 3.05%.
- Total expenditures decreased from \$99,664,627 for the year ended June 30, 2011, to \$82,430,565 for the year ended June 30, 2012. This decrease of \$17,234,062 or 17.29% was primarily due to the decrease in capital outlay expenditures in the amount of \$18,477,637 as bond funds have been used to complete ongoing projects offset by a \$2,494,186 increase in debt service costs.
- Based on the 180th-day count for the school year 2011-2012, the District saw an increase in student population of 3.75% 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, 2012
Unaudited

Significant Financial Highlights for the Year Ending June 30, 2012 (continued)

- The District completed various projects during the 2011-2012 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;
 - High School Media Center;
 - High School Tennis Courts

- 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 15th, 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. Funds from the issuance of this bond are projected to be fully utilized by fiscal year 2013.

- 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, 2012
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, 2012, the District has total net assets of \$73,848,326.

	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
Assets				
Cash & cash equivalents	\$ 15,740,742	\$ 15,172,807	\$ 18,993,939	\$ 15,471,061
Other current assets	16,669,883	23,929,469	10,837,585	11,848,699
Capital assets	122,199,219	139,837,585	170,662,946	181,363,058
Less: accumulated depreciation	(63,529,293)	(67,128,539)	(70,127,754)	(73,955,802)
Bond issuance costs, net of accum amortization	144,992	217,418	239,523	209,736
Restricted cash and investments	6,932,762	8,074,718	7,912,209	9,071,403
	<u>6,932,762</u>	<u>8,074,718</u>	<u>7,912,209</u>	<u>9,071,403</u>
Total assets	<u>\$ 98,158,305</u>	<u>\$ 120,103,458</u>	<u>\$ 138,518,448</u>	<u>\$ 144,008,155</u>
Liabilities				
Current liabilities	\$ 8,565,798	\$ 6,706,476	\$ 10,076,550	\$ 7,093,629
Long-term liabilities	37,664,273	57,051,589	64,155,637	63,066,200
	<u>37,664,273</u>	<u>57,051,589</u>	<u>64,155,637</u>	<u>63,066,200</u>
Total liabilities	<u>46,230,071</u>	<u>63,758,065</u>	<u>74,232,187</u>	<u>70,159,829</u>
Net Assets				
Invested in capital assets, net of related debt	40,148,012	29,668,913	43,821,289	52,813,170
Restricted	10,097,011	19,106,039	5,544,994	10,986,248
Unrestricted	1,683,211	7,570,441	14,919,978	10,048,908
	<u>1,683,211</u>	<u>7,570,441</u>	<u>14,919,978</u>	<u>10,048,908</u>
Total net assets	<u>51,928,234</u>	<u>56,345,393</u>	<u>64,286,261</u>	<u>73,848,326</u>
Total liabilities and net assets	<u>\$ 98,158,305</u>	<u>\$ 120,103,458</u>	<u>\$ 138,518,448</u>	<u>\$ 144,008,155</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2012
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, 2012.

	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
Governmental Activities				
Total expenses government activities	\$ 71,777,236	\$ 72,834,002	\$ 71,160,165	\$ 70,340,480
Less charges for services	1,269,005	1,096,584	1,008,672	1,180,996
Less operating grants and contributions	11,599,415	16,665,852	12,630,211	9,433,045
Less capital grants and contributions	459,227	1,515,884	2,874,787	4,373,741
	<u>58,449,589</u>	<u>53,555,682</u>	<u>54,646,495</u>	<u>55,352,698</u>
Net expenses governmental activities	58,449,589	53,555,682	54,646,495	55,352,698
General Revenues				
Property and oil & gas taxes	10,128,945	10,852,986	12,412,847	13,443,880
State of New Mexico equalization grant	52,064,521	46,759,934	49,883,621	52,294,633
Local sources	180,218	23,865	9,730	787,667
Investment earnings	443,776	293,370	303,580	294,384
Miscellaneous	180,932	60,128	69,546	41,138
(Loss)/Gain on disposition of assets	(19,917)	(17,442)	(91,961)	19,279
	<u>62,978,475</u>	<u>57,972,841</u>	<u>62,587,363</u>	<u>66,880,981</u>
Total general revenues	62,978,475	57,972,841	62,587,363	66,880,981
Increase in Net Assets	4,528,886	4,417,159	7,940,868	11,528,283
Net Assets Beginning - As Originally Stated	47,404,156	51,928,234	56,345,393	64,286,261
Prior period adjustments	(4,808)	-	-	(1,966,218)
	<u>42,595,348</u>	<u>51,928,234</u>	<u>56,345,393</u>	<u>62,320,043</u>
Net Assets Ending	<u>\$ 51,928,234</u>	<u>\$ 56,345,393</u>	<u>\$ 64,286,261</u>	<u>\$ 73,848,326</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2012
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 \$81,971,310. Total expenditures for the District were \$82,430,565. The total ending fund balance was \$30,894,328, a decrease of \$424,524 from the prior year.

Multi-Year District Revenues and Expenditures

Revenue has continued to grow since fiscal year 2005. Expenditures decreased in the current fiscal year as bond proceeds have been spent almost completely. Below is a table showing the changes in revenues and expenditures over the past decade.

<u>Year</u>	<u>Total Revenues</u>	<u>Change %</u>	<u>Total Expenses</u>	<u>Change %</u>
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%	\$ 99,664,627	13%
2011/2012	\$ 81,971,310	4%	\$ 82,430,565	-17%

The Budget

Budgets for the District reflect the same changes 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, 2012. 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, 2012
Unaudited

The Budget (continued)

Funds Revenue Budget Performance for Major Funds Only

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
General Fund	\$ 53,317,877	\$ 55,188,617	\$ 55,331,122	\$ 142,505
Title I IASA	1,989,753	2,365,647	1,490,146	(875,501)
Capital Improvements HB- 33 Fund	4,526,500	4,526,500	5,684,529	1,158,029
Debt Service Fund	3,745,028	3,745,028	4,652,042	907,014
Totals	<u>\$ 63,579,158</u>	<u>\$ 65,825,792</u>	<u>\$ 67,157,839</u>	<u>\$ 1,332,047</u>

Funds Expenditure Budget Performance for Major Funds Only

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
General Fund	\$ 54,518,474	\$ 56,981,393	\$ 51,089,856	\$ 5,891,537
Title I IASA	1,989,753	2,365,647	1,891,916	473,731
Capital Improvements HB- 33 Fund	7,855,000	10,524,785	6,904,624	3,620,161
Debt Service Fund	5,930,028	8,041,528	5,000,754	3,040,774
Totals	<u>\$ 70,293,255</u>	<u>\$ 77,913,353</u>	<u>\$ 64,887,150</u>	<u>\$ 13,026,203</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, 2012
Unaudited

The General Fund

Because the General Fund revenues represent \$55,328,628 of the total \$81,971,310 of District revenues, the impact of this fund must be kept in context. The General Fund began the year with an initial budget of \$54,518,474 and had a final budget of \$56,981,393. The increase in budgeted revenues was primarily attributable to SEG, which is directly related to the growth in the District's student membership.

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

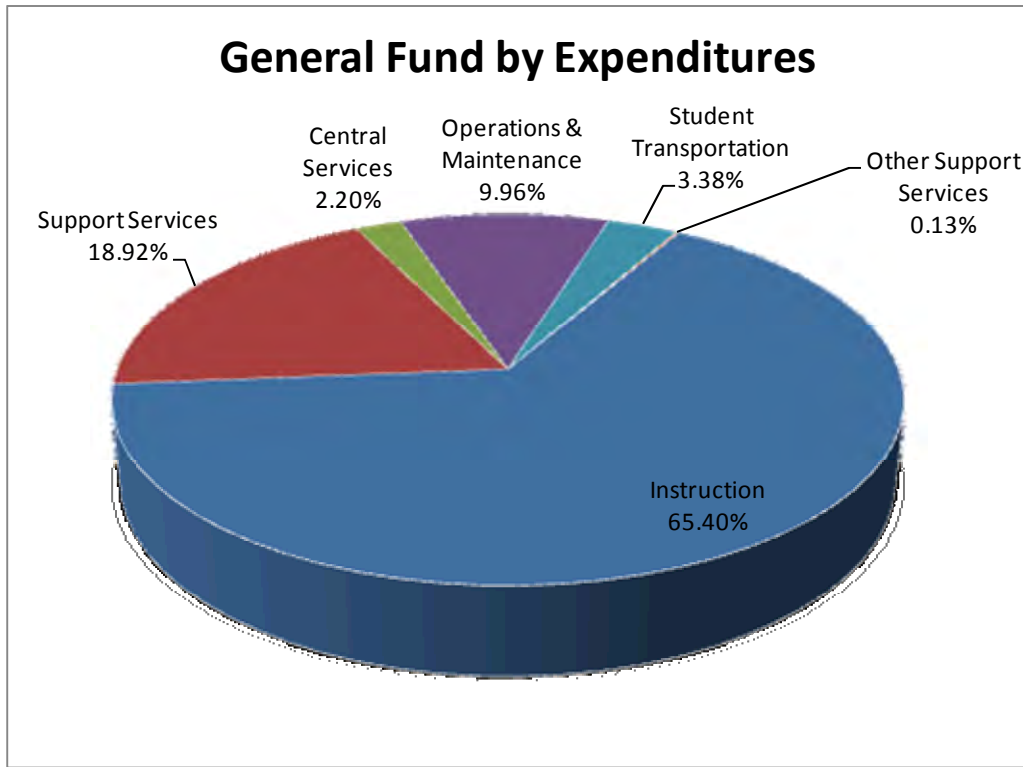
Year	Total Revenues	Change %
2001/2002	\$ 36,297,243	3.0%
2002/2003	\$ 37,354,618	2.9%
2003/2004	\$ 38,633,543	3.4%
2004/2005	\$ 41,663,268	7.8%
2005/2006	\$ 45,172,062	8.4%
2006/2007	\$ 47,964,173	6.2%
2007/2008	\$ 51,651,782	7.7%
2008/2009	\$ 56,125,943	8.7%
2009/2010	\$ 50,028,588	-10.9%
2010/2011	\$ 52,888,136	5.7%
2011/2012	\$ 55,328,628	4.6%

Because the General Fund is the primary fund whose expenditures are significantly related to the educational process, \$50,971,353 was expended during the year ended June 30, 2012. The most significant inter-fund expenditure was for the function noted as "Instruction." This expenditure was \$33,314,549 or 65.36% 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 87% of all General Fund expenditures are for employee salaries, payroll taxes, and benefits.

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The General Fund (continued)

Support Services represents 18.92% 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 2.20% of the total General Fund expenditures. Maintenance and Operations account for 9.96% 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 3.38% 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
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Unaudited

Capital Assets

GASB 34 rules require public entities to depreciate capital assets. This statement includes an adjusted accumulated depreciation of the District's capital assets in the amount of \$3,828,048 as of June 30, 2012. 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, 2012.

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 \$7 million to capital assets (net) 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:

	Balance June 30, 2009	Balance June 30, 2010	Balance June 30, 2011	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 4,480,692	\$ 4,532,513	\$ 4,532,513	\$ 3,567,403
Construction in process	5,144,221	13,116,589	32,288,178	7,864,305
Total capital assets not being depreciated	<u>9,624,913</u>	<u>17,649,102</u>	<u>36,820,691</u>	<u>11,431,708</u>
Capital assets being depreciated:				
Buildings & improvements	94,255,502	102,140,303	110,793,011	145,236,317
Equipment	17,372,818	17,444,744	19,661,629	20,336,007
Land improvements	945,986	2,603,436	3,387,615	4,359,026
Total capital assets being depreciated	<u>112,574,306</u>	<u>122,188,483</u>	<u>133,842,255</u>	<u>169,931,350</u>
Less accumulated depreciation for:				
Buildings & improvements	50,974,919	53,697,962	56,078,217	59,513,323
Equipment	12,432,604	13,186,603	13,458,529	13,661,568
Land improvements	121,770	243,974	591,008	780,911
Total accumulated depreciation	<u>63,529,293</u>	<u>67,128,539</u>	<u>70,127,754</u>	<u>73,955,802</u>
Total capital assets being depreciated, net	<u>49,045,013</u>	<u>55,059,944</u>	<u>63,714,501</u>	<u>95,975,548</u>
Governmental activity capital assets, net	<u>\$ 58,669,926</u>	<u>\$ 72,709,046</u>	<u>\$ 100,535,192</u>	<u>\$ 107,407,256</u>

STATE OF NEW MEXICO
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Long-Term Liabilities

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

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

The 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, 2006 and \$841,605 beginning October 1, 2007 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.

The follow schedule shows the District's combined annual debt service requirement to maturity for GO Bonds long term debt as of June 30, 2012.

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

Long-Term Liabilities (continued)

Fiscal year ended June 30,	Principal	Interest	Total Requirement
2013	345,000	1,685,772	2,030,772
2014	345,000	1,673,500	2,018,500
2015	1,095,000	1,661,200	2,756,200
2016	2,000,000	1,611,650	3,611,650
2017	3,200,000	1,547,625	4,747,625
2018-2022	21,700,000	5,652,562	27,352,562
2023-2027	13,400,000	2,087,750	15,487,750
2028-2029	4,500,000	89,375	4,589,375
	<u>\$ 46,585,000</u>	<u>\$ 16,009,434</u>	<u>\$ 62,594,434</u>

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

	Beginning Balance	Minimum Annual Deposit	3.55% Investment Earnings	Ending Balance
October				
2003	\$ -	\$ 841,071	-	\$ 841,071
2004	841,071	841,071	29,858	1,712,000
2005	1,712,000	841,071	60,776	2,613,847
2006	2,613,847	841,071	92,792	3,547,710
2007	3,547,710	841,071	125,944	4,514,725
2008	4,514,725	841,605	160,273	5,516,603
2009	5,516,603	841,605	195,839	6,554,047
2010	6,554,028	841,605	232,669	7,628,302
2011	7,628,263	841,605	270,805	8,740,673
2012	8,740,614	841,605	310,296	9,892,515
2013	9,892,435	841,605	351,188	11,085,228
2014	11,085,127	841,605	393,533	12,320,265
2015	12,320,140	841,605	437,380	13,599,125
2016	13,598,977	841,605	488,847	14,929,429
		<u>\$ 11,779,800</u>	<u>\$ 3,150,200</u>	

The following schedule shows the District's annual debt service requirement to maturity for the NMFA Loan long term debt as of June 30, 2012:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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>\$ 53,335</u>	<u>\$ 2,198,335</u>

STATE OF NEW MEXICO
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Agency Funds

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

While each school site is responsible for the administration of the agency funds, the custody and use of these funds are in accordance with New Mexico Public Education Department Regulations and School District Policy. The Statement of Fiduciary Assets and Liabilities for the year ended June 30, 2012, shows the accumulated assets of all agency funds was \$876,165.

Future Trends

American Recovery and Reinvestment Act: A significant change for 2009-2010 was the federal stimulus funding received through the American Recovery and Reinvestment Act of 2009 ("ARRA") that was signed into law by President Obama on February 17, 2009. Goals of the ARRA include the preservation or creation of jobs and the promotion of an economic recovery, as well as the investment in transportation, environmental protection and other infrastructure providing long-term economic benefits. This included \$164.7 million in federal fiscal stabilization funds for the State Equalization Guarantee (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.

The Economy and Public School Funding: During fiscal year 2010, the economy both locally and at the State level stalled. Luckily, 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. For fiscal year 2012, the state encountered an upswing in revenue and decrease in spending that allowed reserves to increase and allowed for a moderate increase in the unit value affecting the State Equalization Guarantee (SEG). School districts receive the majority of their funding from the State based on the SEG 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.

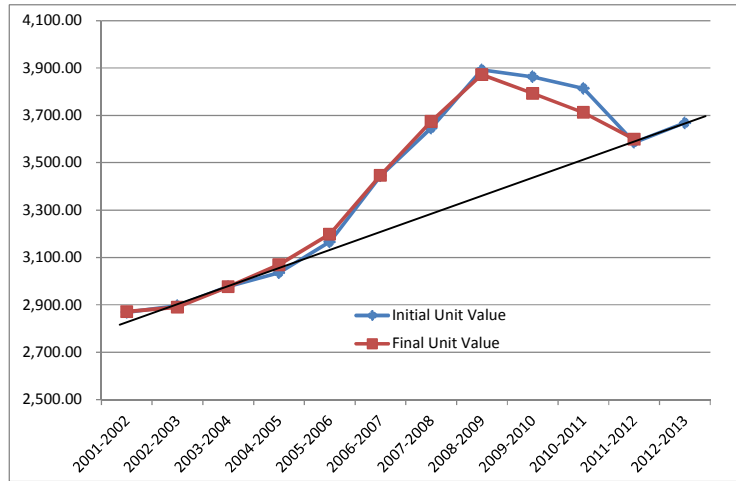
For fiscal year 2012, the State of New Mexico projected a \$450 million shortfall due to eight years of spending that have outpaced the trend for revenue growth. In fiscal year 2011, state and local governments had the benefit of federal stimulus funds to help balance budgets during an unpredictable 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. When fiscal year 2012 came to a close, reserves were at 9% of the state's budget. Going into fiscal year 2013, the state wants to maintain this percentage in reserves.

So, how will we be affected by the state's budget? Fortunately, Governor Susana Martinez wants to preserve the educational budget as much as possible from the fiscal year 2013. New money in the amount of \$97.2 million is directed to textbooks and transportation at \$40 million, education reform at \$30 million and the remaining \$27.2 million toward teacher retirement contributions.

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

Future Trends (continued)

Hobbs Municipal Schools Unit Value History				
School Year	Initial Unit Value	Final Unit Value	\$ Change	% Change
2001-2002	2,868.72	2,871.01	2.29	0.0798%
2002-2003	2,896.01	2,889.89	(6.12)	-0.2113%
2003-2004	2,977.23	2,976.20	(1.03)	-0.0346%
2004-2005	3,035.15	3,068.70	33.55	1.1054%
2005-2006	3,165.02	3,198.01	32.99	1.0423%
2006-2007	3,444.35	3,446.44	2.09	0.0607%
2007-2008	3,645.77	3,674.26	28.49	0.7815%
2008-2009	3,892.47	3,871.79	(20.68)	-0.5313%
2009-2010	3,862.79	3,792.65	(70.14)	-1.8158%
2010-2011	3,814.04	3,712.17	(101.87)	-2.6709%
2011-2012	3,585.97	3,598.87	12.90	0.3597%
2012-2013	3,668.18			



Above is the unit value information from fiscal year 2002 to current. The chart demonstrates where the unit values seemed to be overzealously established around fiscal year 2007. From that point it continued to climb until fiscal year 2009. Afterward the unit value had to be reduced in order to balance the budget at the state level. As of fiscal year 2012 the unit value has appeared to get back on track. Fiscal year 2013 follows the trend line with the initial unit value.

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 past couple years. 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. Other companies continue to move into the area providing more jobs. The Hobbs local economy continues 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: Because of a robust local economy, new families continue to populate the Hobbs community. Growth has been an issue for the District as housing has been underdeveloped for the population that needs to be accommodated. In spite of this, we continue to see a significant increase in the student population. We have, however, encountered problems recruiting teachers to work for the District since they incur problems in finding a place to live. The District tries to plan for some of the growth as demonstrated by the opening of the Freshman Academy and moving the sixth grade classrooms to middle schools and opening Heizer Middle School in process.

With the cyclical nature of the oil and gas industry that dominates the job outlook in Hobbs, it makes it difficult to predict the level of growth or reduction in the student membership. For the past couple years, we continue to outpace the median level of growth based on our most recent future growth study. This study will be updated in fiscal year 2013. Based on 40th day counts, from fiscal year 2011 to 2012, the student population increased 3.52%. From fiscal year 2012 to 2013, the increase is at 5.09%.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2012
Unaudited

Future Trends (continued)

Local Assessments & General Obligation Bonds: For tax year 2012 (calendar year 2013), our District's bonding capacity at August 20, 2012, is \$38,281,354 after consideration of an \$86,161,354 debt limitation less bonded debt of \$47,880,000. 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.

Facility Construction or Renovations: The District has plans to commence or continue a number of Capital Outlay building projects during the 2013 fiscal year. Certain highlights of these projects include the following:

- Completion of Heizer Middle School Modifications by August 2012: Approximate cost \$630,000.
- Completion of High School 400/500 Wing Alterations by August 2012: Approximate cost \$2.54 million with cost sharing between the District and the Public School Facilities Authority of 44% and 56% respectively.
- Completion of the Hobbs High School Administration and Counseling Area Renovations by October 2012: Approximate cost \$2.51 million with cost sharing between the District and the Public Schools Capital Outlay Council of 44% and 56% respectively.
- Completion of Administration Parking Lot Modifications by October 2012: Approximate cost \$938,000 with cost sharing between the District and the Public School Facilities Authority of 44% and 56% respectively.
- Anticipated completion of High School 100/200/500 Wing Alterations by January 2013: Approximate cost \$4.9 million with cost sharing between the District and the Public School Facilities Authority of 49% and 51% respectively.
- Anticipated plans to start the High School 300/600 Wing Alterations by May 2013: Project cost is unknown at this time, but will have cost sharing between the District and the Public School Facilities Authority of 48% and 52% respectively.
- Anticipated plans to start the Highland Middle School Remodel by November 2012: Project cost is unknown at this time

More information regarding the District including an update of the various 2011 bond building projects is available at www.hobbsschools.net.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statement of Net Assets
June 30, 2012

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 15,471,061
Investments	7,403,418
Receivables:	
Property taxes	304,542
Oil and gas taxes	1,063,583
Due from other governments	2,682,162
Other	41,412
Inventory	353,582
	27,319,760
Total current assets	
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	5,489
Investments	9,065,914
Bond issuance costs, net of accumulated amortization of \$63,395	209,736
Capital assets	181,363,058
Less: accumulated depreciation	(73,955,802)
	116,688,395
Total noncurrent assets	
Total assets	\$ 144,008,155

The accompanying notes are an integral part of these financial statements

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 1,832,152
Accrued payroll	3,502,255
Accrued interest	462,712
Accrued compensated absences	246,510
Current portion of loans payable and bonds payable	<u>1,050,000</u>
Total current liabilities	<u>7,093,629</u>
Noncurrent liabilities	
Accrued compensated absences	53,003
Loans payable	1,440,000
Bonds payable	61,170,000
Bond premium, net of accumulated amortization of \$73,398	<u>403,197</u>
Total noncurrent liabilities	<u>63,066,200</u>
Total liabilities	<u>70,159,829</u>
Net assets	
Invested in capital assets, net of related debt	52,813,170
Restricted for:	
Debt service	3,161,942
Capital projects	7,022,545
Other purposes - special revenue	801,761
Unrestricted	<u>10,048,908</u>
Total net assets	<u>73,848,326</u>
Total liabilities and net assets	<u>\$ 144,008,155</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statement of Activities
For the Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental Activities:			
Instruction	\$ 40,155,543	\$ 144,115	\$ 3,150,667
Support services - students	6,348,006	22,783	498,075
Support services - instruction	1,699,801	6,100	133,369
Support services - general administration	1,125,152	4,038	88,281
Support services - school administration	3,677,322	13,198	288,528
Central services	1,271,250	4,562	99,744
Operation and maintenance of plant	8,854,666	31,779	694,751
Student transportation	1,813,773	-	1,731,947
Other support services	68,652	-	-
Food services operations	3,615,095	954,421	2,747,682
Amortization	29,787	-	-
Interest and other charges	1,681,433	-	-
<i>Total governmental activities</i>	<u>\$ 70,340,480</u>	<u>\$ 1,180,996</u>	<u>\$ 9,433,045</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

Gain on disposition of assets

Special item - donated assets

Total General Revenues

Change in net assets

Net assets - as originally stated

Net assets - restatement (Note 16)

Net assets - as restated

Net assets - ending

The accompanying notes are an integral part of these financial statements

<u>Program Revenues</u> <u>Capital Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Assets</u> <u>Government</u> <u>Activities</u>
\$ 2,781,960	\$ (34,078,801)
439,787	(5,387,362)
117,762	(1,442,570)
77,950	(954,883)
254,763	(3,120,833)
88,072	(1,078,872)
613,448	(7,514,689)
-	(81,826)
-	(68,652)
-	87,008
-	(29,787)
-	(1,681,433)
<u>\$ 4,373,741</u>	<u>(55,352,698)</u>

290,327
2,041,716
4,194,477
6,917,360
52,294,633
787,667
294,384
19,279
41,138
<u>66,880,981</u>
11,528,283
64,286,261
<u>(1,966,218)</u>
<u>62,320,043</u>
<u>\$ 73,848,326</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General Fund</u>	<u>Title I IASA Special Revenue Fund</u>	<u>Capital Improvements HB-33 Capital Projects Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 4,241,739	\$ 128,791	\$ 4,783,355
Investments	7,013,619	-	-
Receivables:			
Property taxes	12,812	-	132,972
Oil and gas taxes	56,875	-	454,998
Due from other governments	-	785,482	-
Other	7,500	-	-
Inventory	292,723	-	-
Due from other funds	1,938,635	-	-
	<u>13,563,903</u>	<u>914,273</u>	<u>5,371,325</u>
<i>Total assets</i>	<u>\$ 13,563,903</u>	<u>\$ 914,273</u>	<u>\$ 5,371,325</u>
<i>Liabilities</i>			
Accounts payable	\$ 108,650	\$ 17,017	\$ 485,813
Accrued payroll	3,109,139	119,549	-
Accrued compensated absences	237	-	-
Deferred revenue:			
Property taxes	7,003	-	71,818
Due to other funds	-	700,000	-
	<u>3,225,029</u>	<u>836,566</u>	<u>557,631</u>
<i>Total liabilities</i>	<u>3,225,029</u>	<u>836,566</u>	<u>557,631</u>
<i>Fund balances</i>			
Nonspendable			
Inventory	292,723	-	-
Spendable			
Restricted for:			
Transportation	2,107	-	-
Instructional materials	169,892	-	-
Food services	-	-	-
Education	-	77,707	-
Extracurricular activities	-	-	-
Capital acquisitions and improvements	-	-	4,813,694
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	6,279,540	-	-
Unassigned	3,594,612	-	-
	<u>10,338,874</u>	<u>77,707</u>	<u>4,813,694</u>
<i>Total fund balances</i>	<u>10,338,874</u>	<u>77,707</u>	<u>4,813,694</u>
<i>Total liabilities and fund balances</i>	<u>\$ 13,563,903</u>	<u>\$ 914,273</u>	<u>\$ 5,371,325</u>

The accompanying notes are an integral part of these financial statements

<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 3,174,625	\$ 3,148,040	\$ 15,476,550
9,292,936	162,777	16,469,332
92,257	66,501	304,542
324,211	227,499	1,063,583
-	1,896,680	2,682,162
-	33,912	41,412
-	60,859	353,582
-	-	1,938,635
\$ 12,884,029	\$ 5,596,268	\$ 38,329,798
\$ -	\$ 1,220,672	\$ 1,832,152
-	273,567	3,502,255
-	-	237
47,454	35,916	162,191
-	1,238,635	1,938,635
47,454	2,768,790	7,435,470
-	60,859	353,582
-	-	2,107
-	-	169,892
-	504,365	504,365
-	87,531	165,238
-	127,485	127,485
-	2,282,740	7,096,434
12,836,575	-	12,836,575
-	-	6,279,540
-	(235,502)	3,359,110
12,836,575	2,827,478	30,894,328
\$ 12,884,029	\$ 5,596,268	\$ 38,329,798

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2012

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

Fund balances - total governmental funds	\$	30,894,328
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		107,407,256
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in in the funds:		
Bond issuance costs		209,736
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities		162,191
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		(299,276)
Accrued interest payable		(462,712)
Bond premiums		(403,197)
Bonds and loans payable		<u>(63,660,000)</u>
Total net assets - governmental funds	\$	<u><u>73,848,326</u></u>

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, 2012

	General Fund	Title I IASA Special Revenue Fund	Capital Improvements HB-33 Capital Projects Fund
<i>Revenues</i>			
Property taxes	\$ 292,184	\$ -	\$ 2,812,005
Oil and gas taxes	361,474	-	2,891,791
Intergovernmental revenue:			
Federal flowthrough	109,320	1,892,121	-
Federal direct	-	-	-
Local sources	1,931	-	-
State flowthrough	516,531	-	-
State direct	52,294,633	-	-
Transportation distribution	1,731,947	-	-
Charges for services	17,992	-	-
Investment income (loss)	2,616	-	856
<i>Total revenues</i>	<u>55,328,628</u>	<u>1,892,121</u>	<u>5,704,652</u>
<i>Expenditures</i>			
Current:			
Instruction	33,314,549	1,500,759	-
Support services - students	4,459,359	-	-
Support services - instruction	1,677,514	-	-
Support services - general administration	749,241	45,375	28,142
Support services - school administration	2,749,649	154,818	-
Central services	1,122,862	-	-
Operation and maintenance of plant	5,073,802	-	1,634,614
Student transportation	1,721,178	93,000	-
Other support services	68,652	-	-
Food services operations	-	-	-
Capital Outlay	34,547	111,575	4,652,600
Debt service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>50,971,353</u>	<u>1,905,527</u>	<u>6,315,356</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,357,275</u>	<u>(13,406)</u>	<u>(610,704)</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of assets	29,566	-	5,165
Transfers in	6,047	-	-
Transfers (out)	-	-	-
<i>Total other financing sources (uses)</i>	<u>35,613</u>	<u>-</u>	<u>5,165</u>
<i>Net change in fund balances</i>	4,392,888	(13,406)	(605,539)
<i>Fund balances - beginning</i>	<u>5,945,986</u>	<u>91,113</u>	<u>5,419,233</u>
<i>Fund balances - end of year</i>	<u>\$ 10,338,874</u>	<u>\$ 77,707</u>	<u>\$ 4,813,694</u>

The accompanying notes are an integral part of these financial statements

Debt Service Fund	Nonmajor Governmental Funds	Total
\$ 2,048,209	\$ 1,406,289	\$ 6,558,687
2,218,200	1,445,895	6,917,360
-	4,579,446	6,580,887
-	417,086	417,086
-	785,736	787,667
-	4,599,978	5,116,509
-	91,154	52,385,787
-	-	1,731,947
-	1,163,004	1,180,996
309,545	(18,633)	294,384
<u>4,575,954</u>	<u>14,469,955</u>	<u>81,971,310</u>
-	2,177,264	36,992,572
-	892,335	5,351,694
-	25,771	1,703,285
20,584	115,445	958,787
-	776,551	3,681,018
-	30,455	1,153,317
-	1,989,543	8,697,959
-	-	1,814,178
-	-	68,652
-	3,529,190	3,529,190
-	8,701,021	13,499,743
3,080,000	-	3,080,000
1,900,170	-	1,900,170
<u>5,000,754</u>	<u>18,237,575</u>	<u>82,430,565</u>
<u>(424,800)</u>	<u>(3,767,620)</u>	<u>(459,255)</u>
-	-	34,731
-	-	6,047
-	(6,047)	(6,047)
-	(6,047)	34,731
(424,800)	(3,773,667)	(424,524)
<u>13,261,375</u>	<u>6,601,145</u>	<u>31,318,852</u>
<u>\$ 12,836,575</u>	<u>\$ 2,827,478</u>	<u>\$ 30,894,328</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, 2012

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

Net change in fund balances - total governmental funds	\$	(424,524)
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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		13,499,743
Depreciation expense		(4,687,147)
Gain on disposal of capital assets		19,279
Proceeds from sale of asset		(34,731)
Donated assets		41,138

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

Decrease in deferred revenue related to property taxes receivable		(32,167)
Decrease 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:

Decrease in accrued compensated absences not due and payable		8,539
Decrease in accrued interest payable		187,539

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:

Amortization of bond premium		31,198
Amortization of bond issuance cost		(29,787)
Principal payments on bonds		3,080,000

Change in net assets of governmental activities	\$	<u>11,528,283</u>
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STATE OF NEW MEXICO
Hobbs Municipal School District #33
General Fund

Exhibit C-1

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 279,439	\$ 279,439	\$ 293,107	\$ 13,668
Oil and gas taxes	229,335	229,335	357,603	128,268
Intergovernmental revenue:				
Federal flowthrough	30,500	30,500	109,320	78,820
Local sources	6,400	6,400	1,931	(4,469)
State flowthrough	507,449	596,838	521,973	(74,865)
State direct	50,496,861	52,294,633	52,294,633	-
Transportation distribution	1,748,368	1,731,947	1,731,947	-
Charges for services	10,000	10,000	17,992	7,992
Investment income (loss)	7,025	7,025	2,616	(4,409)
Miscellaneous	2,500	2,500	-	(2,500)
<i>Total revenues</i>	53,317,877	55,188,617	55,331,122	142,505
<i>Expenditures</i>				
Current:				
Instruction	35,500,470	37,460,509	33,411,410	4,049,099
Support services - students	4,827,174	4,792,174	4,459,359	332,815
Support services - instruction	1,801,764	1,872,264	1,677,514	194,750
Support services - general administration	853,162	871,979	749,007	122,972
Support services - school administration	2,912,545	2,936,545	2,746,973	189,572
Central services	1,195,377	1,220,577	1,125,009	95,568
Operation and maintenance of plant	5,581,887	5,919,711	5,112,628	807,083
Student transportation	1,713,368	1,722,544	1,721,176	1,368
Other support services	97,727	147,933	57,359	90,574
Capital outlay	35,000	37,157	29,421	7,736
<i>Total expenditures</i>	54,518,474	56,981,393	51,089,856	5,891,537
<i>Excess (deficiency) of revenues over expenditures</i>	(1,200,597)	(1,792,776)	4,241,266	6,034,042
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,200,597	1,792,776	-	(1,792,776)
Proceeds from sale of assets	-	-	29,566	29,566
Transfers in	-	-	6,047	6,047
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	1,200,597	1,792,776	35,613	(1,757,163)
<i>Net change in fund balances</i>	-	-	4,276,879	4,276,879
<i>Fund balances - beginning of year</i>	-	-	8,917,114	8,917,114
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 13,193,993	\$ 13,193,993
Net change in fund balances (Non-GAAP budgetary basis)				\$ 4,276,879
Adjustments to revenues for taxes and state flowthrough grants				(2,494)
Adjustments to expenditures for instructional and payroll expenditures and inventory on hand				118,503
Net change in fund balances (GAAP Basis)				\$ 4,392,888

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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	1,989,753	2,365,647	1,490,146	(875,501)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,989,753</u>	<u>2,365,647</u>	<u>1,490,146</u>	<u>(875,501)</u>
<i>Expenditures</i>				
Current:				
Instruction	1,686,374	2,043,758	1,599,740	444,018
Support services	198,479	216,989	199,176	17,813
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	104,900	104,900	93,000	11,900
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,989,753</u>	<u>2,365,647</u>	<u>1,891,916</u>	<u>473,731</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(401,770)</u>	<u>(401,770)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<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>(401,770)</u>	<u>(401,770)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(169,439)</u>	<u>(169,439)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (571,209)</u>	<u>\$ (571,209)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (401,770)
Adjustments to revenues for federal flowthrough grants				401,975
Adjustments to expenditures for payroll expenditures				(13,611)
Net change in fund balance (GAAP Basis)				<u>\$ (13,406)</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
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

Exhibit D-1

<i>Current Assets</i>	
Cash and cash equivalents	\$ 375,404
Investments	<u>500,761</u>
<i>Total assets</i>	<u><u>\$ 876,165</u></u>
<i>Current Liabilities</i>	
Accrued payroll	\$ 10,265
Due to student organizations	<u>865,900</u>
<i>Total liabilities</i>	<u><u>\$ 876,165</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, 2012

NOTE 1. Summary of Significant Accounting Policies

Hobbs Municipal School District #33 "the District" is a special purpose government corporation governed by an elected five-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 five 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 District 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, 2012

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, 2012

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 *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. 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, 2012

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, 2012, the District maintained \$481,601 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 2012 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2012. 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, 2012

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 \$162,191 in deferred revenue related to property taxes.

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, 2012

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, 2012, the nonspendable fund balances in the general fund and food service fund are made up of inventory in the amounts of \$292,723 and \$60,859, respectively, that are not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2012, the restricted fund balance on the governmental funds balance sheet is made up of \$969,087 for providing transportation, instructional materials, food services, education, and extracurricular activities to the students of the District, \$7,096,434 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 \$12,836,575 for the payment of principal and interest of the future debt service requirements. The District has also committed fund balance in the amount of \$6,279,540 for expenditures in the subsequent year.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

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 51 and 91-95.
- 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 \$52,294,633 in state equalization guarantee distributions during the year ended June 30, 2012.

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 \$6,558,687 in property tax revenues in the governmental fund financial statements during the year ended June 30, 2012. The District also recognized \$6,917,360 in oil and gas tax revenues in the governmental fund financial statements during the year ended June 30, 2012. 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 \$1,731,947 in transportation distributions during the year ended June 30, 2012.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

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 \$367,573 in instructional materials revenue from the State for the year ended June 30, 2012.

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 \$465,060 in state SB-9 matching during the year ended June 30, 2012.

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, 2012, the District received \$3,908,681 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, 2012

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, 2012

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, 2012, 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	\$ (1,200,597)	\$ (1,792,776)
Title I IASA Special Revenue Fund	\$ -	\$ -
Capital Improvements HB-33 Capital Projects Fund	\$ (3,328,500)	\$ (5,998,285)
Debt Service Fund	\$ (2,185,000)	\$ (4,296,500)
Other Governmental Funds	\$ (2,982,082)	\$ (6,920,307)

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, 2012.

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 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, 2012

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, 2012 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

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 22-8-40(H), NMSA 1978. At June 30, 2012, \$781,283 of the District's bank balance of \$14,320,916 was subject to custodial credit risk. \$781,283 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. None of the District's deposits were uninsured and uncollateralized at June 30, 2012.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 3. Deposits and Investments (continued)

	Lea County State Bank	US Bank	Wells Fargo Bank
Amount of deposits	\$ 4,810,013	\$ 5,489	\$ 8,032,484
Transaction Deposit Accounts covered by the "Dodd-Frank Deposit Insurance Provision"	(3,528,730)	-	(7,782,484)
FDIC coverage	<u>(500,000)</u>	<u>(5,489)</u>	<u>(250,000)</u>
Total uninsured public funds	<u>781,283</u>	<u>-</u>	<u>-</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	781,283	-	-
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ 390,642	\$ -	\$ -
Pledged securities	<u>1,365,000</u>	<u>-</u>	<u>-</u>
Over (under) collateralized	<u>\$ 974,359</u>	<u>\$ -</u>	<u>\$ -</u>
	Western Commerce Bank	Total	
Amount of deposits	\$ 1,472,930	\$ 14,320,916	
Transaction Deposit Accounts covered by the "Dodd-Frank Deposit Insurance Provision"	(1,472,930)	(12,784,144)	
FDIC coverage	<u>-</u>	<u>(755,489)</u>	
Total uninsured public funds	<u>-</u>	<u>781,283</u>	
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	-	781,283	
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	
Collateral requirement (50%)	\$ -	\$ 390,642	
Pledged securities	<u>2,562,424</u>	<u>3,927,424</u>	
Over (under) collateralized	<u>\$ 2,562,424</u>	<u>\$ 3,536,783</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, 2012, 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, 2012

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	\$ 2,372,362	\$ 4,460,239	\$ 6,832,601
FDIC Coverage	-	-	-
	<u>2,372,362</u>	<u>4,460,239</u>	<u>6,832,601</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>2,372,362</u>	<u>4,460,239</u>	<u>6,832,601</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured - repurchase)	\$ 2,419,809	\$ 4,549,444	\$ 6,969,253
Pledged Securities	<u>2,419,809</u>	<u>4,549,444</u>	<u>6,969,253</u>
Over (under) collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

As of June 30, 2012, the District's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

As of June 30, 2012, 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	60 days	\$ 474,473	AAAm
Reserve Contingencies Fund	Does not earn interest	7,128	Unrated
U.S. Treasury MM Mutual Fund	<1 year	7,170,208	AA+
FNMA Discount Note	92 days	9,065,914	A-1+
		<u>\$ 16,717,723</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.

The District has presented certificates of deposits of \$252,370 in the Statement of Net Assets, however these are classified as deposits for disclosure purposes.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

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, 43% and 54% 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, 2012. Funds 24101 through 25153 are federal funds and 26109 through 31400 are nonfederal. The following individual funds had negative cash balances as of June 30, 2012:

24101	Title I IASA	\$ (571,209)
24106	Entitlement IDEA-B	(281,584)
24109	Preschool IDEA-B	(11,361)
24129	Partnership in Character Education	(610)
24143	Title III - Incentive Award	(9,396)
24153	English Language Acquisition	(46,763)
24154	Teacher / Principal Training & Recruiting	(297,332)
24162	Title I School Improvement	(30,510)
24163	Immigrant Funding Title III	(11,482)
24174	Carl Perkins Secondary	(9,885)
25153	Title XIX Medicaid	(19,657)
26109	J.F Maddox Foundation	(22,694)
27103	2009 Dual Credit IM/HB2	(8,675)
27105	2008 G.O. Bond Student Library	(166)
27106	2010 G.O. Bond Student Library	(8,806)
27149	Pre-K Initiative	(15,109)
27155	Breakfast for Elementary Students	(30,334)
27164	School Improvement Framework	(2,993)
27170	Libraries - G.O. Bonds	(31)
28191	Start Smart K-3 Utah State Univeristy Study	(398)
31400	Special Capital Outlay - State	(181,623)
	Total	<u><u>\$ (1,560,618)</u></u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

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	\$ 15,471,061
Restricted cash per Exhibit A-1	5,489
Investments per Exhibit A-1	7,403,418
Restricted investments Exhibit A-1	9,065,914
Cash - Statement of Fiduciary Assets and Liabilites per Exhibit D-1	375,404
Investments - Statement of Fiduciary Assets and Liabilites per Exhibit D-1	<u>500,761</u>
 Total cash, cash equivalents, and investments	 32,822,047
Add: outstanding checks	5,049,193
Less: investments held in New Mexico State Treasurer's LGIP	(481,601)
Less: investments held in U.S. MM mutual fund	(7,170,208)
Less: investment FNMA Discount Note	<u>(9,065,914)</u>
 Bank balance of deposits	 <u><u>\$ 21,153,517</u></u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2012, are as follows:

Governmental Activities:

	General Fund	Title I IASA Special Revenue Fund	Capital Improvements HB-33
Property taxes receivable	\$ 12,812	\$ -	\$ 132,972
Oil and gas taxes receivable	56,875	-	454,998
Due from other governments:			
Federal sources	-	785,482	-
State sources	-	-	-
Other receivables	7,500	-	-
	<u>\$ 77,187</u>	<u>\$ 785,482</u>	<u>\$ 587,970</u>

	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 92,257	\$ 66,501	\$ 304,542
Oil and gas taxes receivable	324,211	227,499	1,063,583
Due from other governments:			
Federal sources	-	795,156	1,580,638
State sources	-	1,101,524	1,101,524
Other receivables	-	33,912	41,412
	<u>\$ 416,468</u>	<u>\$ 2,224,592</u>	<u>\$ 4,091,699</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$162,191 that was 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, 2012

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, 2012 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Title I IASA	\$ 700,000
General Fund	Entitlement IDEA-B	350,000
General Fund	Preschool IDEA-B	15,000
General Fund	Partnership in Character Education	610
General Fund	Title III - Incentive Award	9,396
General Fund	English Language Acquisition	55,000
General Fund	Teacher / Principal Training & Recruiting	330,000
General Fund	Title I School Improvement	40,000
General Fund	Immigrant Funding Title III	11,482
General Fund	Carl Perkins Secondary	10,000
General Fund	Title XIX Medicaid	36,000
General Fund	J.F Maddox Foundation	40,000
General Fund	2009 Dual Credit IM/HB2	10,000
General Fund	2008 G.O. Bond Student Library	1,000
General Fund	2010 G.O. Bond Student Library	10,000
General Fund	Pre-K Initiative	100,000
General Fund	Breakfast for Elementary Students	35,000
General Fund	School Improvement Framework	2,993
General Fund	Libraries - G.O. Bonds	31
General Fund	Start Smart K-3 Utah State Univeristy Study	500
General Fund	Special Capital Outlay - State	181,623
	Total	<u>\$ 1,938,635</u>

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

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Teacher / Principal Training & Recruiting	General Fund	\$ 6,047
	Total	<u>\$ 6,047</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2012, 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, 2012 appear in the Statement of Net Assets as follows:

	Balance June 30, 2011	Restatement to Net Assets	Additions	Deletions	Balance June 30, 2012
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 4,532,513	\$ (965,110)	\$ -	\$ -	\$ 3,567,403
Construction in progress	32,288,178	(1,097,043)	10,999,574	34,326,404	7,864,305
Total capital assets not being depreciated	36,820,691	(2,062,153)	10,999,574	34,326,404	11,431,708
Capital assets being depreciated:					
Buildings and improvements	110,793,011	-	34,516,884	73,578	145,236,317
Equipment	19,661,629	95,935	1,379,416	800,973	20,336,007
Land improvements	3,387,615	-	971,411	-	4,359,026
Total capital assets being depreciated	133,842,255	95,935	36,867,711	874,551	169,931,350
Total capital assets	170,662,946	(1,966,218)	47,867,285	35,200,955	181,363,058
Less accumulated depreciation:					
Buildings and improvements	56,078,217	-	3,493,233	58,127	59,513,323
Equipment	13,458,529	-	1,004,011	800,972	13,661,568
Land improvements	591,008	-	189,903	-	780,911
Total accumulated depreciation	70,127,754	-	4,687,147	859,099	73,955,802
Total capital assets, net of depreciation	\$ 100,535,192	\$ (1,966,218)	\$ 43,180,138	\$ 34,341,856	\$ 107,407,256

The District received donated assets in the amount of \$41,138 during the year ended June 30, 2012.

Depreciation expense for the year ended June 30, 2012 was charged to the following function:

Governmental Activities	
Instruction	\$ 3,153,827
Support services-students	1,010,708
Support services-general administration	163,923
Central services	120,996
Operations and maintenance of plant	152,911
Food services operations	84,782
Total	\$ 4,687,147

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 7. Long-term Debt

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide Statement of Net Assets:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
General Obligation Qualified Zone Academy School (Qzab) Bonds	\$ 14,930,000	\$ -	\$ -	\$ 14,930,000	\$ -
General Obligation Bonds Series 2002	2,740,000	-	2,740,000	-	-
General Obligation Bonds Series 2005	225,000	-	40,000	185,000	45,000
General Obligation Bonds Series 2008	9,400,000	-	100,000	9,300,000	100,000
General Obligation Bonds Series 2009	9,300,000	-	100,000	9,200,000	100,000
General Obligation Bonds Series 2010	20,000,000	-	-	20,000,000	-
General Obligation Bonds Series 2010A	8,000,000	-	100,000	7,900,000	100,000
NMFA Loan Payable	2,145,000	-	-	2,145,000	705,000
Compensated Absences	311,910	234,113	246,510	299,513	246,510
Total Long-Term Debt	\$ 67,051,910	\$ 234,113	\$ 3,326,510	\$ 63,959,513	\$ 1,296,510

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, 2012 are for governmental activities.

The annual requirements to amortize the general obligation bonds, not including the QZab bonds, outstanding as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	\$ 345,000	\$ 1,685,772	\$ 2,030,772
2014	345,000	1,673,500	2,018,500
2015	1,095,000	1,661,200	2,756,200
2016	2,000,000	1,611,650	3,611,650
2017	3,200,000	1,547,625	4,747,625
2018-2022	21,700,000	5,652,562	27,352,562
2023-2027	13,400,000	2,087,750	15,487,750
2028-2029	4,500,000	89,375	4,589,375
	\$ 46,585,000	\$ 16,009,434	\$ 62,594,434

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the general obligation qualified zone academy bonds as of June 30, 2012, 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 2005 Series general obligation bonds outstanding as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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>\$ 185,000</u>	<u>\$ 15,247</u>	<u>\$ 200,247</u>

The annual requirements to amortize the 2008 Series general obligation bonds outstanding as of June 30, 2012, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	1,000,000	286,750	1,286,750
2018-2021	7,000,000	489,500	7,489,500
	<u>\$ 9,300,000</u>	<u>\$ 2,138,625</u>	<u>\$ 11,438,625</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the 2009 Series general obligation bonds outstanding as of June 30, 2012, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	100,000	353,875	453,875
2018-2022	6,700,000	1,497,625	8,197,625
2023	2,000,000	80,000	2,080,000
	<u>\$ 9,200,000</u>	<u>\$ 3,380,500</u>	<u>\$ 12,580,500</u>

The annual requirements to amortize the 2010 Series general obligation bonds outstanding as of June 30, 2012, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	2,000,000	671,875	2,671,875
2018-2022	7,500,000	2,520,625	10,020,625
2022-2026	9,000,000	960,000	9,960,000
	<u>\$ 20,000,000</u>	<u>\$ 6,997,500</u>	<u>\$ 26,997,500</u>

The annual requirements to amortize the 2010A Series general obligation bonds outstanding as of June 30, 2012, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	100,000	235,125	335,125
2018-2022	500,000	1,144,812	1,644,812
2023-2027	2,400,000	1,047,750	3,447,750
2028-2029	4,500,000	89,375	4,589,375
	<u>\$ 7,900,000</u>	<u>\$ 3,477,562</u>	<u>\$ 11,377,562</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

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 \$40,000 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
June 30, 2012

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
Notes to Financial Statements
June 30, 2012

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, 2012
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 amortized over the life of the loan.

The annual requirements to amortize the NMFA Loan as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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>\$ 53,335</u>	<u>\$ 2,198,335</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, 2012, compensated absences decreased \$12,397 from the prior year accrual. In prior years, the General Fund is 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, 2012, there have been no claims that have exceeded insurance coverage.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

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, 2012:

Nonmajor Funds

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)
Immigrant Funding Title III Special Revenue Fund	(11,482)
Carl Perkins Secondary Special Revenue Fund	(9,531)
School Improvement Framework Special Revenue Fund	(2,993)
Libraries - G.O. Bonds Special Revenue Fund	(31)
Special Capital Outlay - State - Capital Projects Fund	<u>(181,623)</u>

Total Governmental Funds	<u><u>\$ (235,502)</u></u>
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The District incurred more expenditures than revenues received in these funds in the current year. The District anticipates these fund balances will not be in a deficit state in subsequent years.

- B. Excess of expenditures over appropriations. The District was not aware of any funds with line item expenditures in excess of the budgeted appropriations for the year ended June 30, 2012.
- C. Designated cash appropriations in excess of available balances. The District was not aware of any funds with budgets that exceeded approved budgetary authority for the year ended June 30, 2012.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

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.

Funding Policy. Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The District has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the District contributed 9.15% of gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the District will contribute 10.9% of gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established to 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 ended June 30, 2012, 2011, and 2010, were \$3,366,174, \$4,042,522, and \$4,400,415 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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee’s annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rate for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 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 contribution to the RHCA for the years ended June 30, 2012, 2011, and 2010 were \$648,456, \$603,192, and \$513,373, 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
Notes to Financial Statements
June 30, 2012

NOTE 13. Joint Powers Agreements

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

Joint Use of Recreational Facilities Agreement

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

Two Little League Baseball Fields at Jefferson Elementary Agreement

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 13. Joint Powers Agreements (continued)

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

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

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

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 13. Joint Powers Agreements (continued)

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

Joint Development of Tennis Courts Agreement

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

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
Notes to Financial Statements
June 30, 2012

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, 2012

NOTE 13. Joint Powers Agreements (continued)

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

Lea County Distance Education Consortium Agreement

<i>Participants:</i>	Hobbs Municipal School District #33 Eunice Municipal School District Tatum Municipal School District Jal Municipal School District Lovington Municipal School District New Mexico Junior College College of the Southwest Eastern New Mexico University
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<i>Responsible party:</i>	All participants
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<i>Description :</i>	The District has entered into a joint powers agreement with a group of educational institutions to form the Lea County Distance Education Consortium (Consortium). The purpose of the Consortium is to purchase and maintain a two-way interactive television network to provide educational services between each of the members.
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<i>Begin date:</i>	February 14, 1994
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<i>Ending date:</i>	As long as mutually agreeable by all parties
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<i>Estimated amount of project :</i>	Not Applicable
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<i>Amount contributed:</i>	\$18,878
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<i>Audit responsibility:</i>	Each Participant
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<i>Fiscal agent:</i>	New Mexico Junior College
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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 13. Joint Powers Agreements (continued)

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

Southeastern New Mexico Educational Resource Center Agreement

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 13. Joint Powers Agreements (continued)

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

Veteran's Memorial Complex Agreement

<i>Participants:</i>	Hobbs Municipal School District #33 City of Hobbs
<i>Responsible party:</i>	All participants
<i>Description :</i>	The District has entered into a joint powers agreement with the City of Hobbs. The purpose of the agreement is convey, transfer, and assigned to the City an undivided one-half interest of the District's rights, title and interest in specified property. The District has exclusive use of the Varsity, Junior Varsity, and Sanger fields from the beginning of the High School baseball and softball seasons until the termination of those seasons.
<i>Begin date:</i>	July 20, 2009
<i>Ending date:</i>	This agreement is to continue for 1 year, and thereafter as mutually agreeable by both parties
<i>Estimated amount of project :</i>	Not Applicable
<i>Amount contributed:</i>	Approximately \$57,500 annually
<i>Audit responsibility:</i>	Each Participant
<i>Fiscal agent:</i>	Not Applicable

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:
24206, 25255

Entitlement IDEA-B - Federal Stimulus Special Revenue Fund	\$ 559
Education Jobs Fund Special Revenue Fund	130,820

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 15. Commitments

The District had multiple construction projects ongoing as of the year ended June 30, 2012 that are to continue into the following fiscal year. These projects are as follows:

Construction Project:	Project #	PO #	Contract Price	Paid-to-date expenses	Expected amount to complete	Expected date of completion
Heizer Middle School Modifications	CES	Various	\$ 628,366	\$ 600,342	\$ 28,024	August-12
High School 400/500 Wing Alterations	Bid #1011-22	Various	2,540,041	2,455,974	84,067	August-12
Tasker Arena Improvements	Bid #0607-23	Various	221,310	156,177	65,133	August-12
High School Administration/Counselor's Office Alterations	Bid #1112-02	Various	2,512,523	1,597,332	915,191	October-12
High School 100/200/500 Wing Alterations	Bid #1112-24	Various	4,945,698	352,123	4,593,575	January-13
High School Administration Parking Lot	Bid #1112-01	Various	937,793	854,551	83,242	October-12
Totals			\$ 11,785,731	\$ 6,016,499	\$ 5,769,232	

NOTE 16. Net Assets Restatement

The District has restated the prior year government-wide net assets in the amount of \$1,966,218 in order to correct the prior year balance of Capital Assets.

NOTE 17. Restricted Net Assets

The government-wide statement of net assets reports \$10,986,248 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 91-95.

NOTE 18. 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 on 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 price and volume of production of oil and gas which can be volatile.

NOTE 19. Subsequent Events

The date to which events occurring after June 30, 2012, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is November 5, 2012 which is the date on which the financial statements were issued.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2012

NOTE 20. 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 is evaluating the effects of this statement, but does not expect the change to have a significant effect.

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 March 2012, Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The District is evaluating the effects of this statement, but does not expect the change to have a significant effect.

In March 2012, Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the District in upcoming years.

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the District in upcoming years.

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard is expected to have no effect on the District in upcoming years.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Fund Descriptions
June 30, 2012

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 (E2T2-F) (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, 2012

Special Revenue Funds (continued)

Enhancing Education Through Technology (E2T2-C) (24149) – To account for federal grant designed to strengthen teacher learning in the field of technology. Former name of this fund was Title II D Competitive. HAFC/H2,3,4,5,6 and 10a (PL 103-382)

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.

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).

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Fund Descriptions
June 30, 2012

Special Revenue Funds (continued)

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.

2010 G.O. Bond Student Library (27106) – 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, 2012

Special Revenue Funds (continued)

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.

Start Smart K-3 Utah State University Study (28191) – Funds all 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. The study allows for maintenance of a test group and a control group to determine the benefits for those in the test group. Authority for the creation of this fund is the New Mexico Public Education Department.

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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Fund Descriptions
June 30, 2012

Capital Projects Funds

Bond Building (31100) – 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.

Public School Capital Outlay (31200) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects.

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

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			
	Food Service	Athletics	Javits Gifted & Talented Students	Entitlement IDEA-B
<i>Assets</i>				
Cash and cash equivalents	\$ 665,671	\$ 127,485	\$ 24	\$ 68,416
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	-	346,668
Other	-	-	-	-
Inventory	60,859	-	-	-
<i>Total assets</i>	\$ 726,530	\$ 127,485	\$ 24	\$ 415,084
<i>Liabilities</i>				
Accounts payable	\$ 31,150	\$ -	\$ -	\$ -
Accrued payroll	130,156	-	-	65,084
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	-	-	-	350,000
<i>Total liabilities</i>	161,306	-	-	415,084
<i>Fund balances</i>				
Nonspendable				
Inventory	60,859	-	-	-
Spendable				
Restricted for:				
Food services	504,365	-	-	-
Education	-	-	24	-
Extracurricular activities	-	127,485	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	565,224	127,485	24	-
<i>Total liabilities and fund balances</i>	\$ 726,530	\$ 127,485	\$ 24	\$ 415,084

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 (E2T2-F)	Comprehensive School Reform
\$ 3,365	\$ 3,639	\$ -	\$ -	\$ 960	\$ 349
-	-	-	-	-	-
-	-	-	-	-	-
-	11,999	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,365</u>	<u>\$ 15,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 349</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	638	-	-	-	-
-	-	-	-	-	-
-	15,000	-	610	-	-
-	15,638	-	610	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,365	-	-	-	960	349
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(610)	-	-
<u>3,365</u>	<u>-</u>	<u>-</u>	<u>(610)</u>	<u>960</u>	<u>349</u>
<u>\$ 3,365</u>	<u>\$ 15,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 349</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			
	Title III - Incentive Award	Enhancing Education Through Technology (E2T2-C)	Title V Innovative Education Program	English Language Acquisition
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 850	\$ 8,237
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	-	33,045
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 41,282</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,268
Accrued payroll	-	-	-	4,850
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	9,396	-	-	55,000
<i>Total liabilities</i>	<u>9,396</u>	<u>-</u>	<u>-</u>	<u>61,118</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	850	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(9,396)	-	-	(19,836)
<i>Total fund balances</i>	<u>(9,396)</u>	<u>-</u>	<u>850</u>	<u>(19,836)</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 41,282</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Teacher / Principal Training & Recruiting	Safe & Drug Free Schools & Communities	Title I School Improvement	Immigrant Funding Title III	Carl Perkins Secondary	Carl Perkins Secondary PY
\$ 32,668	\$ -	\$ 9,490	\$ -	\$ 115	\$ 5
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
323,787	-	41,725	-	2,050	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 356,455</u>	<u>\$ -</u>	<u>\$ 51,215</u>	<u>\$ -</u>	<u>\$ 2,165</u>	<u>\$ 5</u>
\$ -	\$ -	\$ 1,887	\$ -	\$ 1,696	\$ -
26,455	-	9,328	-	-	-
-	-	-	-	-	-
330,000	-	40,000	11,482	10,000	-
<u>356,455</u>	<u>-</u>	<u>51,215</u>	<u>11,482</u>	<u>11,696</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(11,482)	(9,531)	-
-	-	-	(11,482)	(9,531)	5
<u>\$ 356,455</u>	<u>\$ -</u>	<u>\$ 51,215</u>	<u>\$ -</u>	<u>\$ 2,165</u>	<u>\$ 5</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			
	Carl Perkins Secondary - Redistribution	Title I IASA - Federal Stimulus	Entitlement IDEA- B - Federal Stimulus	Enhancing Education Through Technology - Federal Stimulus
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Title XIX Medicaid</u>	<u>SEG Federal Stimulus</u>	<u>Education Jobs Fund</u>	<u>J.F Maddox Foundation</u>	<u>Microsoft Settlement Funds</u>	<u>2009 Dual Credit IM/HB2</u>
\$ 16,343	\$ -	\$ -	\$ 17,306	\$ 4,760	\$ 1,325
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,484	-	-	-	-	8,675
-	-	-	33,912	-	-
-	-	-	-	-	-
<u>\$ 51,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,218</u>	<u>\$ 4,760</u>	<u>\$ 10,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,827	-	-	3,648	-	-
-	-	-	-	-	-
36,000	-	-	40,000	-	10,000
<u>51,827</u>	<u>-</u>	<u>-</u>	<u>43,648</u>	<u>-</u>	<u>10,000</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,570	4,760	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,570	4,760	-
<u>\$ 51,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,218</u>	<u>\$ 4,760</u>	<u>\$ 10,000</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			
	2008 G.O. Bond Student Library	2010 G.O. Bond Student Library	Technology For Education PED	Incentives for School Improvement
<i>Assets</i>				
Cash and cash equivalents	\$ 834	\$ 1,194	\$ 2,700	\$ 43,929
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	166	8,806	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ 1,000	\$ 10,000	\$ 2,700	\$ 43,929
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	1,000	10,000	-	-
<i>Total liabilities</i>	1,000	10,000	-	-
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	2,700	43,929
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	-	-	2,700	43,929
<i>Total liabilities and fund balances</i>	\$ 1,000	\$ 10,000	\$ 2,700	\$ 43,929

The accompanying notes are an integral part of these financial statements

Special Revenue

G.O. Library Bonds	Pre-K Initiative	Beginning Teacher Mentoring	Breakfast for Elementary Students	Technology Equity	School Improvement Framework
\$ 127	\$ 84,891	\$ 8,111	\$ 4,666	\$ 39	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	30,235	-	30,334	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 127</u>	<u>\$ 115,126</u>	<u>\$ 8,111</u>	<u>\$ 35,000</u>	<u>\$ 39</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	15,126	-	-	-	-
-	-	-	-	-	-
-	100,000	-	35,000	-	2,993
-	-	-	-	-	-
-	115,126	-	35,000	-	2,993
-	-	-	-	-	-
-	-	-	-	-	-
127	-	8,111	-	39	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(2,993)
<u>127</u>	<u>-</u>	<u>8,111</u>	<u>-</u>	<u>39</u>	<u>(2,993)</u>
<u>\$ 127</u>	<u>\$ 115,126</u>	<u>\$ 8,111</u>	<u>\$ 35,000</u>	<u>\$ 39</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			
	Kindergarten- Three Plus	Libraries - G.O. Bonds	Start Smart K-3 Utah State University Study	TCA Value Options
<i>Assets</i>				
Cash and cash equivalents	\$ 1	\$ -	\$ 102	\$ 5,685
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	398	11,511
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ 1	\$ -	\$ 500	\$ 17,196
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	2,455
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	-	31	500	-
<i>Total liabilities</i>	-	31	500	2,455
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	1	-	-	14,741
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	(31)	-	-
<i>Total fund balances</i>	1	(31)	-	14,741
<i>Total liabilities and fund balances</i>	\$ 1	\$ -	\$ 500	\$ 17,196

The accompanying notes are an integral part of these financial statements

Capital Projects

<u>Bond Building</u>	<u>Public School Capital Outlay</u>	<u>Special Building Local</u>	<u>Special Capital Outlay - State</u>	<u>SB-9 Capital Improvements</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 183,942	\$ -	\$ 28,285	\$ -	\$ 1,822,526	\$ 3,148,040
162,777	-	-	-	-	162,777
-	-	-	-	66,501	66,501
-	-	-	-	227,499	227,499
-	688,677	-	-	323,120	1,896,680
-	-	-	-	-	33,912
-	-	-	-	-	60,859
<u>\$ 346,719</u>	<u>\$ 688,677</u>	<u>\$ 28,285</u>	<u>\$ -</u>	<u>\$ 2,439,646</u>	<u>\$ 5,596,268</u>
\$ 22,918	\$ 688,677	\$ -	\$ -	\$ 473,076	\$ 1,220,672
-	-	-	-	-	273,567
-	-	-	-	35,916	35,916
-	-	-	181,623	-	1,238,635
<u>22,918</u>	<u>688,677</u>	<u>-</u>	<u>181,623</u>	<u>508,992</u>	<u>2,768,790</u>
-	-	-	-	-	60,859
-	-	-	-	-	504,365
-	-	-	-	-	87,531
-	-	-	-	-	127,485
323,801	-	28,285	-	1,930,654	2,282,740
-	-	-	(181,623)	-	(235,502)
<u>323,801</u>	<u>-</u>	<u>28,285</u>	<u>(181,623)</u>	<u>1,930,654</u>	<u>2,827,478</u>
<u>\$ 346,719</u>	<u>\$ 688,677</u>	<u>\$ 28,285</u>	<u>\$ -</u>	<u>\$ 2,439,646</u>	<u>\$ 5,596,268</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, 2012

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	2,539,920	-	-	1,007,621
Federal direct	207,762	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	954,421	208,583	-	-
Investment income (loss)	-	-	-	-
<i>Total revenues</i>	<u>3,702,103</u>	<u>208,583</u>	<u>-</u>	<u>1,007,621</u>
<i>Expenditures</i>				
Current:				
Instruction	-	174,555	-	172,833
Support services - students	-	-	-	668,558
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	169,966
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Other support services	-	-	-	-
Food services operations	3,498,856	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>3,498,856</u>	<u>174,555</u>	<u>-</u>	<u>1,011,357</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>203,247</u>	<u>34,028</u>	<u>-</u>	<u>(3,736)</u>
<i>Other financing sources (uses)</i>				
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	203,247	34,028	-	(3,736)
<i>Fund balances - beginning</i>	<u>361,977</u>	<u>93,457</u>	<u>24</u>	<u>3,736</u>
<i>Fund balances - end of year</i>	<u>\$ 565,224</u>	<u>\$ 127,485</u>	<u>\$ 24</u>	<u>\$ -</u>

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 (E2T2-F)	Comprehensive School Reform
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	41,073	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	41,073	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	17,962	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	19,710	-	-	-	-
-	565	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	38,237	-	-	-	-
-	-	-	-	-	-
-	2,836	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,836	-	-	-	-
3,365	(2,836)	-	(610)	960	349
\$ 3,365	\$ -	\$ -	\$ (610)	\$ 960	\$ 349

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, 2012

	Special Revenue			
	Title III - Incentive Award	Enhancing Education Through Technology (E2T2-C)	Title V Innovative Education Program	English Language Acquisition
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	3,000	-	104,161
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>104,161</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	96,900
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	1,919
Support services - school administration	-	3,000	-	5,342
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>104,161</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers (out)	-	-	-	-
<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>(9,396)</u>	<u>-</u>	<u>850</u>	<u>(19,836)</u>
<i>Fund balances - end of year</i>	<u>\$ (9,396)</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ (19,836)</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Teacher / Principal Training & Recruiting	Safe & Drug Free Schools & Communities	Title I School Improvement	Immigrant Funding Title III	Carl Perkins Secondary	Carl Perkins Secondary PY
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
583,332	-	255,298	-	21,057	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>583,332</u>	<u>-</u>	<u>255,298</u>	<u>-</u>	<u>21,057</u>	<u>-</u>
436,722	-	132,659	-	20,809	-
-	-	-	-	-	-
-	-	-	-	-	-
14,336	-	-	-	154	-
9,232	-	-	-	94	-
29,890	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
83,000	-	-	-	-	-
<u>573,180</u>	<u>-</u>	<u>132,659</u>	<u>-</u>	<u>21,057</u>	<u>-</u>
10,152	-	122,639	-	-	-
(6,047)	-	-	-	-	-
<u>(6,047)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,105	-	122,639	-	-	-
<u>(4,105)</u>	<u>-</u>	<u>(122,639)</u>	<u>(11,482)</u>	<u>(9,531)</u>	<u>5</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,482)</u>	<u>\$ (9,531)</u>	<u>\$ 5</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, 2012

	Special Revenue			
	Carl Perkins Secondary - Redistribution	Title I IASA - Federal Stimulus	Entitlement IDEA- B - Federal Stimulus	Enhancing Education Through Technology - Federal Stimulus
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	1,011	940	21,635
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,011</u>	<u>940</u>	<u>21,635</u>
<i>Expenditures</i>				
Current:				
Instruction	-	935	500	620
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	76	440	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,011</u>	<u>940</u>	<u>620</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,015</u>
<i>Other financing sources (uses)</i>				
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	21,015
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,015)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Title XIX Medicaid	SEG Federal Stimulus	Education Jobs Fund	J.F Maddox Foundation	Microsoft Settlement Funds	2009 Dual Credit IM/HB2
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
188,057	-	21,267	-	-	-
-	-	-	780,011	-	-
-	-	-	-	-	8,675
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>188,057</u>	<u>-</u>	<u>21,267</u>	<u>780,011</u>	<u>-</u>	<u>8,675</u>
-	-	20,912	918,592	13,045	8,675
188,057	-	-	17,556	-	-
-	-	-	-	-	-
-	-	-	84,962	-	-
-	-	-	9,870	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>188,057</u>	<u>-</u>	<u>20,912</u>	<u>1,030,980</u>	<u>13,045</u>	<u>8,675</u>
-	-	355	(250,969)	(13,045)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	355	(250,969)	(13,045)	-
-	-	(355)	258,539	17,805	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,570</u>	<u>\$ 4,760</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, 2012

Special Revenue

	2008 G.O. Bond Student Library	2010 G.O. Bond Student Library	Technology For Education PED	Incentives for School Improvement
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	17,098	13,028	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
<i>Total revenues</i>	<u>17,098</u>	<u>13,028</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	12,743	13,028	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>12,743</u>	<u>13,028</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,355</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	4,355	-	-	-
<i>Fund balances - beginning</i>	<u>(4,355)</u>	<u>-</u>	<u>2,700</u>	<u>43,929</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,700</u>	<u>\$ 43,929</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

G.O. Library Bonds	Pre-K Initiative	Beginning Teacher Mentoring	Breakfast for Elementary Students	Technology Equity	School Improvement Framework
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	157,102	-	30,334	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	157,102	-	30,334	-	-
-	-	-	-	-	-
-	157,102	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30,334	-	-
-	-	-	-	-	-
-	157,102	-	30,334	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
127	-	8,111	-	39	(2,993)
\$ 127	\$ -	\$ 8,111	\$ -	\$ 39	\$ (2,993)

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, 2012

Special Revenue

	Kindergarten- Three Plus	Libraries - G.O. Bonds	Start Smart K-3 Utah State University Study	TCA Value Options
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	398	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	91,154
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>398</u>	<u>91,154</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	279	22,126
Support services - students	-	-	-	202
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	61,606
Central services	-	-	-	-
Operation and maintenance of plant	-	-	119	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>398</u>	<u>83,934</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,220</u>
<i>Other financing sources (uses)</i>				
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	7,220
<i>Fund balances - beginning</i>	<u>1</u>	<u>(31)</u>	<u>-</u>	<u>7,521</u>
<i>Fund balances - end of year</i>	<u>\$ 1</u>	<u>\$ (31)</u>	<u>\$ -</u>	<u>\$ 14,741</u>

The accompanying notes are an integral part of these financial statements

Capital Projects

<u>Bond Building</u>	<u>Public School Capital Outlay</u>	<u>Special Building Local</u>	<u>Special Capital Outlay - State</u>	<u>SB-9 Capital Improvements</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,406,289	\$ 1,406,289
-	-	-	-	1,445,895	1,445,895
-	-	-	-	-	4,579,446
-	-	-	-	-	417,086
-	-	5,725	-	-	785,736
-	3,908,681	-	-	465,060	4,599,978
-	-	-	-	-	91,154
-	-	-	-	-	1,163,004
(19,007)	-	13	-	361	(18,633)
<u>(19,007)</u>	<u>3,908,681</u>	<u>5,738</u>	<u>-</u>	<u>3,317,605</u>	<u>14,469,955</u>
-	-	-	-	-	2,177,264
-	-	-	-	-	892,335
-	-	-	-	-	25,771
-	-	-	-	14,074	115,445
-	-	-	-	497,215	776,551
-	-	-	-	-	30,455
516,691	-	-	-	1,472,733	1,989,543
-	-	-	-	-	-
-	-	-	-	-	3,529,190
<u>3,471,667</u>	<u>3,908,681</u>	<u>-</u>	<u>-</u>	<u>1,237,673</u>	<u>8,701,021</u>
<u>3,988,358</u>	<u>3,908,681</u>	<u>-</u>	<u>-</u>	<u>3,221,695</u>	<u>18,237,575</u>
<u>(4,007,365)</u>	<u>-</u>	<u>5,738</u>	<u>-</u>	<u>95,910</u>	<u>(3,767,620)</u>
-	-	-	-	-	(6,047)
-	-	-	-	-	(6,047)
(4,007,365)	-	5,738	-	95,910	(3,773,667)
<u>4,331,166</u>	<u>-</u>	<u>22,547</u>	<u>(181,623)</u>	<u>1,834,744</u>	<u>6,601,145</u>
<u>\$ 323,801</u>	<u>\$ -</u>	<u>\$ 28,285</u>	<u>\$ (181,623)</u>	<u>\$ 1,930,654</u>	<u>\$ 2,827,478</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	2,250,000	2,250,000	2,539,920	289,920
Federal direct	240,000	240,000	207,762	(32,238)
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	784,000	784,000	954,421	170,421
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,274,000</u>	<u>3,274,000</u>	<u>3,702,103</u>	<u>428,103</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	3,274,000	3,581,264	3,471,808	109,456
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,274,000</u>	<u>3,581,264</u>	<u>3,471,808</u>	<u>109,456</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(307,264)</u>	<u>230,295</u>	<u>537,559</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	307,264	-	(307,264)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>307,264</u>	<u>-</u>	<u>(307,264)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>230,295</u>	<u>230,295</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>435,376</u>	<u>435,376</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 665,671</u>	<u>\$ 665,671</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 230,295
No adjustments to revenues				-
Adjustments to expenditures for food service operations and changes in inventory on hand				(27,048)
Net change in fund balance (GAAP Basis)				<u>\$ 203,247</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, 2012

	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	215,000	215,000	208,583	(6,417)
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>215,000</u>	<u>215,000</u>	<u>208,583</u>	<u>(6,417)</u>
<i>Expenditures</i>				
Current:				
Instruction	215,000	215,000	175,796	39,204
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>215,000</u>	<u>215,000</u>	<u>175,796</u>	<u>39,204</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>32,787</u>	<u>32,787</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	32,787	32,787
<i>Fund balance - beginning of year</i>	-	-	94,698	94,698
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,485</u>	<u>\$ 127,485</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 32,787
No adjustments to revenues				-
Adjustments to expenditures for student travel expenditures				1,241
Net change in fund balance (GAAP Basis)				<u>\$ 34,028</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

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, 2012

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	24	24
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 24</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	1,721,751	2,025,067	998,172	(1,026,895)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,721,751</u>	<u>2,025,067</u>	<u>998,172</u>	<u>(1,026,895)</u>
<i>Expenditures</i>				
Current:				
Instruction	267,812	267,812	172,833	94,979
Support services	1,453,939	1,757,255	860,436	896,819
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,721,751</u>	<u>2,025,067</u>	<u>1,033,269</u>	<u>991,798</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(35,097)</u>	<u>(35,097)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(35,097)	(35,097)
<i>Fund balance - beginning of year</i>	-	-	(246,487)	(246,487)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (281,584)</u>	<u>\$ (281,584)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (35,097)
Adjustments to revenues for federal flowthrough grants				9,449
Adjustments to expenditures for payroll expenditures				21,912
Net change in fund balance (GAAP Basis)				<u>\$ (3,736)</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, 2012

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	3,365	3,365
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,365</u>	<u>\$ 3,365</u>
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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	60,207	82,581	37,175	(45,406)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>60,207</u>	<u>82,581</u>	<u>37,175</u>	<u>(45,406)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	60,207	82,016	37,898	44,118
Central services	-	565	565	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>60,207</u>	<u>82,581</u>	<u>38,463</u>	<u>44,118</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,288)</u>	<u>(1,288)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(1,288)	(1,288)
<i>Fund balance - beginning of year</i>	-	-	(10,073)	(10,073)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,361)</u>	<u>\$ (11,361)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,288)
Adjustments to revenues for federal flowthrough grants				3,898
Adjustments to expenditures for payroll expenditures				226
Net change in fund balance (GAAP Basis)				<u>\$ 2,836</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	15,642	-	(15,642)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>15,642</u>	<u>-</u>	<u>(15,642)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	15,642	-	15,642
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>15,642</u>	<u>-</u>	<u>15,642</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)	-	-	-	-
<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-8

Hobbs Municipal School District #33
 Partnership in Character Education Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2012

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	(610)	(610)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (610)</u>	<u>\$ (610)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

Hobbs Municipal School District #33
 Enhancing Education Through Technology (E2T2-F) 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, 2012

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	960	960
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 960</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Comprehensive School Reform Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>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, 2012

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 (loss)	-	-	-	-
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	-	-	-	-
<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)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	(9,396)	(9,396)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (9,396)	\$ (9,396)
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

Statement B-12

Hobbs Municipal School District #33
 Enhancing Education Through Technology (E2T2-C) 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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	3,000	5,744	2,744
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>3,000</u>	<u>5,744</u>	<u>2,744</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	3,000	3,000	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,744</u>	<u>2,744</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	2,744	2,744
<i>Fund balance - beginning of year</i>	-	-	(2,744)	(2,744)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,744
Adjustments to revenues for federal flowthrough grants recognized in the prior year				(2,744)
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-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, 2012

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	850	850
<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, 2012

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	109,172	155,905	150,834	(5,071)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	109,172	155,905	150,834	(5,071)
<i>Expenditures</i>				
Current:				
Instruction	99,356	144,718	97,134	47,584
Support services	9,816	11,187	6,627	4,560
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	109,172	155,905	103,761	52,144
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	47,073	47,073
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	47,073	47,073
<i>Fund balance - beginning of year</i>	-	-	(93,836)	(93,836)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (46,763)	\$ (46,763)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 47,073
Adjustments to revenues for federal flowthrough grants recognized in the prior year				(46,673)
Adjustments to expenditures for payroll expenditures				(400)
Net change in fund balance (GAAP Basis)				\$ -

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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	439,378	709,338	350,275	(359,063)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>439,378</u>	<u>709,338</u>	<u>350,275</u>	<u>(359,063)</u>
<i>Expenditures</i>				
Current:				
Instruction	389,172	642,409	525,279	117,130
Support services	23,023	36,782	23,568	13,214
Central services	27,183	30,147	29,890	257
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>439,378</u>	<u>709,338</u>	<u>578,737</u>	<u>130,601</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(228,462)</u>	<u>(228,462)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	(6,047)	(6,047)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(6,047)</u>	<u>(6,047)</u>
<i>Net change in fund balance</i>	-	-	(234,509)	(234,509)
<i>Fund balance - beginning of year</i>	-	-	(62,823)	(62,823)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (297,332)</u>	<u>\$ (297,332)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (234,509)
Adjustments to revenues for federal flowthrough grants				233,057
Adjustments to expenditures for supplies and payroll expenditures				5,557
Net change in fund balance (GAAP Basis)				<u>\$ 4,105</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, 2012

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	2,581	2,581
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	2,581	2,581
<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	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	2,581	2,581
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	2,581	2,581
Fund balance - beginning of year	-	-	(2,581)	(2,581)
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,581
Adjustments to revenues for federal flowthrough grants recognized in the prior year				(2,581)
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
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, 2012

Statement B-17

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	124,588	255,588	213,573	(42,015)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	124,588	255,588	213,573	(42,015)
<i>Expenditures</i>				
Current:				
Instruction	124,588	242,597	231,094	11,503
Support services	-	12,991	12,989	2
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	124,588	255,588	244,083	11,505
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(30,510)	(30,510)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(30,510)	(30,510)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (30,510)	\$ (30,510)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (30,510)
Adjustments to revenues for federal flowthrough grants				41,725
Adjustments to expenditures for software expenditures				111,424
Net change in fund balance (GAAP Basis)				\$ 122,639

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, 2012

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	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(11,482)</u>	<u>(11,482)</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)				\$ -
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
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, 2012

Statement B-19

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	49,651	66,166	20,202	(45,964)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>49,651</u>	<u>66,166</u>	<u>20,202</u>	<u>(45,964)</u>
<i>Expenditures</i>				
Current:				
Instruction	46,971	63,486	19,113	44,373
Support services	2,680	2,680	248	2,432
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>49,651</u>	<u>66,166</u>	<u>19,361</u>	<u>46,805</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>841</u>	<u>841</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<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>841</u>	<u>841</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(10,726)</u>	<u>(10,726)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,885)</u>	<u>\$ (9,885)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 841
Adjustments to revenues for federal flowthrough grants recognized in the prior year				855
Adjustments to expenditures for supplies and payroll expenditures				<u>(1,696)</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

Statement B-20

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, 2012

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	5	5
<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)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

Hobbs Municipal School District #33
 Carl Perkins Secondary - Redistribution Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	8,702	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	8,702	-	-	-
<i>Expenditures</i>				
Current:				
Instruction	8,267	-	-	-
Support services	435	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	8,702	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
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

Statement B-22

Hobbs Municipal School District #33
 Title I IASA - Federal Stimulus Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	1,011	169,194	168,183
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,011</u>	<u>169,194</u>	<u>168,183</u>
<i>Expenditures</i>				
Current:				
Instruction	-	935	935	-
Support services	-	76	76	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,011</u>	<u>1,011</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>168,183</u>	<u>168,183</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	168,183	168,183
<i>Fund balance - beginning of year</i>	-	-	(168,183)	(168,183)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 168,183
Adjustments to revenues for federal flowthrough grants recognized in the prior year				(168,183)
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
 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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	940	111,321	110,381
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>940</u>	<u>111,321</u>	<u>110,381</u>
<i>Expenditures</i>				
Current:				
Instruction	-	500	500	-
Support services	-	440	440	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>940</u>	<u>940</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>110,381</u>	<u>110,381</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	110,381	110,381
<i>Fund balance - beginning of year</i>	-	-	(110,381)	(110,381)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 110,381
Adjustments to revenues for federal flowthrough grants recognized in the prior year				(110,381)
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

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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	21,635	35,259	13,624
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>21,635</u>	<u>35,259</u>	<u>13,624</u>
<i>Expenditures</i>				
Current:				
Instruction	-	21,635	21,635	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>21,635</u>	<u>21,635</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>13,624</u>	<u>13,624</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	13,624	13,624
<i>Fund balance - beginning of year</i>	-	-	(13,624)	(13,624)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 13,624
Adjustments to revenues for federal flowthrough grants recognized in the prior year				(13,624)
Adjustments to expenditures for payroll expenditures				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

Statement B-25

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, 2012

	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	-	253,000	152,573	(100,427)
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>253,000</u>	<u>152,573</u>	<u>(100,427)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	253,000	188,447	64,553
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>253,000</u>	<u>188,447</u>	<u>64,553</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(35,874)</u>	<u>(35,874)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(35,874)	(35,874)
<i>Fund balance - beginning of year</i>	-	-	16,217	16,217
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,657)</u>	<u>\$ (19,657)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (35,874)
Adjustments to revenues for federal direct grants				35,484
Adjustments to expenditures for payroll expenditures				390
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
 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, 2012

	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	-	-	13,722	13,722
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>13,722</u>	<u>13,722</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>13,722</u>	<u>13,722</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	13,722	13,722
<i>Fund balance - beginning of year</i>	-	-	(13,722)	(13,722)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 13,722
Adjustments to revenues for federal direct grants recognized in the prior year				(13,722)
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-27

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, 2012

	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	-	21,267	354,899	333,632
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>21,267</u>	<u>354,899</u>	<u>333,632</u>
<i>Expenditures</i>				
Current:				
Instruction	-	21,267	21,267	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>21,267</u>	<u>21,267</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>333,632</u>	<u>333,632</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	333,632	333,632
<i>Fund balance - beginning of year</i>	-	-	(333,632)	(333,632)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 333,632
Adjustments to revenues for federal direct grants recognized in the prior year				(333,632)
Adjustments to expenditures for compensated absences expenditures recognized in the prior year				355
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

Statement B-28

Hobbs Municipal School District #33
 J.F Maddox Foundation Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2012

	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	652,000	3,994,311	834,990	(3,159,321)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>652,000</u>	<u>3,994,311</u>	<u>834,990</u>	<u>(3,159,321)</u>
<i>Expenditures</i>				
Current:				
Instruction	653,450	3,115,266	918,649	2,196,617
Support services	38,550	919,045	112,388	806,657
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>692,000</u>	<u>4,034,311</u>	<u>1,031,037</u>	<u>3,003,274</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(40,000)</u>	<u>(40,000)</u>	<u>(196,047)</u>	<u>(156,047)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	40,000	40,000	-	(40,000)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
<i>Net change in fund balance</i>	-	-	(196,047)	(196,047)
<i>Fund balance - beginning of year</i>	-	-	173,353	173,353
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,694)</u>	<u>\$ (22,694)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (196,047)
Adjustments to revenues for state flowthrough grants				(54,979)
Adjustments to expenditures for payroll expenditures				57
Net change in fund balance (GAAP Basis)				<u>\$ (250,969)</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, 2012

Statement B-29

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	15,000	15,000	13,045	1,955
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,000</u>	<u>15,000</u>	<u>13,045</u>	<u>1,955</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(13,045)</u>	<u>1,955</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	15,000	15,000	-	(15,000)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
<i>Net change in fund balance</i>	-	-	(13,045)	(13,045)
<i>Fund balance - beginning of year</i>	-	-	17,805	17,805
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,760</u>	<u>\$ 4,760</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (13,045)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (13,045)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-30

Hobbs Municipal School District #33
 2009 Dual Credit IM/HB2 Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2012

	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	-	20,632	-	(20,632)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>20,632</u>	<u>-</u>	<u>(20,632)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	20,632	8,675	11,957
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>20,632</u>	<u>8,675</u>	<u>11,957</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(8,675)</u>	<u>(8,675)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(8,675)	(8,675)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,675)</u>	<u>\$ (8,675)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (8,675)
Adjustments to revenues for state flowthrough grants				8,675
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
2008 G.O. Bond Student Library Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

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	12,031	12,871	16,932	4,061
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>12,031</u>	<u>12,871</u>	<u>16,932</u>	<u>4,061</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	12,031	12,871	12,743	128
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,031</u>	<u>12,871</u>	<u>12,743</u>	<u>128</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>4,189</u>	<u>4,189</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	4,189	4,189
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(4,355)</u>	<u>(4,355)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (166)</u>	<u>\$ (166)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,189
Adjustments to revenues for state flowthrough grants				166
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 4,355</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-32

Hobbs Municipal School District #33
 2010 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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	43,254	43,254	4,222	(39,032)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>43,254</u>	<u>43,254</u>	<u>4,222</u>	<u>(39,032)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	43,254	43,254	13,028	30,226
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>43,254</u>	<u>43,254</u>	<u>13,028</u>	<u>30,226</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(8,806)</u>	<u>(8,806)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(8,806)	(8,806)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,806)</u>	<u>\$ (8,806)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (8,806)
Adjustments to revenues for state flowthrough grants				8,806
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 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, 2012

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	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	2,700	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	-	-	-	-
<i>Total expenditures</i>	<u>2,700</u>	<u>2,700</u>	<u>-</u>	<u>2,700</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,700)</u>	<u>(2,700)</u>	<u>-</u>	<u>2,700</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,700	2,700	-	(2,700)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,700</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

Statement B-34

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, 2012

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	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

Statement B-35

Hobbs Municipal School District #33
 G.O. Library Bonds Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2012

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>127</u>	<u>127</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ 127</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-36

Hobbs Municipal School District #33

Pre-K Initiative Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	157,760	126,867	(30,893)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>157,760</u>	<u>126,867</u>	<u>(30,893)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	157,760	154,728	3,032
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>157,760</u>	<u>154,728</u>	<u>3,032</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(27,861)</u>	<u>(27,861)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(27,861)	(27,861)
<i>Fund balance - beginning of year</i>	-	-	12,752	12,752
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,109)</u>	<u>\$ (15,109)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (27,861)
Adjustments to revenues for state flowthrough grants				30,235
Adjustments to expenditures for payroll expenditures				(2,374)
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
 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, 2012

	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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	8,111	8,111
<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

Statement B-38

Hobbs Municipal School District #33
 Breakfast for Elementary Students Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2012

	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	-	61,663	-	(61,663)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>61,663</u>	<u>-</u>	<u>(61,663)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	61,663	30,334	31,329
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>61,663</u>	<u>30,334</u>	<u>31,329</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(30,334)</u>	<u>(30,334)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(30,334)	(30,334)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,334)</u>	<u>\$ (30,334)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (30,334)
Adjustments to revenues for state flowthrough grants				30,334
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, 2012

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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	39	39
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2012

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	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
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	-	-	-	-
<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)	-	-	-	-
<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, 2012

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 (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>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, 2012

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 (loss)	-	-	-	-
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	-	-	-	-
<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)	-	-	-	-
<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
 Start Smart K-3 Utah State University Study 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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	145,975	-	(145,975)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>145,975</u>	<u>-</u>	<u>(145,975)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	95,575	279	95,296
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	300	119	181
Student transportation	-	50,100	-	50,100
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>145,975</u>	<u>398</u>	<u>145,577</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(398)</u>	<u>(398)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(398)	(398)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (398)</u>	<u>\$ (398)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (398)
Adjustments to revenues for federal flowthrough grants				398
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-44

Hobbs Municipal School District #33
 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, 2012

	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	138,976	138,976	79,643	(59,333)
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>138,976</u>	<u>138,976</u>	<u>79,643</u>	<u>(59,333)</u>
<i>Expenditures</i>				
Current:				
Instruction	21,111	23,111	22,126	985
Support services	112,531	110,531	62,141	48,390
Central services	-	-	-	-
Operation and maintenance of plant	5,334	5,334	-	5,334
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>138,976</u>	<u>138,976</u>	<u>84,267</u>	<u>54,709</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,624)</u>	<u>(4,624)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(4,624)	(4,624)
<i>Fund balance - beginning of year</i>	-	-	10,309	10,309
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,685</u>	<u>\$ 5,685</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (4,624)
Adjustments to revenues for state direct grants				11,511
Adjustments to expenditures for payroll expenditures				333
Net change in fund balance (GAAP Basis)				<u>\$ 7,220</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-45

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, 2012

	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 (loss)	1,200	1,200	(19,007)	(20,207)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,200</u>	<u>1,200</u>	<u>(19,007)</u>	<u>(20,207)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	500,000	480,045	429,689	50,356
Student transportation	-	-	-	-
Other support services	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	1,214,200	4,410,340	4,093,771	316,569
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,714,200</u>	<u>4,890,385</u>	<u>4,523,460</u>	<u>366,925</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,713,000)</u>	<u>(4,889,185)</u>	<u>(4,542,467)</u>	<u>346,718</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,713,000	4,889,185	-	(4,889,185)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,713,000</u>	<u>4,889,185</u>	<u>-</u>	<u>(4,889,185)</u>
<i>Net change in fund balance</i>	-	-	(4,542,467)	(4,542,467)
<i>Fund balance - beginning of year</i>	-	-	4,889,186	4,889,186
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346,719</u>	<u>\$ 346,719</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (4,542,467)
No adjustments to revenues				-
Adjustments to expenditures for capital outlay and supply expenditures				535,102
Net change in fund balance (GAAP Basis)				<u>\$ (4,007,365)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-46

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, 2012

	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	10,824,010	10,824,010	3,687,227	(7,136,783)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10,824,010</u>	<u>10,824,010</u>	<u>3,687,227</u>	<u>(7,136,783)</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	10,824,010	10,824,010	3,687,227	7,136,783
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,824,010</u>	<u>10,824,010</u>	<u>3,687,227</u>	<u>7,136,783</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)	-	-	-	-
<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				221,454
Adjustments to expenditures for capital outlay expenditures				(221,454)
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, 2012

Statement B-47

	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	-	-	5,725	5,725
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	8	8	13	5
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>8</u>	<u>8</u>	<u>5,738</u>	<u>5,730</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	21,390	21,390	-	21,390
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,390</u>	<u>21,390</u>	<u>-</u>	<u>21,390</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(21,382)</u>	<u>(21,382)</u>	<u>5,738</u>	<u>27,120</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	21,382	21,382	-	(21,382)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>21,382</u>	<u>21,382</u>	<u>-</u>	<u>(21,382)</u>
<i>Net change in fund balance</i>	-	-	5,738	5,738
<i>Fund balance - beginning of year</i>	-	-	22,547	22,547
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,285</u>	<u>\$ 28,285</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5,738
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 5,738</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, 2012

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	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
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	-	-	-	-
<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)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	(181,623)	(181,623)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (181,623)	\$ (181,623)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Capital Improvements HB-33 Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

Statement B-49

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 2,689,887	\$ 2,689,887	\$ 2,822,846	\$ 132,959
Oil and gas taxes	1,834,682	1,834,682	2,860,827	1,026,145
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	1,931	1,931	856	(1,075)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,526,500</u>	<u>4,526,500</u>	<u>5,684,529</u>	<u>1,158,029</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	29,000	36,750	28,142	8,608
Central services	-	-	-	-
Operation and maintenance of plant	1,193,000	1,262,476	767,075	495,401
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	6,633,000	9,225,559	6,109,407	3,116,152
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,855,000</u>	<u>10,524,785</u>	<u>6,904,624</u>	<u>3,620,161</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,328,500)</u>	<u>(5,998,285)</u>	<u>(1,220,095)</u>	<u>4,778,190</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,328,500	5,998,285	-	(5,998,285)
Proceeds from sale of assets	-	-	5,165	5,165
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,328,500</u>	<u>5,998,285</u>	<u>5,165</u>	<u>(5,993,120)</u>
<i>Net change in fund balance</i>	-	-	(1,214,930)	(1,214,930)
<i>Fund balance - beginning of year</i>	-	-	5,998,285	5,998,285
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,783,355</u>	<u>\$ 4,783,355</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,214,930)
Adjustments to revenues for taxes				20,123
Adjustments to expenditures for capital outlay and supply expenditures				<u>589,268</u>
Net change in fund balance (GAAP Basis)				<u>\$ (605,539)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2012

Statement B-50

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,345,085	\$ 1,345,085	\$ 1,411,706	\$ 66,621
Oil and gas taxes	917,341	917,341	1,430,413	513,072
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	323,120	496,140	141,940	(354,200)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	2,800	2,800	361	(2,439)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	2,588,346	2,761,366	2,984,420	223,054
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	738,003	1,084,385	715,901	368,484
Central services	-	-	-	-
Operation and maintenance of plant	2,340,668	2,564,668	1,497,385	1,067,283
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	699,675	757,089	593,384	163,705
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	3,778,346	4,406,142	2,806,670	1,599,472
<i>Excess (deficiency) of revenues over expenditures</i>	(1,190,000)	(1,644,776)	177,750	1,822,526
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,190,000	1,644,776	-	(1,644,776)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	1,190,000	1,644,776	-	(1,644,776)
<i>Net change in fund balance</i>	-	-	177,750	177,750
<i>Fund balance - beginning of year</i>	-	-	1,644,776	1,644,776
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 1,822,526	\$ 1,822,526
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 177,750
Adjustments to revenues for taxes				333,185
Adjustments to expenditures for capital outlay and supply expenditures				(415,025)
Net change in fund balance (GAAP Basis)				\$ 95,910

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-51

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 2,078,130	\$ 2,078,130	\$ 2,064,703	\$ (13,427)
Oil and gas taxes	1,666,248	1,666,248	2,277,794	611,546
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	650	650	309,545	308,895
Miscellaneous	-	-	-	-
<i>Total revenues</i>	3,745,028	3,745,028	4,652,042	907,014
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	20,782	27,282	20,584	6,698
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	3,981,474	6,086,474	3,080,000	3,006,474
Interest	1,927,772	1,927,772	1,900,170	27,602
<i>Total expenditures</i>	5,930,028	8,041,528	5,000,754	3,040,774
<i>Excess (deficiency) of revenues over expenditures</i>	(2,185,000)	(4,296,500)	(348,712)	3,947,788
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,185,000	4,296,500	-	(4,296,500)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	2,185,000	4,296,500	-	(4,296,500)
<i>Net change in fund balance</i>	-	-	(348,712)	(348,712)
<i>Fund balance - beginning of year</i>	-	-	12,816,273	12,816,273
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 12,467,561	\$ 12,467,561
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (348,712)
Adjustments to revenues for taxes				(76,088)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ (424,800)

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
General Fund
June 30, 2012

Statement C-1

	Operating	Pupil Transportation	Instructional Materials	Total
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 4,069,717	\$ 2,130	\$ 169,892	\$ 4,241,739
Investments	7,013,619	-	-	7,013,619
Receivables:				
Property taxes	12,812	-	-	12,812
Oil and gas taxes	56,875	-	-	56,875
Other	7,500	-	-	7,500
Inventory	292,723	-	-	292,723
Due from other funds	1,938,635	-	-	1,938,635
	\$ 13,391,881	\$ 2,130	\$ 169,892	\$ 13,563,903
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ 108,650	\$ -	\$ -	\$ 108,650
Accrued payroll	3,109,116	23	-	3,109,139
Accrued compensated absences	237	-	-	237
Deferred revenue:				
Property taxes	7,003	-	-	7,003
	3,225,006	23	-	3,225,029
<i>Fund Balances</i>				
Nonspendable				
Inventory	292,723	-	-	292,723
Spendable				
Restricted for:				
Transportation	-	2,107	-	2,107
Instructional materials	-	-	169,892	169,892
Committed for:				
Subsequent year's expenditures	6,279,540	-	-	6,279,540
Unassigned	3,594,612	-	-	3,594,612
	10,166,875	2,107	169,892	10,338,874
<i>Total liabilities and fund balances</i>	\$ 13,391,881	\$ 2,130	\$ 169,892	\$ 13,563,903

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, 2012

Statement C-2

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Revenues:</i>				
Property taxes	\$ 292,184	\$ -	\$ -	\$ 292,184
Oil and gas taxes	361,474	-	-	361,474
Intergovernmental revenue:				
Federal flowthrough	109,320	-	-	109,320
Local sources	1,931	-	-	1,931
State flowthrough	128,341	20,617	367,573	516,531
State direct	52,294,633	-	-	52,294,633
Transportation distribution	-	1,731,947	-	1,731,947
Charges for services	17,992	-	-	17,992
Investment income (loss)	2,616	-	-	2,616
<i>Total revenues</i>	<u>53,208,491</u>	<u>1,752,564</u>	<u>367,573</u>	<u>55,328,628</u>
<i>Expenditures:</i>				
Current:				
Instruction	33,065,676	-	248,873	33,314,549
Support services - students	4,459,359	-	-	4,459,359
Support services - instruction	1,677,514	-	-	1,677,514
Support services - general administration	749,241	-	-	749,241
Support services - school administration	2,749,649	-	-	2,749,649
Central services	1,122,862	-	-	1,122,862
Operation and maintenance plant	5,073,802	-	-	5,073,802
Student transportation	-	1,721,178	-	1,721,178
Other support services	68,652	-	-	68,652
Capital Outlay	5,126	29,421	-	34,547
<i>Total expenditures</i>	<u>48,971,881</u>	<u>1,750,599</u>	<u>248,873</u>	<u>50,971,353</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,236,610</u>	<u>1,965</u>	<u>118,700</u>	<u>4,357,275</u>
<i>Other financing sources (uses):</i>				
Proceeds from sale of assets	29,566	-	-	29,566
Transfers in	6,047	-	-	6,047
<i>Total other financing sources (uses)</i>	<u>35,613</u>	<u>-</u>	<u>-</u>	<u>35,613</u>
<i>Net change in fund balances</i>	4,272,223	1,965	118,700	4,392,888
<i>Fund balances - beginning of year</i>	<u>5,894,652</u>	<u>142</u>	<u>51,192</u>	<u>5,945,986</u>
<i>Fund balances - end of year</i>	<u>\$ 10,166,875</u>	<u>\$ 2,107</u>	<u>\$ 169,892</u>	<u>\$ 10,338,874</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 279,439	\$ 279,439	\$ 293,107	\$ 13,668
Oil and gas taxes	229,335	229,335	357,603	128,268
Intergovernmental revenue:				
Federal flowthrough	30,500	30,500	109,320	78,820
Federal direct	-	-	-	-
Local sources	6,400	6,400	1,931	(4,469)
State flowthrough	208,648	208,648	133,783	(74,865)
State direct	50,496,861	52,294,633	52,294,633	-
Transportation distribution	-	-	-	-
Charges for services	10,000	10,000	17,992	7,992
Investment income (loss)	7,025	7,025	2,616	(4,409)
Miscellaneous	2,500	2,500	-	(2,500)
<i>Total revenues</i>	<u>51,270,708</u>	<u>53,068,480</u>	<u>53,210,985</u>	<u>142,505</u>
<i>Expenditures:</i>				
Current:				
Instruction	35,201,669	37,042,422	33,162,537	3,879,885
Support services - students	4,827,174	4,792,174	4,459,359	332,815
Support services - instruction	1,801,167	1,871,667	1,677,514	194,153
Support services - general administration	853,162	871,979	749,007	122,972
Support services - school administration	2,912,545	2,936,545	2,746,973	189,572
Central services	1,195,377	1,220,577	1,125,009	95,568
Operation and maintenance of plant	5,581,887	5,919,711	5,112,628	807,083
Student transportation	-	-	-	-
Other support services	97,727	147,933	57,359	90,574
Capital Outlay	-	7,000	-	7,000
<i>Total expenditures</i>	<u>52,470,708</u>	<u>54,810,008</u>	<u>49,090,386</u>	<u>5,719,622</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,200,000)</u>	<u>(1,741,528)</u>	<u>4,120,599</u>	<u>5,862,127</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	1,200,000	1,741,528	-	(1,741,528)
Proceeds from sale of assets	-	-	29,566	29,566
Transfers in	-	-	6,047	6,047
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,200,000</u>	<u>1,741,528</u>	<u>35,613</u>	<u>(1,705,915)</u>
<i>Net change in fund balance</i>	-	-	4,156,212	4,156,212
<i>Fund balance - beginning of year</i>	-	-	8,865,759	8,865,759
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,021,971</u>	<u>\$ 13,021,971</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,156,212
Adjustments to revenues for taxes and state flowthrough grants				(2,494)
Adjustments to expenditures for instructional and payroll expenditures and inventory on hand				118,505
Net change in fund balance (GAAP Basis)				<u>\$ 4,272,223</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33

Statement C-4

Pupil Transportation Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

	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	-	20,617	20,617	-
State direct	-	-	-	-
Transportation distribution	1,748,368	1,731,947	1,731,947	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,748,368</u>	<u>1,752,564</u>	<u>1,752,564</u>	<u>-</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	1,713,368	1,722,544	1,721,176	1,368
Other support services	-	-	-	-
Capital Outlay	35,000	30,157	29,421	736
<i>Total expenditures</i>	<u>1,748,368</u>	<u>1,752,701</u>	<u>1,750,597</u>	<u>2,104</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(137)</u>	<u>1,967</u>	<u>2,104</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	137	-	(137)
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>137</u>	<u>-</u>	<u>(137)</u>
<i>Net change in fund balance</i>	-	-	1,967	1,967
<i>Fund balance - beginning of year</i>	-	-	163	163
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,130</u>	<u>\$ 2,130</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,967
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				(2)
Net change in fund balance (GAAP Basis)				<u>\$ 1,965</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33

Statement C-5

Instructional Materials Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		(Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	298,801	367,573	367,573	-
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>298,801</u>	<u>367,573</u>	<u>367,573</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	298,801	418,087	248,873	169,214
Support services - students	-	-	-	-
Support services - instruction	597	597	-	597
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>299,398</u>	<u>418,684</u>	<u>248,873</u>	<u>169,811</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(597)</u>	<u>(51,111)</u>	<u>118,700</u>	<u>169,811</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	597	51,111	-	(51,111)
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>597</u>	<u>51,111</u>	<u>-</u>	<u>(51,111)</u>
<i>Net change in fund balance</i>	-	-	118,700	118,700
<i>Fund balance - beginning of year</i>	-	-	51,192	51,192
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,892</u>	<u>\$ 169,892</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 118,700
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 118,700</u>

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Deposit and Investment Accounts
As of the Year Ended June 30, 2012

<u>Bank Account Type/Name</u>	<u>Lea County State Bank</u>	<u>LGIP</u>	<u>US Bank</u>
Operational	\$ 1,000,000	\$ -	\$ -
Operational Sweep Account	2,372,362	-	-
Special Building	28,285	-	-
State/Local Grant	175,652	-	-
Ralph Tasker Scholarship	628	-	-
Bond Building	183,942	-	-
Debt Service	3,169,136	-	-
Certificate of Deposit	252,370	-	-
Investment	-	481,601	-
Money Market (Qzab sinking fund)	-	-	5,489
FNMA Discount Note (Qzab)	-	-	9,065,914
HB33	-	-	-
HB 33 Sweep Account	-	-	-
Payroll	-	-	-
Money Market	-	-	-
Investment**	-	-	-
Federal Projects	-	-	-
Cafeteria	-	-	-
Activity/Athletics	-	-	-
Total	7,182,375	481,601	9,071,403
Reconciling items	<u>871,641</u>	<u>-</u>	<u>-</u>
Reconciled balance June 30, 2012	<u><u>\$ 8,054,016</u></u>	<u><u>\$ 481,601</u></u>	<u><u>\$ 9,071,403</u></u>

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

See independent auditors' report

Wells Fargo Bank	Western Commerce Bank	Totals
\$ -	\$ -	\$ 1,000,000
-	-	2,372,362
-	-	28,285
-	-	175,652
-	-	628
-	-	183,942
-	-	3,169,136
-	-	252,370
-	-	481,601
-	-	5,489
-	-	9,065,914
2,500,000	-	2,500,000
4,460,239	-	4,460,239
5,532,484	-	5,532,484
5,168,150	-	5,168,150
2,002,058	-	2,002,058
-	270,530	270,530
-	695,986	695,986
-	506,414	506,414
19,662,931	1,472,930	37,871,240
<u>(5,886,841)</u>	<u>(33,993)</u>	<u>(5,049,193)</u>
<u>\$ 13,776,090</u>	<u>\$ 1,438,937</u>	32,822,047

Less: investments per Exhibit A-1	(7,403,418)
Less: restricted cash per Exhibit A-1	(5,489)
Less: restricted investments per Exhibit A-1	(9,065,914)
Less: agency cash per Exhibit D-1	(375,404)
Less: agency investments per Exhibit D-1	<u>(500,761)</u>
Cash and cash equivalents per Exhibit A-1	<u>\$ 15,471,061</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Cash Reconciliation
For the Year Ended June 30, 2012

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash				
June 30, 2011	\$ 3,989,567	\$ 163	\$ 51,192	\$ 435,376
Investments on hand, June 30, 2011	1,013,269	-	-	-
Total cash June 30, 2011	<u>5,002,836</u>	<u>163</u>	<u>51,192</u>	<u>435,376</u>
Add:				
Current year receipts	53,210,985	1,752,564	367,573	3,702,103
Repayment of prior year loans	3,862,923	-	-	-
Cash transfers	6,047	-	-	-
Proceeds from sale of asset	29,566	-	-	-
Loans from other funds	-	-	-	-
Total cash available	<u>62,112,357</u>	<u>1,752,727</u>	<u>418,765</u>	<u>4,137,479</u>
Less:				
Current year expenditures	49,090,386	1,750,597	248,873	3,471,808
Repayment of prior year loans	-	-	-	-
Cash transfers	-	-	-	-
Loans to other funds	1,938,635	-	-	-
Net cash and investments	<u>11,083,336</u>	<u>2,130</u>	<u>169,892</u>	<u>665,671</u>
Investments on hand, June 30, 2012	<u>7,013,619</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance, June 30, 2012	<u>\$ 4,069,717</u>	<u>\$ 2,130</u>	<u>\$ 169,892</u>	<u>\$ 665,671</u>
Less:				
Held checks	<u>(3,099,073)</u>	<u>(23)</u>	<u>-</u>	<u>(130,156)</u>
PED cash, June 30, 2012	<u>\$ 970,644</u>	<u>\$ 2,107</u>	<u>\$ 169,892</u>	<u>\$ 535,515</u>

See 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>
\$ 94,698	\$ 316,178	\$ 2,486,114	\$ 16,217	\$ 256,158	\$ 67,659
-	501,905	-	-	-	-
<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>
208,583	1,003,855	3,584,476	521,194	834,990	148,021
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,521,488</u>	<u>36,000</u>	<u>40,000</u>	<u>159,024</u>
<u>303,281</u>	<u>1,821,938</u>	<u>7,592,078</u>	<u>573,411</u>	<u>1,131,148</u>	<u>374,704</u>
175,796	945,773	3,936,735	340,534	1,044,082	219,508
-	-	3,392,387	216,534	65,000	7,379
-	-	6,047	-	-	-
-	-	-	-	-	-
<u>127,485</u>	<u>876,165</u>	<u>256,909</u>	<u>16,343</u>	<u>22,066</u>	<u>147,817</u>
<u>-</u>	<u>500,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 127,485</u>	<u>\$ 375,404</u>	<u>\$ 256,909</u>	<u>\$ 16,343</u>	<u>\$ 22,066</u>	<u>\$ 147,817</u>
-	(10,265)	(225,904)	(15,827)	(3,648)	(15,126)
<u>\$ 127,485</u>	<u>\$ 365,139</u>	<u>\$ 31,005</u>	<u>\$ 516</u>	<u>\$ 18,418</u>	<u>\$ 132,691</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Cash Reconciliation
For the Year Ended June 30, 2012

	<u>State Direct</u>	<u>Local/State Fund</u>	<u>Bond Building</u>	<u>Public School Capital Outlay</u>
Audited Cash				
June 30, 2011	\$ -	\$ 10,309	\$ 1,357,402	\$ -
Investments on hand, June 30, 2011	-	-	3,531,784	-
Total cash June 30, 2011	<u>-</u>	<u>10,309</u>	<u>4,889,186</u>	<u>-</u>
Add:				
Current year receipts	-	79,643	-	3,687,227
Repayment of prior year loans	-	-	-	-
Cash transfers	-	-	-	-
Proceeds from sale of asset	-	-	-	-
Loans from other funds	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	<u>500</u>	<u>89,952</u>	<u>4,889,186</u>	<u>3,687,227</u>
Less:				
Current year expenditures	398	84,267	4,542,467	3,687,227
Repayment of prior year loans	-	-	-	-
Cash transfers	-	-	-	-
Loans to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash and investments	<u>102</u>	<u>5,685</u>	<u>346,719</u>	<u>-</u>
Investments on hand, June 30, 2012	<u>-</u>	<u>-</u>	<u>162,777</u>	<u>-</u>
Total cash balance, June 30, 2012	<u>\$ 102</u>	<u>\$ 5,685</u>	<u>\$ 183,942</u>	<u>\$ -</u>
Less:				
Held checks	<u>-</u>	<u>(2,455)</u>	<u>-</u>	<u>-</u>
PED cash, June 30, 2012	<u>\$ 102</u>	<u>\$ 3,230</u>	<u>\$ 183,942</u>	<u>\$ -</u>

See independent auditor's report

Special Capital Outlay-Local	Special Capital Outlay-State	Capital Improvements HB 33	Capital Improvements SB9	Debt Service	Total
\$ 22,547	\$ -	\$ 5,998,285	\$ 1,644,776	\$ 4,673,979	\$ 21,420,620
-	-	-	-	8,142,294	13,189,252
<u>22,547</u>	<u>-</u>	<u>5,998,285</u>	<u>1,644,776</u>	<u>12,816,273</u>	<u>34,609,872</u>
5,738	-	5,684,529	2,984,420	4,652,042	82,427,943
-	-	-	-	-	3,862,923
-	-	-	-	-	6,047
-	-	5,165	-	-	34,731
-	<u>181,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,938,635</u>
<u>28,285</u>	<u>181,623</u>	<u>11,687,979</u>	<u>4,629,196</u>	<u>17,468,315</u>	<u>122,880,151</u>
-	-	6,904,624	2,806,670	5,000,754	84,250,499
-	181,623	-	-	-	3,862,923
-	-	-	-	-	6,047
-	-	-	-	-	1,938,635
<u>28,285</u>	<u>-</u>	<u>4,783,355</u>	<u>1,822,526</u>	<u>12,467,561</u>	<u>32,822,047</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,292,936</u>	<u>16,970,093</u>
<u>\$ 28,285</u>	<u>\$ -</u>	<u>\$ 4,783,355</u>	<u>\$ 1,822,526</u>	<u>\$ 3,174,625</u>	<u>\$ 15,851,954</u>
-	-	-	-	-	(3,502,477)
<u>\$ 28,285</u>	<u>\$ -</u>	<u>\$ 4,783,355</u>	<u>\$ 1,822,526</u>	<u>\$ 3,174,625</u>	<u>\$ 12,349,477</u>

Investment balance above	16,970,093
Less: agency investment per Exhibit D-1	<u>(500,761)</u>
Investments per Exhibit B-1	<u>\$ 16,469,332</u>
Cash and cash equivalents balance above	15,851,954
Less: agency cash per Exhibit D-1	<u>(375,404)</u>
Cash and cash equivalents per Exhibit B-1	<u>\$ 15,476,550</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Collateral Pledged by Depository for Public Funds
As of June 30, 2012

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2012</u>
Lea County State Bank				
	Collateral Pledged for Deposits			
	Eastern NM University**	8/15/2014	27678NAN3	\$ 650,000
	Rio Rancho NM**	8/1/2021	76717KB6	<u>715,000</u>
	Total			1,365,000
	Name and location of safekeeper for above pledged collateral: Independent BankersBank, Dallas, TX			
	Collateral Pledged for Overnight Repurchase Agreements			
	Federal Home Loan Bank	11/17/2017	3133XMQ87	<u>2,419,809</u>
	Total			<u>2,419,809</u>
	Total Lea County State Bank			<u>3,784,809</u>
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			

Wells Fargo Bank

	Collateral Pledged for Overnight Repurchase Agreements			
	GN II - 3274	8/1/2032	36202DT76	<u>4,549,444</u>
	Total Wells Fargo Bank			<u>4,549,444</u>

Name and location of safekeeper for above pledged collateral:
WF Brokerage, Minneapolis, MN

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

See 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, 2012</u>
Western Commerce Bank				
	FHLMC #350190	5/1/2022	31291YBN7	2,842
	FHLMC ARM #420022	11/1/2016	31346AAX3	1,656
	FNMA #72167	6/1/2028	31362VFG8	16,331
	FNMA #577242	4/1/2021	31386YHT4	20,854
	FNMA #704407	5/1/2033	31401CR47	214,278
	GNMA Pool #370588	9/20/2025	36204HUM0	19,068
	GNMA Pool #008350	1/20/2024	36202KH32	129,839
	GNMA Pool #002689	12/20/2028	36202C7A5	55,639
	GNMA Pool #080493	2/20/2031	36225CRP3	55,665
	FNMA #MA0299	1/1/2030	31417YKM8	589,717
	FNMA #AH2367	1/1/2041	3138A3TZ0	915,247
	FNMA #879518	3/1/2036	31409VDX8	541,288
	Total Western Commerce Bank			<u>2,562,424</u>
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX				
	Total Pledged Collateral			<u>\$ 10,896,677</u>

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Changes in Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2012

Schedule IV

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Administration	\$ 15,832	\$ 112,616	\$ 102,043	\$ 26,405
Warehouse	46	-	39	7
Taos House/Federal Program	205	-	-	205
Dalton Tabor/Special Services	8,904	6,032	6,370	8,566
Athletics	145,047	40,837	28,269	157,615
TARS	16	-	-	16
Jenkins Nunan Learning Center	1,288	838	347	1,779
Superintendent	16,712	-	-	16,712
Computer Aided Instruction	6	77	72	11
Hobbs High School	289,115	222,747	193,888	317,974
Hobbs Freshman School	62,965	31,916	29,931	64,950
Heizer Junior High	-	1,750	-	1,750
Highland Junior High	93,095	183,437	171,679	104,853
Houston Junior High	43,850	198,213	200,867	41,196
Broadmoor Elementary	9,299	8,062	5,018	12,343
Edison Elementary	10,640	28,204	19,668	19,176
Jefferson Elementary	9,240	10,740	14,420	5,560
Sanger Elementary	31,908	4,550	33,934	2,524
Southern Heights Elementary	6,364	7,358	5,982	7,740
Taylor Elementary	9,268	5,164	10,325	4,107
B.T. Washington Elementary	728	28,632	25,851	3,509
Will Rogers Elementary	9,467	36,552	30,238	15,781
Coronado Elementary	8,403	10,496	10,884	8,015
Mills Elementary	1,562	14,280	11,059	4,783
Stone Elementary	7,764	25,585	16,938	16,411
College Lane Elementary	2,544	14,164	14,039	2,669
District-wide Activity Funds	33,815	11,605	13,912	31,508
Totals	<u>\$ 818,083</u>	<u>\$ 1,003,855</u>	<u>\$ 945,773</u>	<u>\$ 876,165</u>

See independent auditor's report

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparison for the General Fund and 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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated November 5, 2012. We also have audited the financial statements of each of the District's nonmajor governmental funds, the combining financial statements for the General Fund, and the respective budgetary comparisons for the major capital projects fund, the major 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, 2012 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

Management of the District is responsible for establishing and maintaining effective 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 described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness 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 FS 12-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as FS 12-02, FS 12-03, FS 12-04, and FS 12-05 to be significant deficiencies.

Compliance and Other Matters

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

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 the audit committee, 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 5, 2012

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

**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 its major federal programs for the year ended June 30, 2012. 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, the District 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 program for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item FA 12-01.

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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as items FA 12-01. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the response.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board of Education, the Office of the State Auditor, the New Mexico Legislature, federal awarding agencies and pass-through entities, such as the New Mexico Public Education Department, 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 5, 2012

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Pass Thru Number	Federal C.F.D.A. Number	Expenditures
U.S. Department of Agriculture			
<i>Passthrough - State of NM Public Education Department</i>			
Food Distribution	21000	10.553 & 10.555	\$ 207,762 (1)*
National School Lunch Act	21000	10.553 & 10.555	<u>2,539,920 (1)*</u>
Total U.S. Department of Agriculture			<u>2,747,682</u>
U.S. Department of Education			
<i>Passthrough - State of NM Public Education Department</i>			
Title I IASA	24101	84.010	1,905,527 (2)*
Title I School Improvement	24162	84.010	132,659 (2)*
ARRA - Title I IASA	24201	84.389	1,011 (2)*
IDEA-B Entitlement	24106	84.027	1,011,357 (3)*
IDEA-B Preschool	24109	84.173	38,237 (3)*
ARRA - Entitlement IDEA-B	24206	84.391	940 (3)*
Enhancing Education Through Technology (E2T2-C)	24149	84.318	3,000 (4)
ARRA - Enhancing Education Through Technology	24249	84.318X	620 (4)
Title III - English Language Acquisition	24153	84.365A	104,161
Title IIA - Teacher Principal Training & Recruiting	24154	84.367A	573,180
Carl D Perkins Secondary	24174	84.048O	21,057
Start Smart K-3 Utah State University Study	28191	84.396B	398
<i>Direct Assistance</i>			
ARRA - Education Jobs Fund	25255	84.410	<u>20,912</u>
Total U.S. Department of Education			<u>3,813,059</u>
Total Federal Financial Assistance			<u>\$ 6,560,741</u>

* Major program
() Donote clusters

Notes to Schedule of Expenditures of Federal AwardsBasis 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, 2012 was \$207,762 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.553.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 6,560,741
Total expenditures funded by other sources	<u>75,869,824</u>
Total expenditures	<u><u>\$ 82,430,565</u></u>

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STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

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

Federal Awards:

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 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? | Yes |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
10.553 & 10.555	National School Lunch Program
84.010	Title I Cluster
84.389	Title I - ARRA
84.027 & 84.173	IDEA-B Cluster
84.391	IDEA-B – ARRA

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

B. FINDINGS-FINANCIAL STATEMENT AUDIT

FS 12-01 – Maintenance of Capital Assets – Material Weakness

Condition: The District is maintaining a capital assets listing, however, during our testwork, the following items were noted:

- The District incorrectly excluded deletions from the capital asset listing in the amount of \$874,551.
- The District did not properly expense repair and maintenance items and capitalized these items in the amount of \$8,491.
- The District incorrectly excluded items from the capital asset listing in the prior year and had to include them in the current year. The amount of these assets amount to \$95,935.
- The District incorrectly excluded New Mexico Public School Facilities Authority supplied monies from a construction in progress capital asset's value.
- The District did not perform a complete capital asset inventory count and reconcile that count to the capital asset listing for obsolete and out of use items at the year end June 30, 2012.

Criteria: Section 2.20.1 of NMAC requires agencies to properly account for capital assets including capital asset accounting system, proper controls over the capital assets, annual inventory, and disposing of capital assets.

Effect: The lack of proper implementation of controls over capital assets may result in the financial statements being misstated.

Cause: The District did not complete a yearly count of inventory, and has not properly monitored the additions and deletions causing the capital asset accounting system reports to be incorrectly prepared.

Auditors' Recommendations: We recommend that the District complete a yearly count of all inventories, and in order to create a complete and accurate capital asset inventory listing. We also recommend that the District implement an internal controls system to manage and monitor the District's capital asset inventory listing and the District's capital outlay expenditures.

Agency's responses: Capital assets encountered a few issues during this fiscal year which caused the above condition to occur. First, the District had been trying for well over a year to have capital assets converted from three separate systems (assets accounted for the District is Fixed Assets CS and in iSeries and assets previously accounted for by the Regional Education Cooperative VII) to a single system – a problem that resulted from an audit several years back. As a result of this delayed conversion, the District faced a considerable time crunch in compiling the data for the current fiscal year. Lastly, once the detail of the assets were compiled, the employee responsible for capital assets fell ill, so on short notice, another employee had to perform the roll forward of capital assets during the auditor's arrival.

Now, the District has a conversion in the new system through June 30, 2011. District employees are working to add the data for fiscal year 2012 manually to ensure that it will reconcile with assets per the audit and to practice entry into the new system. Upon completion of this final year of data, all capital asset information will be located in a single system instead of three systems, which caused considerable problems in reconciling assets. Data entry is expected to be completed and reconciled by December 1, 2012. We are in the process of acquiring bar coding equipment that is compatible with the new system to allow us to perform an inventory of our capital assets.

Since the new system will be up and running next year, it should allow for us to reconcile assets more easily and should provide us with time to review capital assets before submitting them to the auditors.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 12-02 – Internal Controls over Payroll Time Cards and Pay Rates – Significant Deficiency

Condition: The District does not have a management approved pay rate schedule for hourly employees of all departments. In additions, the District does not have proper internal controls over the payroll process.

- In 2 of 31 payroll disbursements tested, an employee received a pay rate that had not been approved by management.
- In 1 of 31 payroll disbursements tested, an employee received additional pay beyond the approved contract. The District used a time sheet to adjust the employee's pay without the employee working additional hours.

Criteria: NMAC 6.20.2.18 states that schools must have internal controls in place so that employees are paid the correct amounts and the District "shall maintain and have available for inspection complete employee contracts." Also, 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. An adjustment to an employee's contract via time sheets that are not for additional hours worked, by its nature, additional pay for services already performed by an employee and, as such is a gift of public money.

Effect: The lack of documentation and approval by management of pay rates and adjustment to contract pay via time sheets could result in excessive or incorrect payments. The adjustment to an employee's contract pay via time sheets is also a violation of the anti-donation clause in the NM Constitution.

Cause: The District does not have management approved pay rates for time card employees. The District does not have the proper processes in place to ensure that employees' time cards are reviewed for pay rates. In addition, the District does not have the proper processes in place to ensure employees are not circumventing the contract pay schedule rates or process with time card adjustments for pay.

Auditors' Recommendation: We recommend that the District reviews all pay rates of the District and get written management approval to ensure all employees are paid the approved amount. In addition, we recommend that the District employ the proper controls to prevent miss use of the time cards to circumvent the contract pay rate schedule.

Agency's responses: The District acknowledges that we need to change procedures on adjusting contracts when corrections need to be made. We will amend salary schedules when corrections need to be made rather than adjust the contract via a time card. We have held discussions with those involved to ensure there is an adequate understanding of the issue. The person responsible for keying in time cards has been informed to review descriptions of pay on time cards to determine that the District only pay for hours worked in excess of hours per an employee's contract.

We are in the process of establishing rate schedules for time card employees. Once this is completed we will get management's approval for the rates.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 12-03 – Internal Controls over Check Sequence – Significant Deficiency

Condition: The District is not properly maintaining the check sequence. During the internal control walkthrough, it was noted that the District skipped multiple check numbers due to an error.

Criteria: Good cash management practices require that the District track check numbers and verify that check numbers are in sequential order.

Effect: The lack of the District tracking check numbers could result in manual checks being created outside the system with these unused check numbers or duplicate check numbers being entered into the system.

Cause: The District manually enters the next check when running check batches. The District uses a log book to keep track of the last check number used for each account. All accounts are entered onto the same log sheet. A District employee looked at the wrong account when looking for the last payroll check number used. This led to a big gap in the sequences of checks for manual payroll checks. Also, the District has been incorrectly using check numbers in the log book for electronic payments. The District's computer software automatically gives these electronic payments an EFT number. Due to this, the District has multiple gaps in the check number sequences.

Auditors' Recommendation: We recommend that the District separate the different bank accounts in the check log to ensure that mistakes like picking the wrong accounts subsequent check number can be avoided. We also recommend that the District periodically review this check log to ensure that no check numbers are being missed and that checks used per the system matches both the log book and the actual checks pulled from the check stock.

Agency's responses: The primary cause of the condition noted above is attributable to tracking multiple bank accounts in a single check log by more than one person. In the past, the log has proven to serve its purpose in keeping checks in sequential order for a particular bank account. However, due to clerical error, based on the ending check for one bank account, the following number was used for a different bank account. Because of the new accounting system, more than one person keeps the check log, which resulted in selecting an incorrect check number.

In order to better manage this, direction has been given to employees to watch for the next check number as automatically generated by the accounting system and verify it to the check log for checks actually printed. We have also created a new check log to allow for one log per custodian over the bank account designated to them. The system does not allow for duplicate check numbers in a single bank account.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 12-04 – Internal Controls in Disbursements – Significant Deficiency

Condition: During our testwork of cash disbursements we noted the following:

- In 4 out of 23 disbursements tested, the purchase was made before the purchase order was approved. The 4 items noted totaled \$185.

Criteria: NMAC 6.20.2.17 states that each District shall establish and implement written policies and procedures for purchasing which shall be in compliance with the procurement code Section 13-1-21, NMSA 1978.

Effect: The District did not comply with NMSA 1978 Section 13-1-21 and NMAC 6.20.2.17. In addition, the proper maintenance of supporting documentation relating to financial transactions is necessary to mitigate possible dual payments of invoices, execution of disputes with vendors, etc.

Cause: The District did not maintain consistency when utilizing purchase orders and did not properly file supporting documentation in the instances noted.

Auditors' Recommendations: We recommend the District implement a procurement policy in accordance with NMSA 1978 Section 13-1-21 and consistently follow the policy which includes requiring purchase orders to be approved prior to purchasing.

Agency's responses: Although these purchase orders were dated after the purchase was actually made, price inquiries were made by the department to obtain prices in the best interest of the District. It is in our policy to abide by state Procurement Code. The District has made an effort to discuss the issue noted above with those involved to ensure they have understanding of the finding.

FS 12-05 – Internal Controls over Warehouse Inventory – Significant Deficiency

Condition: During our observation of inventory counts we noted the following:

- In 4 out of 20 inventory items tested, the District had the wrong count listed on the Inventory listing. The 4 items noted totaled \$449.

Criteria: NMAC 6.20.2.16 states that each District shall, at fiscal year end, take a physical inventory of remaining goods and materials of an expendable nature. The District shall also establish adequate internal control procedures inventory in accordance with GAAP.

Effect: The District did not accurately perform the fiscal year end inventory.

Cause: The District did not establish ways of tracking items taken after inventory counts were performed to properly track items as of June 30, 2012.

Auditors' Recommendations: We recommend the District implement an inventory policy to monitor items taken after inventory counts have been performed up until June 30, 2012 to ensure that the counts on June 30, 2012 are correct on the inventory count sheet.

Agency's responses: With the above items, it seems as if there was clerical error in the final count. The District has established communication with those involved to ensure they have an understanding of the finding. Next year we plan to have Directors perform test counts to ensure the accuracy of inventory.

C. FEDERAL AWARD FINDINGS

FA 12-01 – Internal Controls over Reporting - Significant Deficiency

Federal program information:

Funding agency: U.S. Department of Agriculture
Title: School Breakfast Program (SBP), National School Lunch Program (NSLP)
CFDA number: 10.553, 10.555

Questioned Costs: Undeterminable

Condition: During our testwork over Basic Claim Reports submitted by the District for reimbursement under these programs, we noted that in one month the School Breakfast Program counts were incorrect. The District uses the prior month's information to start the Basic Claim Report, and then enters the information for the current month. The District also does not have a review process in place to verify numbers are correct.

Criteria: Reports filed for the program should be accurate and complete. The District is required by OMB Circular A-133 regulations to correctly and accurately report the number of meals served to the State agency serving as the pass-through entity for the programs.

Effect: The District reported an incorrect number of students served for breakfast on one of the Basic Claim Reports.

Cause: An input error while preparing the report caused the error. The District used the Breakfast counts for the month of October to start the report, but then did not clear the October numbers and input the November numbers for the Breakfast counts. Also, the District does not have a review process in place to verify that numbers are correct.

Auditors' Recommendations: We recommend that the District carefully review all reports submitted and ensure that every meal count is supported by adequate documentation.

Agency's responses: The Provision 2 Option for feeding students at no cost to students requires an additional process of five calculation reports using percentages applied to service numbers of students served. The reimbursement report is completed based on these reports, not actual numbers shown on the initial data entry report.

These reports require multiple formulas which are copied and moved forward each month to make the appropriate calculations for the month students are actually served. Although the initial count report was correct, due to a clerical error, the additional report process was not completed correctly and resulted in October and November breakfast reimbursement being identical. Secondary errors in the follow-up checking procedures were ineffective in catching this error prior to submission.

Reviews of various data processing and follow-up checks have been reviewed and discussed with assigned staff. Alternate staff have been assigned various additional assignments to reduce multiple time sensitive tasks from the primary staff member who is responsible for the data entry and reimbursement completion. Over- assignment of tasks to the primary individual, may have contributed to this error.

D. PRIOR YEAR AUDIT FINDINGS

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

FS 11-01 – Recording of Debt and Related Cash – Resolved

FS 11-02 – Accrued Leave Pay – Anti – Donation – Resolved

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Other Disclosures
For the Year Ended June 30, 2012

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 9, 2012. In attendance were the following:

Representing Hobbs Municipal School District #33:

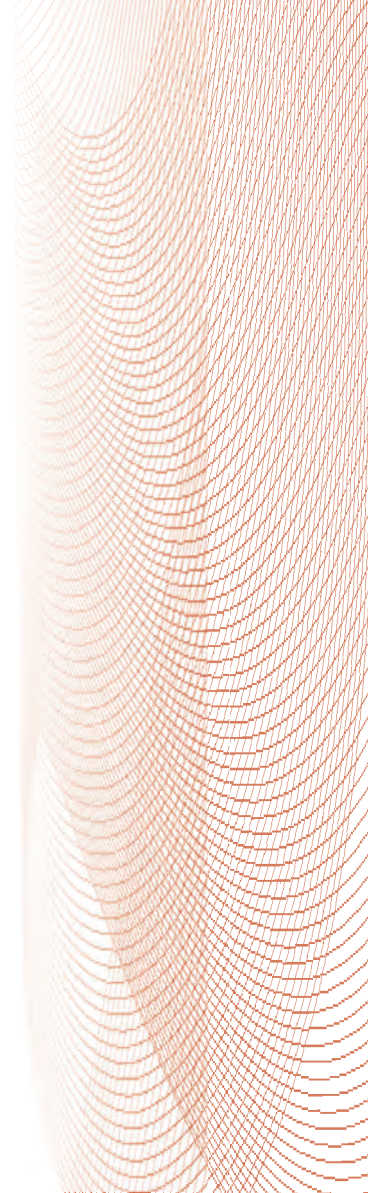
TJ Parks, Superintendent
Sabrina Amador, Director of Finance
Joseph Calderaon, Board of Education Vice President
Oscar Gonzalez, Board of Education Member

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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