



*State of New Mexico
Hobbs Municipal School District #33
Annual Financial Report
For the Year Ended June 30, 2013*



Accounting &
Consulting Group, LLP
Certified Public Accountants



(This page intentionally left blank)

INTRODUCTORY SECTION

(This page intentionally left blank)

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Table of Contents
June 30, 2013

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		5-7
Official Roster		9
FINANCIAL SECTION		
Independent Auditors' Report		12-13
Management's Discussion and Analysis		15-27
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position	A-1	30-31
Statement of Activities	A-2	32-33
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	34-35
Reconciliation of the Balance Sheet to the Statement of Net Position		37
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	38-39
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		41
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	42
Title I IASA Special Revenue Fund	C-2	43
Statement of Fiduciary Assets and Liabilities - Agency Funds	D-1	45
 NOTES TO FINANCIAL STATEMENTS		 47-81
SUPPLEMENTARY INFORMATION		
Nonmajor Governmental Fund Descriptions	<u>Schedule/</u>	86-89
Combining and Individual Fund Statements and Schedules	<u>Statement</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	90-99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	100-109
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Food Service Special Revenue Fund	B-1	111
Athletics Special Revenue Fund	B-2	112
Javits Gifted & Talented Students Special Revenue Fund	B-3	113
Entitlement IDEA-B Special Revenue Fund	B-4	114
Competitive IDEA-B Special Revenue Fund	B-5	115
Preschool IDEA-B Special Revenue Fund	B-6	116
“Risk Pool” IDEA-B Special Revenue Fund	B-7	117
Partnership in Character Education Special Revenue Fund	B-8	118
Enhancing Education Through Technology (E2T2-F) Special Revenue Fund	B-9	119
Comprehensive School Reform Special Revenue Fund	B-10	120
Title III – Incentive Award Special Revenue Fund	B-11	121
Title V Innovative Education Program Special Revenue Fund	B-12	122
English Language Acquisition Special Revenue Fund	B-13	123
Teacher/Principal Training & Recruiting Special Revenue Fund	B-14	124
Title I School Improvement Special Revenue Fund	B-15	125
Immigrant Funding Title III Special Revenue Fund	B-16	126
Carl Perkins Secondary Special Revenue Fund	B-17	127
Carl Perkins Secondary PY Special Revenue Fund	B-18	128
Carl Perkins Secondary – Redistribution Special Revenue Fund	B-19	129

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Table of Contents
June 30, 2013

	<u>Statement</u>	<u>Page</u>
SUPPLEMENTARY INFORMATION (continued)		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual (Continued):		
Title XIX Medicaid Special Revenue Fund	B-20	130
J.F Maddox Foundation Special Revenue Fund	B-21	131
Microsoft Settlement Funds Special Revenue Fund	B-22	132
2009 Dual Credit IM/HB2 Special Revenue Fund	B-23	133
2008 G.O. Bond Student Library Special Revenue Fund	B-24	134
2010 G.O. Bond Student Library Special Revenue Fund	B-25	135
Technology for Education PED Special Revenue Fund	B-26	136
Incentives for School Improvement Special Revenue Fund	B-27	137
G.O. Library Bonds Special Revenue Fund	B-28	138
Pre-K Initiative Special Revenue Fund	B-29	139
Beginning Teacher Mentoring Special Revenue Fund	B-30	140
Breakfast for Elementary Students Special Revenue Fund	B-31	141
Technology Equity Special Revenue Fund	B-32	142
School Improvement Framework Special Revenue Fund	B-33	143
Kindergarten – Three Plus Special Revenue Fund	B-34	144
Libraries – G.O. Bonds Special Revenue Fund	B-35	145
2010 GOB Instructional Materials Special Revenue Fund	B-36	146
Science Instructional Materials K-12 Special Revenue Fund	B-37	147
Community Health Program DOH Special Revenue Fund	B-38	148
Start Smart K-3 Utah State University Study Special Revenue Fund	B-39	149
TCA Value Options Special Revenue Fund	B-40	150
Bond Building Capital Projects Fund	B-41	151
Public School Capital Outlay Capital Projects Fund	B-42	152
Special Building Local Capital Projects Fund	B-43	153
Special Capital Outlay - State Capital Projects Fund	B-44	154
Capital Improvements HB-33 Capital Projects Fund	B-45	155
SB-9 Capital Improvements Capital Projects Fund	B-46	156
Debt Service Fund	B-47	157
Combining Balance Sheet – General Fund	C-1	158
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund	C-2	159
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Operating Fund	C-3	160
Pupil Transportation Fund	C-4	161
Instructional Materials Fund	C-5	163

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Table of Contents
June 30, 2013

	<u>Schedule</u>	<u>Page</u>
SUPPORTING SCHEDULES		
Schedule of Deposit and Investment Accounts	I	166-167
Cash Reconciliation	II	168-171
Schedule of Collateral Pledged by Depository for Public Funds	III	172-173
Schedule of Changes in Assets and Liabilities—Agency Funds	IV	175
 COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>		178-179
 FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance		182-183
Schedule of Expenditures of Federal Awards	V	184-185
Schedule of Findings and Questioned Costs	VI	186-196
 OTHER DISCLOSURES		
		197

(This page intentionally left blank)

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Official Roster
June 30, 2013

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Lance Wiseman		Board President
Gary Eidson		Board Vice President
Patricia D. Jones		Board Secretary
Joe Calderon		Board Member
Peggy Appleton		Board Member

Administrative Officials

T.J. Parks		Superintendent
Sabrina Amador		Director of Finance (until June 2013)
Kerri Gray		Director of Finance (starting July 2013)
Will Hawkins		Assistant Superintendent for Secondary Instruction (until July 2013)
Debbie Cooper		Assistant Superintendent for Elementary Instruction (until July 2013)
Pam Thompson		Assistant Superintendent for Human Resources (until July 2013)

(This page intentionally left blank)

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue fund of Hobbs Municipal School District #33 (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements 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 budgetary comparisons for the major debt service fund and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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, 2013, and the respective changes in financial position thereof, for the year then ended in accordance 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 General Fund of the District as of June 30, 2013, and the respective changes in financial position, thereof, for the year then ended in accordance 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 15 through 27 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations*, introductory section, and Supporting Schedules I through IV required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2013, 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* in considering the District's internal control over financial reporting and compliance.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 13, 2013

(This page intentionally left blank)

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

Within the Management Discussion and Analysis of the fiscal performance of the Hobbs Municipal Schools (the "District") for the period ending June 30, 2013, the reader will see two statements – a Statement of Net Position 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, 2013. 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 for Each Major Federal Program, Report on Internal Control Over Compliance, 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, 2013
Unaudited

Significant Financial Highlights for the Year Ending June 30, 2013

- Capital Outlay expenditures were \$9,424,884 for the year ending June 30, 2013. Of these expenditures, no money 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 \$5,363,037 was recorded resulting in accumulated depreciation of \$78,612,379 as of June 30, 2013.
- Total net position increased from \$73,848,326 as of June 30, 2012, to \$82,473,396 as of June 30, 2013. The overall increase of \$8,625,070 in total net position 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 increased slightly from \$30,894,328 as of June 30, 2012, to \$34,242,373 as of June 30, 2013 resulting in a \$3,348,045 between the two fiscal years.
- Total revenues increased from \$81,971,310 for the year ended June 30, 2012, to \$84,685,786 for the year ended June 30, 2013. This revenue increase of \$2,714,476 reflects an overall revenue growth of 3.31%. 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 2012-2013 school year was set at \$3,673.54. This was a modest increase of \$5.36 (0.15%) from the initial unit value of \$3,668.18 that we started the year with in our General Fund.
 - The final unit value for 2011-2012 was \$3,598.87 as compared to the final unit value for 2012-2013 of \$3,598.87 – a total reduction of \$113.30 or 3.05%.
- Total expenditures decreased from \$82,430,565 for the year ended June 30, 2012, to \$81,287,818 for the year ended June 30, 2013. This decrease of \$1,142,747 or 1.39% was primarily due to the decrease in capital outlay expenditures.
- Based on the 180th-day count for the school year 2012-2013, the District saw an increase in student population of 370 students, which was 4.3%. This 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, 2013
Unaudited

Significant Financial Highlights for the Year Ending June 30, 2013 (continued)

- The District completed various projects during the 2011-2012 fiscal year including the following:
 - Continued work on Hobbs High School remodel. This included wings 100, 200 and 500
 - Remodeling of the Hobbs High School Administration office
 - Work on the Hobbs High School administration parking lot
 - Cabinet replacement at Sanger elementary school

- 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, 2013
Unaudited

GOVERNMENT WIDE FINANCIAL STATEMENTS

Statement of Net Position

This overall Statement of Net Position is prepared using the accrual method of accounting. This statement shows that as of June 30, 2013, the District has total net position of \$82,610,137.

	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
Assets				
Cash & cash equivalents	\$ 15,172,807	\$ 18,993,939	\$ 15,471,061	\$ 18,617,676
Other current assets	23,929,469	10,837,585	11,848,699	12,772,175
Capital assets	139,837,585	170,662,946	181,363,058	190,303,421
Less: accumulated depreciation	(67,128,539)	(70,127,754)	(73,955,802)	(78,612,379)
Bond issuance costs, net of accum amortization	217,418	239,523	209,736	179,949
Restricted cash and investments	8,074,718	7,912,209	9,071,403	10,268,672
	<u>8,074,718</u>	<u>7,912,209</u>	<u>9,071,403</u>	<u>10,268,672</u>
Total assets	<u>\$ 120,103,458</u>	<u>\$ 138,518,448</u>	<u>\$ 144,008,155</u>	<u>\$ 153,529,514</u>
Liabilities				
Current liabilities	\$ 6,706,476	\$ 10,076,550	\$ 7,093,629	\$ 9,019,086
Long-term liabilities	57,051,589	64,155,637	63,066,200	62,037,032
	<u>57,051,589</u>	<u>64,155,637</u>	<u>63,066,200</u>	<u>62,037,032</u>
Total liabilities	<u>63,758,065</u>	<u>74,232,187</u>	<u>70,159,829</u>	<u>71,056,118</u>
Net Position				
Net investment in capital assets	29,668,913	43,821,289	52,813,170	59,343,708
Restricted	19,106,039	5,544,994	10,986,248	10,102,723
Unrestricted	7,570,441	14,919,978	10,048,908	13,026,965
	<u>7,570,441</u>	<u>14,919,978</u>	<u>10,048,908</u>	<u>13,026,965</u>
Total Net Position	<u>\$ 56,345,393</u>	<u>\$ 64,286,261</u>	<u>\$ 73,848,326</u>	<u>\$ 82,473,396</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

Statement of Activities

The Statement of Activities is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2013.

	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
Governmental Activities				
Total government activities	\$ 72,834,002	\$ 71,160,165	\$ 70,340,480	\$ 76,201,421
Less charges for services	1,096,584	1,008,672	1,180,996	1,393,946
Less operating grants and contributions	16,665,852	12,630,211	9,433,045	11,268,171
Less capital grants and contributions	1,515,884	2,874,787	4,373,741	2,906,348
Total governmental activities	53,555,682	54,646,495	55,352,698	60,632,956
General revenues				
Property and oil & gas taxes	10,852,986	12,412,847	13,443,880	12,519,277
State of New Mexico equalization guarantee	46,759,934	49,883,621	52,294,633	55,616,876
Local sources	23,865	9,730	787,667	512,233
Investment earnings	293,370	303,580	294,384	377,169
Miscellaneous	60,128	69,546	41,138	60,455
Gain/(Loss) on disposition of assets	(17,442)	(91,961)	19,279	(35,396)
Special Item - donated assets				267,983
Reversion to PED				(60,571)
Total general revenues	57,972,841	62,587,363	66,880,981	69,258,026
Increase in Net Position	4,417,159	7,940,868	11,528,283	8,625,070
Net Position Beginning - As Restated	51,928,234	56,345,393	64,286,261	73,848,326
Prior period adjustments	-	-	(1,966,218)	-
Net Position Ending	<u>\$ 56,345,393</u>	<u>\$ 64,286,261</u>	<u>\$ 73,848,326</u>	<u>\$ 82,473,396</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2013
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 \$84,685,786. Total expenditures for the District were \$81,287,818. The total ending fund balance was \$34,242,373, an increase of \$3,348,045 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%	\$ 99,624,451	13%
2011/2012	\$ 81,971,310	4%	\$ 82,430,565	-17%
2012/2013	\$ 84,685,786	3%	\$ 81,287,818	-1%

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, 2013. 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, 2013
Unaudited

The Budget (continued)

Funds Revenue Budget Performance for Major Funds Only

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
General Fund	\$ 56,412,696	\$ 58,596,045	\$ 59,094,120	\$ 498,075
Title I IASA	1,611,435	2,395,932	2,268,091	(127,841)
Capital Improvements HB- 33 Fund	5,126,240	5,126,240	5,737,716	611,476
Debt Service Fund	3,605,507	3,605,507	3,754,826	149,319
Totals	<u>\$ 66,755,878</u>	<u>\$ 69,723,724</u>	<u>\$ 70,854,753</u>	<u>\$ 1,131,029</u>

Funds Expenditure Budget Performance for Major Funds Only

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
General Fund	\$ 59,073,835	\$ 64,763,643	\$ 54,001,768	\$ 10,761,875
Title I IASA	1,611,435	2,395,932	1,903,993	491,939
Capital Improvements HB- 33 Fund	6,676,476	9,909,595	7,045,502	2,864,093
Debt Service Fund	6,020,922	6,030,922	2,781,213	3,249,709
Totals	<u>\$ 73,382,668</u>	<u>\$ 83,100,092</u>	<u>\$ 65,732,476</u>	<u>\$ 17,367,616</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, 2013
Unaudited

The General Fund

Because the General Fund revenues represent \$59,094,120 of the total \$84,685,786 of District revenues, the impact of this fund must be kept in context. The General Fund began the year with an initial budget of \$56,412,696 and had a final budget of \$58,596,045. 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

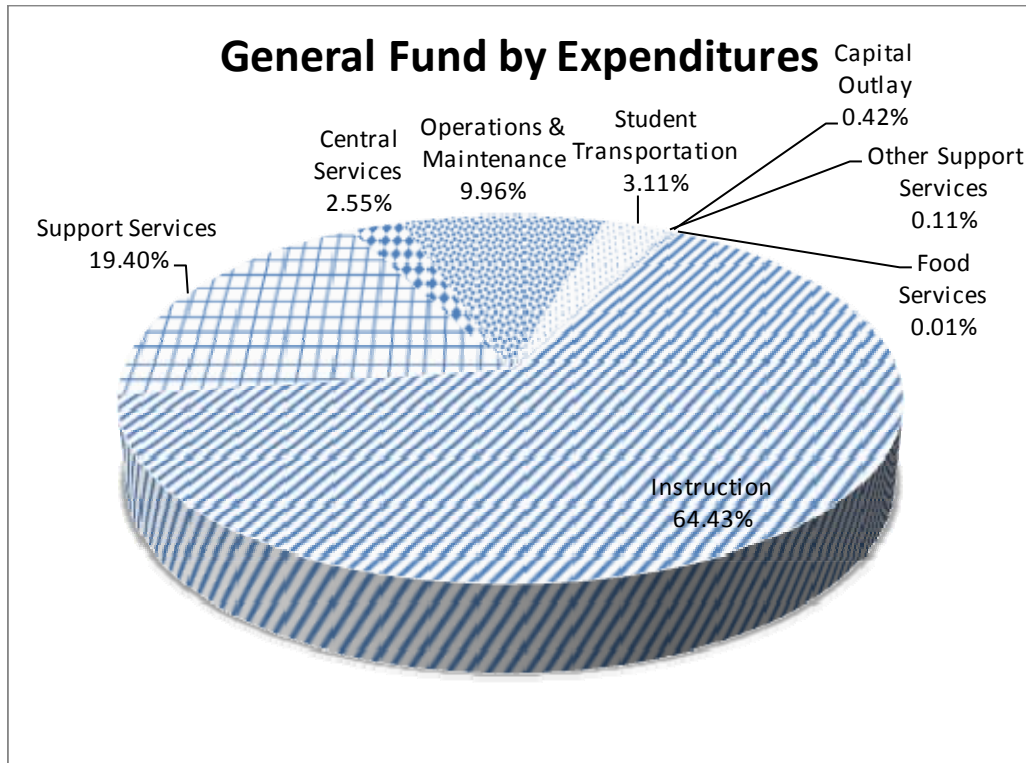
Year	Total Revenues	Change %
2001/2002	\$ 36,297,243	3.0%
2002/2003	\$ 37,354,618	2.9%
2003/2004	\$ 38,633,543	3.4%
2004/2005	\$ 41,663,268	7.8%
2005/2006	\$ 45,172,062	8.4%
2006/2007	\$ 47,964,173	6.2%
2007/2008	\$ 51,651,782	7.7%
2008/2009	\$ 56,125,943	8.7%
2009/2010	\$ 50,028,588	-10.9%
2010/2011	\$ 52,888,136	5.7%
2011/2012	\$ 55,328,628	4.6%
2012/2013	\$ 59,094,120	6.8%

Because the General Fund is the primary fund whose expenditures are significantly related to the educational process, \$54,001,768 was expended during the year ended June 30, 2013. The most significant inter-fund expenditure was for the function noted as "Instruction." This expenditure was \$34,791,977 or 64.43% 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. More than 80% of all General Fund expenditures are for employee salaries, payroll taxes, and benefits.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

The General Fund (continued)

Support Services represents 19.4% 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 2.55% 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 3.11% of General Fund expenditures; these expenditures are primarily for the flow through of the transportation funds for bus transporting the students to and from school each day. The General Fund also supports expenditures for school athletics and summer school.



STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2013
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 \$4,656,577 as of June 30, 2013. 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, 2013.

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 \$4 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, 2010	Balance June 30, 2011	Balance June 30, 2012	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 4,532,513	\$ 4,532,513	\$ 3,567,403	\$ 3,567,403
Construction in process	13,116,589	32,288,178	7,864,305	11,325,232
Total capital assets not being depreciated	<u>17,649,102</u>	<u>36,820,691</u>	<u>11,431,708</u>	<u>14,892,635</u>
Capital assets being depreciated:				
Buildings & improvements	102,140,303	110,793,011	145,236,317	149,727,524
Equipment	17,444,744	19,661,629	20,336,007	21,270,119
Land improvements	2,603,436	3,387,615	4,359,026	4,413,143
Total capital assets being depreciated	<u>122,188,483</u>	<u>133,842,255</u>	<u>169,931,350</u>	<u>175,410,786</u>
Less accumulated depreciation for:				
Buildings & improvements	53,697,962	56,078,217	59,513,323	63,656,651
Equipment	13,186,603	13,458,529	13,661,568	13,962,676
Land improvements	243,974	591,008	780,911	993,052
Total accumulated depreciation	<u>67,128,539</u>	<u>70,127,754</u>	<u>73,955,802</u>	<u>78,612,379</u>
Total capital assets being depreciated, net	<u>55,059,944</u>	<u>63,714,501</u>	<u>95,975,548</u>	<u>96,798,407</u>
Governmental activity capital assets, net	<u>\$ 72,709,046</u>	<u>\$ 100,535,192</u>	<u>\$ 107,407,256</u>	<u>\$ 111,691,042</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

Long-Term Liabilities

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

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

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

The District sold Qualified Zone Academy Bonds (QZAB's) on September 5, 2002, in the amount of \$14,930,000. The District had to meet certain requirements to qualify to issue QZAB's. Certain banks, insurance companies, and corporations actively engaged in lending money are eligible for a tax credit as an incentive to hold these bonds. The QZAB bonds bear no interest to the District, thus reducing the cost to taxpayers by a little more than \$2.5 million. The QZAB's agreement also included a Forward Delivery Agreement which states that the District must annually deposit a minimum of \$841,071 into a sinking fund account beginning October 1, 2003 and ending October 1, 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 long term debt as of June 30, 2013.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

Long-Term Liabilities (continued)

Fiscal year ended June 30,	Principal	Interest	Total Requirement
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>\$ 46,240,000</u>	<u>\$ 14,323,662</u>	<u>\$ 60,563,662</u>

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

Agency Funds

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

While each school site is responsible for the administration of the agency funds, the custody and use of these funds are in accordance with New Mexico Public Education Department Regulations and School District Policy. The Statement of Fiduciary Assets and Liabilities for the year ended June 30, 2013, shows the accumulated assets of all agency funds was \$1,018,397.

Future Trends

The Economy and Public School Funding: Hobbs has continued to experience growth both as a community and within the school district. This is primarily due to the prevalence of the oil and gas industry. 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.

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.

Due to this growth, On September 17th, 2013, the Hobbs voters passed a Bond election which authorized Hobbs Municipal Schools to sale \$25,000,000 of bonds. These bond funds will be used primarily to build a new elementary school, rebuild an existing elementary school, and to make improvements to all other existing schools. The District will also receive money from PSFA for the construction of the two elementary schools. The anticipated participation from PSFA is 54% of the cost to build the two elementary schools. The estimated funds from PSFA are \$17,000,000.

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.

Future Trends (continued)

Facility Construction or Renovations: The District has plans to commence or continue a number of Capital Outlay building projects during the 2014 fiscal year. Certain highlights of these projects include the following:

- Replacement of Broadmoor Elementary School
- Addition of New Elementary School
- Replacement of HHS Student parking lot
- Student/Staff Safety, Security and Health Improvements at all Campuses district wide

More information regarding the District including an update of the various 2013 bond building projects is available at www.hobbsschools.net.

(This page intentionally left blank)

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statement of Net Position
June 30, 2013

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 18,617,676
Investments	8,764,343
Receivables:	
Property taxes	289,492
Oil and gas taxes	937,270
Due from other governments	2,402,881
Other	14,461
Inventory	363,728
	31,389,851
Total current assets	31,389,851
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	6,006
Investments	10,262,666
Bond issuance costs, net of accumulated amortization of \$93,182	179,949
Capital assets	190,303,421
Less: accumulated depreciation	(78,612,379)
	122,139,663
Total noncurrent assets	122,139,663
Total assets	\$ 153,529,514

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	\$ 2,730,435
Accrued payroll	4,493,731
Due to PED	61,104
Accrued interest	458,319
Accrued compensated absences	215,497
Current portion of loans payable and bonds payable	<u>1,060,000</u>
Total current liabilities	<u>9,019,086</u>
Noncurrent liabilities	
Accrued compensated absences	115,033
Loans payable	725,000
Bonds payable	60,825,000
Bond premium, net of accumulated amortization of \$104,596	<u>371,999</u>
Total noncurrent liabilities	<u>62,037,032</u>
Total liabilities	<u>71,056,118</u>
Net position	
Net investment in capital assets	59,343,708
Restricted for:	
Debt service	2,841,104
Capital projects	6,290,750
Other purposes - special revenue	970,869
Unrestricted	<u>13,026,965</u>
Total net position	<u>82,473,396</u>
Total liabilities and net position	<u>\$ 153,529,514</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statement of Activities
For the Year Ended June 30, 2013

<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	\$ 43,640,599	\$ 146,904	\$ 4,395,466
Support services - students	7,101,875	23,906	715,298
Support services - instruction	1,878,693	6,324	189,221
Support services - general administration	1,326,556	4,465	133,610
Support services - school administration	4,380,352	14,745	441,188
Central services	1,911,656	6,435	192,541
Operation and maintenance of plant	8,614,316	28,998	867,631
Student transportation	1,732,868	-	1,608,463
Other support services	46,122	-	-
Food services operations	3,860,288	1,161,922	2,724,752
Amortization	29,787	-	-
Interest and other charges	1,678,309	-	-
<i>Total governmental activities</i>	<u>\$ 76,201,421</u>	<u>\$ 1,393,700</u>	<u>\$ 11,268,171</u>

General Revenues:

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

Oil and gas taxes

State equalization guarantee

Local sources

Investment income

Miscellaneous

(Loss) on disposition of assets

Special item - donated assets

Reversion to PED

Total general revenues

Change in net position

Net position - beginning

Net position - 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>Position</u> <u>Governmental</u> <u>Activities</u>
\$ 1,842,082	\$ (37,256,147)
299,772	(6,062,898)
79,300	(1,603,847)
55,994	(1,132,486)
184,896	(3,739,523)
80,692	(1,631,988)
363,613	(7,354,075)
-	(124,405)
-	(46,122)
-	26,386
-	(29,787)
-	(1,678,309)
<u>\$ 2,906,348</u>	(60,633,202)

315,429
1,704,893
4,513,046
5,985,909
55,616,876
512,479
377,169
60,455
(35,396)
267,983
(60,571)
69,258,272
8,625,070
73,848,326
<u>\$ 82,473,396</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Title I IASA Special Revenue Fund	Debt Service Fund
<i>Assets</i>			
Cash and cash equivalents	\$ 6,959,342	\$ 828,039	\$ 2,951,486
Investments	8,532,845	-	10,489,688
Receivables:			
Property taxes	12,556	-	77,757
Oil and gas taxes	54,005	-	235,208
Due from other governments	110,962	445,825	-
Other	8,648	-	-
Inventory	304,831	-	-
Due from other funds	2,562,500	376	-
<i>Total assets</i>	<u>\$ 18,545,689</u>	<u>\$ 1,274,240</u>	<u>\$ 13,754,139</u>
<i>Liabilities</i>			
Accounts payable	\$ 1,171,887	\$ 7,176	\$ -
Accrued payroll	4,017,766	136,814	-
Due to PED	-	376	-
Deferred revenue:			
Property tax	5,753	-	34,304
Due to other funds	533	1,035,150	-
<i>Total liabilities</i>	<u>5,195,939</u>	<u>1,179,516</u>	<u>34,304</u>
<i>Fund balances</i>			
Nonspendable			
Inventory	304,831	-	-
Spendable			
Restricted for:			
Transportation	32,341	-	-
Instructional materials	399,996	-	-
Food services	-	-	-
Education	-	94,724	-
Extracurricular activities	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	13,719,835
Committed for:			
Subsequent year's expenditures	8,000,000	-	-
Unassigned	4,612,582	-	-
<i>Total fund balances</i>	<u>13,349,750</u>	<u>94,724</u>	<u>13,719,835</u>
<i>Total liabilities and fund balances</i>	<u>\$ 18,545,689</u>	<u>\$ 1,274,240</u>	<u>\$ 13,754,139</u>

The accompanying notes are an integral part of these financial statements

Nonmajor Governmental Funds	Total
\$ 7,884,815	\$ 18,623,682
4,476	19,027,009
199,179	289,492
648,057	937,270
1,846,094	2,402,881
5,813	14,461
58,897	363,728
157	2,563,033
\$ 10,647,488	\$ 44,221,556
\$ 1,551,372	\$ 2,730,435
339,151	4,493,731
60,728	61,104
90,823	130,880
1,527,350	2,563,033
3,569,424	9,979,183
58,897	363,728
-	32,341
-	399,996
701,713	701,713
34,649	129,373
119,536	119,536
6,199,927	6,199,927
-	13,719,835
-	8,000,000
(36,658)	4,575,924
7,078,064	34,242,373
\$ 10,647,488	\$ 44,221,556

(This page intentionally left blank)

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

Exhibit B-1
Page 2 of 2

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2013

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

Fund balances - total governmental funds	\$ 34,242,373
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	111,691,042
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Bond issuance costs	179,949
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	130,880
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	(330,530)
Accrued interest payable	(458,319)
Bond premiums	(371,999)
Bonds and loans payable	<u>(62,610,000)</u>
Total net position - governmental funds	<u>\$ 82,473,396</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statements of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Title I IASA Special Revenue Fund	Debt Service Fund
<i>Revenues</i>			
Property taxes	\$ 316,679	\$ -	\$ 1,718,043
Oil and gas taxes	338,115	-	1,590,414
Intergovernmental revenue:			
Federal flowthrough	58,200	1,928,058	-
Federal direct	-	-	-
Local sources	11,172	-	-
State flowthrough	1,218,146	-	-
State direct	55,616,876	-	-
Transportation distribution	1,608,463	-	-
Charges for services	18,097	-	-
Investment income	20,698	-	356,016
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>59,206,446</u>	<u>1,928,058</u>	<u>3,664,473</u>
<i>Expenditures</i>			
Current:			
Instruction	36,821,905	1,707,760	-
Support services - students	4,643,489	-	-
Support services - instruction	1,841,191	-	-
Support services - general administration	791,906	51,086	17,313
Support services - school administration	3,203,319	152,195	-
Central services	1,383,541	-	-
Operation and maintenance of plant	5,380,499	-	-
Student transportation	1,681,160	-	-
Other support services	46,122	-	-
Food services operations	4,365	-	-
Capital Outlay	164,323	-	-
Debt service:			
Principal	-	-	1,050,000
Interest	-	-	1,713,900
<i>Total expenditures</i>	<u>55,961,820</u>	<u>1,911,041</u>	<u>2,781,213</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,244,626</u>	<u>17,017</u>	<u>883,260</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of assets	-	-	-
Reversion to PED	-	-	-
Transfers in	4,588	-	-
Transfers (out)	(238,338)	-	-
<i>Total other financing sources (uses)</i>	<u>(233,750)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	3,010,876	17,017	883,260
<i>Fund balances - beginning</i>	<u>10,338,874</u>	<u>77,707</u>	<u>12,836,575</u>
<i>Fund balances - end of year</i>	<u>\$ 13,349,750</u>	<u>\$ 94,724</u>	<u>\$ 13,719,835</u>

The accompanying notes are an integral part of these financial statements

Nonmajor Governmental Funds	Total
\$ 4,529,957	\$ 6,564,679
4,057,380	5,985,909
5,407,977	7,394,235
422,057	422,057
512,306	523,478
3,405,683	4,623,829
114,936	55,731,812
-	1,608,463
1,375,603	1,393,700
455	377,169
60,455	60,455
<u>19,886,809</u>	<u>84,685,786</u>
2,289,956	40,819,621
942,600	5,586,089
31,536	1,872,727
293,277	1,153,582
1,018,429	4,373,943
26,704	1,410,245
3,000,652	8,381,151
51,520	1,732,680
-	46,122
3,718,509	3,722,874
9,260,561	9,424,884
-	1,050,000
-	1,713,900
<u>20,633,744</u>	<u>81,287,818</u>
<u>(746,935)</u>	<u>3,397,968</u>
10,648	10,648
(60,571)	(60,571)
238,338	242,926
(4,588)	(242,926)
<u>183,827</u>	<u>(49,923)</u>
(563,108)	3,348,045
<u>7,641,172</u>	<u>30,894,328</u>
<u>\$ 7,078,064</u>	<u>\$ 34,242,373</u>

(This page intentionally left blank)

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, 2013

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

Net change in fund balances - total governmental funds	\$	3,348,045
--	----	-----------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures		9,424,884
Depreciation expense		(5,363,037)
Loss on disposal of capital assets		(35,396)
Proceeds from sale of capital assets		(10,648)
Donated assets		267,983

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		(31,311)
---	--	----------

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

Increase in accrued compensated absences not due and payable		(31,254)
Decrease in accrued interest payable		4,393

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 position. 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 costs		(29,787)
Principal payments on bonds		1,050,000

Change in net position of governmental activities	\$	8,625,070
---	----	-----------

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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 287,818	\$ 287,818	\$ 315,685	\$ 27,867
Oil and gas taxes	294,596	294,596	340,985	46,389
Intergovernmental revenue:				
Federal flowthrough	30,000	30,000	58,200	28,200
Local sources	5,000	5,000	2,524	(2,476)
State flowthrough	677,221	677,221	1,114,684	437,463
State direct	53,512,264	55,679,947	55,616,876	(63,071)
Transportation distribution	1,592,797	1,608,463	1,608,463	-
Charges for services	9,500	9,500	18,097	8,597
Investment income (loss)	3,500	3,500	20,698	17,198
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>56,412,696</u>	<u>58,596,045</u>	<u>59,096,212</u>	<u>500,167</u>
<i>Expenditures</i>				
Current:				
Instruction	38,742,123	42,779,588	34,791,977	7,987,611
Support services - students	5,169,884	5,327,866	4,643,489	684,377
Support services - instruction	1,962,586	2,089,351	1,841,046	248,305
Support services - general administration	944,464	975,702	791,995	183,707
Support services - school administration	3,283,259	3,457,615	3,201,945	255,670
Central services	1,274,383	1,509,434	1,379,362	130,072
Operation and maintenance of plant	5,974,551	6,305,643	5,378,429	927,214
Student transportation	1,557,797	1,679,946	1,680,889	(943)
Other support services	123,288	163,288	59,077	104,211
Food services operations	-	17,686	4,365	13,321
Capital outlay	41,500	457,524	229,194	228,330
<i>Total expenditures</i>	<u>59,073,835</u>	<u>64,763,643</u>	<u>54,001,768</u>	<u>10,761,875</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,661,139)</u>	<u>(6,167,598)</u>	<u>5,094,444</u>	<u>11,262,042</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,661,139	6,167,598	-	(6,167,598)
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	4,588	4,588
Transfers (out)	-	-	(238,338)	(238,338)
<i>Total other financing sources (uses)</i>	<u>2,661,139</u>	<u>6,167,598</u>	<u>(233,750)</u>	<u>(6,401,348)</u>
<i>Net change in fund balances</i>	-	-	4,860,694	4,860,694
<i>Fund balances - beginning of year</i>	-	-	13,193,993	13,193,993
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,054,687</u>	<u>\$ 18,054,687</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ 4,860,694
Adjustments to revenues for taxes and state flowthrough grants				110,234
Adjustments to expenditures for instructional and payroll expenditures				(1,960,052)
Net change in fund balances (GAAP Basis)				<u>\$ 3,010,876</u>

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	1,611,435	2,395,932	2,268,091	(127,841)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,611,435</u>	<u>2,395,932</u>	<u>2,268,091</u>	<u>(127,841)</u>
<i>Expenditures</i>				
Current:				
Instruction	1,410,866	2,147,693	1,699,319	448,374
Support services	200,569	248,239	204,674	43,565
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>1,611,435</u>	<u>2,395,932</u>	<u>1,903,993</u>	<u>491,939</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>364,098</u>	<u>364,098</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>364,098</u>	<u>364,098</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(571,209)</u>	<u>(571,209)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (207,111)</u>	<u>\$ (207,111)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 364,098
Adjustments to revenues for federal flowthrough grants				(340,033)
Adjustments to expenditures for instruction and payroll expenditures				(7,048)
Net change in fund balance (GAAP Basis)				<u>\$ 17,017</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

Exhibit D-1

<i>Current Assets</i>	
Cash and cash equivalents	\$ 517,367
Investments	<u>501,030</u>
<i>Total assets</i>	<u><u>\$ 1,018,397</u></u>
<i>Current Liabilities</i>	
Accounts payable	\$ 10,753
Accrued payroll	14,479
Due to student organizations	<u>993,165</u>
<i>Total liabilities</i>	<u><u>\$ 1,018,397</u></u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

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.

During the year ended June 30, 2013, the District adopted GASB Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The District does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources

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, as amended by GASB Statement No. 39 and GASB Statement No. 61. 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, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

B. *Government-wide and fund financial statements*

The government-wide financial statements (the statement of net position 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, 2013

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 government'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 the District's 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 school except for those items included in other funds. The General Fund includes the *Transportation Fund*, which is used to account for the State Equalization received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

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 *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, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net position 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, 2013, 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 Position 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 2013 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2013. 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, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net position 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 was a Phase II government for purposes of implementing GASB Statement No. 34. 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 \$130,880 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, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net position 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 position. 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, 2013, the nonspendable fund balances in the general fund and food service fund are made up of inventory in the amounts of \$304,831 and \$58,897, respectively, that are not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2013, the restricted fund balance on the governmental funds balance sheet is made up of \$1,382,959 for providing transportation, instructional materials, food services, education, and extracurricular activities to the students of the District, \$6,199,927 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 \$13,719,835 for the payment of principal and interest of the future debt service requirements. The District has also committed fund balance in the amount of \$8,000,000 for expenditures in the subsequent year.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciations 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 Position: Consists of net position 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 position restricted for “special revenue, capital projects, and debt service” are described on pages 49 and 86-89.
- c. Unrestricted Net Position: All other net position that do not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

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 \$55,616,876 in state equalization guarantee distributions during the year ended June 30, 2013.

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 \$6,564,679 in property tax revenues in the governmental fund financial statements during the year ended June 30, 2013. The District also recognized \$5,985,909 in oil and gas tax revenues in the governmental fund financial statements during the year ended June 30, 2013. 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 \$1,608,463 in transportation distributions during the year ended June 30, 2013.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

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 \$678,682 in instructional materials revenue from the State for the year ended June 30, 2013.

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 \$173,020 in state SB-9 matching during the year ended June 30, 2013.

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, 2013, the District received \$2,733,328 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, 2013

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as 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, 2013

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, 2013, 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	Final
	Budget	Budget
Budgeted Funds:		
General Fund	\$ (2,661,139)	\$ (6,167,598)
Title I IASA Special Revenue Fund	\$ -	\$ -
Debt Service Fund	\$ (2,415,415)	\$ (2,425,415)
Other Governmental Funds	\$ (1,719,238)	\$ (7,654,266)

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, 2013.

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, 2013

NOTE 3. Deposits and Investments (continued)

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

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). At June 30, 2013, \$14,492,659 of the District's bank balance of \$15,498,665 was subject to custodial credit risk. \$8,803,585 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$5,689,074 of the District's deposits was uninsured and uncollateralized at June 30, 2013.

	<u>Lea County State Bank</u>	<u>US Bank</u>	<u>Wells Fargo Bank</u>
Amount of deposits	\$ 4,557,185	\$ 6,006	\$ 8,480,804
FDIC coverage	(500,000)	(6,006)	(250,000)
Total uninsured public funds	<u>4,057,185</u>	<u>-</u>	<u>8,230,804</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>2,265,000</u>	-	<u>5,342,183</u>
Uninsured and uncollateralized	<u>\$ 1,792,185</u>	<u>\$ -</u>	<u>\$ 2,888,621</u>
Collateral requirement (50%)	\$ 2,028,593	\$ -	\$ 4,115,402
Pledged securities	<u>2,265,000</u>	<u>-</u>	<u>5,342,183</u>
Over (under) collateralized	<u>\$ 236,408</u>	<u>\$ -</u>	<u>\$ 1,226,781</u>
	<u>Western Commerce Bank</u>	<u>Total</u>	
Amount of deposits	\$ 2,454,670	\$ 15,498,665	
FDIC coverage	(250,000)	(1,006,006)	
Total uninsured public funds	<u>2,204,670</u>	<u>14,492,659</u>	
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>1,196,402</u>	<u>8,803,585</u>	
Uninsured and uncollateralized	<u>\$ 1,008,268</u>	<u>\$ 5,689,074</u>	
Collateral requirement (50%)	\$ 1,102,335	\$ 7,246,330	
Pledged securities	<u>1,196,402</u>	<u>8,803,585</u>	
Over (under) collateralized	<u>\$ 94,067</u>	<u>\$ 1,557,256</u>	

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

The collateral pledged is listed on Schedule III on this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico, or revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service.

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, 2013, the District’s investment balances were exposed to custodial credit risk as follows:

<u>Overnight Repurchase Agreements</u>	<u>Lea County State Bank</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
Total amount of investments	\$ 1,808,213	\$ 4,029,970	\$ 5,838,183
FDIC Coverage	-	-	-
	<u>1,808,213</u>	<u>4,029,970</u>	<u>5,838,183</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>1,808,213</u>	<u>4,029,970</u>	<u>5,838,183</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured - repurchase)	\$ 1,844,377	\$ 4,110,569	\$ 5,954,946
Pledged Securities	<u>1,844,385</u>	<u>4,110,569</u>	<u>5,954,954</u>
Over (under) collateralized	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 8</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

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

As of June 30, 2013 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	59 days	\$ 474,473	AAAm
Reserve Contingencies Fund	Does not earn interest	7,128	Unrated
Negotiable Certificates of Deposits*	1 year	1,503,052	Unrated
Wells Fargo Money Market Mutual Funds**	<1 year	1,529,041	AA+
Federal Home Loan Bank	<1 year	4,499,703	A-1+
Freddie Mac Discount	<1 year	999,337	AA+
FNMA Discount Note***	92 days	<u>10,262,666</u>	A-1+
		<u>\$ 19,275,400</u>	
Less: agency investments			
	New MexiGROW LGIP	(248,067)	
	Reserve Contingencies Fund	<u>(324)</u>	
		<u>\$ 19,027,009</u>	

* Subject to FDIC coverage

** Wells Fargo Money Market Mutual Fund Account is guaranteed by US Securities

*** Restricted Investments per Exhibit A-1

**** Based off Standard & Poor's rating

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.

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 the Negotiable Certificates of Deposits, New MexiGROW LGIP, Federal Home Loan Bank, and FNMA Discount Notes represent, respectively, 8%, 8%, 23% and 53% of the District's investment portfolio. Since the District only purchases investment with high credit ratings, 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).

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

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, 2013. Funds 24101 through 25174 are federal funds and 26109 through 28191 are nonfederal. The following individual funds had negative cash balances as of June 30, 2013:

24101	Title I IASA	\$ (207,111)
24106	Entitlement IDEA-B	(377,598)
24109	Preschool IDEA-B	(6,801)
24120	"Risk Pool" IDEA-B	(11,886)
24153	English Language Acquisition	(12,652)
24154	Teacher / Principal Training & Recruiting	(91,430)
24162	Title I School Improvement	(387,513)
24174	Carl Perkins Secondary	(5,629)
26109	J.F Maddox Foundation	(85,904)
27106	2010 G.O. Bond Student Library	(4,106)
27155	Breakfast for Elementary Students	(4,694)
27171	2010 GOB Instructional Materials	(1,022)
27176	Science Instructional Materials K-12	(107,674)
28191	Start Smart K-3 Utah State Univeristy Study	(306)
	Total	<u><u>\$ (1,304,326)</u></u>

Reconciliation to the Statement of Net Position

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

Cash and cash equivalents per Exhibit A-1	\$ 18,617,676
Restricted cash per Exhibit A-1	6,006
Investments per Exhibit A-1	8,764,343
Restricted investments Exhibit A-1	10,262,666
Cash - Statement of Fiduciary Assets and Liabilites per Exhibit D-1	517,367
Investments - Statement of Fiduciary Assets and Liabilites per Exhibit D-1	<u>501,030</u>
Total cash, cash equivalents, and investments	38,669,088
Add: outstanding items	1,943,160
Less: investments held in Certificates of deposits	(1,503,052)
Less: investments held in New MexiGROW LGIP	(474,473)
Less: investments held in Reserve Contingencies Fund	(7,128)
Less: investments held in Wells Fargo Money Market Mutual Funds	(1,529,041)
Less: investments held in Federal Home Loan Bank	(4,499,703)
Less: investments held in Freddie Mac Discount	(999,337)
Less: investments held in FNMA Discount Note	<u>(10,262,666)</u>
Bank balance of deposits	<u><u>\$ 21,336,848</u></u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2013, are as follows:

	General Fund	Title I IASA Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 12,556	\$ -	\$ 77,757	\$ 199,179	\$ 289,492
Oil and gas taxes receivable	54,005	-	235,208	648,057	937,270
Due from other governments:					
Federal sources	-	445,825	-	1,247,627	1,693,452
State sources	110,962	-	-	598,467	709,429
Other receivables	8,648	-	-	5,813	14,461
	<u>\$ 186,171</u>	<u>\$ 445,825</u>	<u>\$ 312,965</u>	<u>\$ 2,699,143</u>	<u>\$ 3,644,104</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$130,880 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2013 is as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 2,562,500	\$ -
Title I IASA	-	1,035,150
Entitlement IDEA-B	-	465,000
Preschool IDEA-B	-	15,000
"Risk Pool" IDEA-B	-	15,000
English Language Acquisition	-	55,000
Teacher / Principal Training & Recruiting	-	128,850
Title I School Improvement	-	390,000
Carl Perkins Secondary	-	16,000
Title XIX Medicaid	-	36,000
J.F Maddox Foundation	-	96,000
2010 G.O. Bond Student Library	-	10,000
Pre-K Initiative	-	175,000
Breakfast for Elementary Students	-	5,000
Kindergarten-Three Plus	-	10,000
2010 GOB Instructional Materials	-	1,500
Science Instructional Materials K-12	-	108,000
Start Smart K-3 Utah State Univeristy Study	-	1,000
Total	<u>\$ 2,562,500</u>	<u>\$ 2,562,500</u>

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 5. Interfund Receivables, Payables, and Transfers (continued)

The District also recorded non cash basis “due to/due from’s” in order to move the revenues and/or expenditures that were posted in one fund to another fund during the year. The District intends to record permanent cash transfers in the coming year in order to properly allocate the cash balances. The non cash basis “due to/due from’s” balances at June 30, 2013 are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ -	\$ 533
Title I IASA	376	-
Teacher / Principal Training & Recruiting	80	-
Title I School Improvement	77	-
	<u>533</u>	<u>533</u>
Total	<u>\$ 533</u>	<u>\$ 533</u>

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>
General Fund	Partnership in Character Education	\$ 610
General Fund	Title III - Incentive Award	9,396
General Fund	Immigrant Funding Title III	11,482
General Fund	School Improvement Framework	2,993
General Fund	Libraries - G.O. Bonds	31
General Fund	Preschool IDEA-B	2,836
General Fund	English Language Acquisition	19,836
General Fund	Carl D. Perkins	9,531
General Fund	Special Capital Outlay - State	181,623
Javits Gifted & Talented Students	General Fund	24
Competitive IDEA-B	General Fund	3,365
Comprehensive School Reform	General Fund	349
Title V Innovative Education Program	General Fund	850
	Total	<u>\$ 242,926</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2013 appear in the Statement of Net Position as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,567,403	\$ -	\$ -	\$ 3,567,403
Construction in progress	7,864,305	7,482,357	4,021,430	11,325,232
Total capital assets not being depreciated	11,431,708	7,482,357	4,021,430	14,892,635
Capital assets being depreciated:				
Buildings and improvements	145,236,317	4,522,302	31,095	149,727,524
Equipment	20,336,007	1,655,521	721,409	21,270,119
Land improvements	4,359,026	54,117	-	4,413,143
Total capital assets being depreciated	169,931,350	6,231,940	752,504	175,410,786
Total capital assets	181,363,058	13,714,297	4,773,934	190,303,421
Less accumulated depreciation:				
Buildings and improvements	59,513,323	4,159,497	16,169	63,656,651
Equipment	13,661,568	991,399	690,291	13,962,676
Land improvements	780,911	212,141	-	993,052
Total accumulated depreciation	73,955,802	5,363,037	706,460	78,612,379
Total capital assets, net of depreciation	\$ 107,407,256	\$ 8,351,260	\$ 4,067,474	\$ 111,691,042

The District received donated assets in the amount of \$267,983 during the year ended June 30, 2013.

Depreciation expense for the year ended June 30, 2013 was charged to the following functions:

Instruction	\$ 2,822,024
Support services-students	1,514,550
Support services-general administration	156,888
Central services	512,725
Operations and maintenance of plant	226,255
Food services operations	130,595
Total	\$ 5,363,037

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 7. Long-term Debt

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
General Obligation Qualified Zone Academy School (Qzab) Bonds	\$ 14,930,000	\$ -	\$ -	\$ 14,930,000	\$ -
General Obligation Bonds Series 2005	185,000	-	45,000	140,000	45,000
General Obligation Bonds Series 2008	9,300,000	-	100,000	9,200,000	100,000
General Obligation Bonds Series 2009	9,200,000	-	100,000	9,100,000	100,000
General Obligation Bonds Series 2010	20,000,000	-	-	20,000,000	-
General Obligation Bonds Series 2010A	7,900,000	-	100,000	7,800,000	100,000
NMFA Loan Payable	2,145,000	-	705,000	1,440,000	715,000
Compensated Absences	299,513	246,514	215,497	330,530	215,497
Total Long-Term Debt	\$ 63,959,513	\$ 246,514	\$ 1,265,497	\$ 62,940,530	\$ 1,275,497

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, 2013 are for governmental activities.

The annual requirements to amortize the general obligation bonds, not including the QZab bonds, outstanding as of June 30, 2013, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	4,200,000	1,431,875	5,631,875
2019-2023	20,600,000	4,882,437	25,482,437
2024-2028	14,300,000	1,507,250	15,807,250
2029	500,000	8,125	508,125
	\$ 46,240,000	\$ 14,323,662	\$ 60,563,662

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the general obligation qualified zone academy bonds as of June 30, 2013, 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, 2013, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 45,000	\$ 4,750	\$ 49,750
2015	45,000	2,950	47,950
2016	50,000	1,025	51,025
	<u>\$ 140,000</u>	<u>\$ 8,725</u>	<u>\$ 148,725</u>

The annual requirements to amortize the 2008 Series general obligation bonds outstanding as of June 30, 2013, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	2,000,000	232,000	2,232,000
2019-2021	5,000,000	257,500	5,257,500
	<u>\$ 9,200,000</u>	<u>\$ 1,786,500</u>	<u>\$ 10,986,500</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the 2009 Series general obligation bonds outstanding as of June 30, 2013, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	100,000	349,875	449,875
2019-2023	8,600,000	1,227,750	9,827,750
	<u>\$ 9,100,000</u>	<u>\$ 3,013,375</u>	<u>\$ 12,113,375</u>

The annual requirements to amortize the 2010 Series general obligation bonds outstanding as of June 30, 2013, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	2,000,000	616,875	2,616,875
2019-2023	6,500,000	2,263,750	8,763,750
2024-2026	8,000,000	600,000	8,600,000
	<u>\$ 20,000,000</u>	<u>\$ 6,280,625</u>	<u>\$ 26,280,625</u>

The annual requirements to amortize the 2010A Series general obligation bonds outstanding as of June 30, 2013, including additional outstanding interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	100,000	233,125	333,125
2019-2023	500,000	1,133,437	1,633,437
2024-2028	6,300,000	907,250	7,207,250
2029	500,000	8,125	508,125
	<u>\$ 7,800,000</u>	<u>\$ 3,234,437</u>	<u>\$ 11,034,437</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

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, 2013

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, 2013

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, 2013
NMFA Loan	May-11	Jul-14	1.2108-1.8308%	\$ 2,145,000	\$ 1,440,000

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, 2013, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 715,000	\$ 18,568	\$ 733,568
2015	725,000	6,637	731,637
	<u>\$ 1,440,000</u>	<u>\$ 25,205</u>	<u>\$ 1,465,205</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, 2013, compensated absences increased \$31,017 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, 2013, 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, 2013

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, 2013:

Nonmajor Funds

J.F. Maddox Foundation Special Revenue Fund	\$ (36,352)
Start Smart K-3 Utah State University Study Special Revenue Fund	<u>(306)</u>

Total Governmental Funds

\$ (36,658)

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

- B. Excess of expenditures over appropriations. The following fund exceeded approved budgetary authority for the year ended June 30, 2013.

Nonmajor Funds

TCA Value Options Special Revenue Fund	<u>\$ 10,372</u>
--	------------------

Total Governmental Funds

\$ 10,372

- C. Designated cash appropriations in excess of available balances. The District was not aware of any funds with designations of cash that exceeded existing cash available for appropriation for the year ended June 30, 2013.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 10. Pension Plan – Educational Retirement Board

Plan Description. Substantially all of the District's full-time employees participate in an educational 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, other employees of state public school districts, colleges and universities, and some state agency employees) 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.

Member Contributions

Plan members earning \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013, 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

In fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014 and 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the District are established in State Statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ended June 30, 2013, 2012, and 2011 were \$4,221,244, \$3,366,174, \$4,042,522, 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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

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

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contribution to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$764,167, \$648,456, \$603,192, respectively, which equal the required contributions 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, 2013

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, 2013

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

Participants: City of Hobbs
Hobbs Municipal School District #33

Responsible party: All participants

Description : 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.

Begin date: August 5, 1974

Ending date: This agreement is to continue for 25 years, and thereafter as mutually agreeable by both parties

Estimated amount of project : Not Applicable

Amount contributed: Approximately \$30,000

Audit responsibility: Hobbs Municipal School District #33

Fiscal agent: Not applicable

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

Participants: City of Hobbs
Hobbs Municipal School District #33

Responsible party: All participants

Description : 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.

Begin date: April 21, 1986

Ending date: This agreement is to continue for 25 years, and thereafter as mutually agreeable by both parties

Estimated amount of project : Not Applicable

Amount contributed: Approximately \$20,000

Audit responsibility: Hobbs Municipal School District #33

Fiscal agent: Not applicable

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

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

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 conveye, 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, ans 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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 13. Joint Powers Agreements (continued)

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

Middle School Athletic Programs

<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 to operate football, volleyball, and basketball programs for 6th and 7th grade students. The District shall perform the necessary services toward promoting these activities in the community, which includes providing facilities for operation, equipment, hire and maintain a program coordinator and staff to service the activities, news releases, maintain daily records of activities and number of participants, and cleanliness of the facilities.
<i>Begin date:</i>	July 1, 2011
<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>	Not Applicable
<i>Audit responsibility:</i>	Each Participant
<i>Fiscal agent:</i>	Not Applicable

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 13. Joint Powers Agreements (continued)

Agreements Between Multiple Agencies and Hobbs Municipal School District #33

Lead Agency Agreement

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

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	

Responsible party: All participants

Description : 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.

Begin date: July 1, 2002

Ending date: 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.

Estimated amount of project : Not Applicable

Amount contributed: Approximately \$10,000

Audit responsibility: Regional Education Cooperative #7

Fiscal agent: Regional Education Cooperative #7

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

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 Tatum Municipal School District Lovington Municipal School District College of the Southwest	Eunice Municipal School District Jal Municipal School District New Mexico Junior College Eastern New Mexico University
<i>Responsible party:</i>	All participants	
<i>Description :</i>	The District has entered into a joint powers agreement with a group of educational institutions to form the Lea County Distance Education Consortium (Consortium). The purpose of the Consortium is to purchase and maintain a two-way interactive television network to provide educational services between each of the members.	
<i>Begin date:</i>	February 14, 1994	
<i>Ending date:</i>	As long as mutually agreeable by all parties	
<i>Estimated amount of project :</i>	Not Applicable	
<i>Amount contributed:</i>	\$19,625	
<i>Audit responsibility:</i>	Each Participant	
<i>Fiscal agent:</i>	New Mexico Junior College	

Southeastern New Mexico Educational Resource Center Agreement

<i>Participants:</i>	Hobbs Municipal School District #33 Eunice Public Schools Jal Public Schools Loving Municipal Schools Tatum Municipal Schools	Artesia Public Schools Hagerman Municipal Schools Lake Arthur Municipal Schools Lovington 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>	\$84,732	
<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, 2013

NOTE 14. Commitments

The District had multiple construction projects ongoing as of the year ended June 30, 2013 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 15. Restricted Net position

The government-wide statement of net position reports \$10,102,723 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 49 and 86-89.

NOTE 16. 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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Notes to Financial Statements
June 30, 2013

NOTE 17. Subsequent Events

On September 17th, 2013, the voters passed a Bond election which authorized Hobbs Municipal Schools to sell \$25,000,000 of bonds. These bond funds will be used primarily to build a new elementary school, rebuild an existing elementary school, and to make improvements to all other existing schools.

The District will also receive money from PSFA for the construction of the two elementary schools. The anticipated participation from PSFA is 54% of the cost to build the two elementary schools. The estimated funds from PSFA are \$17,000,000.

The District is planning to ask for acceptance of the sale of \$9,000,000 of bonds at the November 19th, 2013 School Board meeting. This money will be used to begin planning and work on the building and school improvement projects outlined in the bond sale and approved by the voters.

The date to which events occurring after June 30, 2013, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 13, 2013 which is the date on which the financial statements were issued.

NOTE 18. Subsequent Pronouncements

In March 2012, GASB 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 will implement this standard during fiscal year June 30, 2014.

In March 2012, GASB 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 District will implement this standard during fiscal year June 30, 2014.

In June 2012, GASB 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, GASB 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 District will implement this standard during the fiscal year June 30, 2015.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The District is still evaluating how this standard will affect the District.

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The District is still evaluating how this reporting standard will affect the District.

(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Fund Descriptions
June 30, 2013

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, 2013

Special Revenue Funds (continued)

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.

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

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

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

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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Fund Descriptions
June 30, 2013

Special Revenue Funds (continued)

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.

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.

2010 GOB Instructional Materials (27171) – Funds are used for schools that received a letter grade of “A” or “Top Growth” to purchase books and instructional materials. Authority for the creation of these funds is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Nonmajor Governmental Fund Descriptions
June 30, 2013

Special Revenue Funds (continued)

Science Instructional Materials K-12 (27176) – Funds are used for the purchase of science instructional material for grades 6 through 8. Authority for the creation of this fund is the New Mexico Public Education Department.

Community Health Program DOH (28149) – Funds are used to expand opportunities for healthy eating and active living for children. Authority for the creation of this fund is the New Mexico Department of Health.

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.

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.

Capital Improvements HB-33 (31600) – 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.

SB-9 Capital Improvements (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, 2013

	Special Revenue			
	Food Service	Athletics	Javits Gifted & Talented Students	Entitlement IDEA-B
<i>Assets</i>				
Cash and cash equivalents	\$ 837,055	\$ 119,536	\$ -	\$ 87,402
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	18,151	-	-	467,361
Other	-	-	-	-
Inventory	58,897	-	-	-
Due from other funds	-	-	-	-
	<u>\$ 914,103</u>	<u>\$ 119,536</u>	<u>\$ -</u>	<u>\$ 554,763</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	153,493	-	-	86,028
Due to PED	-	-	-	3,735
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	-	-	-	465,000
	<u>153,493</u>	<u>-</u>	<u>-</u>	<u>554,763</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	58,897	-	-	-
Spendable				
Restricted for:				
Food services	701,713	-	-	-
Education	-	-	-	-
Extracurricular activities	-	119,536	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
	<u>760,610</u>	<u>119,536</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 914,103</u>	<u>\$ 119,536</u>	<u>\$ -</u>	<u>\$ 554,763</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
\$ -	\$ 8,199	\$ 3,114	\$ -	\$ 960	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	7,727	11,886	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 15,926</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	926	-	-	-	-
-	-	-	-	960	-
-	-	-	-	-	-
-	15,000	15,000	-	-	-
-	15,926	15,000	-	960	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 15,926</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue			
	Title III - Incentive Award	Title V Innovative Education Program	English Language Acquisition	Teacher / Principal Training & Recruiting
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 42,348	\$ 37,420
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	43,141	152,121
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	80
	\$ -	\$ -	\$ 85,489	\$ 189,621
<i>Total assets</i>	\$ -	\$ -	\$ 85,489	\$ 189,621
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 24,675	\$ 22,425
Accrued payroll	-	-	5,814	37,301
Due to PED	-	-	-	1,045
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	-	-	55,000	128,850
	-	-	85,489	189,621
<i>Total liabilities</i>	-	-	85,489	189,621
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
	-	-	-	-
<i>Total fund balances</i>	-	-	-	-
<i>Total liabilities and fund balances</i>	\$ -	\$ -	\$ 85,489	\$ 189,621

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Title I School Improvement</u>	<u>Immigrant Funding Title III</u>	<u>Carl Perkins Secondary</u>	<u>Carl Perkins Secondary PY</u>	<u>Carl Perkins Secondary - Redistribution</u>	<u>Title XIX Medicaid</u>
\$ 2,487	\$ -	\$ 10,371	\$ 5	\$ -	\$ 56,976
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
525,821	-	21,419	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
77	-	-	-	-	-
<u>\$ 528,385</u>	<u>\$ -</u>	<u>\$ 31,790</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 56,976</u>
\$ 138,308	\$ -	\$ 15,790	\$ -	\$ -	\$ -
-	-	-	-	-	20,976
77	-	-	5	-	-
-	-	-	-	-	-
390,000	-	16,000	-	-	36,000
<u>528,385</u>	<u>-</u>	<u>31,790</u>	<u>5</u>	<u>-</u>	<u>56,976</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 528,385</u>	<u>\$ -</u>	<u>\$ 31,790</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 56,976</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue			
	J.F Maddox Foundation	Microsoft Settlement Funds	2009 Dual Credit IM/HB2	2008 G.O. Bond Student Library
<i>Assets</i>				
Cash and cash equivalents	\$ 10,096	\$ 2,060	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	59,918	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>\$ 70,014</u>	<u>\$ 2,060</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	10,366	-	-	-
Due to PED	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	96,000	-	-	-
	<u>106,366</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	2,060	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(36,352)	-	-	-
	<u>(36,352)</u>	<u>2,060</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 70,014</u>	<u>\$ 2,060</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>2010 G.O. Bond Student Library</u>	<u>Technology For Education PED</u>	<u>Incentives for School Improvement</u>	<u>G.O. Library Bonds</u>	<u>Pre-K Initiative</u>	<u>Beginning Teacher Mentoring</u>
\$ 5,894	\$ 2,700	\$ 43,929	\$ 127	\$ 196,107	\$ 8,111
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,106	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 10,000</u>	<u>\$ 2,700</u>	<u>\$ 43,929</u>	<u>\$ 127</u>	<u>\$ 196,107</u>	<u>\$ 8,111</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	21,107	-
-	2,700	43,929	127	-	8,111
-	-	-	-	-	-
10,000	-	-	-	175,000	-
<u>10,000</u>	<u>2,700</u>	<u>43,929</u>	<u>127</u>	<u>196,107</u>	<u>8,111</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 10,000</u>	<u>\$ 2,700</u>	<u>\$ 43,929</u>	<u>\$ 127</u>	<u>\$ 196,107</u>	<u>\$ 8,111</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue			
	Breakfast for Elementary Students	Technology Equity	School Improvement Framework	Kindergarten- Three Plus
<i>Assets</i>				
Cash and cash equivalents	\$ 306	\$ 39	\$ -	\$ 10,000
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	4,694	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>\$ 5,000</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 10,000</u>
<i>Total assets</i>	<u>\$ 5,000</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 10,000</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to PED	-	39	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	5,000	-	-	10,000
	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<i>Total liabilities</i>	<u>5,000</u>	<u>39</u>	<u>-</u>	<u>10,000</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 5,000</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 10,000</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Libraries - G.O. Bonds	2010 GOB Instructional Materials	Science Instructional Materials K-12	Community Health Program DOH	Start Smart K-3 Utah State University Study	TCA Value Options
\$ -	\$ 478	\$ 326	\$ 28,900	\$ 694	\$ 6,829
-	-	-	-	-	-
-	-	-	-	-	-
-	1,022	107,674	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 108,000</u>	<u>\$ 28,900</u>	<u>\$ 694</u>	<u>\$ 6,829</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	3,140
-	-	-	-	-	-
-	-	-	-	-	-
-	1,500	108,000	-	1,000	-
<u>-</u>	<u>1,500</u>	<u>108,000</u>	<u>-</u>	<u>1,000</u>	<u>3,140</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	28,900	-	3,689
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(306)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>28,900</u>	<u>(306)</u>	<u>3,689</u>
<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 108,000</u>	<u>\$ 28,900</u>	<u>\$ 694</u>	<u>\$ 6,829</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Capital Projects			
	Bond Building	Public School Capital Outlay	Special Building Local	Special Capital Outlay - State
<i>Assets</i>				
Cash and cash equivalents	\$ 10	\$ -	\$ 32,665	\$ -
Investments	4,476	-	-	-
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	421,053	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>\$ 4,486</u>	<u>\$ 421,053</u>	<u>\$ 32,665</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 421,053	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to PED	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Due to other funds	-	-	-	-
	<u>-</u>	<u>421,053</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	4,486	-	32,665	-
Unassigned	-	-	-	-
	<u>4,486</u>	<u>-</u>	<u>32,665</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 4,486</u>	<u>\$ 421,053</u>	<u>\$ 32,665</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>		
<u>Capital Improvements HB- 33</u>	<u>SB-9 Capital Improvements</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 3,486,217	\$ 2,843,454	\$ 7,884,815
-	-	4,476
132,774	66,405	199,179
432,038	216,019	648,057
-	-	1,846,094
-	5,813	5,813
-	-	58,897
-	-	157
<u>\$ 4,051,029</u>	<u>\$ 3,131,691</u>	<u>\$ 10,647,488</u>
\$ 522,056	\$ 407,065	\$ 1,551,372
-	-	339,151
-	-	60,728
60,544	30,279	90,823
-	-	1,527,350
<u>582,600</u>	<u>437,344</u>	<u>3,569,424</u>
-	-	58,897
-	-	701,713
-	-	34,649
-	-	119,536
3,468,429	2,694,347	6,199,927
-	-	(36,658)
<u>3,468,429</u>	<u>2,694,347</u>	<u>7,078,064</u>
<u>\$ 4,051,029</u>	<u>\$ 3,131,691</u>	<u>\$ 10,647,488</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, 2013

	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	2,509,971	-	-	1,558,199
Federal direct	214,781	-	-	-
Local sources	-	246	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	1,161,922	213,681	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>3,886,674</u>	<u>213,927</u>	<u>-</u>	<u>1,558,199</u>
<i>Expenditures</i>				
Current:				
Instruction	-	221,876	-	199,661
Support services - students	-	-	-	699,766
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	655,037
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	3,691,288	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>3,691,288</u>	<u>221,876</u>	<u>-</u>	<u>1,554,464</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>195,386</u>	<u>(7,949)</u>	<u>-</u>	<u>3,735</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of assets	-	-	-	-
Reversion to PED	-	-	-	(3,735)
Transfers in	-	-	-	-
Transfers (out)	-	-	(24)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(24)</u>	<u>(3,735)</u>
<i>Net change in fund balances</i>	195,386	(7,949)	(24)	-
<i>Fund balances - beginning</i>	<u>565,224</u>	<u>127,485</u>	<u>24</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 760,610</u>	<u>\$ 119,536</u>	<u>\$ -</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	40,547	11,886	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	40,547	11,886	-	-	-
-	-	-	-	-	-
-	18,735	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	24,648	11,886	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	43,383	11,886	-	-	-
-	(2,836)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(960)	-
-	2,836	-	610	-	-
(3,365)	-	-	-	-	(349)
(3,365)	2,836	-	610	(960)	(349)
(3,365)	-	-	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, 2013

	Special Revenue			
	Title III - Incentive Award	Title V Innovative Education Program	English Language Acquisition	Teacher / Principal Training & Recruiting
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	125,383	426,647
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>125,383</u>	<u>426,647</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	100,094	369,508
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	2,000	11,421
Support services - school administration	-	-	23,289	18,049
Central services	-	-	-	26,704
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>125,383</u>	<u>425,682</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>965</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of assets	-	-	-	-
Reversion to PED	-	-	-	(965)
Transfers in	9,396	-	19,836	-
Transfers (out)	-	(850)	-	-
<i>Total other financing sources (uses)</i>	<u>9,396</u>	<u>(850)</u>	<u>19,836</u>	<u>(965)</u>
<i>Net change in fund balances</i>	9,396	(850)	19,836	-
<i>Fund balances - beginning</i>	<u>(9,396)</u>	<u>850</u>	<u>(19,836)</u>	<u>-</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 I School Improvement	Immigrant Funding Title III	Carl Perkins Secondary	Carl Perkins Secondary PY	Carl Perkins Secondary - Redistribution	Title XIX Medicaid
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
525,968	-	70,653	4,020	-	-
-	-	-	-	-	207,276
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>525,968</u>	<u>-</u>	<u>70,653</u>	<u>4,020</u>	<u>-</u>	<u>207,276</u>
518,143	-	11,703	4,020	-	-
-	-	-	-	-	202,392
-	-	-	-	-	-
7,825	-	1,033	-	-	-
-	-	2,814	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,884
-	-	-	-	-	-
-	-	55,103	-	-	-
<u>525,968</u>	<u>-</u>	<u>70,653</u>	<u>4,020</u>	<u>-</u>	<u>207,276</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	11,482	9,531	(5)	-	-
-	-	-	-	-	-
<u>-</u>	<u>11,482</u>	<u>9,531</u>	<u>(5)</u>	<u>-</u>	<u>-</u>
-	11,482	9,531	(5)	-	-
-	(11,482)	(9,531)	5	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue			
	J.F Maddox Foundation	Microsoft Settlement Funds	2009 Dual Credit IM/HB2	2008 G.O. Bond Student Library
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	507,688	-	-	-
State flowthrough	-	-	11,023	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	507,688	-	11,023	-
<i>Expenditures</i>				
Current:				
Instruction	324,692	-	11,023	-
Support services - students	-	-	-	-
Support services - instruction	-	2,700	-	-
Support services - general administration	225,537	-	-	-
Support services - school administration	1,381	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	551,610	2,700	11,023	-
<i>Excess (deficiency) of revenues over expenditures</i>	(43,922)	(2,700)	-	-
<i>Other financing sources (uses)</i>				
Proceeds from sale of assets	-	-	-	-
Reversion to PED	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	(43,922)	(2,700)	-	-
<i>Fund balances - beginning</i>	7,570	4,760	-	-
<i>Fund balances - end of year</i>	\$ (36,352)	\$ 2,060	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue

2010 G.O. Bond Student Library	Technology For Education PED	Incentives for School Improvement	G.O. Library Bonds	Pre-K Initiative	Beginning Teacher Mentoring
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28,836	-	-	-	201,963	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>28,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,963</u>	<u>-</u>
-	-	-	-	201,963	-
-	-	-	-	-	-
28,836	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>28,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,963</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	(2,700)	(43,929)	(127)	-	(8,111)
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>(2,700)</u>	<u>(43,929)</u>	<u>(127)</u>	<u>-</u>	<u>(8,111)</u>
-	(2,700)	(43,929)	(127)	-	(8,111)
-	2,700	43,929	127	-	8,111
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue			
	Breakfast for Elementary Students	Technology Equity	School Improvement Framework	Kindergarten- Three Plus
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	27,221	-	-	97,900
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>27,221</u>	<u>-</u>	<u>-</u>	<u>97,900</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	90,882
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	7,019
Food services operations	27,221	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>27,221</u>	<u>-</u>	<u>-</u>	<u>97,901</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of assets	-	-	-	-
Reversion to PED	-	(39)	-	-
Transfers in	-	-	2,993	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(39)</u>	<u>2,993</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(39)	2,993	(1)
<i>Fund balances - beginning</i>	<u>-</u>	<u>39</u>	<u>(2,993)</u>	<u>1</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

Libraries - G.O. Bonds	2010 GOB Instructional Materials	Science Instructional Materials K-12	Community Health Program DOH	Start Smart K-3 Utah State University Study	TCA Value Options
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	134,703	-
-	-	-	-	-	-
-	24,718	107,674	-	-	-
-	-	-	50,607	-	64,329
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	24,718	107,674	50,607	134,703	64,329
-	24,718	107,674	-	90,398	13,601
-	-	-	21,707	-	-
-	-	-	-	-	-
-	-	-	-	-	61,780
-	-	-	-	-	-
-	-	-	-	110	-
-	-	-	-	44,501	-
-	-	-	-	-	-
-	-	-	-	-	-
-	24,718	107,674	21,707	135,009	75,381
-	-	-	28,900	(306)	(11,052)
-	-	-	-	-	-
-	-	-	-	-	-
31	-	-	-	-	-
-	-	-	-	-	-
31	-	-	-	-	-
31	-	-	28,900	(306)	(11,052)
(31)	-	-	-	-	14,741
\$ -	\$ -	\$ -	\$ 28,900	\$ (306)	\$ 3,689

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, 2013

	Capital Projects			
	Bond Building	Public School Capital Outlay	Special Building Local	Special Capital Outlay - State
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	4,372	-
State flowthrough	-	2,733,328	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	7	-	8	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	7	2,733,328	4,380	-
<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	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	319,322	2,733,328	-	-
<i>Total expenditures</i>	319,322	2,733,328	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	(319,315)	-	4,380	-
<i>Other financing sources (uses)</i>				
Proceeds from sale of assets	-	-	-	-
Reversion to PED	-	-	-	-
Transfers in	-	-	-	181,623
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	181,623
<i>Net change in fund balances</i>	(319,315)	-	4,380	181,623
<i>Fund balances - beginning</i>	323,801	-	28,285	(181,623)
<i>Fund balances - end of year</i>	\$ 4,486	\$ -	\$ 32,665	\$ -

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>		
<u>Capital Improvements HB- 33</u>	<u>SB-9 Capital Improvements</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 3,019,768	\$ 1,510,189	\$ 4,529,957
2,704,920	1,352,460	4,057,380
-	-	5,407,977
-	-	422,057
-	-	512,306
-	173,020	3,405,683
-	-	114,936
-	-	1,375,603
245	195	455
899	59,556	60,455
<u>5,725,832</u>	<u>3,095,420</u>	<u>19,886,809</u>
-	-	2,289,956
-	-	942,600
-	-	31,536
30,306	15,155	293,277
-	219,545	1,018,429
-	-	26,704
1,600,257	1,395,401	3,000,652
-	-	51,520
-	-	3,718,509
5,451,182	701,626	9,260,561
<u>7,081,745</u>	<u>2,331,727</u>	<u>20,633,744</u>
<u>(1,355,913)</u>	<u>763,693</u>	<u>(746,935)</u>
10,648	-	10,648
-	-	(60,571)
-	-	238,338
-	-	(4,588)
<u>10,648</u>	<u>-</u>	<u>183,827</u>
(1,345,265)	763,693	(563,108)
<u>4,813,694</u>	<u>1,930,654</u>	<u>7,641,172</u>
<u>\$ 3,468,429</u>	<u>\$ 2,694,347</u>	<u>\$ 7,078,064</u>

(This page intentionally left blank)

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, 2013

	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	2,493,305	243,305
Federal direct	168,837	168,837	214,781	45,944
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	935,800	935,800	1,161,922	226,122
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,354,637</u>	<u>3,354,637</u>	<u>3,870,008</u>	<u>515,371</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	3,354,637	3,889,861	3,698,624	191,237
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,354,637</u>	<u>3,889,861</u>	<u>3,698,624</u>	<u>191,237</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(535,224)</u>	<u>171,384</u>	<u>706,608</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	535,224	-	(535,224)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>535,224</u>	<u>-</u>	<u>(535,224)</u>
<i>Net change in fund balance</i>	-	-	171,384	171,384
<i>Fund balance - beginning of year</i>	-	-	665,671	665,671
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 837,055</u>	<u>\$ 837,055</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 171,384
Adjustments to revenues for federal flowthrough				16,666
Adjustments to expenditures for food service operations				7,336
Net change in fund balance (GAAP Basis)				<u>\$ 195,386</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, 2013

	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	-	-	246	246
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	227,686	227,686	213,681	(14,005)
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>227,686</u>	<u>227,686</u>	<u>213,927</u>	<u>(13,759)</u>
<i>Expenditures</i>				
Current:				
Instruction	227,686	355,156	221,876	133,280
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>227,686</u>	<u>355,156</u>	<u>221,876</u>	<u>133,280</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(127,470)</u>	<u>(7,949)</u>	<u>119,521</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	127,470	-	(127,470)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>127,470</u>	<u>-</u>	<u>(127,470)</u>
<i>Net change in fund balance</i>	-	-	(7,949)	(7,949)
<i>Fund balance - beginning of year</i>	-	-	127,485	127,485
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,536</u>	<u>\$ 119,536</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (7,949)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (7,949)</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, 2013

	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)	-	-	(24)	(24)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(24)</u>	<u>(24)</u>
<i>Net change in fund balance</i>	-	-	(24)	(24)
<i>Fund balance - beginning of year</i>	-	-	24	24
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (24)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (24)</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	1,764,557	2,685,562	1,437,506	(1,248,056)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,764,557</u>	<u>2,685,562</u>	<u>1,437,506</u>	<u>(1,248,056)</u>
<i>Expenditures</i>				
Current:				
Instruction	277,690	277,690	199,661	78,029
Support services	1,486,867	2,407,872	1,333,859	1,074,013
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>1,764,557</u>	<u>2,685,562</u>	<u>1,533,520</u>	<u>1,152,042</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(96,014)</u>	<u>(96,014)</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>	-	-	(96,014)	(96,014)
<i>Fund balance - beginning of year</i>	-	-	(281,584)	(281,584)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (377,598)</u>	<u>\$ (377,598)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (96,014)
Adjustments to revenues for federal flowthrough grants				120,693
Adjustments to expenditures for payroll expenditures				(24,679)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

Hobbs Municipal School District #33
 Competitive IDEA-B Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	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)	-	-	(3,365)	(3,365)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(3,365)</u>	<u>(3,365)</u>
<i>Net change in fund balance</i>	-	-	(3,365)	(3,365)
<i>Fund balance - beginning of year</i>	-	-	3,365	3,365
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (3,365)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (3,365)</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	57,875	90,274	44,819	(45,455)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>57,875</u>	<u>90,274</u>	<u>44,819</u>	<u>(45,455)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	57,875	90,274	43,095	47,179
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>57,875</u>	<u>90,274</u>	<u>43,095</u>	<u>47,179</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,724</u>	<u>1,724</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	2,836	(2,836)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>2,836</u>	<u>(2,836)</u>
<i>Net change in fund balance</i>	-	-	4,560	(1,112)
<i>Fund balance - beginning of year</i>	-	-	(11,361)	(11,361)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,801)</u>	<u>\$ (12,473)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,560
Adjustments to revenues for federal flowthrough grants				(4,272)
Adjustments to expenditures for payroll expenditures				(288)
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-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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	11,886	-	(11,886)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>11,886</u>	<u>-</u>	<u>(11,886)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	11,886	11,886	-
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>11,886</u>	<u>11,886</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(11,886)</u>	<u>(11,886)</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>	-	-	(11,886)	(11,886)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,886)</u>	<u>\$ (11,886)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (11,886)
Adjustments to revenues for federal flowthrough grants				11,886
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, 2013

	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	-	-	610	610
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>610</u>	<u>610</u>
<i>Net change in fund balance</i>	-	-	610	610
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(610)</u>	<u>(610)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 610
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 610</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, 2013

	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				-
Adjustments to expenditures for reversion to PED				(960)
Net change in fund balance (GAAP Basis)				<u>\$ (960)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Comprehensive School Reform Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

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)	-	-	(349)	(349)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(349)</u>	<u>(349)</u>
<i>Net change in fund balance</i>	-	-	(349)	(349)
<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>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (349)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (349)</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, 2013

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>	<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	-	-	9,396	9,396
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>9,396</u>	<u>9,396</u>
<i>Net change in fund balance</i>	-	-	9,396	9,396
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(9,396)</u>	<u>(9,396)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 9,396
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 9,396</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Title V Innovative Education Program Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

Statement B-12

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
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)	-	-	(850)	(850)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(850)</u>	<u>(850)</u>
<i>Net change in fund balance</i>	-	-	(850)	(850)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>850</u>	<u>850</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (850)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (850)</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, 2013

Statement B-13

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	97,441	137,019	115,287	(21,732)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>97,441</u>	<u>137,019</u>	<u>115,287</u>	<u>(21,732)</u>
<i>Expenditures</i>				
Current:				
Instruction	88,465	125,778	93,639	32,139
Support services	8,976	11,241	7,373	3,868
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>97,441</u>	<u>137,019</u>	<u>101,012</u>	<u>36,007</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>14,275</u>	<u>14,275</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	19,836	(19,836)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>19,836</u>	<u>(19,836)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>34,111</u>	<u>(5,561)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(46,763)</u>	<u>(46,763)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,652)</u>	<u>\$ (52,324)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 34,111
Adjustments to revenues for federal flowthrough grants				10,096
Adjustments to expenditures for payroll expenditures				(24,371)
Net change in fund balance (GAAP Basis)				<u>\$ 19,836</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

Hobbs Municipal School District #33
 Teacher/Principal Training & Recruiting Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	402,482	583,985	598,393	14,408
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>402,482</u>	<u>583,985</u>	<u>598,393</u>	<u>14,408</u>
<i>Expenditures</i>				
Current:				
Instruction	353,393	527,369	345,506	181,863
Support services	22,125	25,806	20,281	5,525
Central services	26,964	30,810	26,704	4,106
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>402,482</u>	<u>583,985</u>	<u>392,491</u>	<u>191,494</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>205,902</u>	<u>205,902</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>	-	-	205,902	205,902
<i>Fund balance - beginning of year</i>	-	-	(297,332)	(297,332)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (91,430)</u>	<u>\$ (91,430)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 205,902
Adjustments to revenues for federal flowthrough grants				(171,746)
Adjustments to expenditures for supplies, payroll expenditures, and reversion to PED				(34,156)
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 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, 2013

Statement B-15

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	563,017	41,949	(521,068)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>563,017</u>	<u>41,949</u>	<u>(521,068)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	551,642	391,050	160,592
Support services	-	11,375	7,902	3,473
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>563,017</u>	<u>398,952</u>	<u>164,065</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(357,003)</u>	<u>(357,003)</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>	-	-	(357,003)	(357,003)
<i>Fund balance - beginning of year</i>	-	-	(30,510)	(30,510)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (387,513)</u>	<u>\$ (387,513)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (357,003)
Adjustments to revenues for federal flowthrough grants				484,019
Adjustments to expenditures for instructional expenditures and reversion to PED				<u>(127,016)</u>
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
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, 2013

Statement B-16

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
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	-	-	11,482	(11,482)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>11,482</u>	<u>(11,482)</u>
<i>Net change in fund balance</i>	-	-	11,482	(11,482)
<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>\$ -</u>	<u>\$ (22,964)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 11,482
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 11,482</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, 2013

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	66,983	74,425	51,284	(23,141)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>66,983</u>	<u>74,425</u>	<u>51,284</u>	<u>(23,141)</u>
<i>Expenditures</i>				
Current:				
Instruction	60,383	70,127	52,712	17,415
Support services	6,600	4,298	3,847	451
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>66,983</u>	<u>74,425</u>	<u>56,559</u>	<u>17,866</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(5,275)</u>	<u>(5,275)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	9,531	(9,531)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>9,531</u>	<u>(9,531)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>4,256</u>	<u>(14,806)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(9,885)</u>	<u>(9,885)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,629)</u>	<u>\$ (24,691)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,256
Adjustments to revenues for federal flowthrough grants				19,369
Adjustments to expenditures for instructional expenditures				<u>(14,094)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 9,531</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

Hobbs Municipal School District #33
 Carl Perkins Secondary 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	4,025	4,020	(5)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>4,025</u>	<u>4,020</u>	<u>(5)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	4,025	4,020	5
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>4,025</u>	<u>4,020</u>	<u>5</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				-
Adjustments to expenditures for reversion to PED				(5)
Net change in fund balance (GAAP Basis)				<u>\$ (5)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

Hobbs Municipal School District #33
 Carl Perkins Secondary - Redistribution Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	11,970	-	(11,970)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>11,970</u>	<u>-</u>	<u>(11,970)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	11,727	-	11,727
Support services	-	243	-	243
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>11,970</u>	<u>-</u>	<u>11,970</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
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, 2013

Statement B-20

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	240,000	240,000	242,760	2,760
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>240,000</u>	<u>240,000</u>	<u>242,760</u>	<u>2,760</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	240,000	234,974	197,243	37,731
Central services	-	-	-	-
Operation and maintenance of plant	-	5,026	4,884	142
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>240,000</u>	<u>240,000</u>	<u>202,127</u>	<u>37,873</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>40,633</u>	<u>40,633</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>	-	-	40,633	40,633
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(19,657)</u>	<u>(19,657)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,976</u>	<u>\$ 20,976</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 40,633
Adjustments to revenues for federal direct grants				(35,484)
Adjustments to expenditures for payroll expenditures				(5,149)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
J.F Maddox Foundation Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

Statement B-21

	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	3,541,734	3,541,734	481,682	(3,060,052)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	3,541,734	3,541,734	481,682	(3,060,052)
<i>Expenditures</i>				
Current:				
Instruction	2,631,420	2,631,420	317,974	2,313,446
Support services	910,314	910,314	226,918	683,396
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>	3,541,734	3,541,734	544,892	2,996,842
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(63,210)	(63,210)
<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>	-	-	(63,210)	(63,210)
<i>Fund balance - beginning of year</i>	-	-	(22,694)	(22,694)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (85,904)	\$ (85,904)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (63,210)
Adjustments to revenues for state flowthrough grants				26,006
Adjustments to expenditures for payroll expenditures				(6,718)
Net change in fund balance (GAAP Basis)				\$ (43,922)

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, 2013

Statement B-22

	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	-	4,759	2,700	2,059
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>4,759</u>	<u>2,700</u>	<u>2,059</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(4,759)</u>	<u>(2,700)</u>	<u>2,059</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	4,759	-	(4,759)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>4,759</u>	<u>-</u>	<u>(4,759)</u>
<i>Net change in fund balance</i>	-	-	(2,700)	(2,700)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,760</u>	<u>4,760</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,060</u>	<u>\$ 2,060</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (2,700)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (2,700)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
2009 Dual Credit IM/HB2 Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

Statement B-23

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	11,023	19,698	8,675
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>11,023</u>	<u>19,698</u>	<u>8,675</u>
<i>Expenditures</i>				
Current:				
Instruction	-	11,023	11,023	-
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>11,023</u>	<u>11,023</u>	<u>-</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>	<u>-</u>	<u>-</u>	<u>(8,675)</u>	<u>(8,675)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 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, 2013

Statement B-24

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	166	166
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>166</u>	<u>166</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>166</u>	<u>166</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>	-	-	166	166
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(166)</u>	<u>(166)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 166
Adjustments to revenues for state flowthrough grants				(166)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

Hobbs Municipal School District #33
 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, 2013

	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	30,226	30,226	33,536	3,310
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>30,226</u>	<u>30,226</u>	<u>33,536</u>	<u>3,310</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	30,226	30,226	28,836	1,390
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>30,226</u>	<u>30,226</u>	<u>28,836</u>	<u>1,390</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>4,700</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>	-	-	4,700	4,700
<i>Fund balance - beginning of year</i>	-	-	(8,806)	(8,806)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,106)</u>	<u>\$ (4,106)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,700
Adjustments to revenues for state flowthrough grants				(4,700)
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, 2013

Statement B-26

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
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	-	2,700	-	2,700
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>2,700</u>	<u>-</u>	<u>2,700</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</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)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</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>	<u>-</u>	<u>-</u>	<u>2,700</u>	<u>2,700</u>
<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				-
Adjustments to expenditures for reversion to PED				<u>(2,700)</u>
Net change in fund balance (GAAP Basis)				<u>\$ (2,700)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Incentives for School Improvement Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

Statement B-27

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
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>43,929</u>	<u>43,929</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,929</u>	<u>\$ 43,929</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				<u>(43,929)</u>
Net change in fund balance (GAAP Basis)				<u>\$ (43,929)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

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, 2013

	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>	-	-	127	127
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ 127</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				(127)
Net change in fund balance (GAAP Basis)				<u>\$ (127)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-29

Hobbs Municipal School District #33

Pre-K Initiative Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	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	-	221,200	232,198	10,998
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>221,200</u>	<u>232,198</u>	<u>10,998</u>
<i>Expenditures</i>				
Current:				
Instruction	-	221,200	195,982	25,218
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>221,200</u>	<u>195,982</u>	<u>25,218</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>36,216</u>	<u>36,216</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>	-	-	36,216	36,216
<i>Fund balance - beginning of year</i>	-	-	(15,109)	(15,109)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,107</u>	<u>\$ 21,107</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 36,216
Adjustments to revenues for state flowthrough grants				(30,235)
Adjustments to expenditures for payroll expenditures				(5,981)
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
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, 2013

Statement B-30

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
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>	-	-	8,111	8,111
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 8,111	\$ 8,111
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				(8,111)
Net change in fund balance (GAAP Basis)				\$ (8,111)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Breakfast for Elementary Students Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

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	-	45,497	52,861	7,364
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>45,497</u>	<u>52,861</u>	<u>7,364</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	45,497	27,221	18,276
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>45,497</u>	<u>27,221</u>	<u>18,276</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>25,640</u>	<u>25,640</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>	-	-	25,640	25,640
<i>Fund balance - beginning of year</i>	-	-	(30,334)	(30,334)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,694)</u>	<u>\$ (4,694)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 25,640
Adjustments to revenues for state flowthrough grants				(25,640)
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, 2013

Statement B-32

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
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>	-	-	39	39
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 39	\$ 39
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				(39)
Net change in fund balance (GAAP Basis)				\$ (39)

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, 2013

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	-	-	-	-
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	-	-	2,993	2,993
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>2,993</u>	<u>2,993</u>
<i>Net change in fund balance</i>	-	-	2,993	2,993
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,993)</u>	<u>(2,993)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,993
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 2,993</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-34

Hobbs Municipal School District #33
 Kindergarten - Three Plus Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	189,200	162,212	97,900	(64,312)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>189,200</u>	<u>162,212</u>	<u>97,900</u>	<u>(64,312)</u>
<i>Expenditures</i>				
Current:				
Instruction	155,192	155,192	90,882	64,310
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	34,008	7,020	7,019	1
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>189,200</u>	<u>162,212</u>	<u>97,901</u>	<u>64,311</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</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>(1)</u>	<u>(1)</u>
<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>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (1)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
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, 2013

Statement B-35

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-36

Hobbs Municipal School District #33
 2010 GOB Instructional Materials 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, 2013

	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	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	27,866	23,696	(4,170)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>27,866</u>	<u>23,696</u>	<u>(4,170)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	27,866	24,718	3,148
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>27,866</u>	<u>24,718</u>	<u>3,148</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,022)</u>	<u>(1,022)</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>	-	-	(1,022)	(1,022)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,022)</u>	<u>\$ (1,022)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,022)
Adjustments to revenues for state flowthrough grants				1,022
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
Science Instructional Materials K-12 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, 2013

Statement B-37

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	135,444	-	(135,444)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>135,444</u>	<u>-</u>	<u>(135,444)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	135,444	107,674	27,770
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>135,444</u>	<u>107,674</u>	<u>27,770</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(107,674)</u>	<u>(107,674)</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>	-	-	(107,674)	(107,674)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (107,674)</u>	<u>\$ (107,674)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (107,674)
Adjustments to revenues for state flowthrough grants				107,674
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
 Community Health Program DOH 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, 2013

	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	-	74,640	50,607	(24,033)
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>74,640</u>	<u>50,607</u>	<u>(24,033)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	74,640	21,707	52,933
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>74,640</u>	<u>21,707</u>	<u>52,933</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>28,900</u>	<u>28,900</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>	-	-	28,900	28,900
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,900</u>	<u>\$ 28,900</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 28,900
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 28,900</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-39

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, 2013

	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	135,101	(10,874)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>145,975</u>	<u>145,975</u>	<u>135,101</u>	<u>(10,874)</u>
<i>Expenditures</i>				
Current:				
Instruction	97,591	97,591	90,398	7,193
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	110	110	-
Student transportation	48,384	48,274	44,501	3,773
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>145,975</u>	<u>145,975</u>	<u>135,009</u>	<u>10,966</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>92</u>	<u>92</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>	-	-	92	92
<i>Fund balance - beginning of year</i>	-	-	(398)	(398)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (306)</u>	<u>\$ (306)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 92
Adjustments to revenues for federal flowthrough grants				(398)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (306)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-40

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, 2013

	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	-	64,329	75,840	11,511
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>64,329</u>	<u>75,840</u>	<u>11,511</u>
<i>Expenditures</i>				
Current:				
Instruction	-	3,229	13,601	(10,372)
Support services	-	64,329	61,095	3,234
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>67,558</u>	<u>74,696</u>	<u>(7,138)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(3,229)</u>	<u>1,144</u>	<u>4,373</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	3,229	-	(3,229)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,229</u>	<u>-</u>	<u>(3,229)</u>
<i>Net change in fund balance</i>	-	-	1,144	1,144
<i>Fund balance - beginning of year</i>	-	-	5,685	5,685
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,829</u>	<u>\$ 6,829</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,144
Adjustments to revenues for state direct grants				(11,511)
Adjustments to expenditures for payroll expenditures				(685)
Net change in fund balance (GAAP Basis)				<u>\$ (11,052)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-41

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, 2013

	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)	-	-	7	7
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	346,718	342,240	4,478
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>346,718</u>	<u>342,240</u>	<u>4,478</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(346,718)</u>	<u>(342,233)</u>	<u>4,485</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	346,718	-	(346,718)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>346,718</u>	<u>-</u>	<u>(346,718)</u>
<i>Net change in fund balance</i>	-	-	(342,233)	(342,233)
<i>Fund balance - beginning of year</i>	-	-	346,719	346,719
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,486</u>	<u>\$ 4,486</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (342,233)
No adjustments to revenues				-
Adjustments to expenditures for capital outlay and supply expenditures				22,918
Net change in fund balance (GAAP Basis)				<u>\$ (319,315)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Public School Capital Outlay Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

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>	<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>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
Adjustments to revenues for PSCOC award revenues				2,733,328
Adjustments to expenditures for capital outlay expenditures				<u>(2,733,328)</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-43

Hobbs Municipal School District #33
Special Building Local Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	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	-	-	4,372	4,372
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	8	8
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>4,380</u>	<u>4,380</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	27,239	28,285	-	28,285
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>27,239</u>	<u>28,285</u>	<u>-</u>	<u>28,285</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(27,239)</u>	<u>(28,285)</u>	<u>4,380</u>	<u>32,665</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	27,239	28,285	-	(28,285)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>27,239</u>	<u>28,285</u>	<u>-</u>	<u>(28,285)</u>
<i>Net change in fund balance</i>	-	-	4,380	4,380
<i>Fund balance - beginning of year</i>	-	-	28,285	28,285
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,665</u>	<u>\$ 32,665</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,380
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 4,380</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, 2013

Statement B-44

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (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	-	-	181,623	181,623
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>181,623</u>	<u>181,623</u>
<i>Net change in fund balance</i>	-	-	181,623	181,623
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(181,623)</u>	<u>(181,623)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 181,623
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 181,623</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-45

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 2,769,470	\$ 2,769,470	\$ 3,008,692	\$ 239,222
Oil and gas taxes	2,356,770	2,356,770	2,727,880	371,110
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	245	245
Miscellaneous	-	-	899	899
<i>Total revenues</i>	<u>5,126,240</u>	<u>5,126,240</u>	<u>5,737,716</u>	<u>611,476</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	29,000	33,000	30,306	2,694
Central services	-	-	-	-
Operation and maintenance of plant	812,476	845,595	638,306	207,289
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	5,835,000	9,031,000	6,376,890	2,654,110
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>6,676,476</u>	<u>9,909,595</u>	<u>7,045,502</u>	<u>2,864,093</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,550,236)</u>	<u>(4,783,355)</u>	<u>(1,307,786)</u>	<u>3,475,569</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,550,236	4,783,355	-	(4,783,355)
Proceeds from sale of assets	-	-	10,648	10,648
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,550,236</u>	<u>4,783,355</u>	<u>10,648</u>	<u>(4,772,707)</u>
<i>Net change in fund balance</i>	-	-	(1,297,138)	(1,297,138)
<i>Fund balance - beginning of year</i>	-	-	4,783,355	4,783,355
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,486,217</u>	<u>\$ 3,486,217</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,297,138)
Adjustments to revenues for taxes				(11,884)
Adjustments to expenditures for capital outlay and supply expenditures				(36,243)
Net change in fund balance (GAAP Basis)				<u>\$ (1,345,265)</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, 2013

Statement B-46

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,385,029	\$ 1,385,029	\$ 1,504,648	\$ 119,619
Oil and gas taxes	1,178,385	1,178,385	1,363,940	185,555
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	173,020	356,470	496,140	139,670
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	240	240	195	(45)
Miscellaneous	-	-	59,556	59,556
<i>Total revenues</i>	<u>2,736,674</u>	<u>2,920,124</u>	<u>3,424,479</u>	<u>504,355</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	657,717	967,717	356,090	611,627
Central services	-	-	-	-
Operation and maintenance of plant	1,827,700	2,504,042	1,438,782	1,065,260
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	393,020	1,270,891	608,679	662,212
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,878,437</u>	<u>4,742,650</u>	<u>2,403,551</u>	<u>2,339,099</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(141,763)</u>	<u>(1,822,526)</u>	<u>1,020,928</u>	<u>2,843,454</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	141,763	1,822,526	-	(1,822,526)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>141,763</u>	<u>1,822,526</u>	<u>-</u>	<u>(1,822,526)</u>
<i>Net change in fund balance</i>	-	-	1,020,928	1,020,928
<i>Fund balance - beginning of year</i>	-	-	1,822,526	1,822,526
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,843,454</u>	<u>\$ 2,843,454</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,020,928
Adjustments to revenues for state flowthrough grants				(329,059)
Adjustments to expenditures for capital outlay and supply expenditures				71,824
Net change in fund balance (GAAP Basis)				<u>\$ 763,693</u>

The accompanying notes are an integral part of these financial statements

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

Statement B-47

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,571,911	\$ 1,571,911	\$ 1,719,393	\$ 147,482
Oil and gas taxes	2,033,596	2,033,596	1,679,417	(354,179)
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	356,016	356,016
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,605,507</u>	<u>3,605,507</u>	<u>3,754,826</u>	<u>149,319</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	15,720	25,720	17,313	8,407
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	4,291,301	4,291,301	1,050,000	3,241,301
Interest	1,713,901	1,713,901	1,713,900	1
<i>Total expenditures</i>	<u>6,020,922</u>	<u>6,030,922</u>	<u>2,781,213</u>	<u>3,249,709</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,415,415)</u>	<u>(2,425,415)</u>	<u>973,613</u>	<u>3,399,028</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,415,415	2,425,415	-	(2,425,415)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,415,415</u>	<u>2,425,415</u>	<u>-</u>	<u>(2,425,415)</u>
<i>Net change in fund balance</i>	-	-	973,613	973,613
<i>Fund balance - beginning of year</i>	-	-	12,467,561	12,467,561
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,441,174</u>	<u>\$ 13,441,174</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 973,613
Adjustments to revenues for taxes				(90,353)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 883,260</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Combining Balance Sheet
General Fund
June 30, 2013

Statement C-1

	Operating	Pupil Transportation	Instructional Materials	Total
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 6,615,991	\$ 32,635	\$ 310,716	\$ 6,959,342
Investments	8,532,845	-	-	8,532,845
Receivables:				
Property taxes	12,556	-	-	12,556
Oil and gas taxes	54,005	-	-	54,005
Due from other governments	-	-	110,962	110,962
Other	8,648	-	-	8,648
Inventory	304,831	-	-	304,831
Due from other funds	2,562,500	-	-	2,562,500
 <i>Total assets</i>	 \$ 18,091,376	 \$ 32,635	 \$ 421,678	 \$ 18,545,689
 LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ 1,150,205	\$ -	\$ 21,682	\$ 1,171,887
Accrued payroll	4,017,472	294	-	4,017,766
Due to other funds	533	-	-	533
Deferred revenue:				
Property taxes	5,753	-	-	5,753
 <i>Total liabilities</i>	 5,173,963	 294	 21,682	 5,195,939
 <i>Fund Balances</i>				
Nonspendable				
Inventory	304,831	-	-	304,831
Spendable				
Restricted for:				
Transportation	-	32,341	-	32,341
Instructional materials	-	-	399,996	399,996
Committed for:				
Subsequent year's expenditures	8,000,000	-	-	8,000,000
Unassigned	4,612,582	-	-	4,612,582
 <i>Total fund balances</i>	 12,917,413	 32,341	 399,996	 13,349,750
 <i>Total liabilities and fund balances</i>	 \$ 18,091,376	 \$ 32,635	 \$ 421,678	 \$ 18,545,689

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, 2013

Statement C-2

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Revenues:</i>				
Property taxes	\$ 316,679	\$ -	\$ -	\$ 316,679
Oil and gas taxes	338,115	-	-	338,115
<i>Intergovernmental revenue:</i>				
Federal flowthrough	58,200	-	-	58,200
Local sources	11,172	-	-	11,172
State flowthrough	539,464	-	678,682	1,218,146
State direct	55,616,876	-	-	55,616,876
Transportation distribution	-	1,608,463	-	1,608,463
Charges for services	18,097	-	-	18,097
Investment income (loss)	20,698	-	-	20,698
	<i>Total revenues</i>	<i>1,608,463</i>	<i>678,682</i>	<i>59,206,446</i>
 <i>Expenditures:</i>				
<i>Current:</i>				
Instruction	36,373,327	-	448,578	36,821,905
Support services - students	4,643,489	-	-	4,643,489
Support services - instruction	1,841,191	-	-	1,841,191
Support services - general administration	791,906	-	-	791,906
Support services - school administration	3,203,319	-	-	3,203,319
Central services	1,383,541	-	-	1,383,541
Operation and maintenance plant	5,380,499	-	-	5,380,499
Student transportation	102,931	1,578,229	-	1,681,160
Other support services	46,122	-	-	46,122
Food services operations	4,365	-	-	4,365
Capital Outlay	164,323	-	-	164,323
	<i>Total expenditures</i>	<i>1,578,229</i>	<i>448,578</i>	<i>55,961,820</i>
 <i>Excess (deficiency) of revenues over expenditures</i>	 <i>2,984,288</i>	 <i>30,234</i>	 <i>230,104</i>	 <i>3,244,626</i>
 <i>Other financing sources (uses):</i>				
Transfers in	4,588	-	-	4,588
Transfers (out)	(238,338)	-	-	(238,338)
<i>Total other financing sources (uses)</i>	<i>(233,750)</i>	<i>-</i>	<i>-</i>	<i>(233,750)</i>
 <i>Net change in fund balances</i>	 <i>2,750,538</i>	 <i>30,234</i>	 <i>230,104</i>	 <i>3,010,876</i>
 <i>Fund balances - beginning of year</i>	 <i>10,166,875</i>	 <i>2,107</i>	 <i>169,892</i>	 <i>10,338,874</i>
 <i>Fund balances - end of year</i>	 <i>\$ 12,917,413</i>	 <i>\$ 32,341</i>	 <i>\$ 399,996</i>	 <i>\$ 13,349,750</i>

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 287,818	\$ 287,818	\$ 315,685	\$ 27,867
Oil and gas taxes	294,596	294,596	340,985	46,389
Intergovernmental revenue:				
Federal flowthrough	30,000	30,000	58,200	28,200
Federal direct	-	-	-	-
Local sources	5,000	5,000	2,524	(2,476)
State flowthrough	109,500	109,500	546,964	437,464
State direct	53,512,264	55,679,947	55,616,876	(63,071)
Transportation distribution	-	-	-	-
Charges for services	9,500	9,500	18,097	8,597
Investment income (loss)	3,500	3,500	20,698	17,198
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>54,252,178</u>	<u>56,419,861</u>	<u>56,920,029</u>	<u>500,168</u>
<i>Expenditures:</i>				
Current:				
Instruction	38,458,263	42,326,513	34,365,081	7,961,432
Support services - students	5,169,884	5,327,866	4,643,489	684,377
Support services - instruction	1,962,586	2,088,754	1,841,046	247,708
Support services - general administration	944,464	975,702	791,995	183,707
Support services - school administration	3,283,259	3,457,615	3,201,945	255,670
Central services	1,274,383	1,509,434	1,379,362	130,072
Operation and maintenance of plant	5,974,551	6,305,643	5,378,429	927,214
Student transportation	-	100,400	102,931	(2,531)
Other support services	123,288	163,288	59,077	104,211
Capital Outlay	6,500	426,500	229,194	197,306
<i>Total expenditures</i>	<u>57,197,178</u>	<u>62,699,401</u>	<u>51,996,914</u>	<u>10,702,487</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,945,000)</u>	<u>(6,279,540)</u>	<u>4,923,115</u>	<u>11,202,655</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	2,945,000	6,279,540	-	(6,279,540)
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	4,588	4,588
Transfers (out)	-	-	(238,338)	(238,338)
<i>Total other financing sources (uses)</i>	<u>2,945,000</u>	<u>6,279,540</u>	<u>(233,750)</u>	<u>(6,513,290)</u>
<i>Net change in fund balance</i>	-	-	4,689,365	4,689,365
<i>Fund balance - beginning of year</i>	-	-	13,021,971	13,021,971
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,711,336</u>	<u>\$ 17,711,336</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,689,365
Adjustments to revenues for taxes and state flowthrough grants				(728)
Adjustments to expenditures for instructional and payroll expenditures				(1,938,099)
Net change in fund balance (GAAP Basis)				<u>\$ 2,750,538</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	1,592,797	1,608,463	1,608,463	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,592,797</u>	<u>1,608,463</u>	<u>1,608,463</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	1,557,797	1,579,546	1,577,958	1,588
Other support services	-	-	-	-
Capital Outlay	35,000	31,024	-	31,024
<i>Total expenditures</i>	<u>1,592,797</u>	<u>1,610,570</u>	<u>1,577,958</u>	<u>32,612</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(2,107)	30,505	32,612
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	2,107	-	(2,107)
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,107</u>	<u>-</u>	<u>(2,107)</u>
<i>Net change in fund balance</i>	-	-	30,505	30,505
<i>Fund balance - beginning of year</i>	-	-	2,130	2,130
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,635</u>	<u>\$ 32,635</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 30,505
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				(271)
Net change in fund balance (GAAP Basis)				<u>\$ 30,234</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Instructional Materials Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

Statement C-5

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	567,721	567,721	567,720	(1)
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>567,721</u>	<u>567,721</u>	<u>567,720</u>	<u>(1)</u>
<i>Expenditures:</i>				
Current:				
Instruction	283,860	453,075	426,896	26,179
Support services - students	-	-	-	-
Support services - instruction	-	597	-	597
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>283,860</u>	<u>453,672</u>	<u>426,896</u>	<u>26,776</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>283,861</u>	<u>114,049</u>	<u>140,824</u>	<u>26,775</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	(283,861)	(114,049)	-	114,049
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(283,861)</u>	<u>(114,049)</u>	<u>-</u>	<u>114,049</u>
<i>Net change in fund balance</i>	-	-	140,824	140,824
<i>Fund balance - beginning of year</i>	-	-	169,892	169,892
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,716</u>	<u>\$ 310,716</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 140,824
Adjustments to revenues for state flowthrough grants				110,962
Adjustments to expenditures for instructional expenditures				<u>(21,682)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 230,104</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Deposit and Investment Accounts
June 30, 2013

Bank Account Type/Name	Lea County State Bank	LGIP	US Bank
Operational	\$ 1,000,000	\$ -	\$ -
Operational Sweep Account	1,808,213	-	-
Special Building	32,665	-	-
State/Local Grant	325,763	-	-
Ralph Tasker Scholarship	628	-	-
Bond Building	10	-	-
Debt Service	2,945,480	-	-
Certificate of Deposit	252,639	-	-
Investment	-	481,601	-
Money Market (Qzab sinking fund)	-	-	6,006
FNMA Discount Note (Qzab)	-	-	10,262,666
HB33	-	-	-
HB 33 Sweep Account	-	-	-
Payroll	-	-	-
Money Market	-	-	-
Federal Home Loan Banks Discount	-	-	-
Freddie Mac Discount	-	-	-
GE Cap Retail BK Certificate of Deposit	-	-	-
GE Capital Bank Certificate of Deposit	-	-	-
Bank of China NY Certificate of Deposit	-	-	-
Goldman Sachs BK NY Certificate of Deposit	-	-	-
Enerbank Certificate of Deposit	-	-	-
American Express Cent Certificate of Deposit	-	-	-
Federal Projects	-	-	-
Cafeteria	-	-	-
Activity/Athletics	-	-	-
Total	6,365,398	481,601	10,268,672
Reconciling items	4,175,245	-	-
Reconciled balance June 30, 2013	<u>\$ 10,540,643</u>	<u>\$ 481,601</u>	<u>\$ 10,268,672</u>

See independent auditors' report

Wells Fargo Bank	Wells Fargo Securities, LLC	Western Commerce Bank	Totals
\$ -	\$ -	\$ -	\$ 1,000,000
-	-	-	1,808,213
-	-	-	32,665
-	-	-	325,763
-	-	-	628
-	-	-	10
-	-	-	2,945,480
-	-	-	252,639
-	-	-	481,601
-	-	-	6,006
-	-	-	10,262,666
2,500,000	-	-	2,500,000
4,029,970	-	-	4,029,970
5,980,804	-	-	5,980,804
-	1,529,041	-	1,529,041
-	4,499,703	-	4,499,703
-	999,337	-	999,337
-	250,000	-	250,000
-	250,000	-	250,000
-	250,000	-	250,000
-	249,987	-	249,987
-	249,975	-	249,975
-	253,090	-	253,090
-	-	1,135,546	1,135,546
-	-	688,970	688,970
-	-	630,154	630,154
12,510,774	8,531,133	2,454,670	40,612,248
(6,181,109)	-	62,704	(1,943,160)
\$ 6,329,665	\$ 8,531,133	\$ 2,517,374	38,669,088

Less: investments per Exhibit A-1	(8,764,343)
Less: restricted cash per Exhibit A-1	(6,006)
Less: restricted investments per Exhibit A-1	(10,262,666)
Less: agency cash per Exhibit D-1	(517,367)
Less: agency investments per Exhibit D-1	(501,030)
Cash and cash equivalents per Exhibit A-1	\$ 18,617,676

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Cash Reconciliation
For the Year Ended June 30, 2013

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Audited Cash				
June 30, 2012	\$ 4,069,717	\$ 2,130	\$ 169,892	\$ 665,671
Investments on hand, June 30, 2012	7,013,619	-	-	-
Total cash and investment June 30, 2012	<u>11,083,336</u>	<u>2,130</u>	<u>169,892</u>	<u>665,671</u>
Less:				
Prior year held checks	<u>3,099,073</u>	<u>23</u>	<u>-</u>	<u>130,156</u>
Add:				
Current year receipts	56,956,051	1,608,463	567,722	3,655,228
Repayment of prior year loans	1,757,012	-	-	-
Prior year charge backs (NSF checks)	165	-	-	-
Cash transfers	-	-	-	-
Loans from other funds	-	-	-	-
Receivables/payables (not available to budget)	<u>4,315</u>	<u>-</u>	<u>-</u>	<u>1,791</u>
Total cash available	<u>66,701,806</u>	<u>1,610,570</u>	<u>737,614</u>	<u>4,192,534</u>
Less:				
Current year expenditures	53,942,707	1,578,229	426,898	3,506,811
Current year charge backs (NSF checks)	255	-	80	241
Repayment of prior year loans	-	-	-	-
Cash transfers	-	-	-	-
Receivables/payables (not available to budget)	-	-	-	-
Loans to other funds	<u>2,562,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciled cash total per PED	<u>10,196,344</u>	<u>32,341</u>	<u>310,636</u>	<u>685,482</u>
Investments on hand, June 30, 2013	<u>8,532,845</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash balance per PED, June 30, 2013	<u>\$ 1,663,499</u>	<u>\$ 32,341</u>	<u>\$ 310,636</u>	<u>\$ 685,482</u>
Plus:				
Charge backs (NSF checks from PED report)	255	-	80	241
Reversal of District transfer	(55,866)	-	-	-
Transfers	(32,203)	-	-	-
Adjustments for due to/froms	(56)	-	-	-
Investment for Qzab Sinking	-	-	-	-
Current year held checks	<u>5,040,362</u>	<u>294</u>	<u>-</u>	<u>151,332</u>
Cash per financial statement	<u>\$ 6,615,991</u>	<u>\$ 32,635</u>	<u>\$ 310,716</u>	<u>\$ 837,055</u>

See independent auditors' 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>
\$ 127,485	\$ 375,404	\$ 256,909	\$ 16,343	\$ 22,066	\$ 147,817
-	500,761	-	-	-	-
<u>127,485</u>	<u>876,165</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
213,925	1,300,984	4,561,347	242,760	481,682	460,057
-	-	-	-	-	-
-	-	15,941	-	-	-
-	-	2,120,000	36,000	96,000	309,500
		1,921			
<u>341,410</u>	<u>2,166,884</u>	<u>6,730,214</u>	<u>279,276</u>	<u>596,100</u>	<u>902,248</u>
221,876	1,162,966	4,492,553	207,276	553,171	499,335
14	2,373	-	-	-	-
-	-	1,517,474	36,000	40,000	159,024
-	-	-	-	-	51,882
-	-	-	-	-	-
-	-	-	-	-	-
<u>119,520</u>	<u>1,001,545</u>	<u>720,187</u>	<u>36,000</u>	<u>2,929</u>	<u>192,007</u>
-	501,030	-	-	-	-
<u>\$ 119,520</u>	<u>\$ 500,515</u>	<u>\$ 720,187</u>	<u>\$ 36,000</u>	<u>\$ 2,929</u>	<u>\$ 192,007</u>
14	2,373	-	-	-	-
-	-	960	-	-	54,906
-	-	32,203	-	-	-
-	-	112	-	-	-
-	-	-	-	-	-
2	14,479	266,883	20,976	9,227	21,104
<u>\$ 119,536</u>	<u>\$ 517,367</u>	<u>\$ 1,020,345</u>	<u>\$ 56,976</u>	<u>\$ 12,156</u>	<u>\$ 268,017</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Cash Reconciliation
For the Year Ended June 30, 2013

	State Direct	Local/State Fund	Bond Building	Public School Capital Outlay
Audited Cash				
June 30, 2012	\$ 102	\$ 5,685	\$ 183,942	\$ -
Investments on hand, June 30, 2012	-	-	162,777	-
Total cash and investment June 30, 2012	<u>102</u>	<u>5,685</u>	<u>346,719</u>	<u>-</u>
Less:				
Prior year held checks	-	2,455	-	-
Add:				
Current year receipts	185,707	75,840	7	-
Repayment of prior year loans	-	-	-	-
Prior year charge backs (NSF checks)	-	-	-	-
Cash transfers	-	-	-	-
Loans from other funds	1,000	-	-	-
Receivables/payables (not available to budget)	-	-	-	-
Total cash available	<u>186,809</u>	<u>79,070</u>	<u>346,726</u>	<u>-</u>
Less:				
Current year expenditures	156,715	75,381	342,240	-
Current year charge backs (NSF checks)	-	-	-	-
Repayment of prior year loans	-	-	-	-
Cash transfers	-	-	-	-
Receivables/payables (not available to budget)	-	-	-	-
Loans to other funds	500	-	-	-
Reconciled cash total per PED	<u>29,594</u>	<u>3,689</u>	<u>4,486</u>	<u>-</u>
Investments on hand, June 30, 2013	-	-	4,476	-
Total cash balance per PED, June 30, 2013	<u>\$ 29,594</u>	<u>\$ 3,689</u>	<u>\$ 10</u>	<u>\$ -</u>
Plus:				
Charge backs (NSF checks from PED report)	-	-	-	-
Reversal of District transfer	-	-	-	-
Transfers	-	-	-	-
Adjustments for due to/froms	-	-	-	-
Investment for Qzab Sinking	-	-	-	-
Current year held checks	-	3,140	-	-
Cash per financial statement	<u>\$ 29,594</u>	<u>\$ 6,829</u>	<u>\$ 10</u>	<u>\$ -</u>

See independent auditors' report

Special Capital Outlay-Local	Special Capital Outlay-State	Capital Improvements HB 33	Capital Improvements SB9	Debt Service	Total
\$ 28,285	\$ -	\$ 4,783,355	\$ 1,822,526	\$ 3,174,625	\$ 15,851,954
-	-	-	-	9,292,936	16,970,093
28,285	-	4,783,355	1,822,526	12,467,561	32,822,047
-	-	-	-	-	3,502,477
4,380	-	5,748,364	3,424,479	3,399,163	82,886,159
-	-	-	-	-	1,757,012
-	-	-	-	-	165
-	-	-	-	-	15,941
-	-	-	-	-	2,562,500
-	-	-	-	-	8,027
32,665	-	10,531,719	5,247,005	15,866,724	116,549,374
-	-	7,045,502	2,403,551	3,622,819	80,238,030
-	-	-	-	-	2,963
-	-	-	-	-	1,752,498
-	-	-	-	-	51,882
-	-	-	-	9,071,403	9,071,403
-	-	-	-	-	2,563,000
32,665	-	3,486,217	2,843,454	3,172,502	22,869,598
-	-	-	-	10,489,688	19,528,039
\$ 32,665	\$ -	\$ 3,486,217	\$ 2,843,454	\$ (7,317,186)	\$ 3,341,559
-	-	-	-	-	2,963
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	56
-	-	-	-	10,268,672	10,268,672
-	-	-	-	-	5,527,799
\$ 32,665	\$ -	\$ 3,486,217	\$ 2,843,454	\$ 2,951,486	\$ 19,141,049
Investment balance above					19,528,039
Less: agency investment per Exhibit D-1					(501,030)
Investments per Exhibit B-1					\$ 19,027,009
Cash and cash equivalents balance above					19,141,049
Less: agency cash per Exhibit D-1					(517,367)
Cash and cash equivalents per Exhibit B-1					\$ 18,623,682

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Collateral Pledged by Depository for Public Funds
As of June 30, 2013

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair/Par Value June 30, 2013</u>
Lea County State Bank				
	Collateral Pledged for Deposits			
	Eastern NM University 3.625%**	8/15/2014		\$ 650,000
	Rio Rancho NM 4%**	8/1/2021		715,000
	Bloofield NM SD 4%**	9/1/2019		400,000
	Loving NM ISD 4.25%**	7/15/2022		<u>500,000</u>
	Total			2,265,000
	Name and location of safekeeper for above pledged collateral: TIB Dallas, TX			
	Collateral Pledged for Overnight Repurchase Agreements			
	Federal Home Loan Bank	11/17/2017	3133XMQ87	<u>1,844,385</u>
	Total			<u>1,844,385</u>
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			
	Total Lea County State Bank			<u>4,109,385</u>

** As per NMAC 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 auditors' report

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair/Par Value June 30, 2013</u>
Wells Fargo Bank				
	Collateral Pledged for Deposits			
	FN AH8825 4.500%	3/1/2041	3138AAYX3	\$ 135,298
	FN AI8345 2.902%	8/1/2041	3138ANHX4	160,063
	FN AQ9991 3.000%	2/1/2043	3138MSC56	1,095,586
	FN AR1196 3.000%	1/1/2043	3138NXKJ5	1,727,351
	FN AT5895 3.000%	6/1/2043	3138WTRR9	24,520
	FN AB7780 3.000%	2/1/2043	31417EUE9	646,743
	FN AD8529 4.500%	8/1/2040	31418WPP9	972,837
	FN AE0215 4.000%	12/1/2039	31419AGZ4	17,900
	FN AE0981 3.500%	3/1/2041	31419BCT0	561,885
	Total			5,342,183
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			
	Collateral Pledged for Overnight Repurchase Agreements			
	PN-30 AQ8011	1/1/2043	3138MP3V5	3,663,094
	PN-30 AP4336	1/1/2043	3138M7ZA6	447,475
	Total			4,110,569
	Name and location of safekeeper for above pledged collateral: WF Brokerage, Minneapolis, MN			
	Total Wells Fargo Bank			
				9,452,752
Western Commerce Bank				
	FNMA #704407	5/1/2033	31401CR47	181,670
	GNMA POOL #008350	1/20/2024	36202KH32	114,957
	FNMA #AH2367	1/1/2041	3138A3TZ0	611,876
	FNMA #879518	3/1/2036	31409VDX8	287,899
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			
	Total Western Commerce Bank			
				1,196,402
	Total Pledged Collateral			
				\$ 13,562,137

(This page intentionally left blank)

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Changes in Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2013

Schedule IV

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Administration	\$ 26,405	\$ 111,961	\$ 99,405	\$ 38,961
Warehouse	7	-	-	7
Taos House/Federal Program	205	-	-	205
Dalton Tabor/Special Services	8,566	-	-	8,566
Athletics	157,615	58,079	43,041	172,653
TARS	16	-	-	16
Jenkins Nunan Learning Center	1,779	2	-	1,781
Superintendent	16,712	-	-	16,712
Computer Aided Instruction	11	77	-	88
Hobbs High School	317,974	198,104	212,912	303,166
Hobbs Freshman School	64,950	26,601	27,191	64,360
Heizer Junior High	1,750	170,108	141,102	30,756
Highland Junior High	104,853	236,930	205,948	135,835
Houston Junior High	41,196	286,316	242,067	85,445
Broadmoor Elementary	12,343	4,008	6,558	9,793
Edison Elementary	19,176	27,776	22,668	24,284
Jefferson Elementary	5,560	41,825	26,987	20,398
Sanger Elementary	2,524	4,712	2,972	4,264
Southern Heights Elementary	7,740	2,812	1,379	9,173
Taylor Elementary	4,107	5,570	12,520	(2,843)
B.T. Washington Elementary	3,509	30,559	28,819	5,249
Will Rogers Elementary	15,781	36,407	34,161	18,027
Coronado Elementary	8,015	8,985	9,288	7,712
Mills Elementary	4,783	9,288	6,350	7,721
Stone Elementary	16,411	24,090	19,018	21,483
College Lane Elementary	2,669	5,266	5,314	2,621
District-wide Activity Funds	31,508	15,233	14,777	31,964
Totals	<u>\$ 876,165</u>	<u>\$ 1,304,709</u>	<u>\$ 1,162,477</u>	<u>\$ 1,018,397</u>

See independent auditors' report

(This page intentionally left blank)

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***

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, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and the major special revenue fund of Hobbs Municipal School District #33 (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplementary information, and have issued our report thereon dated November 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 12-01, FS 2013-002, and FS 2013-005 to be material weaknesses.

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 items FS 12-04, FS 12-05, and FS 2013-003 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 disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items FS 2013-001, FS 2013-004, FS 2013-006, and FS 2013-007.

The District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely for to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 13, 2013

(This page intentionally left blank)

FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Hobbs Municipal School District #33's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion for compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
November 13, 2013

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Pass Thru Number	Federal C.F.D.A. Number	Expenditures
U.S. Department of Agriculture			
<i>Direct U.S. Department of Education</i>			
Forest Reserve - General Fund	11000	10.665	\$ 58,200
Food Distribution	21000	10.553 & 10.555	214,781 (1)*
National School Lunch Act	21000	10.553 & 10.555	<u>3,476,507 (1)*</u>
Total U.S. Department of Agriculture			<u>3,749,488</u>
U.S. Department of Education			
<i>Passthrough - State of NM Public Education Department</i>			
Title I IASA	24101	84.010	1,911,041 (2)*
Title I School Improvement	24162	84.010	525,968 (2)*
IDEA-B Entitlement	24106	84.027	1,554,464 (3)
IDEA-B Preschool	24109	84.173	43,383 (3)
IDEA-B "Risk Pool"	24120	84.027	11,886 (3)
Title III - English Language Acquisition	24153	84.365A	125,383
Title IIA - Teacher Principal Training & Recruiting	24154	84.367A	425,682 *
Carl D Perkins Secondary	24174	84.048O	70,653 (4)
Carl D Perkins Secondary PY	24175	84.048O	4,020 (4)
<i>Passthrough - Utah State University</i>			
NM Extended School Year K-3 Validation Study	28191	84.396B	135,009 *
Total U.S. Department of Education			<u>4,808,449</u>
Total Federal Financial Assistance			<u>\$ 8,557,937</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, 2013 was \$214,781 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	\$ 8,557,937
Total expenditures funded by other sources	<u>72,729,881</u>
Total expenditures	<u><u>\$ 81,287,818</u></u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

A. SUMMARY OF AUDITORS' 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? | Yes |

Federal Awards:

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

CFDA Number	Federal Program
10.553 & 10.555	National School Lunch Program
84.010	Title I Cluster
84.367A	Improving Teacher Quality
84.396B	NM Extended School Year K-3 Validation Study

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

B. FINDINGS-FINANCIAL STATEMENT AUDIT

FS 12-01 – Maintenance of Capital Assets – (Repeated/Modified) – Material Weakness

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

- The District's Capital Asset Listing of Depreciable items originally provided did not correctly roll forward from the prior year due to the following:
 - The District's Capital Asset Listing of Depreciable Items originally provided did not include all activity for the fiscal year as deletions during the current year were incorrectly removed from the beginning balance of the capital assets in the original cost of \$752,504 and related accumulated depreciation of \$706,460.
 - The District's Capital Asset Listing of Depreciable Items originally provided also included non depreciable items that were under the capitalization threshold of \$5,000 in the total amount of \$3,599,904 that were incorrectly included in the beginning balance of the current year capital assets.

Criteria: Section 2.20.1 NMAC requires agencies to properly account for capital assets; including implementing a capital asset accounting system, proper internal controls over the capital assets, and properly accounting for capital asset additions in accordance with the District's capitalization threshold.

Effect: The capital assets of the District being reported in the financial statements could be misstated for the year.

Cause: The District did not run the capital asset reports correctly from their software system and did not adequately review the listings in order to properly rollforward the capital assets from the prior year and to verify that the listing provided was correct.

Auditors' Recommendations: We recommend that the District implement a system of internal controls, including monitoring and review, in order to verify that the capital assets being reported by the District are correct.

Agency's responses: Capital Assets encountered issues during this fiscal year which caused the above conditions to occur. This is our first full year of using our Skyward Fixed Assets converted data.

As part of our closing steps, our new software requires us to save a report that has all pertinent information on it that includes retirements. However, the software misleads the user by making the user assume saving this report will mean it's the "final report". The user believes the District is not done with Fixed Assets (pending an audit) so this report is not saved. The District may make changes throughout the audit, depending on issues the auditors might find and corrections that have to be made. Once we have run the report that has everything on it, and it is not saved, the software will not allow us to run the report again. Therefore, we had to run reports individually.

These reports were not available to us until an upgrade was performed so that we could get them. However, it was too late to run a report of collected totals.

This is the Districts first full year on a newly converted software program. When reports were ran to be used on the fixed assets roll forward, assets were listed that didn't belong (deleted and non-depreciating assets). Our software has us run a "Current Value Report" and this report should be for depreciating items only. The report listed all assets. The district did not discover this error until the auditor brought it to our attention. We re-ran the reports, pulling out all non-depreciating items (manually) and fixed the problem. This will not be an issue next year since the District has received new upgrades to the software that allows us to pull reports correctly.

Also, the Roll Forward will be reviewed and approved by the Director of Finance before it is submitted to our auditors.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 12-04 – Internal Controls in Disbursements – (Repeated/Modified) – Significant Deficiency

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

- In 4 out of 33 disbursements tested, the purchase was made before the purchase order was approved. The 4 items noted totaled \$4,944.

Criteria: Section NMAC 6.20.2.17(A) 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. In addition, the District to establish internal control structure over purchasing and assure compliance with the District's policy.

Effect: The District purchased items prior to getting proper approval as established by the District's policy. As well as, purchases could be made without proper budget.

Cause: The District's employees made purchases with vendors prior to getting proper approval.

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: Last year the District's response was "it is 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." Discussions were conducted after the audit was finalized with the person(s) who were not following procurement code. These codes were discussed in Leadership meetings as well as Cabinet meetings. All employees were notified of the need to follow the procurement code. However, these changes came about after our audit ended last year and the changes were made throughout the year. The District was still training individuals on the procedures during the year being audited. For the 2013-2014 school year, we have policies in place; we deny purchase orders that are to pay an invoice and ask for an explanation from the individual as to why the code was broken. The code is constantly being enforced. If the code is violated, the proper administration will be advised. We also have hired someone that will become the Chief Procurement Officer, as required by the state, and she will also help in ensuring that all procurement codes are being followed. We have seen a significant improvement this year.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 12-05 – Internal Controls over Warehouse Inventory – (Repeated/Modified) – Significant Deficiency

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

- In 1 out of 11 warehouse inventory items tested, the District had the wrong count listed on the Inventory listing. The 1 item noted totaled \$40.39.
- In 2 out of 21 food service inventory items tested, the District used an incorrect unit price for the type of unit being counted which resulted in an overstatement of inventory of \$3,599.87.
- The original listing of food service inventory provided by the District included \$24,233.10 in items inadvertently included in the listing.

Criteria: Section 6.20.2.16 NMAC 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's food service inventory listing originally provided was provided in excel, which had hidden cells with prior year information listed. The hidden cells were not noted by the District during preparation of the listing. In addition, the District incorrectly listed individual bread loaves with the bread loaf case cost instead of the individual loaves price. The warehouse inventory was due to a miscount by the staff that did the count.

Auditors' Recommendations: We recommend the District implement internal controls over inventory, to ensure all items listed are current, counted correctly and at the correct price.

Agency's responses: Regarding the warehouse inventory, the following are plans in place by the warehouse to help ensure internal control over inventory:

- 1) Periodically throughout the year, items are spot-checked for accuracy, by the Warehouse Supervisor and/or the Assistant Warehouse Supervisor.
- 2) If/when a discrepancy is found, the WH staff researches for a reason, i.e. short-shipment/over-shipment, breakage, etc.
 - a) If such is found, it is remedied as possible.
 - b) And/or, the inventory is corrected in Skyward.

Regarding the nutritional services warehouse inventory, nutritional Services have devised a method to assure an accurate count in the future. This includes someone reviewing the inventory prior to submission. Two of the items selected from nutritional services were from inventory that was ordered on an emergency basis because the primary vendor was unable to get the product as needed. There was a price difference between the unit price of the primary vendor and the emergency vendor. This unit price difference was not changed in the system. In the future, nutritional services with updated prices with changes occur or when items are ordered from outside the primary vendor.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 2013-001 Charges on Gas Cards – Other Matters

Condition: During our testwork, it was noted the District discovered inappropriate charges on a District gas card. The District attempted to have the employee pay the District back for the charges; however the District did not properly monitor the pay back process and was not paid back in full for the inappropriate charges not related to District gas usage. The inappropriate charges totaled \$900.59. The District was able to receive payment for \$576.54 of the total charges; however the remaining \$324.05 has not been recovered.

Criteria: Section 6.20.2 NMAC states that schools must have internal controls in place in order to safeguard their assets and that the District shall establish and maintain a cash management program to safeguard cash.

Effect: The District paid \$324.05 for unallowable expenses on the District gas cards for the fiscal year under audit.

Cause: The District did not have adequate internal controls in place in order to monitor the payback of the fraudulent charges.

Auditors' Recommendations: We recommend that the District place someone in charge of tracking payments being made to the District for all invoiced items, either related to deductions from employee paychecks or from vendors and that the District make additional attempts in order to recover the \$324.05 from the employee.

Agency's responses: The district tracks payments made to vendors for fuel purchases. In the one instance noted, our Warehouse Secretary found that an extra amount of fuel had been purchased on a fuel card. The employee explained his fuel card had been misused and was used to fuel several vehicles. The employee voluntarily signed an agreement to pay the balance back. However, he left the district and his final check was not enough to pay off the balance. In the future, our payroll clerk will work on communicating with Human Resources to recover the funds.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 2013-002 – Internal Controls Over Bank Reconciliation of Payroll Clearing – Material Weakness

Condition: During testwork over the Payroll Clearing Account, we noted the following:

- The District's Payroll Clearing Account bank reconciliation has not been being prepared on a monthly basis or in a timely manner. The District was unable to prepare the June 30, 2013 bank reconciliation until September 17, 2013.
- The District has not been implementing review procedures over the payroll clearing account, as the District has only one employee that prepares the bank reconciliation and no employee who reviews the preparer's work.
- The District printed checks in June 2013, but dated them in August 2013. Due to this the accounting software had issues that had to be addressed on the bank reconciliation as an adjustment.
- Manual journal entry to record wire transfers.
 - The District had an ERB wire transfer payment authorized and made through the online bank on June 14, 2013 for \$630,619.11, however, the District did not make the journal entry in the accounting system in order to record this wire transfer until after the payroll bank reconciliation was prepared on September 17, 2013.
 - The District had a wire transfer recorded as a journal entry in the accounting system in June 2013, but failed to make the actual wire transfer with the bank until September 2013. The amount of the wire transfer was \$13,586.

Criteria: Section 6.20.2.14(G) NMAC states that clearing accounts shall reconcile to a zero balance at the end of each month and bank reconciliations for these accounts shall be completed on a monthly basis. Section 6.20.2.11(B6) NMAC states that school districts shall conduct independent checks on performance and proper valuation of recorded amounts including reconciliations. NMAC 6.20.2.14(K) states reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent.

Effect: The lack of preparing bank reconciliations on a timely basis and lack of review could lead to mistakes and undetected fraud in these accounts.

Cause: The District had not been up to date on the prior month bank reconciliations for this account, so the year end bank reconciliation could not be prepared on a timely basis.

Auditors' Recommendation: We recommend that the District ensure that all bank reconciliations are prepared within reasonable time after the month ended. As well as ensure that the bank reconciliations are reviewed by the business manager and or/assistant superintendent.

Agency's responses: The Finance Department had two new employees start the first week of July 2013. A new Director of Finance and a new Accounting Manager. The Assistant Director of Finance was in the process of learning the Director of Finance job duties as she was leaving at the end of June, making it impossible to do May's bank reconciliation. In July, the Assistant Director of Finance was in the process of training the new Accounting Manager as well as assisting the new Director. This made it impossible to get to the June payroll bank reconciliation. In August, the auditors came and the Assistant Director of Finance had not started the payroll bank reconciliations. This should be understandable due to the workload and the shifting of job duties.

In the future, the Director of Finance will review and sign off on the payroll bank reconciliations. We also plan on training the new Accounting Manager to do the payroll bank reconciliation.

The District has only just resolved the software issue. Skyward personnel finally fixed the problem. The employee who dated the checks the wrong date understands the trouble this caused.

The District was aware of the wire that needed to be keyed in for ERB, and carried this as an adjustment on the bank reconciliation as an outstanding item. This became apparent when the bank statements were done. The Assistant Director of Finance understands the issues, the Assistant Director of Finance was consumed with other work issues. When the statement was balanced, the Assistant Director found the problem and took steps to record the correction.

Our payroll clerk did not call in our wire to CPI. This happened during deferred check month and she was working to run 6 payrolls in one month. She has been made aware of the problem and has taken the appropriate steps to ensure this will not happen in the future.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 2013-003 – Internal Controls Over Cash Packets – Significant Deficiency

Condition: The District utilizes cash packets as petty cash for employees to pay for expenses during school field trips, games, tournaments, and other events. These cash packets are used in the place of employee credit cards and reimbursements. We noted that the District does keep forms for cash packets that have been distributed until those cash packets have been received back from the employee, however the District has no way of running reports from their accounting system after the cash packets have been received. Management does not perform reviews over the process of these cash packets.

Criteria: Section 6.20.2.11(C) NMAC states that the school district shall have internal controls over cash that demonstrates the District's ability to record, process, and summarize and report financial data consistent with the financial statement assertions. 6.20.2.14(A) NMAC states that the school district shall establish and maintain a cash management program to safeguard cash.

Effect: Without proper internal controls and review of cash packets, employees could potentially receive cash from the District and never be held liable to return the cash that was not used for allowable expenditures. The cash used could also be misclassified if data is not received back as to the use of the funds.

Cause: The District has not been tracking these cash packets or reviewing a listing to ensure all funds have been properly expensed or returned, whether by fraud or error.

Auditors' Recommendation: We recommend the District establishes internal controls to track all cash packets sent out and returned. We also recommend that a member of management periodically review these listings to ensure all cash packets have been properly returned.

Agency's responses: The district is currently working on a solution with our software company to track cash packets through an automated system.

FS 2013-004 – Bid Letter – Other Matters

Condition: During our testwork it was noted that 1 of 5 bids tested, the District failed to provide written notice to the lowest bidder.

Criteria: Section 1.4.1.24(A) NMAC states that a contract solicited by competitive sealed bids shall be awarded with reasonable promptness by written notice to the lowest responsible bidder.

Effect: Without written notice of award, the District is not in compliance with the Procurement Code established by the State and the risk is increased that the bid could inadvertently be awarded to the incorrect winner.

Cause: Not all of the District's employees were aware of the requirement to send out award letters.

Auditors' Recommendation: We recommend the District establish internal controls to ensure that all bids awarded are sent an award letter.

Agency's responses: The bids that did not provide a written notice were bids done out of our Athletic Department. They have been made aware of the problem and have taken steps to prevent this from happening in the future.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 2013-005 – Preparation of Accounts Receivable and Accounts Payable – Material Weakness

Condition: During the performance of audit procedures relating to accounts receivable and accounts payable, the following were noted:

- The District overstated accounts receivable by \$1,009,016.97 by including 9 items on the list twice.
- The District understated accounts payable balance by \$186,394.93 due to misclassification of the following items:
 - 8 items not included in the accounts payable listing prepared by the client for a total of \$347,470.33 were identified as accounts payable during testwork
 - 6 items included in the accounts payable listing prepared by the client for a total of \$161,075.40 were not accounts payable

Criteria: 2011 Government Auditing Standards Section 3.40 as well as 6.20.2.13(D) NMAC, states the District is required to prepare accurate account balances for financial presentation.

Effect: Preparing an accurate accounts receivable and accounts payable sub-ledger is essential to District operational and management decisions. Incorrect preparation of the accounts receivable and accounts payable could lead to misstating the balances in the financial statements.

Cause: The District prepared its accounts receivable and accounts payable listings at year end and incorrectly included items in their accrual as well as incorrectly excluded items from their accrual.

Auditors' Recommendations: We recommend that the District review all reimbursement requests at year end that are outstanding, and review expenditures that have a related reimbursement request that has not been created, in order to verify that the revenues and expenditures are being properly listed as accounts receivable and accounts payable. We also recommend that the District review receipts and disbursements subsequent to year end in order to verify if the time period in which they should be recorded for financial statement purposes.

Agency's responses: Hobbs Schools has worked to understand the items that were incorrect and what needs to be included on these list in the future. Steps will be taken to ensure that items are not on the list twice and that items are appropriately included or excluded on these listings.

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 2013-006 -- Cash Transfers from Federal and State Programs - Noncompliance

Condition: During our testwork, we noted that the District made permanent cash transfers from Federal and State Programs to the General Fund without first seeking approval from the New Mexico Public Education Department (NMPED). The District transferred the following amounts from the Federal and State Programs listed to the General Fund:

- Transferred \$959.82 from Federal Program Enhancing Education Through Technology (E2T2-F) Special Revenue Fund
- Transferred \$2,700.05 from State Program Technology For Education PED Special Revenue Fund
- Transferred \$43,928.70 from State Program Incentives for School Improvement Special Revenue Fund
- Transferred \$127.33 from State Program G.O. Library Bond Special Revenue Fund
- Transferred \$8,111.38 from State Program Beginning Teacher Mentoring Special Revenue Fund
- Transferred \$38.84 from State Program Technology Equity Special Revenue Fund

Criteria: Section 6.20.2.23 (C) (1) NMAC states that grant money that flows through the department (Public Education Department), school districts shall utilize the funding for the purpose in which it was awarded. As well as, school districts shall submit complete and accurate reports required by the grant and the department within the prescribed time.

Effect: The District is unable to provide backup documents to show that the above money transferred to the General Fund was used for purposes appropriate for each of the programs listed above.

Cause: The District had money rolling over in these funds year to year. In order to close out these funds, which are no longer in use, the District moved the money into the General Fund but did not obtain approval from the New Mexico Public Education Department.

Auditors' Recommendations: We recommend that the District receive written permission from the New Mexico Public Education Department prior to moving funding from a federal flowthrough or state flowthrough grants to the General Fund or that they return any excess funds to the NMPED.

Agency's responses: Corrections were made in the current year. We have sent the funds back to PED where it was necessary. We have adjusted funds back to operational and completed a permanent cash transfer report for the funds belonged to the Hobbs Municipal Schools or where the operational fund had to reimburse a deficit account.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)

FS 2013-007 — Expenditures in Excess of Budget – Other Matter

Condition: The District over expended its budget in the following fund and function:

TCA Value Options	\$ 10,372
-------------------	-----------

Criteria: All District funds with the exception of agency funds are to be budgeted by the District and submitted to the District Budget Planning Unit of the New Mexico Department of Education for approval. Once adopted, any claims or warrants in excess of the budget at the function level are a violation of 6.20.2.9(A) NMAC.

Effect: Any expenditure in excess of the approved budget(s) shall be a liability against the officials so allowing or paying such claims or warrants, and recovery of such excess amounts so allowed or paid may be had against the bondsmen of such official.

Cause: Oversight for debt payments during the budgeting procedure is the reason for these instances of noncompliance with budget requirements.

Auditors' Recommendations: We recommend that the District monitor its budget closely and prepare budget adjustments as necessary.

Agency's responses: The revenue for this account was greater than budgeted. However, the budgeted expenses were not increased to reflect the excess revenue. The expenses were spent based on the actual revenue, which caused the fund to be overspent on a budget basis. In the future, excess funds will be budgeted as needed.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Schedule VI
Page 11 of 11

C. FEDERAL AWARD FINDINGS

No federal award findings

D. PRIOR YEAR AUDIT FINDINGS

FS 12-01 – Maintenance of Capital Assets – Material Weakness – Repeated/Modified

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

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

FS 12-04 – Internal Controls in Disbursements – Significant Deficiency – Repeated/Modified

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

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

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Other Disclosures
For the Year Ended June 30, 2013

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 13, 2013. In attendance were the following:

Representing Hobbs Municipal School District #33:

TJ Parks, Superintendent
Debbie Cooper, Assistant Superintendent
Kerri Gray, Director of Finance
Peggy Appleton, Board Member
Georgia Navarro, Parent Representative

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.