



HOBBS MUNICIPAL SCHOOLS



*All children will learn.*

STATE OF NEW MEXICO  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014



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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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June 30, 2014

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Official Roster  
June 30, 2014

<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
Kerri Gray		Director of Finance
Debbie Cooper		Asst. Superintendent for Instruction
Eppie Calderon		Deputy Asst. Superintendent for Secondary Instruction
Amy Rhoads		Deputy Asst. Superintendent for Elementary Instruction
Will Hawkins		Asst. Superintendent for Human Resources

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**FINANCIAL SECTION**



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

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas  
New Mexico State Auditor and  
The Board of Education  
Office of Management and Budget  
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 the major special revenue fund of Hobbs Municipal School District No. 33 (the District), as of and for the year ended June 30, 2014, 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 capital projects fund, 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, 2014, 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.

### Auditor's 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 from 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 the 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 presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 No. 33, as of June 30, 2014, and the respective changes in financial position thereof, and the respective budgetary comparisons for the general fund and major special revenue fund 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 the General Fund of the District as of June 30, 2014, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major capital projects fund, the major debt service fund, and all nonmajor funds for the year then ended in accordance with 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 13 through 25 be presented to supplement the basic financials. Such missing 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 the auditing standards generally accepted in the United States of America, which consisted of inquiries 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* and Supporting Schedules I through IV required by Section 2.2.2 NMAC are presented for 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 Section 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 or to 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 Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements 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 7, 2014, 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 7, 2014

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
Unaudited

Within the Management Discussion and Analysis of the fiscal performance of the Hobbs Municipal Schools (the "District") for the period ending June 30, 2014, 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, 2014. Governmental fund financial statements are reported on a modified accrual basis of accounting. Rather than look at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics.

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

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

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

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

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

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
Unaudited

**Significant Financial Highlights for the Year Ending June 30, 2014**

- Capital Outlay expenditures were \$10,251,473 for the year ending June 30, 2014
- For assets over \$5,000 current depreciation of \$5,964,015 was recorded resulting in accumulated depreciation of \$83,336,349 as of June 30, 2014.
- Total net position increased from \$82,473,396 as of June 30, 2013, to \$88,200,158 as of June 30, 2014. The overall increase of \$5,726,762 in total net position is due to an increase in revenues. There was also a restatement of (\$179,949) for the implementation of GASB Statement 65.
- The overall Fund Balance increased from \$34,242,373 as of June 30, 2013, to \$43,950,036 as of June 30, 2014 resulting in a \$9,707,663 increase between the two fiscal years.
- Total revenues increased from \$84,685,786 for the year ended June 30, 2013, to \$89,931,378 for the year ended June 30, 2014. This revenue increase of \$5,245,592 reflects an overall revenue growth of 6.2%. 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.
  - For the General Fund, the final unit value for the 2013-2014 school year was set at \$3,817.55.
- Based on the 40<sup>th</sup>-day count for the school year 2013-2014, the District saw an increase in student population of 339.5 students, which was 3.8%. 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, 2014  
Unaudited

**Significant Financial Highlights for the Year Ending June 30, 2014 (continued)**

- The District completed various projects during the 2013-2014 fiscal year including the following:
  - Continued work on Hobbs High School remodel. This included wings 100, 200 and 500
  - Construction on two new elementary schools – Murray and the new Broadmoor
- Other significant events during the past few years include the passage of the \$25 million general obligation school building bond issue in September of 2013, there was a \$47 million general obligation school building bond issue on April 17, 2008. The first \$9.5 million of these bonds were sold during July 2008, the second \$9.5 million installment was issued on April 15, 2010 and the final \$8 million installment on September 15<sup>th</sup>, 2010. The majority of projects funded with this 2008 G.O. bond series include the construction of a new Freshman High Academy and Alternative High School to be located on the High School campus, addition/renovations to the Central Office Building, construction of a new warehouse and numerous other improvements at various school sites. 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, 2014  
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, 2014, the District has total net position of \$88,256,294.

	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>
<b>Assets</b>				
Cash & cash equivalents	\$ 18,993,939	\$ 15,471,061	\$ 18,617,676	\$ 29,053,097
Other current assets	10,837,585	11,848,699	12,772,175	11,669,953
Capital assets	170,662,946	181,363,058	190,303,421	199,314,849
Less: accumulated depreciation	(70,127,754)	(73,955,802)	(78,612,379)	(83,336,349)
Bond issuance costs, net of accum amortization	239,523	209,736	179,949	-
Restricted cash and investments	7,912,209	9,071,403	10,268,672	11,507,862
	<u>7,912,209</u>	<u>9,071,403</u>	<u>10,268,672</u>	<u>11,507,862</u>
<b>Total assets</b>	<u>\$ 138,518,448</u>	<u>\$ 144,008,155</u>	<u>\$ 153,529,514</u>	<u>\$ 168,209,412</u>
<b>Liabilities</b>				
Current liabilities	\$ 10,076,550	\$ 7,093,629	\$ 9,019,086	\$ 11,624,987
Long-term liabilities	64,155,637	63,066,200	62,037,032	68,384,267
	<u>64,155,637</u>	<u>63,066,200</u>	<u>62,037,032</u>	<u>68,384,267</u>
<b>Total liabilities</b>	<u>74,232,187</u>	<u>70,159,829</u>	<u>71,056,118</u>	<u>80,009,254</u>
<b>Net Position</b>				
Net investment in capital assets	43,821,289	52,813,170	59,343,708	63,896,385
Restricted	5,544,994	10,986,248	10,102,723	11,440,085
Unrestricted	14,919,978	10,048,908	13,026,965	12,863,688
	<u>14,919,978</u>	<u>10,048,908</u>	<u>13,026,965</u>	<u>12,863,688</u>
<b>Total Net Position</b>	<u>\$ 64,286,261</u>	<u>\$ 73,848,326</u>	<u>\$ 82,473,396</u>	<u>\$ 88,200,158</u>



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
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, 2014.

	<b><u>June 30, 2011</u></b>	<b><u>June 30, 2012</u></b>	<b><u>June 30, 2013</u></b>	<b><u>June 30, 2014</u></b>
<b>Governmental Activities</b>				
Total government activities	\$ 71,160,165	\$ 70,340,480	\$ 76,201,421	\$ 84,048,263
Less charges for services	1,008,672	1,180,996	1,393,946	1,463,254
Less operating grants and contributions	12,630,211	9,433,045	11,268,171	10,757,055
Less capital grants and contributions	2,874,787	4,373,741	2,906,348	2,653,801
<b>Total governmental activities</b>	<b>54,646,495</b>	<b>55,352,698</b>	<b>60,632,956</b>	<b>69,174,153</b>
<b>General revenues</b>				
Property and oil & gas taxes	12,412,847	13,443,880	12,519,277	15,537,136
State of New Mexico equalization grant	49,883,621	52,294,633	55,616,876	59,167,520
Local sources	9,730	787,667	512,233	-
Investment earnings	303,580	294,384	377,169	419,796
Miscellaneous	69,546	41,138	60,455	4,568
Gain/(Loss) on disposition of assets	(91,961)	19,279	(35,396)	7,980
Special Item - donated assets	-	-	267,983	-
Reversion to PED	-	-	(60,571)	(56,136)
<b>Total general revenues</b>	<b>62,587,363</b>	<b>66,880,981</b>	<b>69,258,026</b>	<b>75,080,864</b>
<b>Increase in Net Position</b>	<b>7,940,868</b>	<b>11,528,283</b>	<b>8,625,070</b>	<b>5,906,711</b>
<b>Net Position Beginning</b>	<b>56,345,393</b>	<b>64,286,261</b>	<b>73,848,326</b>	<b>82,473,396</b>
Restatement	-	(1,966,218)	-	(179,949)
<b>Net Position Beginning - As Restated</b>	<b>56,345,393</b>	<b>62,320,043</b>	<b>73,848,326</b>	<b>82,293,447</b>
<b>Net Position Ending</b>	<b>\$ 64,286,261</b>	<b>\$ 73,848,326</b>	<b>\$ 82,473,396</b>	<b>\$ 88,200,158</b>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
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 \$89,931,378. Total expenditures for the District were \$89,352,931. The total ending fund balance was \$43,950,036, an increase of \$9,707,603 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%
2013/2014	\$ 89,931,378	6%	\$ 89,352,931	10%

**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, 2014. 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, 2014  
Unaudited

**The Budget (continued)**

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Favorable (Unfavorable) Variance</b>
General Fund	\$ 60,539,617	\$ 62,264,569	\$ 62,432,342	\$ 167,773
Title I IASA	1,728,715	2,298,689	1,300,243	(998,446)
Bond Building	-	-	2,865	2,865
Debt Service Fund	3,593,672	3,593,672	4,940,653	1,346,981
Totals	<u>\$ 65,862,004</u>	<u>\$ 68,156,930</u>	<u>\$ 68,676,103</u>	<u>\$ 519,173</u>

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Favorable (Unfavorable) Variance</b>
General Fund	\$ 68,539,617	\$ 72,771,547	62,253,356	\$ 10,518,191
Title I IASA	1,728,715	2,298,689	1,733,232	565,457
Bond Building	-	9,103,924	1,326,813	7,777,111
Debt Service Fund	6,478,355	6,478,355	2,774,691	3,703,664
Totals	<u>\$ 76,746,687</u>	<u>\$ 90,652,515</u>	<u>\$ 68,088,092</u>	<u>\$ 22,564,423</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, 2014  
Unaudited

**The General Fund**

Because the General Fund revenues represent \$62,432,342 of the total \$89,931,378 of District revenues, the impact of this fund must be kept in context. The General Fund began the year with an initial budget of \$60,539,617 and had a final budget of \$62,264,569. 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**

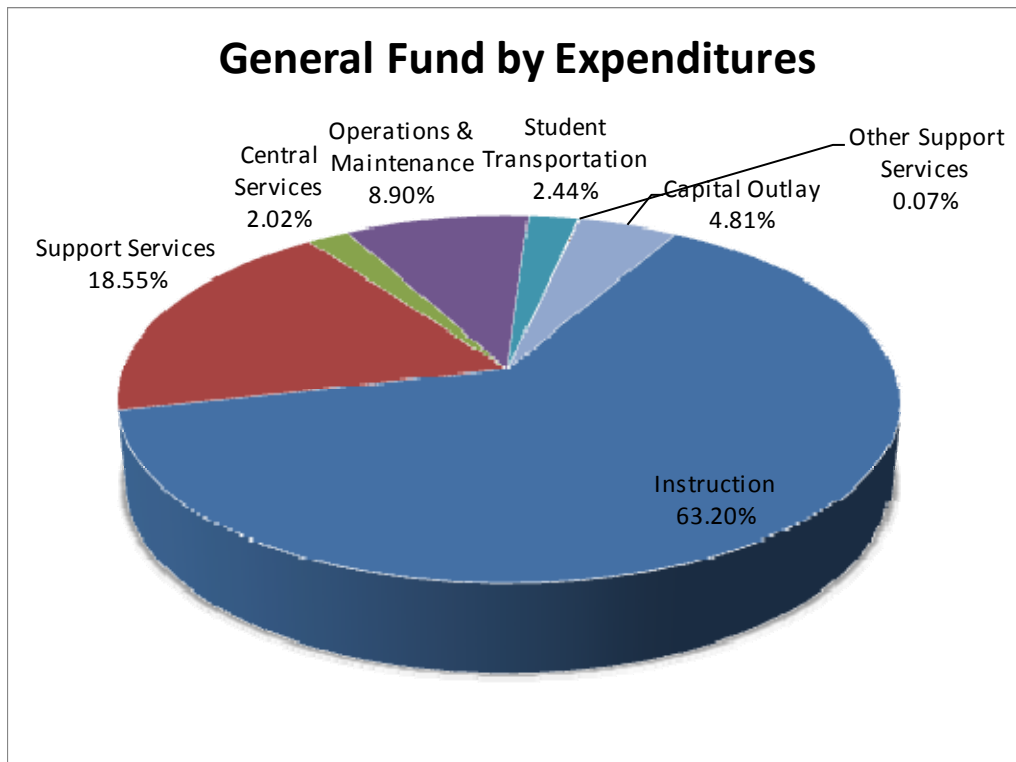
Year	Total Revenues	Change %
2001/2002	\$ 36,297,243	3.0%
2002/2003	\$ 37,354,618	2.9%
2003/2004	\$ 38,633,543	3.4%
2004/2005	\$ 41,663,268	7.8%
2005/2006	\$ 45,172,062	8.4%
2006/2007	\$ 47,964,173	6.2%
2007/2008	\$ 51,651,782	7.7%
2008/2009	\$ 56,125,943	8.7%
2009/2010	\$ 50,028,588	-10.9%
2010/2011	\$ 52,888,136	5.7%
2011/2012	\$ 55,328,628	4.6%
2012/2013	\$ 59,094,120	6.8%
2013/2014	\$ 62,432,342	5.6%

Because the General Fund is the primary fund whose expenditures are significantly related to the educational process, \$62,253,356 was expended during the year ended June 30, 2014. The most significant inter-fund expenditure was for the function noted as "Instruction." This expenditure was \$39,342,849 or 63.2% 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  
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For the Year Ended June 30, 2014  
Unaudited

**The General Fund (continued)**

Support Services represents 18.55% 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 2.02% of the total General Fund expenditures. Maintenance and Operations account for 8.9% 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 2.44% 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, 2014  
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 \$4,723,970 as of June 30, 2014. 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, 2014.

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 \$4.3 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 elementary schools.

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

	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>
	<b>June 30, 2011</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>
Capital assets not being depreciated:				
Land	\$ 4,532,513	\$ 3,567,403	\$ 3,567,403	\$ 3,973,517
Construction in process	<u>32,288,178</u>	<u>7,864,305</u>	<u>11,325,232</u>	<u>3,088,161</u>
Total capital assets not being depreciated	<u>36,820,691</u>	<u>11,431,708</u>	<u>14,892,635</u>	<u>7,061,678</u>
Capital assets being depreciated:				
Buildings & improvements	110,793,011	145,236,317	149,727,524	164,510,543
Equipment	19,661,629	20,336,007	21,270,119	22,243,794
Land improvements	<u>3,387,615</u>	<u>4,359,026</u>	<u>4,413,143</u>	<u>5,498,834</u>
Total capital assets being depreciated	<u>133,842,255</u>	<u>169,931,350</u>	<u>175,410,786</u>	<u>192,253,171</u>
Less accumulated depreciation for:				
Buildings & improvements	56,078,217	59,513,323	63,656,651	68,192,141
Equipment	13,458,529	13,661,568	13,962,676	13,893,853
Land improvements	<u>591,008</u>	<u>780,911</u>	<u>993,052</u>	<u>1,250,355</u>
Total accumulated depreciation	<u>70,127,754</u>	<u>73,955,802</u>	<u>78,612,379</u>	<u>83,336,349</u>
Total capital assets being depreciated, net	<u>63,714,501</u>	<u>95,975,548</u>	<u>96,798,407</u>	<u>108,916,822</u>
Governmental activity capital assets, net	<u>\$ 100,535,192</u>	<u>\$ 107,407,256</u>	<u>\$ 111,691,042</u>	<u>\$ 115,978,500</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
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 District issued General Obligation School Building Bonds on December 10, 2013 in the amount of \$9,000,000 with staggered maturity dates. The last maturity date is January 15, 2023.

The follow schedule shows the District's combined annual debt service requirement to maturity for long term debt as of June 30, 2014.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
Unaudited

**Long-Term Liabilities (continued)**

<b>Fiscal year ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirement</b>
2015	\$ 1,995,000	\$ 1,768,825	\$ 3,763,825
2016	2,900,000	1,782,650	4,682,650
2017	4,100,000	1,700,625	5,800,625
2018	5,100,000	1,566,875	6,666,875
2019	5,100,000	1,408,375	6,508,375
2020-2024	24,000,000	4,438,062	28,438,062
2025-2028	11,700,000	976,625	12,676,625
	<u>\$ 54,895,000</u>	<u>\$ 13,642,037</u>	<u>\$ 68,537,037</u>

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

	<b>Beginning Balance</b>	<b>Minimum Annual Deposit</b>	<b>3.55% Investment Earnings</b>	<b>Ending Balance</b>
October				
2003	\$ -	\$ 841,071	-	\$ 841,071
2004	841,071	841,071	29,858	1,712,000
2005	1,712,000	841,071	60,776	2,613,847
2006	2,613,847	841,071	92,792	3,547,710
2007	3,547,710	841,071	125,944	4,514,725
2008	4,514,725	841,605	160,273	5,516,603
2009	5,516,603	841,605	195,839	6,554,047
2010	6,554,028	841,605	232,669	7,628,302
2011	7,628,263	841,605	270,805	8,740,673
2012	8,740,614	841,605	310,296	9,892,515
2013	9,892,435	841,605	351,188	11,085,228
2014	11,085,127	841,605	393,533	12,320,265
2015	12,320,140	841,605	437,380	13,599,125
2016	13,598,977	841,605	489,418	14,930,000
		<u>\$ 11,779,800</u>	<u>\$ 3,150,771</u>	



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
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 Net Position for the year ended June 30, 2014, shows the accumulated assets of all agency funds was \$1,134,807 and accumulated assets of the fiduciary Eagle Trust of \$4,602.

**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 2014, the state 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 a brand new elementary school (Murray elementary) and rebuilding Broadmoor elementary.

More information regarding the District including an update of the various 2014 bond building projects is available at [www.hobbsschools.net](http://www.hobbsschools.net).

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Statement of Net Position  
June 30, 2014

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 29,053,097
Investments	6,777,112
Receivables:	
Property taxes	291,249
Oil and gas taxes	1,367,622
Due from other governments	2,839,625
Other	3,818
Inventory	390,527
	40,723,050
Total current assets	40,723,050
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	5,358
Investments	11,502,504
Capital assets	199,314,849
Less: accumulated depreciation	(83,336,349)
	127,486,362
Total noncurrent assets	127,486,362
Total assets	\$ 168,209,412

The accompanying notes are an integral part of these financial statements

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 2,382,899
Accrued payroll	5,625,209
Due to PED	56,136
Accrued interest	559,194
Accrued compensated absences	281,549
Current portion of loans payable	725,000
Current portion of bonds payable	<u>1,995,000</u>
Total current liabilities	<u>11,624,987</u>
Noncurrent liabilities	
Accrued compensated absences	46,262
Bonds payable	67,830,000
Bond premium, net of accumulated amortization of \$145,692	<u>508,005</u>
Total noncurrent liabilities	<u>68,384,267</u>
Total liabilities	<u>80,009,254</u>
<b>Net position</b>	
Net investment in capital assets	63,896,385
Restricted for:	
Debt service	3,727,599
Capital projects	6,531,263
Other purposes - special revenue	1,181,223
Unrestricted	<u>12,863,688</u>
Total net position	<u>88,200,158</u>
Total liabilities and net position	<u>\$ 168,209,412</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Statement of Activities  
For the Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
Instruction	\$ 48,356,931	\$ 171,599	\$ 4,006,230
Support services - students	7,280,748	25,836	603,188
Support services - instruction	2,183,625	7,749	180,907
Support services - general administration	1,076,397	3,820	89,176
Support services - school administration	4,343,787	15,414	359,870
Central services	2,305,566	8,182	191,009
Operation and maintenance of plant	10,968,399	38,922	908,699
Student transportation	1,614,650	-	1,588,436
Other support services	85,876	-	-
Food services operations	4,007,259	1,191,732	2,829,540
Interest and other charges	1,825,025	-	-
<i>Total governmental activities</i>	<u>\$ 84,048,263</u>	<u>\$ 1,463,254</u>	<u>\$ 10,757,055</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
- Investment income
- Miscellaneous
- Gain on disposition of assets
- Reversion to PED

Total general revenues

Change in net position

Net position - beginning

Net position - restatement (Note 16)

Net position - as restated

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>
\$ 1,677,174	\$ (42,501,928)
252,520	(6,399,204)
75,735	(1,919,234)
37,333	(946,068)
150,656	(3,817,847)
79,964	(2,026,411)
380,419	(9,640,359)
-	(26,214)
-	(85,876)
-	14,013
-	(1,825,025)
<u>\$ 2,653,801</u>	<u>(69,174,153)</u>

314,849
2,271,386
4,535,859
8,415,042
59,167,520
419,796
4,568
7,980
<u>(56,136)</u>
<u>75,080,864</u>
<u>5,906,711</u>
82,473,396
<u>(179,949)</u>
<u>82,293,447</u>
<u>\$ 88,200,158</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Balance Sheet  
Governmental Funds  
June 30, 2014

	<u>General Fund</u>	<u>Title I IASA Special Revenue Fund</u>	<u>Bond Building Capital Projects Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 8,290,022	\$ 395,050	\$ 7,784,462
Investments	6,550,706	-	-
Receivables:			
Property taxes	12,404	-	-
Oil and gas taxes	72,438	-	-
Due from other governments	-	882,852	-
Other	3,818	-	-
Inventory	338,202	-	-
Due from other funds	3,493,503	-	-
	<u>18,761,093</u>	<u>1,277,902</u>	<u>7,784,462</u>
<i>Total assets</i>			
	<u>\$ 18,761,093</u>	<u>\$ 1,277,902</u>	<u>\$ 7,784,462</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 322,999	\$ 9,322	\$ 819,081
Accrued payroll	5,095,457	140,852	-
Accrued compensated absences	14,000	-	-
Due to PED	56,136	-	-
Due to other funds	-	1,127,728	-
	<u>5,488,592</u>	<u>1,277,902</u>	<u>819,081</u>
<i>Total liabilities</i>			
	<u>5,488,592</u>	<u>1,277,902</u>	<u>819,081</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - grants	-	-	-
Unavailable revenue - property tax	6,621	-	-
	<u>6,621</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>			
	<u>6,621</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable			
Inventory	338,202	-	-
Spendable			
Restricted for:			
Transportation	56,136	-	-
Instructional materials	252,242	-	-
Food services	-	-	-
Education	-	-	-
Extracurricular activities	-	-	-
Capital acquisitions and improvements	-	-	6,965,381
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	7,000,000	-	-
Unassigned	5,619,300	-	-
	<u>13,265,880</u>	<u>-</u>	<u>6,965,381</u>
<i>Total fund balances</i>			
	<u>13,265,880</u>	<u>-</u>	<u>6,965,381</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>			
	<u>\$ 18,761,093</u>	<u>\$ 1,277,902</u>	<u>\$ 7,784,462</u>

The accompanying notes are an integral part of these financial statements



Debt Service Fund	Nonmajor Governmental Funds	Total
\$ 3,878,226	\$ 8,710,695	\$ 29,058,455
11,728,910	-	18,279,616
86,861	191,984	291,249
425,933	869,251	1,367,622
-	1,956,773	2,839,625
-	-	3,818
-	52,325	390,527
-	4,699	3,498,202
<u>\$ 16,119,930</u>	<u>\$ 11,785,727</u>	<u>\$ 55,729,114</u>
\$ -	\$ 1,231,497	\$ 2,382,899
-	388,900	5,625,209
-	-	14,000
-	-	56,136
-	2,370,474	3,498,202
-	3,990,871	11,576,446
-	60,840	60,840
39,287	95,884	141,792
<u>39,287</u>	<u>156,724</u>	<u>202,632</u>
-	52,325	390,527
-	-	56,136
-	-	252,242
-	884,979	884,979
-	130,186	130,186
-	40,943	40,943
-	6,612,751	13,578,132
16,080,643	-	16,080,643
-	-	7,000,000
-	(83,052)	5,536,248
<u>16,080,643</u>	<u>7,638,132</u>	<u>43,950,036</u>
<u>\$ 16,119,930</u>	<u>\$ 11,785,727</u>	<u>\$ 55,729,114</u>

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

Reconciliation of the Balance Sheet to the Statement of Net Position  
June 30, 2014

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

Fund balances - total governmental funds	\$	43,950,036
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		115,978,500
Current portion of accrued compensated absences due and payable at year end		14,000
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be "unavailable" revenue in the fund financial statements, but are considered revenue in the Statement of Activities		
Unavailable revenue - grants		60,840
Unavailable revenue - property tax		141,792
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		(327,811)
Accrued interest payable		(559,194)
Bond premiums		(508,005)
Bonds and loans payable		(70,550,000)
		(70,550,000)
Total net position - governmental funds	\$	88,200,158

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, 2014

	General Fund	Title I IASA Special Revenue Fund	Bond Building Capital Projects Fund
<i>Revenues</i>			
Property taxes	\$ 313,981	\$ -	\$ -
Oil and gas taxes	457,166	-	-
Intergovernmental revenue:			
Federal flowthrough	44,205	1,737,270	-
Federal direct	-	-	-
Local sources	119,046	-	-
State flowthrough	600,167	-	-
State direct	59,167,520	-	-
Transportation distribution	1,588,436	-	-
Charges for services	20,325	-	-
Investment income	19,299	-	2,865
Miscellaneous	3,818	-	-
<i>Total revenues</i>	<u>62,333,963</u>	<u>1,737,270</u>	<u>2,865</u>
<i>Expenditures</i>			
Current:			
Instruction	41,690,169	1,297,137	-
Support services - students	5,276,859	-	-
Support services - instruction	2,140,888	-	-
Support services - general administration	799,297	44,352	-
Support services - school administration	3,345,816	173,142	-
Central services	1,257,850	-	-
Operation and maintenance of plant	5,620,708	-	65,619
Student transportation	1,521,487	-	-
Other support services	85,876	-	-
Food services operations	-	-	-
Capital Outlay	723,305	224,785	2,080,275
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	73,448
<i>Total expenditures</i>	<u>62,462,255</u>	<u>1,739,416</u>	<u>2,219,342</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(128,292)</u>	<u>(2,146)</u>	<u>(2,216,477)</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of assets	7,980	-	-
Reversion to PED	(56,136)	-	-
Bond premium	-	-	177,372
Bond proceeds	-	-	9,000,000
<i>Total other financing sources (uses)</i>	<u>(48,156)</u>	<u>-</u>	<u>9,177,372</u>
<i>Net change in fund balances</i>	(176,448)	(2,146)	6,960,895
<i>Fund balances - beginning</i>	13,349,750	94,724	4,486
<i>Fund balances - reclassification (note 16)</i>	92,578	(92,578)	-
<i>Fund balances - as reclassified</i>	<u>13,442,328</u>	<u>2,146</u>	<u>4,486</u>
<i>Fund balances - end of year</i>	<u>\$ 13,265,880</u>	<u>\$ -</u>	<u>\$ 6,965,381</u>

The accompanying notes are an integral part of these financial statements

Debt Service Fund	Nonmajor Governmental Funds	Total
\$ 2,266,403	\$ 4,530,798	\$ 7,111,182
2,471,888	5,485,988	8,415,042
-	4,913,940	6,695,415
-	475,946	475,946
-	172,908	291,954
-	3,632,935	4,233,102
-	65,163	59,232,683
-	-	1,588,436
-	1,442,929	1,463,254
397,208	424	419,796
-	750	4,568
<u>5,135,499</u>	<u>20,721,781</u>	<u>89,931,378</u>
-	1,990,971	44,978,277
-	1,003,884	6,280,743
-	21,454	2,162,342
22,623	73,539	939,811
-	847,325	4,366,283
-	28,408	1,286,258
-	5,001,661	10,687,988
-	93,220	1,614,707
-	-	85,876
-	3,873,657	3,873,657
-	7,223,108	10,251,473
1,060,000	-	1,060,000
1,692,068	-	1,692,068
-	-	73,448
<u>2,774,691</u>	<u>20,157,227</u>	<u>89,352,931</u>
<u>2,360,808</u>	<u>564,554</u>	<u>578,447</u>
-	-	7,980
-	-	(56,136)
-	-	177,372
-	-	9,000,000
<u>-</u>	<u>-</u>	<u>9,129,216</u>
2,360,808	564,554	9,707,663
13,719,835	7,073,578	34,242,373
-	-	-
<u>13,719,835</u>	<u>7,073,578</u>	<u>34,242,373</u>
<u>\$ 16,080,643</u>	<u>\$ 7,638,132</u>	<u>\$ 43,950,036</u>

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**STATE OF NEW MEXICO**

Hobbs Municipal School District #33

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2014

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	9,707,663
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures		10,251,473
Depreciation expense		(5,964,015)

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

Change in unavailable revenue related to property taxes receivable		10,912
Change in unavailable revenue related to grant receivables		60,840

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		16,719
Decrease in accrued interest payable		(100,875)

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 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		41,366
Current year bond premiums		(177,372)
Bond proceeds		(9,000,000)
Principal payments on bonds		1,060,000

Change in net position of governmental activities	\$	<u>5,906,711</u>
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The accompanying notes are an integral part of these financial statements

**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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 303,378	\$ 303,378	\$ 315,001	\$ 11,623
Oil and gas taxes	347,135	347,135	438,733	91,598
Intergovernmental revenue:				
Federal flowthrough	30,000	30,000	44,205	14,205
Local sources	-	-	127,694	127,694
State flowthrough	578,515	689,477	711,129	21,652
State direct	57,747,034	59,255,024	59,167,520	(87,504)
Transportation distribution	1,511,555	1,588,436	1,588,436	-
Charges for services	7,000	7,000	20,325	13,325
Investment income (loss)	15,000	15,000	19,299	4,299
Miscellaneous	-	29,119	-	(29,119)
<i>Total revenues</i>	60,539,617	62,264,569	62,432,342	167,773
<i>Expenditures</i>				
Current:				
Instruction	46,402,479	45,640,618	39,342,849	6,297,769
Support services - students	5,556,593	6,212,532	5,276,859	935,673
Support services - instruction	2,165,483	2,528,965	2,141,033	387,932
Support services - general administration	949,282	969,329	796,567	172,762
Support services - school administration	3,587,861	3,633,376	3,335,866	297,510
Central services	1,411,855	1,573,455	1,260,216	313,239
Operation and maintenance of plant	6,133,068	6,248,301	5,537,714	710,587
Student transportation	1,582,355	1,613,713	1,521,485	92,228
Other support services	168,205	168,205	43,451	124,754
Capital outlay	582,436	4,183,053	2,997,316	1,185,737
<i>Total expenditures</i>	68,539,617	72,771,547	62,253,356	10,518,191
<i>Excess (deficiency) of revenues over expenditures</i>	(8,000,000)	(10,506,978)	178,986	10,685,964
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	8,000,000	10,506,978	-	(10,506,978)
Proceeds from sale of assets	-	-	7,980	7,980
<i>Total other financing sources (uses)</i>	8,000,000	10,506,978	7,980	(10,498,998)
<i>Net change in fund balances</i>	-	-	186,966	186,966
<i>Fund balances - beginning of year</i>	-	-	18,054,687	18,054,687
<i>Fund balances - reclassification (note 16)</i>	-	-	92,578	92,578
<i>Fund balances - as reclassified</i>	-	-	18,147,265	18,147,265
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 18,334,231	\$ 18,334,231
Net change in fund balances (Non-GAAP budgetary basis)				\$ 186,966
Adjustments to revenues for taxes and state flowthrough grants				(98,379)
Adjustments to expenditures for instructional and payroll expenditures				(265,035)
Net change in fund balances (GAAP Basis)				\$ (176,448)

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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	1,728,715	2,298,689	1,300,243	(998,446)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,728,715</u>	<u>2,298,689</u>	<u>1,300,243</u>	<u>(998,446)</u>
<i>Expenditures</i>				
Current:				
Instruction	1,517,027	1,869,507	1,327,143	542,364
Support services	211,688	240,587	217,494	23,093
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	188,595	188,595	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,728,715</u>	<u>2,298,689</u>	<u>1,733,232</u>	<u>565,457</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(432,989)</u>	<u>(432,989)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(432,989)	(432,989)
<i>Fund balance - beginning of year</i>	-	-	(207,111)	(207,111)
<i>Fund balances - reclassification (note 16)</i>	-	-	(92,578)	(92,578)
<i>Fund balances - as reclassified</i>	-	-	(299,689)	(299,689)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (732,678)</u>	<u>\$ (732,678)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (432,989)
Adjustments to revenues for federal flowthrough grants				437,027
Adjustments to expenditures for instruction and payroll expenditures				(6,184)
Net change in fund balance (GAAP Basis)				<u>\$ (2,146)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Statement of Fiduciary Net Position  
Agency Funds  
June 30, 2014

Exhibit D-1

	<b>Eagle Trust</b>	<b>Agency Funds</b>
<b>Assets</b>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 4,602	\$ 633,851
Investments	-	500,956
	-	500,956
<i>Total assets</i>	\$ 4,602	\$ 1,134,807
<b>Liabilities</b>		
<i>Current Liabilities</i>		
Accounts payable	\$ -	\$ 50,866
Accrued payroll	-	9,203
Due to student organizations	-	1,074,738
	-	1,074,738
<i>Total liabilities</i>	-	1,134,807
<b>Net position</b>		
Restricted for other purposes	4,602	-
<i>Total net position</i>	4,602	-
<i>Total liabilities and net position</i>	\$ 4,602	\$ 1,134,807

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Hobbs Municipal School District #33  
 Statement of Changes in Fiduciary Net Position  
 Agency Funds  
 June 30, 2014

Exhibit D-2

	<b>Eagle Trust</b>
<b>Additions</b>	
Donations	\$ 6,115
<i>Total Additions</i>	6,115
<b>Deductions</b>	
Supplies and materials	25,372
<i>Total deductions</i>	25,372
<i>Change in net position</i>	(19,257)
<i>Total beginning net position</i>	23,859
<i>Total ending net position</i>	\$ 4,602

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

**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 9,000 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, 2014, the District adopted Governmental Accounting Standards Board Statement No. 65, (GASB). Items Previously Reports as Assets and Liabilities. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets. The implementation of GASB Statement No. 65 is expected to affect the District by reclassifying unearned revenues- property taxes as a deferred inflow of resources and removing previously recorded bond issuance costs and related accumulated amortization. The effect of GASB Statement No. 65 is reflected in the Statement of Activities as a restatement in the amount of \$179,949 due to the accounting treatment of the unamortized amount of bond issuance costs at July 1, 2013.

*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 unites 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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

A. *Financial Reporting Entity (continued)*

Based upon the application of these criteria, the Eagle Trust Fund is a blended component unit of the District, as defined by GASB Statement No. 14, as amended by GASB Statement No. 39. The Trust does not issue separate financial statements.

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*.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts – Net investment in capital assets, restricted net position; and unrestricted net position.

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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

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

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, subject to the availability criterion.

All other revenue items are considered to be measurable and available only when cash is received by the government.

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 *Bond Building Fund* is used to account for expenditures of proceeds received from the issuance of General Obligation Bonds and Qualified Zone Academy Bonds (QZab). Expenditures are for the purpose of erecting, remodeling, making additions to and furnishing school buildings, improving school grounds, and purchasing computer software and hardware for student use in public school classrooms. Authority for the creation of this fund is the New Mexico Public Education Department.

The *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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

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

Additionally, the government reports the following Fiduciary funds:

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

As a change from prior year, the *Eagle Trust Fund* is now a blended component unit and is used to account for donations and charitable contributions received for the purpose of providing scholarships to eligible graduates of the District and for the general support of the Hobbs Municipal School District.

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.

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, 2014, the District maintained \$474,473 of investments in the LGIP.

**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 2014 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2014. 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.



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

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

**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.

**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 Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. 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 inflows of resources. The District has two types of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the two items, are unavailable revenue - property taxes, and unavailable revenue- grants, and are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$60,840 and \$141,792 related to grant revenue and property taxes, respectively, which are considered "unavailable."

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

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

**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.

**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.

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, 2014, the nonspendable fund balances in the general fund and food service fund are made up of inventory in the amounts of \$338,202 and \$52,325, respectively, that are not in spendable form.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

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

**Restricted and Committed Fund Balance:** At June 30, 2014, the restricted fund balance on the governmental funds balance sheet is made up of \$1,364,486 for providing transportation, instructional materials, food services, education, and extracurricular activities to the students of the District, \$13,578,132 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, \$16,080,643 for the payment of principal and interest of the future debt service requirements, and \$7,000,000 for subsequent years expenditures.

**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. For the fiscal year ending June 30, 2014, the District had \$11,502,504 in the Qzab sinking fund.
- 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 47-48 and 82-85.
- 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 \$59,167,520 in state equalization guarantee distributions during the year ended June 30, 2014.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

E. *Revenues (continued)*

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$7,111,182 in property tax revenues in the governmental fund financial statements during the year ended June 30, 2014. The District also recognized \$8,415,042 in oil and gas tax revenues in the governmental fund financial statements during the year ended June 30, 2014. 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 \$1,588,436 in transportation distributions during the year ended June 30, 2014.

**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 \$546,582 in instructional materials revenue from the State for the year ended June 30, 2014.

**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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

E. *Revenues (continued)*

**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, 2014, the District received \$2,653,801 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.

**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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

*Budgetary Information (continued)*

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.
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, 2014, was properly amended by the District’s Board of Education throughout the year. These amendments resulted in the following changes to the budgets.

	Excess (deficiency) of	
	revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (8,000,000)	\$ (10,506,978)
Title I IASA Special Revenue Fund	\$ -	\$ -
Bond Building Capital Projects Fund	\$ -	\$ (9,103,924)
Debt Service Fund	\$ (2,884,683)	\$ (2,884,683)
Other Governmental Funds	\$ (2,020,900)	\$ (7,173,088)

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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

**NOTE 3. Deposits and Investments**

Section 22-8-40, NMSA 1978 authorizes 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, 2014.

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 collateral pledged is listed on Schedule III in 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.

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.

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 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

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

*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, 2014, \$23,970,280 of the District’s bank balance of \$24,975,638 was subject to custodial credit risk. \$16,989,358 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the District’s name. \$6,980,922 of the District’s deposits was uninsured and uncollateralized at June 30, 2014.

	Lea County State Bank	US Bank	Wells Fargo Bank
Amount of deposits	\$ 6,562,962	\$ 5,358	\$ 16,405,265
FDIC coverage	<u>(500,000)</u>	<u>(5,358)</u>	<u>(250,000)</u>
Total uninsured public funds	<u>6,062,962</u>	<u>-</u>	<u>16,155,265</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>6,062,962</u>	<u>-</u>	<u>9,174,343</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,980,922</u>
Collateral requirement (50%)	\$ 3,031,481	\$ -	\$ 8,077,633
Pledged securities	<u>7,185,000</u>	<u>-</u>	<u>9,174,343</u>
Over (under) collateralized	<u>\$ 4,153,519</u>	<u>\$ -</u>	<u>\$ 1,096,711</u>
	Western Commerce Bank	Total	
Amount of deposits	\$ 2,002,053	\$ 24,975,638	
FDIC coverage	<u>(250,000)</u>	<u>(1,005,358)</u>	
Total uninsured public funds	<u>1,752,053</u>	<u>23,970,280</u>	
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>1,752,053</u>	<u>16,989,358</u>	
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 6,980,922</u>	
Collateral requirement (50%)	\$ 876,027	\$ 11,985,140	
Pledged securities	<u>2,420,849</u>	<u>18,780,192</u>	
Over (under) collateralized	<u>\$ 1,544,823</u>	<u>\$ 6,795,052</u>	



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

**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, 2014, 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	\$ 3,431,338	\$ 3,354,174	\$ 6,785,512
FDIC Coverage	-	-	-
Total uninsured public funds	<u>3,431,338</u>	<u>3,354,174</u>	<u>6,785,512</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>3,431,338</u>	<u>3,354,174</u>	<u>6,785,512</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured - repurchase)	\$ 3,499,965	\$ 3,421,257	\$ 6,921,222
Pledged Securities	<u>3,499,970</u>	<u>3,421,259</u>	<u>6,921,229</u>
Over (under) collateralized	<u>\$ 5</u>	<u>\$ 2</u>	<u>\$ 7</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

**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, 2014 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	48 days	\$ 474,473	AAAm
Negotiable Certificates of Deposits*	1 year	4,501,291	Unrated
Wells Fargo Money Market Mutual Funds**	<1 year	2,049,415	AAAm
FNMA Discount Note***	1 to 10 years	11,502,504	A-1+
		<u>\$ 18,527,683</u>	
Less: agency investments			
New MexiGROW LGIP		(248,067)	
Total investments per Exhibit B-1		<u>\$ 18,279,616</u>	

\* Subject to FDIC coverage

\*\* Wells Fargo Money Market Mutual Fund Account consist of U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury obligations

\*\*\* 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. At June 30, 2014, the District held negotiable Certificates of Deposits in agency funds in the amount of \$252,889 and reported them in investments at Ex D-1.

*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, Wells Fargo Money Market Mutual Funds, and FNMA Discount Notes represent, respectively, 25%, 11% and 61% 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, 2014

**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, 2014. Funds 24101 through 25153 are federal funds and 27106 through 28191 are nonfederal. The following individual funds had negative cash balances as of June 30, 2014:

24101	Title I IASA	\$ (732,678)
24106	Entitlement IDEA-B	(528,302)
24109	Preschool IDEA-B	(11,328)
24120	"Risk Pool" IDEA-B	(18,416)
24153	English Language Acquisition	(36,275)
24154	Teacher / Principal Training & Recruiting	(193,498)
24174	Carl Perkins Secondary	(35,261)
25153	Title XIX Medicaid	(39,499)
27106	2010 G.O. Bond Student Library	(1,255)
27107	2012 G.O. Bond Student Library	(2,368)
27114	New Mexico Reads to Lead	(10,000)
27149	Pre-K Initiative	(42,097)
27155	Breakfast for Elementary Students	(8,533)
27166	Kindergarten - Three Plus	(50,127)
27171	2010 GOB Instructional Materials	(3,145)
27181	Stem Program	(212,980)
27185	Next Generation Assessments	(118,387)
28191	Start Smart K-3 Utah State Univeristy Study	(1,679)
	Total	<u><u>\$ (2,045,828)</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	\$ 29,053,097
Restricted cash per Exhibit A-1	5,358
Investments per Exhibit A-1	6,777,112
Restricted investments Exhibit A-1	11,502,504
Cash - Statement of Fiduciary Assets and Liabilites per Exhibit D-1	638,453
Investments - Statement of Fiduciary Assets and Liabilites per Exhibit D-1	<u>500,956</u>
Total cash, cash equivalents, and investments	48,477,480
Add: outstanding items	2,197,315
Less: deposits in transit	(385,962)
Less: investments held in Certificates of deposits	(4,501,291)
Less: investments held in New MexiGROW LGIP	(474,473)
Less: investments held in Wells Fargo Money Market Mutual Funds	(2,049,415)
Less: investments held in FNMA Discount Note	<u>(11,502,504)</u>
Bank balance of deposits	<u><u>\$ 31,761,150</u></u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

**NOTE 4. Accounts Receivable**

Accounts receivable as of June 30, 2014, are as follows:

	General Fund	Title I IASA Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 12,404	\$ -	\$ 86,861	\$ 191,984	\$ 291,249
Oil and gas taxes receivable	72,438	-	425,933	869,251	1,367,622
Due from other governments:					
Federal sources	-	882,852	-	1,040,907	1,923,759
State sources	-	-	-	915,866	915,866
Other receivables	3,818	-	-	-	3,818
	<u>\$ 88,660</u>	<u>\$ 882,852</u>	<u>\$ 512,794</u>	<u>\$ 3,018,008</u>	<u>\$ 4,502,314</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$141,792 that were not collected within the period of availability have been reclassified as deferred inflows in the governmental fund financial statements. Also, \$60,840 of grant revenue that were not collected within the period of availability have been reclassified as deferred inflows in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

**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, 2014 is as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 3,493,503	\$ -
Athletics	4,699	-
Title I IASA	-	1,127,728
Entitlement IDEA-B	-	620,000
Preschool IDEA-B	-	20,564
"Risk Pool" IDEA-B	-	18,500
English Language Acquisition	-	43,064
Teacher / Principal Training & Recruiting	-	251,750
Title I School Improvement	-	390,000
Carl D Perkins Secondary - Current	-	35,269
Title XIX Medicaid	-	65,000
J.F Maddox Foundation	-	96,000
2010 G.O. Bond Student Library	-	10,000
2012 G.O. Bond Student Library	-	2,400
New Mexico Reads to Lead	-	10,000
Pre-K Initiative	-	275,000
Breakfast for Elementary Students	-	8,600
Kindergarten-Three Plus	-	50,127
2010 GOB Instructional Materials	-	3,200
Science Instructional Materials K-12	-	108,000
Stem Programs	-	213,000
Next Generation Assessments	-	119,000
Start Smart K-3 Utah State Univeristy Study	-	31,000
	<hr/>	<hr/>
Total	<u>\$ 3,498,202</u>	<u>\$ 3,498,202</u>

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

The District did not have any operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations.

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**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2014 follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2014 appear in the Statement of Net Position as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,567,403	\$ 406,114	\$ -	\$ 3,973,517
Construction in progress	11,325,232	6,962,301	15,199,372	3,088,161
Total capital assets not being depreciated	<u>14,892,635</u>	<u>7,368,415</u>	<u>15,199,372</u>	<u>7,061,678</u>
Capital assets being depreciated:				
Buildings and improvements	149,727,524	14,783,019	-	164,510,543
Equipment	21,270,119	2,213,720	1,240,045	22,243,794
Land improvements	4,413,143	1,085,691	-	5,498,834
Total capital assets being depreciated	<u>175,410,786</u>	<u>18,082,430</u>	<u>1,240,045</u>	<u>192,253,171</u>
Total capital assets	<u>190,303,421</u>	<u>25,450,845</u>	<u>16,439,417</u>	<u>199,314,849</u>
Less accumulated depreciation:				
Buildings and improvements	63,656,651	4,535,490	-	68,192,141
Equipment	13,962,676	1,171,222	1,240,045	13,893,853
Land improvements	993,052	257,303	-	1,250,355
Total accumulated depreciation	<u>78,612,379</u>	<u>5,964,015</u>	<u>1,240,045</u>	<u>83,336,349</u>
Total capital assets, net of depreciation	<u>\$ 111,691,042</u>	<u>\$ 19,486,830</u>	<u>\$ 15,199,372</u>	<u>\$ 115,978,500</u>

Depreciation expense for the year ended June 30, 2014 was charged to the following functions:

<b>Governmental Activities</b>	
Instruction	\$ 2,876,109
Support services-students	999,705
Support services-general administration	497,125
Support service-athletics	154,246
Central services	1,026,228
Operations and maintenance of plant	277,482
Food services operations	<u>133,120</u>
Total	<u>\$ 5,964,015</u>

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**NOTE 7. Long-term Debt**

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, 2014 are for governmental activities.

Bond outstanding at June 30, 2014 are comprised of the following:

	<u>Series 2005</u>	<u>Series 2008</u>	<u>Series 2009</u>
Original Issue:	\$420,000	\$9,500,000	\$9,500,000
Principal:	August 1	July 15	April 15
Interest:	August 1	July 15	April 15
	February 1	January 15	October 15
Interest Rates:	3.875%-4.100%	4.000%-5.250%	3.250%-7.000%
Maturity Date:	August 2015	July 2020	April 2023
	<u>Series 2010</u>	<u>Series 2010A</u>	<u>Series 2013</u>
Original Issue:	\$20,000,000	\$8,000,000	\$9,000,000
Principal:	April 15	September 15	July 15
Interest:	April 15	September 15	July 15
	October 15	March 15	January 15
Interest Rates:	2.750%-4.000%	2.000%-3.250%	3.000%-2.500%
Maturity Date:	April 2026	September 2028	July 2023

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

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
General Obligation Qualified Zone Academy School (Qzab) Bonds	\$ 14,930,000	\$ -	\$ -	\$ 14,930,000	\$ -
General Obligation Bonds Series 2005	140,000	-	45,000	95,000	45,000
General Obligation Bonds Series 2008	9,200,000	-	100,000	9,100,000	100,000
General Obligation Bonds Series 2009	9,100,000	-	100,000	9,000,000	100,000
General Obligation Bonds Series 2010	20,000,000	-	-	20,000,000	750,000
General Obligation Bonds Series 2010A	7,800,000	-	100,000	7,700,000	100,000
General Obligation Bonds Series 2013	-	9,000,000	-	9,000,000	900,000
<b>Total Bonds</b>	61,170,000	9,000,000	345,000	69,825,000	1,995,000
NMFA Authority Loan Re Bond Series 2011	1,440,000	-	715,000	725,000	725,000
Compensated Absences	330,530	278,830	281,549	327,811	281,549
<b>Total Long-Term Debt</b>	<u>\$ 62,940,530</u>	<u>\$ 9,278,830</u>	<u>\$ 1,341,549</u>	<u>\$ 70,877,811</u>	<u>\$ 3,001,549</u>

General obligation bonds and the NMFA loan are secured by and payable solely from the Debt Service Fund.

The annual requirements to amortize the general obligation bonds, not including the QZab bonds, outstanding as of June 30, 2014, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2015	\$ 1,995,000	\$ 1,768,825	\$ 3,763,825
2016	2,900,000	1,782,650	4,682,650
2017	4,100,000	1,700,625	5,800,625
2018	5,100,000	1,566,875	6,666,875
2019	5,100,000	1,408,375	6,508,375
2020-2024	24,000,000	4,438,062	28,438,062
2025-2028	11,700,000	976,625	12,676,625
	<u>\$ 54,895,000</u>	<u>\$ 13,642,037</u>	<u>\$ 68,537,037</u>



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

**General Obligation Qualified Zone Academy School Building Bonds (QZab) Series 2002** – On September 5, 2002, the District entered into an agreement to sell QZab 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 QZab, 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 QZab 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	489,418	14,930,000
		<u>\$ 11,779,800</u>	<u>\$ 3,150,200</u>	

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

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

<u>Series 2011</u>	
Original Issue:	\$2,145,000
Principal:	July 1
Interest:	July 1
	January 1
Interest Rates:	1.2108%-1.8308%
Maturity Date:	July 2014

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, 2014, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2015	<u>\$ 725,000</u>	<u>\$ 6,637</u>	<u>\$ 731,637</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, 2014, compensated absences increased \$16,719 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, 2014, there have been no claims that have exceeded insurance coverage.

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**NOTE 9. Other Required Individual Fund Disclosures**

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

- A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2014:

**Funds**

Teacher / Principal Training & Recruiting	\$ 60,840
2010 G.O. Bond Student Library	1,255
2012 G.O. Bond Student Library	734
Pre-K Initiative	10,606
Kindergarten- Three Plus	7,938
Start Smart K-3 Utah State University Study	<u>1,679</u>
<b>Total Funds</b>	<b><u>\$ 83,052</u></b>

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, 2014.

**Funds**

Title XIX Medicaid	\$ 7,872
Next Generation Assessments	<u>118,387</u>
<b>Total Funds</b>	<b><u>\$ 126,259</u></b>

The District receives money for a Pre-K Initiative Program in the Pre-K Initiative Special Revenue Fund 27149. The money for the program is awarded to REC VII and passed through to the District via the Public Education Department (PED) of New Mexico. The District has been instructed by PED that no budget can be entered into the Operating Budget Management System (OBMS). The unfavorable variance noted at Statement B-25 on page 134 in the amount of \$261,110, is not considered an excess of expenditures over appropriations or a finding.

- C. Designated cash appropriations in excess of available balances. The District did not have any funds with designations of cash that exceeded existing cash available for appropriation for the year ended June 30, 2014.

**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](http://www.nmerb.org).

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

***Funding Policy.***

Member Contributions

Plan members whose annual salary is \$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: 10.10% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

The District contributed 13.15% of the gross covered salary in fiscal year 2014. In fiscal year 2015 the District will contribute 13.9% of gross covered salary.

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, 2014, 2013, and 2012 were \$5,269,953, \$4,221,244, \$3,366,174, respectively, which equal the amount of the required contributions for each fiscal year.

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

*Plan Description.* The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

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

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.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, 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 01, 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, 2014, 2013, and 2012 were \$805,109 \$764,167, \$648,456, 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.

**NOTE 13. Joint Powers Agreements**

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

Joint Use of Recreational Facilities Agreement

*Participants:* City of Hobbs and Hobbs Municipal School District #33

*Responsible party:* All participants

*Description :* 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.

*Begin date:* February 20, 1974

*Ending date:* For a period of five years, and thereafter as mutually agreeable by both parties

*Estimated amount of project :* Not Applicable

*Amount contributed:* Approximately \$35,000

*Audit responsibility:* Hobbs Municipal School District #33

*Fiscal agent:* Not applicable

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
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**NOTE 13. Joint Powers Agreements (continued)**

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

Two Little League Baseball Fields at Jefferson Elementary Agreement

*Participants:* City of Hobbs and Hobbs Municipal School District #33

*Responsible party:* All participants

*Description :* 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.

*Begin date:* November 20, 1972

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

*Estimated amount of project :* Not Applicable

*Amount contributed:* Approximately \$10,000

*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 and 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

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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**NOTE 13. Joint Powers Agreements (continued)**

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

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

*Participants:* City of Hobbs and 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

Joint Development of Tennis Courts Agreement

*Participants:* City of Hobbs and Hobbs Municipal School District #33

*Responsible party:* All participants

*Description :* 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.

*Begin date:* December 18, 1975

*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 \$7,500

*Audit responsibility:* Hobbs Municipal School District #33

*Fiscal agent:* Not applicable

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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**NOTE 13. Joint Powers Agreements (continued)**

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

Veteran's Memorial Complex Agreement

*Participants:* Hobbs Municipal School District #33 and City of Hobbs

*Responsible party:* All participants

*Description :* The District has entered into a joint powers agreement with the City of Hobbs. The purpose of the agreement is convey, transfer, and assigned to the City an undivided one-half interest of the District's rights, title and interest in specified property. The District has exclusive use of the Varsity, Junior Varsity, and Sanger fields from the beginning of the High School baseball and softball seasons until the termination of those seasons.

*Begin date:* July 20, 2009

*Ending date:* This agreement is to continue for 1 year, and thereafter as mutually agreeable by both parties

*Estimated amount of project :* Not Applicable

*Amount contributed:* Approximately \$57,500 annually

*Audit responsibility:* Each Participant

*Fiscal agent:* Not Applicable

Middle School Athletic Programs

*Participants:* Hobbs Municipal School District #33 and City of Hobbs

*Responsible party:* All participants

*Description :* 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.

*Begin date:* July 1, 2011

*Ending date:* This agreement is to continue for 1 year, and thereafter as mutually agreeable by both parties

*Estimated amount of project :* Not Applicable

*Amount contributed:* Not Applicable

*Audit responsibility:* Each Participant

*Fiscal agent:* Not Applicable



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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**NOTE 13. Joint Powers Agreements (continued)**

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

Lead Agency Agreement

*Participants:* Hobbs Municipal School District #33, City of Hobbs, County of Lea, New Mexico Junior College, City of Lovington, Eunice Municipal School District, Tatum Municipal School District, Jal Municipal School District

*Responsible party:* All participants

*Description :* The District also established a joint powers agreement with several agencies for the purpose of enabling the parties involved to benefit from substantial savings in the procurement of similar services, construction or tangible personal property. Any of the participating agencies may act as the Lead Agency whereby that agency shall contact the remaining participating agencies to determine if they are willing to participate in a bid or proposal for quote to be prepared by the Lead Agency.

*Begin date:* November 17, 2003

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

*Estimated amount of project :* Not Applicable

*Amount contributed:* Not Applicable

*Audit responsibility:* Each Participant

*Fiscal agent:* Not applicable

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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**NOTE 13. Joint Powers Agreements (continued)**

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

Regional Education Cooperative #7 Agreement

*Participants:* 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

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Notes to Financial Statements  
June 30, 2014

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

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

Lea County Distance Education Consortium Agreement

*Participants:* Hobbs Municipal School District #33, Eunice Municipal School District, Tatum Municipal School District, Jal Municipal School District, Lovington Municipal School District, New Mexico Junior College, College of the Southwest, Eastern New Mexico University

*Responsible party:* All participants

*Description :* The District has entered into a joint powers agreement with a group of educational institutions to form the Lea County Distance Education Consortium (Consortium). The purpose of the Consortium is to purchase and maintain a two-way interactive television network to provide educational services between each of the members.

*Begin date:* February 14, 1994

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

*Estimated amount of project :* Not Applicable

*Amount contributed:* \$19,625

*Audit responsibility:* Each Participant

*Fiscal agent:* New Mexico Junior College

Southeastern New Mexico Educational Resource Center Agreement

*Participants:* Hobbs Municipal School District #33, Artesia Public Schools, Eunice Public Schools , Hagerman Municipal Schools, Jal Public Schools, Lake Arthur Municipal Schools, Loving Municipal Schools, Lovington Municipal Schools, Tatum Municipal Schools, Dexter Consolidated Schools

*Responsible party:* All participants

*Description :* 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.

*Begin date:* October 11, 2001

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

*Estimated amount of project :* Not Applicable

*Amount contributed:* \$84,732

*Audit responsibility:* Each Participant

*Fiscal agent:* Pecos Valley Regional Education Cooperative #8

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Notes to Financial Statements  
June 30, 2014

**NOTE 14. Commitments**

The District had multiple construction projects ongoing as of the year ended June 30, 2014 that are to continue into the following fiscal year. These projects are as follows:

<u>Construction Project:</u>	<u>Project :</u>	<u>PO #</u>	<u>Contract Price</u>	<u>Paid-to-date</u> <u>expenses</u>	<u>Expected</u> <u>amount to</u> <u>complete</u>	<u>Expected date</u> <u>of completion</u>
Broadmoor ES Replacement	1314-16	Various	\$ 7,583,688	\$ -	\$ 7,583,688	September-15
Murray ES - New	1314-16	Various	9,079,063	-	9,079,063	September-15
Highland Phase I	CES	Various	353,035	255,280	97,755	August-14
Highland Phase II	CES	Various	1,496,222	-	1,496,222	August-14
Houston Phase I	CES	Various	887,774	82,259	805,515	August-14
Jefferson Security Corridor	CES	Various	565,085	-	565,085	August-14
Taylor Security Corridor	CES	Various	397,279	-	397,279	August-14
HHS Student Parking Lot	1314-17	Various	890,816	424,141	466,675	August-14
HHS 4.2 Breezeway Upgrades	1314-18	Various	594,281	267,321	326,960	November-14
			<u>\$ 21,847,243</u>	<u>\$ 1,029,001</u>	<u>\$ 20,818,242</u>	

**NOTE 15. Restricted Net position**

The government-wide statement of net position reports \$11,440,085 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 47-48 and 82-85.

**NOTE 16. Net Position Restatement and Reclassification**

To implement GASB Statement No. 65 the District had to restate net position by (\$179,949), which requires all bond issuance costs to be recognized the year of issuance rather than amortizing over the years of the bonds repayment. As of June 30, 2013, the District maintained net bond issuance costs of \$179,949.

At June 30, 2014, the District reclassified \$92,578 of fund balance from Title I IASA special revenue fund to the operational fund due to the operational fund absorbing prior year expenditures related to Title I IASA special revenue fund activities.

**NOTE 17. Concentrations**

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

The District depends 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, 2014

**NOTE 18. Payroll Related Expenditures**

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

Title I School Improvement	\$ 73,043
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**NOTE 19. Subsequent Events**

The District is in the process of selling and refunding bonds. In November 2014, the district will be asking for approval to sell \$9,000,000 of new bonds. This is part of the \$25,000,000 bond election that was passed by voters on September 17, 2013. The money will be used to continue the construction of the two new schools, Murray Elementary and Broadmoor Elementary.

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 District will be asking for approval to refund \$18.3 million of existing bonds in November 2014.

The date to which events occurring after June 30, 2014, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 7, 2014 which is the date on which the financial statements were issued.

**NOTE 20. Subsequent Pronouncements**

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 and will significantly impact the District.

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 November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The standard will be implemented during fiscal year June 30, 2015.

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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Fund Descriptions  
June 30, 2014

**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.

**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.

**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)).

**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.

**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.

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

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Fund Descriptions  
June 30, 2014

**Special Revenue Funds (continued)**

**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.

**Bridge for Southern New Mexico (26215)** – The purpose of this fund is to be used for Expanding Early College High Schools Throughout New Mexico to establish or strengthen agreements with higher education to increase dual-credit enrollment. 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.

**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.

**2012 G.O. Bond Student Library (27107)** – This award allows schools to acquire library books, equipment and library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2<sup>nd</sup> Special Session, 2012 Senate and House Bill.

**New Mexico Reads to Lead (27114)** – This fund is used to purchase core reading program materials for grades K-5 in alignment with Common Core State Standards. 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.

**Teacher/School Leader Stipends (27122)** – The objective of this fund is to provide stipends to teachers that increase the proportion of their students receiving college credit for their courses through their AP test scores. Authority for the creation of this fund is the New Mexico Public Education Department.

**Incentives for School Improvement (27138)** – The objective of this fund is to account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools. Authority for the creation of this fund is the New Mexico Public Education Department.

**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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Fund Descriptions  
June 30, 2014

**Special Revenue Funds (continued)**

**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.

**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.

**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.

**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.

**Stem Programs (27181)** -- Funds are used for STEM Teacher recruitment and/or stipend retention. Authority for the creation of this fund is the New Mexico Public Education Department.

**Next Generation Assessments (27185)** – This is used to remediate deficiencies in computer devices compliant with the Partnership for assessment of readiness for college and Careers (PARCC) assessment requirements. Districts must complete 3 requirements, Technology Readiness Tool, School Speed Test, and Project 24 Self-Assessment. 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.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Nonmajor Governmental Fund Descriptions  
June 30, 2014

**Capital Projects Funds**

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

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

**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, 2014

Special Revenue

	<u>Food Service</u>	<u>Athletics</u>	<u>Entitlement IDEA-B</u>	<u>Preschool IDEA-B</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 1,158,992	\$ 36,244	\$ 91,698	\$ 9,236
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	-	622,172	12,588
Inventory	52,325	-	-	-
Due from other funds	-	4,699	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total assets</i>	<u>\$ 1,211,317</u>	<u>\$ 40,943</u>	<u>\$ 713,870</u>	<u>\$ 21,824</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 93,808	\$ -	\$ 3,054	\$ -
Accrued payroll	180,205	-	90,816	1,260
Due to other funds	-	-	620,000	20,564
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total liabilities</i>	<u>274,013</u>	<u>-</u>	<u>713,870</u>	<u>21,824</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- grants	-	-	-	-
Unavailable revenue- property taxes	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	52,325	-	-	-
Spendable				
Restricted for:				
Food services	884,979	-	-	-
Education	-	-	-	-
Extracurricular activities	-	40,943	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total fund balances</i>	<u>937,304</u>	<u>40,943</u>	<u>-</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,211,317</u>	<u>\$ 40,943</u>	<u>\$ 713,870</u>	<u>\$ 21,824</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

"Risk Pool" IDEA-B	Enhancing Education Through Technology (E2T2-F)	English Language Acquisition	Teacher / Principal Training & Recruiting	Title I School Improvement
\$ 84	\$ -	\$ 6,789	\$ 58,252	\$ 390,000
-	-	-	-	-
-	-	-	-	-
18,416	-	43,128	239,615	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 18,500</u>	<u>\$ -</u>	<u>\$ 49,917</u>	<u>\$ 297,867</u>	<u>\$ 390,000</u>
\$ -	\$ -	\$ -	\$ 4,392	\$ -
-	-	6,853	41,725	-
18,500	-	43,064	251,750	390,000
<u>18,500</u>	<u>-</u>	<u>49,917</u>	<u>297,867</u>	<u>390,000</u>
-	-	-	60,840	-
-	-	-	-	-
-	-	-	60,840	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(60,840)	-
-	-	-	(60,840)	-
<u>\$ 18,500</u>	<u>\$ -</u>	<u>\$ 49,917</u>	<u>\$ 297,867</u>	<u>\$ 390,000</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

Special Revenue

	Carl Perkins Secondary	Carl Perkins Secondary PY	Carl Perkins Secondary - Redistribution	Title XIX Medicaid
<i>Assets</i>				
Cash and cash equivalents	\$ 8	\$ -	\$ -	\$ 25,501
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	35,261	-	4,730	64,997
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 35,269</u>	<u>\$ -</u>	<u>\$ 4,730</u>	<u>\$ 90,498</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 4,730	\$ -
Accrued payroll	-	-	-	25,498
Due to other funds	35,269	-	-	65,000
<i>Total liabilities</i>	<u>35,269</u>	<u>-</u>	<u>4,730</u>	<u>90,498</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- grants	-	-	-	-
Unavailable revenue- property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 35,269</u>	<u>\$ -</u>	<u>\$ 4,730</u>	<u>\$ 90,498</u>

The accompanying notes are an integral part of these financial statements



Special Revenue

<u>J.F Maddox Foundation</u>	<u>Microsoft Settlement Funds</u>	<u>Bridge for Southern New Mexico</u>	<u>2009 Dual Credit IM/HB2</u>	<u>2010 G.O. Bond Student Library</u>
\$ 125,238	\$ 2,060	\$ 99,950	\$ -	\$ 8,745
-	-	-	-	-
-	-	-	-	-
11,626	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 136,864</u>	<u>\$ 2,060</u>	<u>\$ 99,950</u>	<u>\$ -</u>	<u>\$ 8,745</u>
\$ 32,862	\$ -	\$ -	\$ -	\$ -
8,002	-	-	-	-
96,000	-	-	-	10,000
<u>136,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,060	99,950	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(1,255)
<u>-</u>	<u>2,060</u>	<u>99,950</u>	<u>-</u>	<u>(1,255)</u>
<u>\$ 136,864</u>	<u>\$ 2,060</u>	<u>\$ 99,950</u>	<u>\$ -</u>	<u>\$ 8,745</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

Special Revenue

	2012 G.O. Bond Student Library Fund	New Mexico Reads to Lead	Technology For Education PED	Teacher/School Leader Stipends
<i>Assets</i>				
Cash and cash equivalents	\$ 32	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	1,634	10,000	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total assets</i>	<u>\$ 1,666</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	2,400	10,000	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total liabilities</i>	<u>2,400</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- grants	-	-	-	-
Unavailable revenue- property taxes	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(734)	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total fund balances</i>	<u>(734)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,666</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Incentives for School Improvement	G.O. Library Bonds	Pre-K Initiative	Beginning Teacher Mentoring	Breakfast for Elementary Students
\$ -	\$ -	\$ 232,903	\$ -	\$ 67
-	-	-	-	-
-	-	61,918	-	8,533
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,821</u>	<u>\$ -</u>	<u>\$ 8,600</u>
-	-	-	-	-
-	-	30,427	-	-
<u>-</u>	<u>-</u>	<u>275,000</u>	<u>-</u>	<u>8,600</u>
<u>-</u>	<u>-</u>	<u>305,427</u>	<u>-</u>	<u>8,600</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(10,606)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(10,606)</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,821</u>	<u>\$ -</u>	<u>\$ 8,600</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	Special Revenue			
	Technology Equity	Kindergarten- Three Plus	2010 GOB Instructional Materials	Science Instructional Materials K-12
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 55	\$ 108,000
Receivables:				
Property taxes	-	-	-	-
Oil and gas taxes	-	-	-	-
Due from other governments	-	54,702	3,145	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ 54,702	\$ 3,200	\$ 108,000
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 12,513	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	50,127	3,200	108,000
	-	50,127	3,200	108,000
<i>Total liabilities</i>	-	62,640	3,200	108,000
<i>Deferred inflows of resources</i>				
Unavailable revenue- grants	-	-	-	-
Unavailable revenue- property taxes	-	-	-	-
	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	(7,938)	-	-
	-	(7,938)	-	-
<i>Total fund balances</i>	-	(7,938)	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ 54,702	\$ 3,200	\$ 108,000

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Stem Programs</u>	<u>Next Generation Assessments</u>	<u>Community Health Program DOH</u>	<u>Start Smart K-3 Utah State University Study</u>	<u>TCA Value Options</u>
\$ 20	\$ 613	\$ 24,450	\$ 29,321	\$ 7,840
-	-	-	-	-
-	-	-	-	-
212,980	118,387	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 213,000</u>	<u>\$ 119,000</u>	<u>\$ 24,450</u>	<u>\$ 29,321</u>	<u>\$ 7,840</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	4,114
213,000	119,000	-	31,000	-
<u>213,000</u>	<u>119,000</u>	<u>-</u>	<u>31,000</u>	<u>4,114</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	24,450	-	3,726
-	-	-	-	-
-	-	-	-	-
-	-	-	(1,679)	-
-	-	24,450	(1,679)	3,726
<u>\$ 213,000</u>	<u>\$ 119,000</u>	<u>\$ 24,450</u>	<u>\$ 29,321</u>	<u>\$ 7,840</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

Capital Projects

	<u>Public School Capital Outlay</u>	<u>Special Building Local</u>	<u>Capital Improvements HB-33</u>	<u>SB-9 Capital Improvements</u>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 38,057	\$ 3,940,059	\$ 2,316,481
Receivables:				
Property taxes	-	-	127,977	64,007
Oil and gas taxes	-	-	579,501	289,750
Due from other governments	432,941	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total assets</i>	<u>\$ 432,941</u>	<u>\$ 38,057</u>	<u>\$ 4,647,537</u>	<u>\$ 2,670,238</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 432,941	\$ -	\$ 411,580	\$ 235,617
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total liabilities</i>	<u>432,941</u>	<u>-</u>	<u>411,580</u>	<u>235,617</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- grants	-	-	-	-
Unavailable revenue- property taxes	-	-	63,918	31,966
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>63,918</u>	<u>31,966</u>
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	38,057	4,172,039	2,402,655
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total fund balances</i>	<u>-</u>	<u>38,057</u>	<u>4,172,039</u>	<u>2,402,655</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 432,941</u>	<u>\$ 38,057</u>	<u>\$ 4,647,537</u>	<u>\$ 2,670,238</u>

The accompanying notes are an integral part of these financial statements

Total Nonmajor  
Governmental  
Funds

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\$ 8,710,695

191,984

869,251

1,956,773

52,325

4,699

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\$ 11,785,727

---

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\$ 1,231,497

388,900

2,370,474

---

3,990,871

---

60,840

95,884

---

156,724

---

52,325

884,979

130,186

40,943

6,612,751

(83,052)

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7,638,132

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\$ 11,785,727

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**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, 2014

Special Revenue

	Food Services	Athletics	Entitlement IDEA-B	Preschool IDEA-B
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	2,605,988	-	1,573,855	50,709
Federal direct	223,552	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	1,191,732	251,197	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>4,021,272</u>	<u>251,197</u>	<u>1,573,855</u>	<u>50,709</u>
<i>Expenditures</i>				
Current:				
Instruction	-	329,790	115,063	-
Support services - students	-	-	732,938	20,129
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	725,854	30,580
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	3,844,578	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>3,844,578</u>	<u>329,790</u>	<u>1,573,855</u>	<u>50,709</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>176,694</u>	<u>(78,593)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	176,694	(78,593)	-	-
<i>Fund balances - beginning</i>	<u>760,610</u>	<u>119,536</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 937,304</u>	<u>\$ 40,943</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



Special Revenue

"Risk Pool" IDEA-B	Enhancing Education Through Technology (E2T2-F)	English Language Acquisition	Teacher / Principal Training & Recruiting	Title I School Improvement
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
18,416	-	85,972	347,148	33,254
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>18,416</u>	<u>-</u>	<u>85,972</u>	<u>347,148</u>	<u>33,254</u>
-	-	84,314	363,956	33,254
-	-	-	-	-
-	-	-	-	-
18,416	-	1,658	11,953	-
-	-	-	3,671	-
-	-	-	28,408	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>18,416</u>	<u>-</u>	<u>85,972</u>	<u>407,988</u>	<u>33,254</u>
-	-	-	(60,840)	-
-	-	-	(60,840)	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,840)</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, 2014

Special Revenue

	Carl Perkins Secondary	Carl Perkins Secondary PY	Carl Perkins Secondary - Redistribution	Title XIX Medicaid
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	57,785	15,790	4,730	-
Federal direct	-	-	-	252,394
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>57,785</u>	<u>15,790</u>	<u>4,730</u>	<u>252,394</u>
<i>Expenditures</i>				
Current:				
Instruction	52,991	15,790	4,730	-
Support services - students	-	-	-	246,146
Support services - instruction	-	-	-	-
Support services - general administration	1,116	-	-	-
Support services - school administration	3,678	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	6,248
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>57,785</u>	<u>15,790</u>	<u>4,730</u>	<u>252,394</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</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

<u>J.F Maddox Foundation</u>	<u>Microsoft Settlement Funds</u>	<u>Bridge for Southern New Mexico</u>	<u>2009 Dual Credit IM/HB2</u>	<u>2010 G.O. Bond Student Library</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
167,523	-	-	-	-
-	-	99,950	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>167,523</u>	<u>-</u>	<u>99,950</u>	<u>-</u>	<u>-</u>
117,569	-	-	-	-
221	-	-	-	-
-	-	-	-	1,255
13,381	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>131,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,255</u>
<u>36,352</u>	<u>-</u>	<u>99,950</u>	<u>-</u>	<u>(1,255)</u>
36,352	-	99,950	-	(1,255)
<u>(36,352)</u>	<u>2,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 2,060</u>	<u>\$ 99,950</u>	<u>\$ -</u>	<u>\$ (1,255)</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, 2014

Special Revenue

	<u>2012 G.O. Bond Student Library Fund</u>	<u>New Mexico Reads to Lead</u>	<u>Technology For Education PED</u>	<u>Teacher/School Leader Stipend</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	19,465	71,422	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>19,465</u>	<u>71,422</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	71,422	-	-
Support services - students	-	-	-	-
Support services - instruction	20,199	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>20,199</u>	<u>71,422</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(734)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(734)	-	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ (734)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Incentives for School Improvement	G.O. Library Bonds	Pre-K Initiative	Beginning Teacher Mentoring	Breakfast for Elementary Students
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	259,824	-	29,079
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	259,824	-	29,079
-	-	-	-	-
-	-	270,430	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	29,079
-	-	-	-	-
-	-	270,430	-	29,079
-	-	-	-	-
-	-	(10,606)	-	-
-	-	(10,606)	-	-
-	-	-	-	-
\$ -	\$ -	\$ (10,606)	\$ -	\$ -

**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, 2014

Special Revenue

	Technology Equity	Kindergarten- Three Plus	2010 GOB Instructional Materials	Science Instructional Materials K-12
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	164,882	3,145	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>164,882</u>	<u>3,145</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	123,588	3,145	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	2,744	-	-
Student transportation	-	46,488	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>172,820</u>	<u>3,145</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(7,938)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(7,938)	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (7,938)</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Stem Programs</u>	<u>Next Generation Assessments</u>	<u>Community Health Program DOH</u>	<u>Start Smart K-3 Utah State University Study</u>	<u>TCA Value Options</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	120,293	-
-	-	-	-	-
-	-	-	-	-
212,980	118,387	-	-	-
-	-	-	-	65,163
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>212,980</u>	<u>118,387</u>	<u>-</u>	<u>120,293</u>	<u>65,163</u>
212,980	118,387	-	73,562	-
-	-	4,450	-	-
-	-	-	-	-
-	-	-	-	65,126
-	-	-	-	-
-	-	-	1,372	-
-	-	-	46,732	-
-	-	-	-	-
-	-	-	-	-
<u>212,980</u>	<u>118,387</u>	<u>4,450</u>	<u>121,666</u>	<u>65,126</u>
-	-	(4,450)	(1,373)	37
-	-	(4,450)	(1,373)	37
-	-	28,900	(306)	3,689
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,450</u>	<u>\$ (1,679)</u>	<u>\$ 3,726</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, 2014

Capital Projects

	<u>Public School Capital Outlay</u>	<u>Special Building Local</u>	<u>Capital Improvements HB-33</u>	<u>SB-9 Capital Improvements</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ 3,020,316	\$ 1,510,482
Oil and gas taxes	-	-	3,657,326	1,828,662
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	5,385	-	-
State flowthrough	2,653,801	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	7	230	187
Miscellaneous income	-	-	-	750
<i>Total revenues</i>	<u>2,653,801</u>	<u>5,392</u>	<u>6,677,872</u>	<u>3,340,081</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	30,285	15,146
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	2,707	-	2,698,593	2,289,997
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	2,651,094	-	3,245,384	1,326,630
<i>Total expenditures</i>	<u>2,653,801</u>	<u>-</u>	<u>5,974,262</u>	<u>3,631,773</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>5,392</u>	<u>703,610</u>	<u>(291,692)</u>
<i>Net change in fund balances</i>	-	5,392	703,610	(291,692)
<i>Fund balances - beginning</i>	<u>-</u>	<u>32,665</u>	<u>3,468,429</u>	<u>2,694,347</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 38,057</u>	<u>\$ 4,172,039</u>	<u>\$ 2,402,655</u>

The accompanying notes are an integral part of these financial statements



Total Nonmajor  
Governmental  
Funds

\$	4,530,798
	5,485,988
	4,913,940
	475,946
	172,908
	3,632,935
	65,163
	1,442,929
	424
	750
	<u>20,721,781</u>

	1,990,971
	1,003,884
	21,454
	73,539
	847,325
	28,408
	5,001,661
	93,220
	3,873,657
	<u>7,223,108</u>
	<u>20,157,227</u>

564,554

564,554

7,073,578

\$ 7,638,132

**STATE OF NEW MEXICO**  
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, 2014

Statement B-1

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	2,500,000	2,500,000	2,622,654	122,654
Federal direct	253,000	253,000	-	(253,000)
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	185,999	185,999	1,191,732	1,005,733
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,938,999</u>	<u>2,938,999</u>	<u>3,814,386</u>	<u>875,387</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	2,938,999	3,624,481	3,492,449	132,032
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,938,999</u>	<u>3,624,481</u>	<u>3,492,449</u>	<u>132,032</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(685,482)</u>	<u>321,937</u>	<u>1,007,419</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	685,482	-	(685,482)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>685,482</u>	<u>-</u>	<u>(685,482)</u>
<i>Net change in fund balance</i>	-	-	321,937	321,937
<i>Fund balance - beginning of year</i>	-	-	837,055	837,055
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,158,992</u>	<u>\$ 1,158,992</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 321,937
Adjustments to revenues for federal flowthrough				206,886
Adjustments to expenditures for food service operations				(352,129)
Net change in fund balance (GAAP Basis)				<u>\$ 176,694</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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	210,650	210,650	251,197	40,547
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>210,650</u>	<u>210,650</u>	<u>251,197</u>	<u>40,547</u>
<i>Expenditures</i>				
Current:				
Instruction	300,550	330,170	329,790	380
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>300,550</u>	<u>330,170</u>	<u>329,790</u>	<u>380</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(89,900)</u>	<u>(119,520)</u>	<u>(78,593)</u>	<u>40,927</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	89,900	119,520	-	(119,520)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>89,900</u>	<u>119,520</u>	<u>-</u>	<u>(119,520)</u>
<i>Net change in fund balance</i>	-	-	(78,593)	(78,593)
<i>Fund balance - beginning of year</i>	-	-	119,536	119,536
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,943</u>	<u>\$ 40,943</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (78,593)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (78,593)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Entitlement IDEA-B Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

Statement B-3

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	1,747,250	2,995,874	1,419,044	(1,576,830)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,747,250</u>	<u>2,995,874</u>	<u>1,419,044</u>	<u>(1,576,830)</u>
<i>Expenditures</i>				
Current:				
Instruction	320,683	320,683	112,009	208,674
Support services	1,426,567	2,675,191	1,457,739	1,217,452
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>1,747,250</u>	<u>2,995,874</u>	<u>1,569,748</u>	<u>1,426,126</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(150,704)</u>	<u>(150,704)</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>(150,704)</u>	<u>(150,704)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(377,598)</u>	<u>(377,598)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (528,302)</u>	<u>\$ (528,302)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (150,704)
Adjustments to revenues for federal flowthrough grants				154,811
Adjustments to expenditures for payroll expenditures				(4,107)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Preschool IDEA-B 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, 2014

Statement B-4

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	57,746	107,039	45,848	(61,191)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>57,746</u>	<u>107,039</u>	<u>45,848</u>	<u>(61,191)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	57,746	107,039	50,375	56,664
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>57,746</u>	<u>107,039</u>	<u>50,375</u>	<u>56,664</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,527)</u>	<u>(4,527)</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>	-	-	(4,527)	(4,527)
<i>Fund balance - beginning of year</i>	-	-	(6,801)	(6,801)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,328)</u>	<u>\$ (11,328)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (4,527)
Adjustments to revenues for federal flowthrough grants				4,861
Adjustments to expenditures for payroll expenditures				(334)
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  
"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, 2014

Statement B-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	-	18,419	11,886	(6,533)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>18,419</u>	<u>11,886</u>	<u>(6,533)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	18,419	18,416	3
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>18,419</u>	<u>18,416</u>	<u>3</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(6,530)</u>	<u>(6,530)</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>	-	-	(6,530)	(6,530)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(11,886)</u>	<u>(11,886)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,416)</u>	<u>\$ (18,416)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (6,530)
Adjustments to revenues for federal flowthrough grants				6,530
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

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, 2014

	Budgeted Amounts		Actual	Variations
	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	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Reversion to PED	-	-	960	960
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(960)</b>	<b>(960)</b>
<i>Net change in fund balance</i>	<b>-</b>	<b>-</b>	<b>(960)</b>	<b>(960)</b>
<i>Fund balance - beginning of year</i>	<b>-</b>	<b>-</b>	<b>960</b>	<b>960</b>
<i>Fund balance - end of year</i>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (960)
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				960
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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, 2014

Statement B-7

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	106,822	137,474	85,985	(51,489)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>106,822</u>	<u>137,474</u>	<u>85,985</u>	<u>(51,489)</u>
<i>Expenditures</i>				
Current:				
Instruction	94,327	124,979	107,950	17,029
Support services	12,495	12,495	1,658	10,837
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>106,822</u>	<u>137,474</u>	<u>109,608</u>	<u>27,866</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(23,623)</u>	<u>(23,623)</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>	-	-	(23,623)	(23,623)
<i>Fund balance - beginning of year</i>	-	-	(12,652)	(12,652)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,275)</u>	<u>\$ (36,275)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (23,623)
Adjustments to revenues for federal flowthrough grants				(13)
Adjustments to expenditures for payroll expenditures				23,636
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  
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, 2014

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	403,161	587,340	320,494	(266,846)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>403,161</u>	<u>587,340</u>	<u>320,494</u>	<u>(266,846)</u>
<i>Expenditures</i>				
Current:				
Instruction	351,002	520,181	369,261	150,920
Support services	24,760	38,755	24,893	13,862
Central services	27,399	28,404	28,408	(4)
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>403,161</u>	<u>587,340</u>	<u>422,562</u>	<u>164,778</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(102,068)</u>	<u>(102,068)</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>	-	-	(102,068)	(102,068)
<i>Fund balance - beginning of year</i>	-	-	(91,430)	(91,430)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (193,498)</u>	<u>\$ (193,498)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (102,068)
Adjustments to revenues for federal flowthrough grants				26,654
Adjustments to expenditures for supplies and payroll expenditures				14,574
Net change in fund balance (GAAP Basis)				<u>\$ (60,840)</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, 2014

Statement B-9

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	98,519	559,075	460,556
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>98,519</u>	<u>559,075</u>	<u>460,556</u>
<i>Expenditures</i>				
Current:				
Instruction	-	98,519	98,519	-
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>98,519</u>	<u>98,519</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>460,556</u>	<u>460,556</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>	-	-	460,556	460,556
<i>Fund balance - beginning of year</i>	-	-	(460,556)	(460,556)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 460,556
Adjustments to revenues for federal flowthrough grants				(525,821)
Adjustments to expenditures for instructional expenditures				65,265
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Carl Perkins Secondary Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

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	66,983	72,990	28,153	(44,837)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>66,983</u>	<u>72,990</u>	<u>28,153</u>	<u>(44,837)</u>
<i>Expenditures</i>				
Current:				
Instruction	61,777	67,784	52,991	14,793
Support services	5,206	5,206	4,794	412
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>72,990</u>	<u>57,785</u>	<u>15,205</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(29,632)</u>	<u>(29,632)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(29,632)	(29,632)
<i>Fund balance - beginning of year</i>	-	-	(5,629)	(5,629)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,261)</u>	<u>\$ (35,261)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (29,632)
Adjustments to revenues for federal flowthrough grants				29,632
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Carl Perkins Secondary 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, 2014

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	-	15,790	15,790	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>15,790</u>	<u>15,790</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	15,790	15,790	-
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>15,790</u>	<u>15,790</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)	-	-	-	-
Reversion to PED	-	-	(5)	(5)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(5)</u>
<i>Net change in fund balance</i>	-	-	(5)	(5)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</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)				\$ (5)
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				<u>5</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  
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, 2014

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	-	13,606	-	(13,606)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>13,606</u>	<u>-</u>	<u>(13,606)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	13,606	-	13,606
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>13,606</u>	<u>-</u>	<u>13,606</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 federal flowthrough grants				4,730
Adjustments to expenditures for instructional expenditures				<u>(4,730)</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  
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, 2014

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	-	-	-	-
Federal direct	240,000	240,000	187,397	(52,603)
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>187,397</u>	<u>(52,603)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	233,859	233,859	241,624	(7,765)
Central services	-	-	-	-
Operation and maintenance of plant	6,141	6,141	6,248	(107)
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>247,872</u>	<u>(7,872)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(60,475)</u>	<u>(60,475)</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>	-	-	(60,475)	(60,475)
<i>Fund balance - beginning of year</i>	-	-	20,976	20,976
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,499)</u>	<u>\$ (39,499)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (60,475)
Adjustments to revenues for federal direct grants				64,997
Adjustments to expenditures for payroll expenditures				(4,522)
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, 2014

Statement B-14

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	2,854,086	3,035,104	215,815	(2,819,289)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,854,086</u>	<u>3,035,104</u>	<u>215,815</u>	<u>(2,819,289)</u>
<i>Expenditures</i>				
Current:				
Instruction	2,184,769	2,359,357	87,071	2,272,286
Support services	669,317	675,747	13,602	662,145
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,854,086</u>	<u>3,035,104</u>	<u>100,673</u>	<u>2,934,431</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>115,142</u>	<u>115,142</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>	-	-	115,142	115,142
<i>Fund balance - beginning of year</i>	-	-	(85,904)	(85,904)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,238</u>	<u>\$ 29,238</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 115,142
Adjustments to revenues for state flowthrough grants				(48,292)
Adjustments to expenditures for payroll expenditures				(30,498)
Net change in fund balance (GAAP Basis)				<u>\$ 36,352</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Microsoft Settlement Funds Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

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	-	-	-	-
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	-	2,060	-	2,060
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>2,060</u>	<u>-</u>	<u>2,060</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,060)</u>	<u>-</u>	<u>2,060</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	2,060	-	(2,060)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,060</u>	<u>-</u>	<u>(2,060)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,060</u>	<u>2,060</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)				\$ -
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  
Bridge for Southern New Mexico 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, 2014

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	-	99,950	99,950	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>99,950</u>	<u>99,950</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	99,950	-	99,950
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>99,950</u>	<u>-</u>	<u>99,950</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>99,950</u>	<u>99,950</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>	-	-	99,950	99,950
<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>\$ 99,950</u>	<u>\$ 99,950</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 99,950
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 99,950</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, 2014

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	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	29,382	-	(29,382)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>29,382</u>	<u>-</u>	<u>(29,382)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	29,382	-	29,382
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>29,382</u>	<u>-</u>	<u>29,382</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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2014

Statement B-18

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	1,390	4,106	2,716
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,390</u>	<u>4,106</u>	<u>2,716</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	1,390	1,255	135
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,390</u>	<u>1,255</u>	<u>135</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,851</u>	<u>2,851</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	2,851	2,851
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(4,106)</u>	<u>(4,106)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,255)</u>	<u>\$ (1,255)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,851
Adjustments to revenues for state flowthrough grants				(4,106)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (1,255)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
2012 G.O. Bond Student Library Fund Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

Statement B-19

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	64,476	64,476	17,831	(46,645)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>64,476</u>	<u>64,476</u>	<u>17,831</u>	<u>(46,645)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	64,476	64,476	20,199	44,277
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>64,476</u>	<u>64,476</u>	<u>20,199</u>	<u>44,277</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,368)</u>	<u>(2,368)</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>(2,368)</u>	<u>(2,368)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,368)</u>	<u>\$ (2,368)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (2,368)
Adjustments to revenues for state flowthrough grants				1,634
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (734)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
New Mexico Reads to Lead 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, 2014

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	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	71,984	61,422	(10,562)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>71,984</u>	<u>61,422</u>	<u>(10,562)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	71,422	71,422	-
Support services	-	562	-	562
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>71,984</u>	<u>71,422</u>	<u>562</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</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>	-	-	(10,000)	(10,000)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (10,000)
Adjustments to revenues for state flowthrough grants				10,000
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
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, 2014

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	-	-	-	-
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)	-	-	-	-
Reversion to PED	-	-	2,700	2,700
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(2,700)</u>	<u>(2,700)</u>
<i>Net change in fund balance</i>	-	-	(2,700)	(2,700)
<i>Fund balance - beginning of year</i>	-	-	2,700	2,700
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (2,700)
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				<u>2,700</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  
Teacher/School Leader Stipends 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, 2014

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	-	35,000	-	(35,000)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	35,000	-	35,000
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>35,000</u>	<u>-</u>	<u>35,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2014

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	-	-	-	-
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)	-	-	-	-
Reversion to PED	-	-	43,929	43,929
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(43,929)</u>	<u>(43,929)</u>
<i>Net change in fund balance</i>	-	-	(43,929)	(43,929)
<i>Fund balance - beginning of year</i>	-	-	43,929	43,929
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (43,929)
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				43,929
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  
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, 2014

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	-	-	-	-
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)	-	-	-	-
Reversion to PED	-	-	127	127
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(127)</u>	<u>(127)</u>
<i>Net change in fund balance</i>	-	-	(127)	(127)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>127</u>	<u>127</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (127)
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				127
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  
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, 2014

Statement B-25

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	197,906	197,906
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>197,906</u>	<u>197,906</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	261,110	(261,110)
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>261,110</u>	<u>(261,110)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(63,204)</u>	<u>(63,204)</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>	-	-	(63,204)	(63,204)
<i>Fund balance - beginning of year</i>	-	-	21,107	21,107
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,097)</u>	<u>\$ (42,097)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (63,204)
Adjustments to revenues for state flowthrough grants				61,918
Adjustments to expenditures for payroll expenditures				(9,320)
Net change in fund balance (GAAP Basis)				<u>\$ (10,606)</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, 2014

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	-	-	-	-
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)	-	-	-	-
Reversion to PED	-	-	8,111	8,111
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(8,111)</u>	<u>(8,111)</u>
<i>Net change in fund balance</i>	-	-	(8,111)	(8,111)
<i>Fund balance - beginning of year</i>	-	-	8,111	8,111
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (8,111)
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				8,111
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Breakfast for Elementary Students Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

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	-	35,182	25,240	(9,942)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>35,182</u>	<u>25,240</u>	<u>(9,942)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	35,182	29,079	6,103
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>35,182</u>	<u>29,079</u>	<u>6,103</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,839)</u>	<u>(3,839)</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>	-	-	(3,839)	(3,839)
<i>Fund balance - beginning of year</i>	-	-	(4,694)	(4,694)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,533)</u>	<u>\$ (8,533)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (3,839)
Adjustments to revenues for state flowthrough grants				3,839
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, 2014

Statement B-28

	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)	-	-	-	-
Reversion to PED	-	-	39	39
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(39)</u>	<u>(39)</u>
<i>Net change in fund balance</i>	-	-	(39)	(39)
<i>Fund balance - beginning of year</i>	-	-	39	39
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (39)
No adjustments to revenues				-
Adjustments to expenditures for reversion to PED				39
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Kindergarten - Three Plus Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

Statement B-29

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	243,824	173,979	110,180	(63,799)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>243,824</u>	<u>173,979</u>	<u>110,180</u>	<u>(63,799)</u>
<i>Expenditures</i>				
Current:				
Instruction	183,824	113,979	111,075	2,904
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	2,745	2,744	1
Student transportation	60,000	57,255	46,488	10,767
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>243,824</u>	<u>173,979</u>	<u>160,307</u>	<u>13,672</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(50,127)</u>	<u>(50,127)</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>(50,127)</u>	<u>(50,127)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,127)</u>	<u>\$ (50,127)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (50,127)
Adjustments to revenues for state grants				54,702
Adjustments to expenditures for instructional expenditures				(12,513)
Net change in fund balance (GAAP Basis)				<u>\$ (7,938)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-30

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, 2014

	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	-	3,148	1,022	(2,126)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>3,148</u>	<u>1,022</u>	<u>(2,126)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	3,148	3,145	3
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>3,148</u>	<u>3,145</u>	<u>3</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,123)</u>	<u>(2,123)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(2,123)	(2,123)
<i>Fund balance - beginning of year</i>	-	-	(1,022)	(1,022)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,145)</u>	<u>\$ (3,145)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (2,123)
Adjustments to revenues for state flowthrough grants				2,123
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, 2014

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	-	-	107,674	107,674
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>107,674</u>	<u>107,674</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>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>	-	-	(107,674)	(107,674)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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**  
Hobbs Municipal School District #33  
Stem 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, 2014

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	-	270,000	-	(270,000)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>270,000</u>	<u>-</u>	<u>(270,000)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	270,000	212,980	57,020
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>270,000</u>	<u>212,980</u>	<u>57,020</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(212,980)</u>	<u>(212,980)</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>	-	-	(212,980)	(212,980)
<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>\$ (212,980)</u>	<u>\$ (212,980)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (212,980)
Adjustments to revenues for state flowthrough grants				212,980
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  
Next Generation Assessments 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, 2014

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	-	124,223	-	(124,223)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>124,223</u>	<u>-</u>	<u>(124,223)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	118,387	(118,387)
Support services	-	124,223	-	124,223
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>124,223</u>	<u>118,387</u>	<u>5,836</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(118,387)</u>	<u>(118,387)</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>(118,387)</u>	<u>(118,387)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (118,387)</u>	<u>\$ (118,387)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (118,387)
Adjustments to revenues for state flowthrough grants				118,387
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  
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, 2014

Statement B-34

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	52,934	-	(52,934)
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>52,934</u>	<u>-</u>	<u>(52,934)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	52,934	4,450	48,484
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>52,934</u>	<u>4,450</u>	<u>48,484</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,450)</u>	<u>(4,450)</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>	-	-	(4,450)	(4,450)
<i>Fund balance - beginning of year</i>	-	-	28,900	28,900
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,450</u>	<u>\$ 24,450</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (4,450)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (4,450)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-35

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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	198,225	198,225	120,293	(77,932)
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>198,225</b>	<b>198,225</b>	<b>120,293</b>	<b>(77,932)</b>
<i>Expenditures</i>				
Current:				
Instruction	85,975	85,975	73,562	12,413
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	1,373	1,372	1
Student transportation	112,250	110,877	46,732	64,145
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>198,225</b>	<b>198,225</b>	<b>121,666</b>	<b>76,559</b>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,373)	(1,373)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net change in fund balance</i>	-	-	(1,373)	(1,373)
<i>Fund balance - beginning of year</i>	-	-	(306)	(306)
<i>Fund balance - end of year</i>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,679)</b>	<b>\$ (1,679)</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,373)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<b>\$ (1,373)</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
TCA Value Options Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

Statement B-36

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	65,465	65,163	(302)
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>65,465</u>	<u>65,163</u>	<u>(302)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	3,689	-	3,689
Support services	-	65,465	64,152	1,313
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>69,154</u>	<u>64,152</u>	<u>5,002</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(3,689)</u>	<u>1,011</u>	<u>4,700</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	3,689	-	(3,689)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,689</u>	<u>-</u>	<u>(3,689)</u>
<i>Net change in fund balance</i>	-	-	1,011	1,011
<i>Fund balance - beginning of year</i>	-	-	6,829	6,829
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,840</u>	<u>\$ 7,840</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,011
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				<u>(974)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 37</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-37

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, 2014

	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)	-	-	2,865	2,865
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>2,865</u>	<u>2,865</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	-	9,103,924	1,326,813	7,777,111
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>9,103,924</u>	<u>1,326,813</u>	<u>7,777,111</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(9,103,924)</u>	<u>(1,323,948)</u>	<u>7,779,976</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Bond proceeds	-	9,103,924	9,103,924	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>9,103,924</u>	<u>9,103,924</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	7,779,976	7,779,976
<i>Fund balance - beginning of year</i>	-	-	4,486	4,486
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,784,462</u>	<u>\$ 7,784,462</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 7,779,976
Adjustments to revenues for issuance costs				73,448
Adjustments to expenditures for capital outlay expenditures				(892,529)
Net change in fund balance (GAAP Basis)				<u>\$ 6,960,895</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, 2014

Statement B-38

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
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>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
Adjustments to revenues for PSCOC award revenues				2,653,801
Adjustments to expenditures for capital outlay expenditures				(2,653,801)
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-39

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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	5,385	5,385
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	7	7
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>5,392</u>	<u>5,392</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	-	32,665	-	32,665
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>32,665</u>	<u>-</u>	<u>32,665</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(32,665)</u>	<u>5,392</u>	<u>38,057</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	32,665	-	(32,665)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>32,665</u>	<u>-</u>	<u>(32,665)</u>
<i>Net change in fund balance</i>	-	-	5,392	5,392
<i>Fund balance - beginning of year</i>	-	-	32,665	32,665
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,057</u>	<u>\$ 38,057</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5,392
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 5,392</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Capital Improvements HB-33 Capital Projects Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

Statement B-40

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 2,912,944	\$ 2,912,944	\$ 3,028,487	\$ 115,543
Oil and gas taxes	2,777,081	2,777,081	3,509,863	732,782
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	230	230
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,690,025</u>	<u>5,690,025</u>	<u>6,538,580</u>	<u>848,555</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	35,000	35,000	30,285	4,715
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	5,655,025	9,141,242	6,054,453	3,086,789
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,690,025</u>	<u>9,176,242</u>	<u>6,084,738</u>	<u>3,091,504</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(3,486,217)</u>	<u>453,842</u>	<u>3,940,059</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	3,486,217	-	(3,486,217)
Proceeds from sale of assets	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,486,217</u>	<u>-</u>	<u>(3,486,217)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>453,842</u>	<u>453,842</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,486,217</u>	<u>3,486,217</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,940,059</u>	<u>\$ 3,940,059</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 453,842
Adjustments to revenues for taxes				139,292
Adjustments to expenditures for capital outlay and supply expenditures				110,476
Net change in fund balance (GAAP Basis)				<u>\$ 703,610</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, 2014

Statement B-41

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,456,778	\$ 1,456,778	\$ 1,514,567	\$ 57,789
Oil and gas taxes	1,388,540	1,388,540	1,754,931	366,391
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	191,265	-	(191,265)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	187	187
Miscellaneous	-	-	750	750
<i>Total revenues</i>	<u>2,845,318</u>	<u>3,036,583</u>	<u>3,270,435</u>	<u>233,852</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	20,000	20,000	15,146	4,854
Central services	-	-	-	-
Operation and maintenance of plant	534,100	534,100	355,595	178,505
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	4,222,218	5,325,937	3,426,667	1,899,270
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,776,318</u>	<u>5,880,037</u>	<u>3,797,408</u>	<u>2,082,629</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,931,000)</u>	<u>(2,843,454)</u>	<u>(526,973)</u>	<u>2,316,481</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,931,000	2,843,454	-	(2,843,454)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,931,000</u>	<u>2,843,454</u>	<u>-</u>	<u>(2,843,454)</u>
<i>Net change in fund balance</i>	-	-	(526,973)	(526,973)
<i>Fund balance - beginning of year</i>	-	-	2,843,454	2,843,454
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,316,481</u>	<u>\$ 2,316,481</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (526,973)
Adjustments to revenues for state flowthrough grants				69,646
Adjustments to expenditures for capital outlay and supply expenditures				<u>165,635</u>
Net change in fund balance (GAAP Basis)				<u>\$ (291,692)</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-42

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 1,689,026	\$ 1,689,026	\$ 2,262,282	\$ 573,256
Oil and gas taxes	1,904,646	1,904,646	2,281,163	376,517
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	397,208	397,208
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,593,672</u>	<u>3,593,672</u>	<u>4,940,653</u>	<u>1,346,981</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	25,000	25,000	22,623	2,377
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	4,761,287	4,761,287	1,060,000	3,701,287
Interest	1,692,068	1,692,068	1,692,068	-
<i>Total expenditures</i>	<u>6,478,355</u>	<u>6,478,355</u>	<u>2,774,691</u>	<u>3,703,664</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,884,683)</u>	<u>(2,884,683)</u>	<u>2,165,962</u>	<u>5,050,645</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,884,683	2,884,683	-	(2,884,683)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,884,683</u>	<u>2,884,683</u>	<u>-</u>	<u>(2,884,683)</u>
<i>Net change in fund balance</i>	-	-	2,165,962	2,165,962
<i>Fund balance - beginning of year</i>	-	-	13,441,174	13,441,174
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,607,136</u>	<u>\$ 15,607,136</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,165,962
Adjustments to revenues for taxes				194,846
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 2,360,808</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, 2014

Statement C-1

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 7,923,746	\$ 114,034	\$ 252,242	\$ 8,290,022
Investments	6,550,706	-	-	6,550,706
Receivables:				
Property taxes	12,404	-	-	12,404
Oil and gas taxes	72,438	-	-	72,438
Other	3,818	-	-	3,818
Inventory	338,202	-	-	338,202
Due from other funds	3,493,503	-	-	3,493,503
<i>Total assets</i>	<u>\$ 18,394,817</u>	<u>\$ 114,034</u>	<u>\$ 252,242</u>	<u>\$ 18,761,093</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 322,999	\$ -	\$ -	\$ 322,999
Accrued payroll	5,093,695	1,762	-	5,095,457
Accrued compensated absences	14,000	-	-	14,000
Due to PED	-	56,136	-	56,136
<i>Total liabilities</i>	5,430,694	57,898	-	5,488,592
<i>Deferred inflows of resources</i>				
Unavailable revenue - property tax	6,621	-	-	6,621
<i>Total deferred inflows of resources</i>	6,621	-	-	6,621
<i>Fund Balances</i>				
Nonspendable				
Inventory	338,202	-	-	338,202
Spendable				
Restricted for:				
Transportation	-	56,136	-	56,136
Instructional materials	-	-	252,242	252,242
Committed for:				
Subsequent year's expenditures	7,000,000	-	-	7,000,000
Unassigned	5,619,300	-	-	5,619,300
<i>Total fund balances</i>	12,957,502	56,136	252,242	13,265,880
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 18,394,817</u>	<u>\$ 114,034</u>	<u>\$ 252,242</u>	<u>\$ 18,761,093</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
For the Year Ended June 30, 2014

Statement C-2

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Revenues:</i>				
Property taxes	\$ 313,981	\$ -	\$ -	\$ 313,981
Oil and gas taxes	457,166	-	-	457,166
Intergovernmental revenue:				
Federal flowthrough	44,205	-	-	44,205
Local sources	119,046	-	-	119,046
State flowthrough	53,585	-	546,582	600,167
State direct	59,167,520	-	-	59,167,520
Transportation distribution	-	1,588,436	-	1,588,436
Charges for services	20,325	-	-	20,325
Investment income (loss)	19,299	-	-	19,299
Miscellaneous	3,818	-	-	3,818
<i>Total revenues</i>	<u>60,198,945</u>	<u>1,588,436</u>	<u>546,582</u>	<u>62,333,963</u>
<i>Expenditures:</i>				
Current:				
Instruction	40,996,410	-	693,759	41,690,169
Support services - students	5,276,859	-	-	5,276,859
Support services - instruction	2,140,311	-	577	2,140,888
Support services - general administration	799,297	-	-	799,297
Support services - school administration	3,345,816	-	-	3,345,816
Central services	1,257,850	-	-	1,257,850
Operation and maintenance plant	5,620,708	-	-	5,620,708
Student transportation	48,066	1,473,421	-	1,521,487
Other support services	85,876	-	-	85,876
Capital Outlay	688,221	35,084	-	723,305
<i>Total expenditures</i>	<u>60,259,414</u>	<u>1,508,505</u>	<u>694,336</u>	<u>62,462,255</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(60,469)</u>	<u>79,931</u>	<u>(147,754)</u>	<u>(128,292)</u>
<i>Other financing sources (uses):</i>				
Proceeds from sale of assets	7,980	-	-	7,980
Reversion to PED	-	(56,136)	-	(56,136)
<i>Total other financing sources (uses)</i>	<u>7,980</u>	<u>(56,136)</u>	<u>-</u>	<u>(48,156)</u>
<i>Net change in fund balances</i>	<u>(52,489)</u>	<u>23,795</u>	<u>(147,754)</u>	<u>(176,448)</u>
<i>Fund balances - beginning of year</i>	12,917,413	32,341	399,996	13,349,750
<i>Fund balances - reclassification (note 16)</i>	92,578	-	-	92,578
<i>Fund balances - as reclassified</i>	<u>13,009,991</u>	<u>32,341</u>	<u>399,996</u>	<u>13,442,328</u>
<i>Fund balances - end of year</i>	<u>\$ 12,957,502</u>	<u>\$ 56,136</u>	<u>\$ 252,242</u>	<u>\$ 13,265,880</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**Hobbs Municipal School District #33**  
**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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 303,378	\$ 303,378	\$ 315,001	\$ 11,623
Oil and gas taxes	347,135	347,135	438,733	91,598
Intergovernmental revenue:				
Federal flowthrough	30,000	30,000	44,205	14,205
Federal direct	-	-	-	-
Local sources	-	-	127,694	127,694
State flowthrough	99,500	99,500	53,585	(45,915)
State direct	57,747,034	59,255,024	59,167,520	(87,504)
Transportation distribution	-	-	-	-
Charges for services	7,000	7,000	20,325	13,325
Investment income (loss)	15,000	15,000	19,299	4,299
Miscellaneous	-	20,757	-	(20,757)
<i>Total revenues</i>	<u>58,549,047</u>	<u>60,077,794</u>	<u>60,186,362</u>	<u>108,568</u>
<i>Expenditures:</i>				
Current:				
Instruction	45,923,464	44,732,241	38,628,876	6,103,365
Support services - students	5,556,593	6,212,532	5,276,859	935,673
Support services - instruction	2,165,483	2,528,368	2,140,456	387,912
Support services - general administration	949,282	969,329	796,567	172,762
Support services - school administration	3,587,861	3,633,376	3,335,866	297,510
Central services	1,411,855	1,573,455	1,260,216	313,239
Operation and maintenance of plant	6,133,068	6,248,301	5,537,714	710,587
Student transportation	105,800	105,800	48,066	57,734
Other support services	168,205	168,205	43,451	124,754
Capital Outlay	547,436	4,102,531	2,962,230	1,140,301
<i>Total expenditures</i>	<u>66,549,047</u>	<u>70,274,138</u>	<u>60,030,301</u>	<u>10,243,837</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,000,000)</u>	<u>(10,196,344)</u>	<u>156,061</u>	<u>10,352,405</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	8,000,000	10,196,344	-	(10,196,344)
Proceeds from sale of assets	-	-	7,980	7,980
<i>Total other financing sources (uses)</i>	<u>8,000,000</u>	<u>10,196,344</u>	<u>7,980</u>	<u>(10,188,364)</u>
<i>Net change in fund balance</i>	-	-	164,041	164,041
<i>Fund balance - beginning of year</i>	-	-	17,711,336	17,711,336
<i>Fund balances - reclassification (note 16)</i>	-	-	92,578	92,578
<i>Fund balances - as reclassified</i>	-	-	17,803,914	17,803,914
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,967,955</u>	<u>\$ 17,967,955</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 164,041
Adjustments to revenues for taxes and state flowthrough grants				12,583
Adjustments to expenditures for instructional and payroll expenditures				(229,113)
Net change in fund balance (GAAP Basis)				<u>\$ (52,489)</u>

The accompanying notes are an integral part of these financial statements

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

Statement C-4

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	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	1,511,555	1,588,436	1,588,436	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,511,555</u>	<u>1,588,436</u>	<u>1,588,436</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	1,476,555	1,507,913	1,471,951	35,962
Other support services	-	-	-	-
Capital Outlay	35,000	80,522	35,086	45,436
<i>Total expenditures</i>	<u>1,511,555</u>	<u>1,588,435</u>	<u>1,507,037</u>	<u>81,398</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>1</u>	<u>81,399</u>	<u>81,398</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	(1)	-	1
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
<i>Net change in fund balance</i>	-	-	81,399	81,399
<i>Fund balance - beginning of year</i>	-	-	32,635	32,635
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,034</u>	<u>\$ 114,034</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 81,399
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures and PED reversion				<u>(57,604)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 23,795</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Instructional Materials Fund  
Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

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	479,015	589,977	657,544	67,567
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	8,362	-	(8,362)
<i>Total revenues</i>	<u>479,015</u>	<u>598,339</u>	<u>657,544</u>	<u>59,205</u>
<i>Expenditures:</i>				
Current:				
Instruction	479,015	908,377	715,441	192,936
Support services - students	-	-	-	-
Support services - instruction	-	597	577	20
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>479,015</u>	<u>908,974</u>	<u>716,018</u>	<u>192,956</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(310,635)</u>	<u>(58,474)</u>	<u>252,161</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	310,635	-	(310,635)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>310,635</u>	<u>-</u>	<u>(310,635)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(58,474)</u>	<u>(58,474)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>310,716</u>	<u>310,716</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,242</u>	<u>\$ 252,242</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (58,474)
Adjustments to revenues for state flowthrough grants				(110,962)
Adjustments to expenditures for instructional expenditures				21,682
Net change in fund balance (GAAP Basis)				<u>\$ (147,754)</u>

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Deposit and Investment Accounts  
June 30, 2014

Bank Name / Account Name	Account Type	Lea County State Bank	LGIP	US Bank
Operational - checking	Checking	\$ 1,020,926	\$ -	\$ -
Operational Sweep Account	Sweep Account	3,431,338	-	-
Special Building	Checking	38,057	-	-
State/Local Grant	Checking	600,473	-	-
Ralph Tasker Scholarship	Checking	628	-	-
Bond Building	Checking	777,121	-	-
Debt Service	Checking	3,872,868	-	-
Agency	Certificate of Deposit	252,889	-	-
Agency	Investment	-	248,067	-
Debt Service	Investment	-	226,406	-
Qzab sinking fund	Money Market	-	-	5,358
FNMA Discount Note (Qzab)	Investment	-	-	11,502,504
HB33	Checking	-	-	-
HB 33 Sweep Account	Sweep Account	-	-	-
Payroll	Checking	-	-	-
Operational	Money Market	-	-	-
Bond Building	Checking	-	-	-
Farmers & Merch Bank	Certificate of Deposit	-	-	-
GE Cap Retail BK	Certificate of Deposit	-	-	-
GE Capital Bank	Certificate of Deposit	-	-	-
Bank of China NY	Certificate of Deposit	-	-	-
Orintal Bank	Certificate of Deposit	-	-	-
MVB Bank	Certificate of Deposit	-	-	-
Investors Bk/Short Hills	Certificate of Deposit	-	-	-
BMW Bank	Certificate of Deposit	-	-	-
Wex Bank	Certificate of Deposit	-	-	-
Plains Commerce Bank	Certificate of Deposit	-	-	-
Banner Bank	Certificate of Deposit	-	-	-
1st State Bank	Certificate of Deposit	-	-	-
Synovus Bank	Certificate of Deposit	-	-	-
Ally Bank	Certificate of Deposit	-	-	-
Discover Bank	Certificate of Deposit	-	-	-
Capital One Bank	Certificate of Deposit	-	-	-
Merrick Bank	Certificate of Deposit	-	-	-
American Express Cent	Certificate of Deposit	-	-	-
Federal Projects	Checking	-	-	-
Cafeteria	Checking	-	-	-
Activity/Athletics	Checking	-	-	-
<b>Total</b>		<b>9,994,300</b>	<b>474,473</b>	<b>11,507,862</b>
Reconciling items		3,876,499	-	-
Reconciled balance June 30, 2014		<u>\$ 13,870,799</u>	<u>\$ 474,473</u>	<u>\$ 11,507,862</u>

See independent auditors' report

Wells Fargo Bank	Wells Fargo Securities, LLC	Western Commerce Bank	Totals
\$ -	\$ -	\$ -	\$ 1,020,926
-	-	-	3,431,338
-	-	-	38,057
-	-	-	600,473
-	-	-	628
-	-	-	777,121
-	-	-	3,872,868
-	-	-	252,889
-	-	-	248,067
-	-	-	226,406
-	-	-	5,358
-	-	-	11,502,504
3,000,000	-	-	3,000,000
3,354,174	-	-	3,354,174
6,397,924	-	-	6,397,924
-	2,049,415	-	2,049,415
-	7,007,341	-	7,007,341
-	249,945	-	249,945
-	250,083	-	250,083
-	249,989	-	249,989
-	249,999	-	249,999
-	249,944	-	249,944
-	249,928	-	249,928
-	249,909	-	249,909
-	249,960	-	249,960
-	249,967	-	249,967
-	249,950	-	249,950
-	249,762	-	249,762
-	249,752	-	249,752
-	249,711	-	249,711
-	250,330	-	250,330
-	250,299	-	250,299
-	250,243	-	250,243
-	250,207	-	250,207
-	251,313	-	251,313
-	-	348,949	348,949
-	-	998,745	998,745
-	-	654,359	654,359
12,752,098	13,558,047	2,002,053	50,288,833
(6,495,560)	-	807,708	(1,811,353)
<u>\$ 6,256,538</u>	<u>\$ 13,558,047</u>	<u>\$ 2,809,761</u>	<u>48,477,480</u>
Less: investments per Exhibit A-1			(6,777,112)
Less: restricted cash per Exhibit A-1			(5,358)
Less: restricted investments per Exhibit A-1			(11,502,504)
Less: agency cash per Exhibit D-1			(638,453)
Less: agency investments per Exhibit D-1			(500,956)
Cash and cash equivalents per Exhibit A-1			<u>\$ 29,053,097</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Cash Reconciliation  
For the Year Ended June 30, 2014

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Audited Cash				
June 30, 2013	\$ 6,615,991	\$ 32,635	\$ 310,716	\$ 837,055
Investments on hand, June 30, 2013	8,532,845			
Total cash June 30, 2013	<u>15,148,836</u>	<u>32,635</u>	<u>310,716</u>	<u>837,055</u>
Add:				
2013-2014 receipts	60,194,342	1,588,436	657,544	3,814,386
Repayment of loans	2,562,500	-	-	-
Cash transfers	32,203	-	-	-
Loans from other funds	-	-	-	-
Bond proceeds	-	-	-	-
Bond premium	-	-	-	-
Total cash available	<u>77,937,881</u>	<u>1,621,071</u>	<u>968,260</u>	<u>4,651,441</u>
Less:				
2013-2014 expenditures	(60,057,416)	(1,508,505)	(716,018)	(3,520,842)
Repayment of prior year loans	-	-	-	-
Loans to other funds	(3,436,528)	-	-	-
Cash transfers	-	-	-	-
Bond issuance costs	-	-	-	-
Qzab investment	-	-	-	-
Reserve contingencies*	1,712	-	-	-
NSF accounts	(710)	-	(80)	(356)
2012-2013 held checks	(5,040,362)	(294)	-	(151,332)
Cash per PED	<u>9,404,577</u>	<u>112,272</u>	<u>252,162</u>	<u>978,911</u>
Add / Less:				
Investments (with out Qzab)	(6,550,706)	-	-	-
Reserve contingencies*	(1,712)	-	-	-
Transfer of expenditures	80	-	-	-
NSF accounts	710	-	80	356
2013-204 held checks	5,070,797	1,762	-	179,725
Cash per financial statement	<u>\$ 7,923,746</u>	<u>\$ 114,034</u>	<u>\$ 252,242</u>	<u>\$ 1,158,992</u>

\*The New MexiGROW LGIP Reserve Contingency Fund has been written off for the financial statement presentation. The current trustee believes there will be no further distributions.

See independent auditors' report

Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000	Local/State Grants 26000	State Flowthrough 27000
\$ 119,536	\$ 517,367 501,030	\$ 1,020,345	\$ 56,976	\$ 12,156	\$ 268,017
119,536	1,018,397	1,020,345	56,976	12,156	268,017
251,197	1,266,063	3,786,518	187,397	315,765	525,381
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,449,900	65,000	96,000	799,327
-	-	-	-	-	-
-	-	-	-	-	-
370,733	2,284,460	7,256,763	309,373	423,921	1,592,725
(329,790)	(1,139,775)	(4,167,825)	(252,394)	(98,408)	(942,110)
-	-	(2,120,000)	(36,000)	(96,000)	(309,500)
(4,699)	-	-	-	-	-
-	-	(32,203)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	324	-	-	-	-
192	(3,477)	-	-	-	-
-	(14,479)	(266,883)	(20,976)	(9,227)	(21,107)
36,436	1,127,053	669,852	3	220,286	320,008
-	(500,956)	-	-	-	-
-	(324)	-	-	-	-
-	-	(80)	-	-	-
(192)	3,477	-	-	-	-
-	9,203	281,345	25,498	6,962	30,427
\$ 36,244	\$ 638,453	\$ 951,117	\$ 25,501	\$ 227,248	\$ 350,435

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Cash Reconciliation  
For the Year Ended June 30, 2014

	State Direct 28000	Local/State Fund 29000	Bond Building 31100	Public School Capital Outlay 31200
Audited Cash				
June 30, 2013	\$ 29,594	\$ 6,829	\$ 10	\$ -
Investments on hand, June 30, 2013			4,476	-
Total cash June 30, 2013	<u>29,594</u>	<u>6,829</u>	<u>4,486</u>	<u>-</u>
Add:				
2013-2014 receipts	120,293	65,163	2,865	-
Repayment of loans	-	-	-	-
Cash transfers	-	-	-	-
Loans from other funds	31,000	-	-	-
Bond proceeds	-	-	177,372	-
Bond premium	-	-	9,000,000	-
Total cash available	<u>180,887</u>	<u>71,992</u>	<u>9,184,723</u>	<u>-</u>
Less:				
2013-2014 expenditures	(126,116)	(65,126)	(1,326,813)	-
Repayment of prior year loans	(1,000)	-	-	-
Loans to other funds	-	-	-	-
Cash transfers	-	-	-	-
Bond issuance costs	-	-	(73,448)	-
Qzab investment	-	-	-	-
Reserve contingencies*	-	-	4,476	-
NSF accounts	-	-	-	-
2012-2013 held checks	-	(3,140)	-	-
Cash per PED	<u>53,771</u>	<u>3,726</u>	<u>7,788,938</u>	<u>-</u>
Add / Less:				
Investments (with out Qzab)	-	-	-	-
Reserve contingencies*	-	-	(4,476)	-
Transfer of expenditures	-	-	-	-
NSF accounts	-	-	-	-
2013-204 held checks	-	4,114	-	-
Cash per financial statement	<u>\$ 53,771</u>	<u>\$ 7,840</u>	<u>\$ 7,784,462</u>	<u>\$ -</u>

\*The New MexiGROW LGIP Reserve Contingency Fund has been written off for the financial statement presentation. The current trustee believes there will be no further distributions.

See independent auditors' report



Special Building Local 31300	Capital Improvements SB-9 31600	Capital Improvements SB-9 31700	Debt Service 41000	Total
\$ 32,665	\$ 3,486,217	\$ 2,843,454	\$ 2,951,486	\$ 19,141,049
32,665	3,486,217	2,843,454	10,489,688	19,528,039
			13,441,174	38,669,088
5,392	6,538,580	3,270,435	4,941,269	87,531,026
-	-	-	-	2,562,500
-	-	-	-	32,203
-	-	-	-	3,441,227
-	-	-	-	177,372
-	-	-	-	9,000,000
38,057	10,024,797	6,113,889	18,382,443	141,413,416
-	(6,084,738)	(3,797,408)	(2,775,307)	(86,908,591)
-	-	-	-	(2,562,500)
-	-	-	-	(3,441,227)
-	-	-	-	(32,203)
-	-	-	-	(73,448)
-	-	-	(11,507,862)	(11,507,862)
-	-	-	616	7,128
-	-	-	-	(4,431)
-	-	-	-	(5,527,800)
38,057	3,940,059	2,316,481	4,099,890	31,362,482
-	-	-	(221,048)	(7,272,710)
-	-	-	(616)	(7,128)
-	-	-	-	-
-	-	-	-	4,431
-	-	-	-	5,609,833
\$ 38,057	\$ 3,940,059	\$ 2,316,481	\$ 3,878,226	\$ 29,696,908
Cash balance above				\$ 29,696,908
Less: agency cash per Exhibit D-1				(638,453)
Cash per Exhibit B-1				\$ 29,058,455
Investment balance above				7,272,710
Qzab investment				11,507,862
Less: agency investment per Exhibit D-1				(500,956)
Investment per Exhibit B-1				\$ 18,279,616

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Collateral Pledged by Depository for Public Funds  
As of June 30, 2014

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair/Par Value June 30, 2014</u>
<b>Lea County State Bank</b>				
	Collateral Pledged for Deposits			
	Eastern NM University 3.625%**	8/15/2014		\$ 650,000
	Rio Rancho NM 4%**	8/1/2021		715,000
	Bloomfield NM SD 4%**	9/1/2019		400,000
	Loving NM ISD 4.25%**	7/15/2022		500,000
	Santa Fe CCD 4.0%**	8/1/2019		1,000,000
	NMMI 4.0%**	6/1/2028		900,000
	Albuq/Berna **	7/1/2034		1,000,000
	Espanola PSD 2.0%**	9/1/2017		725,000
	Gadsden NM ISD 3.75%**	8/15/2015		700,000
	San Miguel Co 4.0%**	6/1/2026		<u>595,000</u>
	Total			<u>7,185,000</u>
	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>3,499,970</u>
	Total			<u>3,499,970</u>
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			
	<b>Total Lea County State Bank</b>			<u>10,684,970</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, 2014</u>
<b>Wells Fargo Bank</b>				
	Collateral Pledged for Deposits			
	FN ASOO23 3.500%	7/1/2043	3138W9AZ3	\$ 1,198,512
	FN MA1688 3.500%	12/1/2033	31418A2W7	<u>7,975,831</u>
	Total			9,174,343
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			
	Collateral Pledged for Overnight Repurchase Agreements			
	FN MA1375 3.500%	10/1/2043	36179NQ43	<u>3,421,259</u>
	Total			<u>3,421,259</u>
	Name and location of safekeeper for above pledged collateral: WF Brokerage, Minneapolis, MN			
	<b>Total Wells Fargo Bank</b>			<u>12,595,602</u>
<b>Western Commerce Bank</b>				
	FNMA #AH2367	1/1/2041	3138A3TZ0	\$ 540,373
	FNMA #AB2748	4/1/2041	31416YBS6	847,775
	SBAP SERIES 2014-20B	1/1/2034	83162CWB5	<u>1,032,701</u>
	Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			
	<b>Total Western Commerce Bank</b>			<u>2,420,849</u>
	<b>Total Pledged Collateral</b>			<u>\$ 25,701,421</u>

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Changes in Assets and Liabilities-Agency Funds  
For the Year Ended June 30, 2014

Schedule IV

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Administration*	\$ 15,102	\$ 76,598	\$ 73,257	\$ 18,443
Warehouse	7	-	-	7
Taos House/Federal Program	205	-	-	205
Dalton Tabor/Special Services	8,566	1,947	4,945	5,568
Athletics	172,653	88,662	45,726	215,589
TARS	16	-	-	16
Jenkins Nunan Learning Center	1,781	-	-	1,781
Superintendent	16,712	500	-	17,212
Computer Aided Instruction	88	14	-	102
Hobbs High School	303,166	224,953	196,048	332,071
Hobbs Freshman School	64,360	26,601	21,511	69,450
Heizer Junior High	30,756	137,065	124,534	43,287
Highland Junior High	135,835	249,950	236,496	149,289
Houston Junior High	85,445	273,505	237,168	121,782
Broadmoor Elementary	9,793	2,807	6,528	6,072
Edison Elementary	24,284	16,858	19,291	21,851
Jefferson Elementary	20,398	7,007	18,485	8,920
Sanger Elementary	4,264	5,356	4,315	5,305
Southern Heights Elementary	9,173	24,310	17,099	16,384
Taylor Elementary	(2,843)	5,544	13,836	(11,135)
B.T. Washington Elementary	5,249	20,733	23,519	2,463
Will Rogers Elementary	18,027	32,868	26,502	24,393
Coronado Elementary	7,712	15,504	12,636	10,580
Mills Elementary	7,721	5,727	5,488	7,960
Stone Elementary	21,483	23,181	13,542	31,122
College Lane Elementary	2,621	5,810	6,554	1,877
District-wide Activity Funds	31,964	2,249	-	34,213
	<u>\$ 994,538</u>	<u>\$ 1,247,749</u>	<u>\$ 1,107,480</u>	<u>1,134,807</u>
Totals				<u>\$ 1,134,807</u>
		Total agency assets per Exhibit D-1		<u>\$ 1,134,807</u>
		Accounts payable		\$ 50,866
		Accrued payroll		9,203
		Due to student organizations		1,074,738
		Total agency liabilities per Exhibit D-1		<u>\$ 1,134,807</u>

\* Beginning cash has changed from last year's ending cash, as the District separated the Eagle Trust from the Administration agency account in the current year.

See independent auditors' report

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**COMPLIANCE SECTION**



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

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

**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, 2014, 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 7, 2014.

**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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider items FS 2012-005 (FS 12-05), FS 2013-002, FS 2014-003, FS 2014-004, and FS 2014-005 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 instances 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 2013-007, FS 2014-001, FS 2014-002, and FS 2014-006.

## 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 7, 2014

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**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, 2014. 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, 2014.

## 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 7, 2014

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass Through Grantor/Program Title	Pass Thru Number	Federal C.F.D.A. Number	Expenditures
<b>U.S. Department of Agriculture</b>			
<i>Direct U.S. Department of Education</i>			
Forest Reserve - General Fund	11000	10.665	\$ 44,205
Food Distribution	21000	10.553 & 10.555	223,552 (1)*
National School Lunch Act	21000	10.553 & 10.555	<u>3,621,026 (1)*</u>
Total U.S. Department of Agriculture			<u>3,888,783</u>
<b>U.S. Department of Education</b>			
<i>Passthrough - State of NM Public Education Department</i>			
Title I IASA	24101	84.010	1,739,416 (2)
Title I School Improvement	24162	84.010	33,254 (2)
IDEA-B Entitlement	24106	84.027	1,573,855 (3)*
IDEA-B Preschool	24109	84.173	50,709 (3)*
IDEA-B "Risk Pool"	24120	84.027	18,416 (3)*
Title III - English Language Acquisition	24153	84.365A	85,972
Title IIA - Teacher Principal Training & Recruiting	24154	84.367A	407,988
Carl D Perkins Secondary	24174	84.048O	57,785 (4)
Carl D Perkins Secondary PY	24175	84.048O	15,790 (4)
Carl D Perkins Secondary - Redistribution	24176	84.048O	4,730 (4)
<i>Passthrough - Utah State University</i>			
NM Extended School Year K-3 Validation Study	28191	84.396B	<u>121,666</u>
Total U.S. Department of Education			<u>4,109,581</u>
Total Federal Financial Assistance			<u>\$ 7,998,364</u>

\* Major program  
( ) Donote clusters

See independent auditors' report  
See accompanying notes to schedule of expenditures of federal awards

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

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Hobbs Municipal School District #33, (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements except the Department of Agriculture awards that are presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

Subrecipients

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

Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of the commodities received for the year ended June 30, 2014 was \$223,552 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	\$ 7,998,364
Total expenditures funded by other sources	<u>81,354,567</u>
Total expenditures	<u><u>\$ 89,352,931</u></u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements:*

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

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | No         |
| 2. Type of auditors' report issued on compliance for major programs   | Unmodified |
| 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 84.027 & 84.173	National School Lunch Program IDEA-B Cluster

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



**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

**FS 2012-005 (FS 12-05) – Internal Controls over Inventory – (Repeated/Modified) – Significant Deficiency**

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

- In 2 out of 10 warehouse inventory items tested, the District had the wrong count listed on the inventory listing. Total warehouse inventory tested was listed as \$81,155.30 by the client; we counted \$81,395.24. The 2 items incorrectly counted resulted in a total \$239.94 understatement of inventory.
- In 4 out of 13 food service inventory items tested, the District had the wrong count listed on the inventory listing. Total food inventory tested was listed as \$19,358.53 by the client; we counted \$18,746.77. The 4 items incorrectly counted resulted in a total \$611.76 overstatement of inventory.

*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 and improperly recorded inventory.

*Cause:* The warehouse and the food service inventory counts were not accurate at year end.

*Auditors' Recommendations:* We recommend the District implement internal controls over inventory, to ensure that 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 the 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 warehouse staff researches a reason, i.e. short-shipment/over-shipment, breakage, etc.
  - a) If such is found, it is remedied as soon 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. Some differences occur because of an emergency order because the primary vendor was unable to get the product as needed.

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

**FS 2013-002 – Internal Controls Over Bank Reconciliation of Payroll Clearing– Significant Deficiency (Repeated/Modified)**

*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 and reviewed in a timely manner. The District was unable to prepare the June 30, 2014 bank reconciliation until September 2, 2014.

*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/or 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:* In the future, the new Assistant Director and the Chief Procurement office will work together to ensure that this is done on a timely basis. The Director of Finance will be reviewing the reconciliations and discuss the reconciling to ensure understanding of the bank reconciliation.

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

**FS 2013-007 — Expenditures in Excess of Budget – Other Matter (Repeated/Modified)**

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

Title XIX Medicaid	7,872
Next Generation Assessments	<u>118,387</u>
<b>Total Funds</b>	<b><u>\$ 126,259</u></b>

*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:* Regarding XIX Medicaid: This is a fund that is reimbursed through REC VII and the budget is an estimate. In the future, we will monitor all accounts on a quarterly basis to make sure none are overspent.

Regarding Next Generation Assessments: The amount was budgeted in OBMS under one function, however, in Skyward it was budgeted under another function. For the fund as a whole, the district did not go over. In the future, the district will run a report to ensure that the OBMS budget and skyward budget match.

**FS 2014-001 – SSA Forms Missing from File – Other Matter**

*Condition:* During our testwork of Social Security Administration testwork we noted 1 out of 5 instances where the SSA 1945 Form was missing from the personnel file.

*Criteria:* Section 419(C) of Public Law 108-203, the Social Security Protection Act of 2004 requires State and local government employers to provide a statement to employees hired January 1, 2005 or later in a job not covered under Social Security.

*Effect:* Employee may not have been aware of the fact that their future benefits may be reduced.

*Cause:* Oversight in the hiring process by the human resources department.

*Auditors' Recommendation:* We recommend that the district verifies signing of these forms during the hiring process and keeps a copy on file for all employees. Any employees that are missing forms should have these forms completed as soon as possible.

*Agency's Responses:* The district will work on processes and steps to ensure that all required Personnel forms are filed out and filed properly.

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

**FS 2014-002 – Purchase of Gift Cards for Student Incentives – Other Matter**

*Condition:* During our Cash Packet testwork, we noted a cash packet expense of \$999.99 for test incentives for students to JcPenney. This money was paid from the principal's discretionary fund.

*Criteria:* The New Mexico Constitution, Article IX, Section 14 states that no school shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation or in aid of any private enterprise for the construction of any railroad except as provided in Subsections A through G of this section.

*Effect:* Providing any type of student incentives from these funds is in direct violation of NM Constitution, Article IX, and Section 14 and is a misuse of funds.

*Cause:* There was a misunderstanding by the finance department of the appropriate funds to use for incentives by the district.

*Auditors' Recommendation:* We recommend that any incentives for the students be paid from the activity funds only.

*Agency's Response:* In the future, all POs for gift cards will be denied. The district will also remind Principals that gift cards are not allowed.

**FS 2014-003 – Duplicate Journal Entries – Significant Deficiency**

*Condition:* During testwork we noted that the District recorded a journal entry in the amount of \$7,885.45 twice which overstated expenditures and liabilities in the District's general ledger

*Criteria:* NMAC 6.20.2.11 states that every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations.

*Effect:* The lack of proper internal controls over journal entries may result in errors or irregularities going undetected and cause financial statements to be misstated. The District may be at risk for fraudulent activity without a proper review process over journal entries.

*Cause:* There was oversight of journal entry review by the district and the journal entries were not closely monitored.

*Auditor's Recommendation:* We recommend that all journal entries are reviewed by appropriate management. Any errors or corrections should be documented and kept as support with the journal entries.

*Agency's Response:* This entry has now been corrected. In the future, the district will double check that no journal entries are duplicated.

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

**FS 2014-004 – Deficiencies in Internal Control – Segregation of Duties – Significant Deficiency**

*Condition:* The payroll clerk who runs payroll has access to add employees as well as change pay rates for non-contract employees.

*Criteria:* NMAC 6.20.2.11 (B) states that each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

*Effect:* The lack of proper internal controls and segregation of duties may result in errors or irregularities and fictitious employees to be created and go undetected. The District may also be at risk for fraudulent activity.

*Cause:* The District improperly gave conflicting duties and access within the system to one employee.

*Auditor's Recommendation:* We recommend that a segregation of duties should be established so that the employee who processes payroll has access to add employees and change their rates.

*Agency's Response:* The district will change the access of the Payroll clerk and ensure that she does not have this access any longer. All employees will be entered and pay rates changed by someone that does not have access to process payroll.

**FS 2014-005 – Interfund Activity – Significant Deficiency**

*Condition:* The District's internal due to/due from accounts are out of balance by \$5,940

*Criteria:* GASB 34, paragraph 112 requires that all interfund receivables/payables be recorded properly, in a timely manner. Also, Public Education Department (PED) Manual of Procedures PSAB Supplement #7 states cash controls requires that temporary inter-fund transfers be recorded as "due from" and "due to" accounts to indicate inter-fund receivables and payables.

*Effect:* The District's interfund balances are misstated at year end. In addition, the District was not able to make informed financial decisions as the trial balance does not represent an accurate financial position. Also, the risk of fraud, errors, or irregularities not being prevented or detected in a timely manner is high due to the deteriorated nature of their financial information.

*Cause:* Lack of review by the District of due to/from accounts during the year.

*Auditor's Recommendation:* We recommend that the District review due to/due from accounts throughout the year to ensure proper recording of all entries.

*Agency's Response:* The district will monitor this on a monthly basis to ensure that it remains in balance.

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

**FS 2014-006 – IT Control Deficiency – Other Matter**

*Condition:* During our walkthrough of Information Technology controls, we noted that the District does not properly restrict access to user names and passwords as the District's finance office has individual user names and passwords for finance office employees store in the finance office vault.

*Criteria:* Per NMAC 6.20.2.11(A) every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

*Effect:* Lack of proper internal controls over general computer controls leaves the District at risk for unauthorized access of information and increases the risk of errors and/or fraud that could go undetected.

*Cause:* The District is not properly safeguarding access to individual user names and passwords.

*Auditor's Recommendations:* The District should require individuals to safeguard user names and passwords. No employee should have access to other employee's user names and passwords.

*Agency Response:* This has now been corrected. The list of passwords was destroyed and employees instructed not to share passwords.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

Schedule VI  
Page 8 of 8

**C. FEDERAL AWARD FINDINGS**

No federal award findings

**D. PRIOR YEAR AUDIT FINDINGS**

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

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

**FS 2012-005 (FS 12-05) – Internal Controls over Warehouse Inventory – Significant Deficiency –  
(Repeated/Modified)**

**FS 2013-001 – Charges on Gas Cards Other Matters – Other Mater - Resolved**

**FS 2013-002 – Internal Controls Over Bank Reconciliation of Payroll Checking - Material Weakness –  
(Repeated/Modified)**

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

**FS 2013-004 – Bid Letter – Other Matters – Resolved**

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

**FS 2013-006 – Cash Transfers for Federal and State Programs – Noncompliance – Resolved**

**FS 2013-007 – Expenditures in Excess of Budget – Other Matter – (Repeated/Modified)**

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**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Other Disclosures  
For the Year Ended June 30, 2014

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on November 7, 2014. In attendance were the following:

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

TJ Parks, 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.