

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2015**

## INTRODUCTORY SECTION

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**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT NO. 33  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended  
June 30, 2015

OFFICIAL ROSTER  
June 30, 2015

Name

Board of Education

Title

Gary Eidson

Board President

Peggy Appleton

Board Vice President

Patrcia D. Jones

Board Secretary

Joe Calderon

Board Member

Lance Wiseman

Board Member

Administrative Officials

T.J. Parks

Superintendent

Kerri Gray

Director of Finance

Debbie Cooper

Assistant 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

**STATE OF NEW MEXICO**  
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**FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Hobbs Municipal School District #33 (the District), as of and for the year ended June 30, 2015, 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 and the budgetary comparisons for the major capital projects funds, debt service funds, and all nonmajor funds presented as supplementary information as defined by the Governmental Accounting Standards Boards, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, 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 misstatements, 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 of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 entity'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 entity'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 reasonable 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 the District, as of June 30, 2015, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund and major special revenue funds 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 of the District as of June 30, 2015, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major

capital project funds, debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 11 through 24 and Schedules IV and V and the notes to those schedules as listed on page 157 in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the accompanying financial information listed as Statement C and supporting Schedules I through IV in the table of contents required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Expenditures of federal awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 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.

Johnson, Miller & Co., CPA’s



Hobbs, New Mexico  
November 13, 2015

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
Unaudited

Within the Management Discussion and Analysis of the fiscal performance of the Hobbs Municipal Schools (the "District") for the period ending June 30, 2015, 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, 2015. 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, 2015  
Unaudited

**Significant Financial Highlights for the Year Ending June 30, 2015**

- Capital Outlay expenditures were \$36,898,294 for the year ending June 30, 2015
- For assets over \$5,000 current depreciation of \$6,358,299 was recorded resulting in accumulated depreciation of \$87,008,335 as of June 30, 2015.
- Total June 30, 2014 net position decreased (\$83,019,172) from \$88,200,158 to \$5,180,986 due to implementation of GASB 68, which records net pension liability. Total net position increased from \$5,180,986 as of June 30, 2014, to \$5,467,298 as of June 30, 2015. The overall increase of \$286,312 in total net position is due to an increase in revenues.
- The overall Fund Balance decreased from \$43,950,036 as of June 30, 2014, to \$39,035,989 as of June 30, 2015 resulting in a (\$4,914,047) decrease between the two fiscal years.
- Total revenues increased from \$89,931,378 for the year ended June 30, 2014, to \$95,137,111 for the year ended June 30, 2015. This revenue increase of \$5,205,733 reflects an overall revenue growth of 5.8%. 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 2014-2015 school year was set at \$4,007.75.
- Based on the 40<sup>th</sup>-day count for the school year 2014-2015, the District saw an increase in student population of 526 students, which was 5.6%. 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, 2015  
Unaudited

**Significant Financial Highlights for the Year Ending June 30, 2015 (continued)**

- The District completed various projects during the 2014-2015 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
  - Security corridors in 15 schools
- 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 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.
- During 2014-15, additional bonds of \$17.055 million were issued to refund the \$9 million 2008 Series and \$ 9 million 2009 Series bonds.
- Additional bonds of \$9 million and \$7million were issued during 2014-15 in order to fund capital projects.
- 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, 2015  
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, 2015, the District has total net position of \$5,424,018.

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2015</u>
<b>Assets</b>				
Cash & cash equivalents	\$ 15,471,061	\$ 18,617,676	\$ 29,053,097	\$ 22,312,312
Other current assets	11,848,699	12,772,175	11,669,953	14,262,669
Capital assets	181,363,058	190,303,421	199,314,849	226,951,815
Less: accumulated dep.	(73,955,802)	(78,612,379)	(83,336,349)	(87,008,336)
Bond issuance cost, net	209,736	179,949	-	-
Restricted cash and investments	<u>9,071,403</u>	<u>10,268,672</u>	<u>11,507,862</u>	<u>12,789,916</u>
Total assets	<u>144,008,155</u>	<u>153,529,514</u>	<u>168,209,412</u>	<u>189,308,375</u>
<b>Deferred outflows</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,399,151</u>
<b>Liabilities</b>				
Current liabilities	7,093,629	9,019,086	11,624,987	15,531,372
Long-term liabilities	<u>63,066,200</u>	<u>62,037,032</u>	<u>68,384,267</u>	<u>166,471,407</u>
Total liabilities	70,159,829	71,056,118	80,009,254	181,959,500
<b>Deferred inflows</b>	-	-	-	10,280,729
<b>Net Position</b>				
Net investment in capital assets	52,813,170	59,343,708	63,896,385	69,971,009
Restricted	10,986,248	10,102,723	11,440,085	5,048,878
Unrestricted	<u>10,048,908</u>	<u>13,026,965</u>	<u>12,863,688</u>	<u>(69,595,869)</u>
Total net positions	<u>\$ 73,848,326</u>	<u>\$ 82,473,396</u>	<u>\$ 88,200,158</u>	<u>\$ 5,424,018</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
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, 2015.

**Governmental Activities**

	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Total government activities	\$ 70,340,480	\$ 76,201,421	\$ 84,048,263	\$ 94,850,799
Less charges for services	1,180,996	1,393,94	1,463,254	1,551,735
Less operating grants and contributions	9,433,045	11,268,171	10,757,055	11,737,485
Less capital grants and	<u>4,373,741</u>	<u>2,906,34</u>	<u>2,653,801</u>	<u>1,451,950</u>
	<u>\$ 55,352,698</u>	<u>\$ 60,632,956</u>	<u>\$ 69,174,153</u>	<u>\$ 80,109,629</u>
<b>Total governmental activities</b>				
<b>General revenues</b>				
Property and oil & gas taxes	13,443,880	12,519,277	15,537,136	14,714,883
State of New Mexico equalization grant	52,294,633	55,616,876	59,167,520	65,277,566
Local sources	-	512,233	-	-
Investment earnings	294,384	377,169	419,796	474,588
Miscellaneous	41,138	60,455	4,568	147,718
Gain/(Loss) on disposition of	19,279	(35,396)	7,980	(218,814)
Special Item - donated	-	267,983	-	-
Reversion to PED	-	(60,571)	(56,136)	(43,280)
	<u>66,880,981</u>	<u>69,258,026</u>	<u>75,080,864</u>	<u>80,395,941</u>
<b>Increase in Net Position</b>	11,528,283	8,625,070	5,906,711	286,312
<b>Net Position Beginning</b>	64,286,261	73,848,326	82,473,396	88,200,158
Restatement	(1,966,218)	-	(179,949)	(83,019,172)
<b>Net Position Beginning - As Restated</b>	<u>62,320,043</u>	<u>73,848,326</u>	<u>82,293,447</u>	<u>5,180,986</u>
<b>Net Position Ending</b>	<u>\$ 73,848,326</u>	<u>\$ 82,473,396</u>	<u>\$ 88,200,158</u>	<u>\$ 5,424,018</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
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 \$95,100,273. Total expenditures for the District were \$118,042,189. The total ending fund balance was \$38,992,709, a decrease of (\$4,957,327) 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%
2014/2015	\$ 95,100,273	6%	\$ 118,042,189	32%

**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.



**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
Unaudited

**The Budget (continued)**

The following table examines the summary budget performance of the funds for the fiscal year ended June 30, 2015. 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.

**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	\$ 64,513,904	\$ 68,585,450	\$ 69,015,852	\$ 430,402
Title I IASA	1,652,626	2,221,407	1,840,959	(380,548)
Bond Building	-	-	3,827	(3,827)
Debt Service Fund	5,422,567	5,422,567	5,497,636	75,069
Totals	<u>\$ 71,589,097</u>	<u>\$ 76,229,424</u>	<u>\$ 76,358,274</u>	<u>\$ 121,096</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	\$ 71,513,904	\$ 78,298,325	66,175,248	12,123,077
Title I IASA	1,652,626	2,221,407	1,584,934	636,473
Bond Building	-	23,784,462	21,190,700	2,593,762
Debt Service Fund	19,703,316	19,703,316	4,157,912	15,620,751
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, 2015  
Unaudited

**The General Fund**

Because the General Fund revenues represent \$68,972,889 of the total \$95,100,273 of District revenues, the impact of this fund must be kept in context. The General Fund began the year with an initial budget of \$71,513,904 and had a final budget of \$78,298,325. 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**

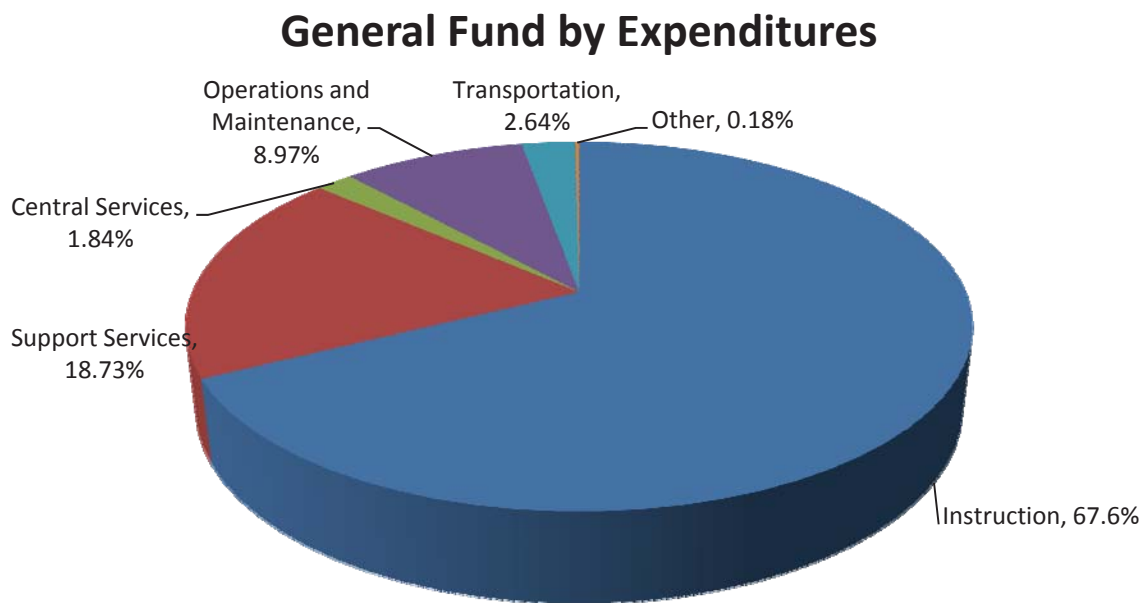
Year	Total Revenues	Change %
2001/2002	\$ 36,297,243	3.0%
2002/2003	\$ 37,354,618	2.9%
2003/2004	\$ 38,633,543	3.4%
2004/2005	\$ 41,663,268	7.8%
2005/2006	\$ 45,172,062	8.4%
2006/2007	\$ 47,964,173	6.2%
2007/2008	\$ 51,651,782	7.7%
2008/2009	\$ 56,125,943	8.7%
2009/2010	\$ 50,028,588	-10.9%
2010/2011	\$ 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%
2014/2015	\$ 68,972,889	10.5%

The General Fund is the primary fund whose expenditures are significantly related to the educational process. \$69,015,852 was expended during the year ended June 30, 2015. The most significant inter-fund expenditure was for the function noted as "Instruction." This expenditure was \$44,526,968 or 67.3% of all General Fund expenditures. Expenditures included in this function are compensation for regular and special education teachers and instructional assistants, substitute teachers, employee benefits, payroll taxes, school supplies, professional development, and miscellaneous instructional-related contract services. More than 80% of all General Fund expenditures are for employee salaries, payroll taxes, and benefits.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
Unaudited

**The General Fund (continued)**

Support Services represents 18.73% 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 1.84% of the total General Fund expenditures. Maintenance and Operations account for 8.97% 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 .08% 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, 2015  
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 \$6,358,299 as of June 30, 2015. 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, 2015.

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 \$2.4 million to capital assets (net) for the year was due to various school renovation projects as well as renovations to the administrative office building and construction of the new elementary schools.

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

	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 3,567,403	\$ 3,567,403	\$ 3,973,517	3,988,739
Construction in process	7,864,305	11,325,232	3,088,161	27,897,110
Total capital assets not being	<u>11,431,708</u>	<u>14,892,635</u>	<u>7,061,678</u>	<u>31,885,849</u>
Capital assets being				
depreciated: Buildings	145,236,317	149,727,524	164,510,543	168,079,072
Equipment	20,336,007	21,270,119	22,243,794	21,255,614
Land improvements	4,359,026	4,413,143	5,498,834	5,731,280
Total capital assets being				
depreciated	<u>169,931,350</u>	<u>175,410,786</u>	<u>192,253,171</u>	<u>195,065,966</u>
Less accumulated				
depreciation for:	59,513,323	63,656,651	68,192,141	72,841,647
Equipment	13,661,568	13,962,676	13,893,853	12,647,294
Land improvements	780,911	993,052	1,250,355	1,519,394
Total accumulated depreciation	<u>73,955,802</u>	<u>78,612,379</u>	<u>83,336,349</u>	<u>87,008,335</u>
Total capital assets being				
depreciated, net	95,975,548	96,798,407	108,916,822	108,057,630
Governmental activity capital assets, net	<u>\$ 107,407,256</u>	<u>\$ 111,691,042</u>	<u>115,978,500</u>	<u>\$ 139,943,479</u>

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
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. The District issued General Obligation School Building Bonds on April 15, 2009, in the amount of \$9,500,000. The bonds were defeased with an advance refunding of General Obligation School Building Bonds issued on December 16, 2014 in the amount of \$17,055,000.

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 District issued General Obligation School Building Bonds on December 16, 2014 in the amount of \$9,000,000 with staggered maturity dates. The last maturity date is September 2028.

The District issued General Obligation School Building Bonds on December 16, 2014 in the amount of \$17,500,000 with staggered maturity dates. The last maturity date is September 2023.

The District issued General Obligation School Building Bonds on May 24, 2015 in the amount of \$7,000,000 with staggered maturity dates. The last maturity date is September 15, 2015.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
Unaudited

**Long-Term Liabilities (continued)**

The follow schedule shows the District's combined annual debt service requirement to maturity for long term debt as of June 30, 2015.

Fiscal year ended June 30,	Principal	Interest	Total Requirement
2016	\$ 4,430,000	\$ 2,721,189	\$ 7,151,189
2017	4,825,000	2,362,200	7,187,200
2018	4,940,000	2,215,840	7,155,840
2019	5,115,000	2,059,225	7,174,225
2020	4,555,000	1,896,324	6,451,324
2021-2025	31,110,000	6,144,813	37,254,813
2026-2029	13,080,000	1,275,600	14,355,600
	<u>\$ 68,055,000</u>	<u>\$ 18,675,191</u>	<u>\$ 86,730,191</u>

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

	Beginning Balance	Minimum Annual Deposit	3.55% Investment Earnings	Ending Balance
October				
2003	\$ -	\$ 841,071	\$ -	\$ 841,071
2004	841,071	841,071	29,858	1,712,000
2005	1,712,000	841,071	60,776	2,613,847
2006	2,613,847	841,071	92,792	3,547,710
2007	3,547,710	841,071	125,944	4,514,725
2008	4,514,725	841,605	160,273	5,516,603
2009	5,516,603	841,605	195,839	6,554,047
2010	6,554,028	841,605	232,669	7,628,302
2011	7,628,263	841,605	270,805	8,740,673
2012	8,740,614	841,605	310,296	9,892,515
2013	9,892,435	841,605	351,188	11,085,228
2014	11,085,127	841,605	393,533	12,320,265
2015	12,320,140	841,605	437,380	13,599,125
2016	13,598,977	841,605	489,418	14,930,000
		<u>\$ 11,779,800</u>	<u>\$ 3,150,077</u>	

**Net Pension Liability**

During the current year, the District implemented GASB 68 and GASB 71 to record a net pension liability for the District's calculated portion of the New Mexico Employee Retirement Board multi-employer benefit plan. As a result, the District's unrestricted beginning net position was restated for \$83,019,172.

**STATE OF NEW MEXICO**  
Hobbs Municipal School District #33  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
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, 2015, shows the accumulated assets of all agency funds was \$1,134,595 and accumulated assets of the fiduciary Eagle Trust of \$13,964.

**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).

**BASIC  
FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 22,312,311
Investments	10,804,866
Receivables	
Property taxes	288,765
Oil and gas taxes	663,828
Due from other governments	2,097,988
Inventory	407,222
Total current assets	36,574,980
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	6,113
Investments	12,783,803
Capital assets	226,951,815
Less: accumulated depreciation	(87,008,336)
Total noncurrent assets	152,733,395
<b>DEFERRED OUTFLOWS</b>	
Deferred outflows related to pensions	8,399,151
Total assets and deferred outflows	\$ 197,707,526

The accompanying notes are an integral part of these financial statements.

	<u>Primary Government Governmental Activities</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 4,052,559
Accrued payroll	5,818,064
Due to PED	43,280
Accrued interest	952,727
Accrued compensated absences	234,742
Current portion of bonds payable	<u>4,430,000</u>
Total current liabilities	<u>15,531,372</u>
Noncurrent liabilities	
Accrued compensated absences	64,785
Bonds payable	78,555,000
Bond premium, net of accumulated amortization of \$389,258	4,659,793
Net pension liability	<u>83,191,829</u>
Total noncurrent liabilities	<u>166,471,407</u>
Total liabilities	<u>182,002,779</u>
<b>DEFERRED INFLOWS</b>	
Deferred inflows related to bond refunding	1,478,952
Deferred inflows related to pensions	<u>8,801,777</u>
Total deferred inflows	<u>10,280,729</u>
<b>NET POSITION</b>	
Net invested in capital assets	69,750,717
Restricted for:	
Debt service	74,967
Capital projects	3,489,069
Other purposes - special revenue	1,559,809
Unrestricted	<u>(69,450,544)</u>
Total net position	<u>5,424,018</u>
Total liabilities, deferred inflows and net position	<u>\$ 197,707,526</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
Instruction	\$ 51,400,114	\$ 264,833	\$ 4,255,373	\$ -
Support services - students	7,799,523	-	1,101,549	-
Support services - instruction	2,996,451	-	62,075	-
Support services - general admin.	1,187,663	-	290,323	-
Support services - school admin.	4,832,281	-	1,230,095	-
Central services	2,874,997	-	33,723	-
Operation and maintenance of plant	6,322,220	-	48,248	-
Student transportation	1,856,617	-	1,758,756	-
Food service operations	4,296,388	1,286,902	2,956,667	-
Other support services	91,550	-	676	-
Facilities acquisition and construction	6,356,203	-	-	1,451,950
Interest and other charges	4,836,792	-	-	-
<b>Total primary government</b>	<b>\$ 94,850,799</b>	<b>\$ 1,551,735</b>	<b>\$ 11,737,485</b>	<b>\$ 1,451,950</b>

**General Revenues:**

Property taxes levied for:

  General purposes

  Capital projects

  Debt service

Oil and gas taxes

State equalization guarantee

Investment income

Miscellaneous income

Loss on capital assets

Reversion to PED

Total general revenues and transfers

Change in net position

Net position - beginning

  Prior period restatement (Note 17)

Net position - beginning, as restated

Net position - ending

The accompanying notes are an integral part of these financial statements.

**Net (Expenses) Revenue and**  
**Changes in Net Position**  
Primary Government  
Governmental  
Activities

\$	(46,879,908)
	(6,697,974)
	(2,934,376)
	(897,340)
	(3,602,186)
	(2,841,274)
	(6,273,972)
	(97,861)
	(52,819)
	(90,874)
	(4,904,253)
	(4,836,792)
	(80,109,629)

	331,704
	4,776,074
	2,578,778
	7,028,327
	65,277,566
	474,588
	147,718
	(218,814)
	(43,280)
	80,352,661

	243,032
	88,200,158
	(83,019,172)
	5,180,986
\$	5,424,018

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2015

	General	Bond Building	Debt Service	Title I IASA
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 7,251,537	\$ 4,603,714	\$ 5,685,200	\$ 392,852
Investments	10,578,461	-	13,010,208	-
Accounts receivable				
Taxes	46,152	-	308,220	-
Due from other governments	-	-	-	626,927
Interfund receivables	3,493,503	-	-	-
Inventory	316,227	-	-	-
<i>Total assets</i>	\$ 21,685,880	\$ 4,603,714	\$ 19,003,628	\$ 1,019,779
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	\$ 585,226	\$ 2,601,392	\$ -	\$ 4,010
Accrued expenses	5,277,511	-	-	155,968
Due to PED	43,280	-	-	-
Interfund payables	72,420	2,000,000	-	854,489
<i>Total liabilities</i>	5,978,437	4,601,392	-	1,014,467
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	7,075	-	52,150	-
<i>Total deferred inflows of resources</i>	7,075	-	52,150	-
<i>Fund balances</i>				
Fund Balance:				
Nonspendable				
Inventory	316,227	-	-	-
Spendable				
Restricted for:				
Transportation	43,945	-	-	-
Instructional materials	274,442	-	-	-
Food services	-	-	-	-
Education	-	-	-	5,312
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	2,322	-	-
Debt service	-	-	18,951,478	-
Committed for:				
Subsequent year's expenditures	6,000,000	-	-	-
Unassigned	9,065,754	-	-	-
<i>Total fund balances</i>	15,700,368	2,322	18,951,478	5,312
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 21,685,880	\$ 4,603,714	\$ 19,003,628	\$ 1,019,779

The accompanying notes are an integral part of these financial statements.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,385,121	\$ 22,318,424
-	23,588,669
598,221	952,593
1,471,061	2,097,988
2,014,384	5,507,887
<u>90,995</u>	<u>407,222</u>
\$ <u>8,559,782</u>	\$ <u>54,872,783</u>
\$ 861,931	\$ 4,052,559
384,585	5,818,064
-	43,280
<u>2,580,978</u>	<u>5,507,887</u>
<u>3,827,494</u>	<u>15,421,790</u>
288,590	288,590
<u>110,469</u>	<u>169,694</u>
<u>399,059</u>	<u>458,284</u>
90,995	407,222
-	43,945
-	274,442
930,646	930,646
271,324	276,636
63,217	63,217
3,173,264	3,175,586
-	18,951,478
-	6,000,000
<u>(196,217)</u>	<u>8,869,537</u>
<u>4,333,229</u>	<u>38,992,709</u>
\$ <u>8,559,782</u>	\$ <u>54,872,783</u>

**STATE OF NEW MEXICO**  
**ROSWELL INDEPENDENT SCHOOL DISTRICT NO. 4**  
**GOVERNMENTAL FUNDS**

Exhibit B-1  
(Page 2 of 2)

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
June 30, 2015

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

	District
Fund balances - total governmental funds	\$ 38,992,709
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	139,943,479
Deferred outflows of resources related to pensions are not financial resources, and, therefore, are not reported in the funds	8,399,151
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:	
Property taxes	169,694
Federal and state grants	288,590
Other liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(952,727)
Bond premium liability (net of amortization)	(4,659,793)
Long-term liabilities, including bonds payable, bond deposit, net pension liability, and compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statement	(166,476,356)
Deferred inflows of resources related to pensions and bond refunding are not financial resources, and therefore, are not reported in the fund	(10,280,729)
Net Position of Governmental Activities in the Statement of Net Position	\$ 5,424,018

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2015

	General	Bond Building	Debt Service	Title I IASA
<i>Revenues:</i>				
Taxes - property	\$ 331,250	\$ -	\$ 2,565,914	\$ -
Taxes - oil and gas	367,784	-	2,247,127	-
Federal flowthrough	52,007	-	-	1,584,934
Federal direct	-	-	-	-
Local grants	8,284	-	-	-
State flowthrough	66,391,531	-	-	-
State direct	-	-	-	-
Transportation distribution	1,740,563	-	-	-
Charges for services	21,908	-	-	-
Investment income	29,610	3,827	440,723	-
Miscellaneous	29,952	-	26,434	-
<i>Total revenues</i>	<u>68,972,889</u>	<u>3,827</u>	<u>5,280,198</u>	<u>1,584,934</u>
<i>Expenditures:</i>				
Current:				
Instruction	44,980,156	-	-	1,398,969
Support services - students	5,709,089	-	-	-
Support services - instruction	2,436,487	-	-	-
Support services - general admin.	739,164	-	25,722	51,156
Support services - school admin.	3,570,914	-	-	129,497
Central services	1,222,044	-	-	-
Operation and maintenance of plant	5,961,487	-	-	-
Student transportation	1,757,540	-	-	-
Food service operations	-	-	-	-
Other support services	91,550	-	-	-
Facilities acquisition and construction	26,690	22,973,011	-	-
Debt service				
Principal	-	-	2,620,000	-
Interest	-	-	1,512,285	-
Bond costs	-	-	273,100	-
<i>Total expenditures</i>	<u>66,495,121</u>	<u>22,973,011</u>	<u>4,431,107</u>	<u>1,579,622</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,477,768</u>	<u>(22,969,184)</u>	<u>849,091</u>	<u>5,312</u>
<i>Other financing sources (uses)</i>				
Bond deposit	-	16,006,125	-	-
Other financing source-refunding bonds	-	-	17,055,000	-
Other financing use - payment to refunded bond escrow agent	-	-	(19,478,578)	-
Reversion to PED	(43,280)	-	-	-
Bond premium	-	-	4,445,322	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(43,280)</u>	<u>16,006,125</u>	<u>2,021,744</u>	<u>-</u>
<i>Net changes in fund balances</i>	2,434,488	(6,963,059)	2,870,835	5,312
<i>Fund balances - beginning of year</i>	<u>13,265,880</u>	<u>6,965,381</u>	<u>16,080,643</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 15,700,368</u>	<u>\$ 2,322</u>	<u>\$ 18,951,478</u>	<u>\$ 5,312</u>

The accompanying notes are an integral part of these financial statements.



Exhibit B-2  
 (Page 1 of 2)

Other Governmental Funds	Total Governmental Funds
\$ 4,761,489	\$ 7,658,653
4,413,416	7,028,327
5,268,091	6,905,032
259,880	259,880
581,788	590,072
2,112,168	68,503,699
248,002	248,002
-	1,740,563
1,529,827	1,551,735
428	474,588
83,336	139,722
<u>19,258,425</u>	<u>95,100,273</u>
1,961,017	48,340,142
1,056,776	6,765,865
43,669	2,480,156
225,337	1,041,379
1,079,432	4,779,843
29,557	1,251,601
11,607	5,973,094
98,107	1,855,647
4,159,233	4,159,233
-	91,550
13,898,593	36,898,294
-	2,620,000
-	1,512,285
-	273,100
<u>22,563,328</u>	<u>118,042,189</u>
<u>(3,304,903)</u>	<u>(22,941,916)</u>
-	16,006,125
-	17,055,000
-	(19,478,578)
-	(43,280)
-	4,445,322
<u>-</u>	<u>-</u>
-	17,984,589
<u>(3,304,903)</u>	<u>(4,957,327)</u>
<u>7,638,132</u>	<u>43,950,036</u>
<u>\$ 4,333,229</u>	<u>\$ 38,992,709</u>

**STATE OF NEW MEXICO**  
**ROSWELL INDEPENDENT SCHOOL DISTRICT NO. 4**  
**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, 2015**

Exhibit B-2  
(Page 2 of 2)

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

	District
Net change in fund balances - total governmental funds	\$ (4,957,327)
Government 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	30,542,092
Depreciation expense	(6,358,299)
Disposal of capital assets	(218,814)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:	
Property taxes	27,902
Accounts receivable from other governments not reported as revenue in the prior year on a modified accrual basis	
Federal and state reimbursements	227,750
Accrued compensated absences not due and payable	14,284
Accrued interest payable	(393,533)
Bond premiums	(4,360,135)
Proceeds on bond	(32,846,653)
Principal payments on bonds	20,620,000
Expense reported in the governmental funds which require the use of current resources, but are recorded as deferred in flows on the Statement of Activities since they will be recognized in a different period	(2,054,235)
Change in Net Position of Governmental Activities in the Statement of Activities	\$ 243,032

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**

Exhibit C-1  
 (Page 1 of 2)

GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ 312,305	\$ 312,305	\$ 332,477	\$ 20,172
Taxes - oil and gas	349,218	349,218	405,702	56,484
Taxes - gross receipts	-	-	-	-
Federal flowthrough	30,000	30,000	52,007	22,007
Federal direct	-	-	-	-
Local grants	50,000	50,000	8,284	(41,716)
State flowthrough	62,198,289	66,081,364	66,391,531	310,167
State direct	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	1,552,092	1,740,563	1,740,563	-
Charges for services	7,000	7,000	21,908	14,908
Investment income	15,000	15,000	29,610	14,610
Miscellaneous	-	-	33,770	33,770
<i>Total revenues</i>	<u>64,513,904</u>	<u>68,585,450</u>	<u>69,015,852</u>	<u>430,402</u>
<i>Expenditures:</i>				
Current:				
Instruction	48,979,797	53,849,091	44,526,968	9,322,123
Support services - students	5,948,535	6,574,035	5,709,089	864,946
Support services - instruction	2,537,822	2,757,842	2,433,642	324,200
Support services - general admin.	913,442	920,942	740,839	180,103
Support services - school admin.	3,577,803	3,997,803	3,575,728	422,075
Central services	1,359,738	1,407,738	1,219,515	188,223
Operation and maintenance of plant	6,481,600	6,734,100	6,118,482	615,618
Student transportation	1,552,092	1,846,699	1,716,101	130,598
Other support services	163,075	163,075	108,194	54,881
Food service operations	-	-	-	-
Enterprise operations	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	-	47,000	26,690	20,310
<i>Total expenditures</i>	<u>71,513,904</u>	<u>78,298,325</u>	<u>66,175,248</u>	<u>12,123,077</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,000,000)</u>	<u>(9,712,875)</u>	<u>2,840,604</u>	<u>12,553,479</u>

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  
 (Page 2 of 2)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,000,000)</u>	<u>(9,712,875)</u>	<u>2,840,604</u>	<u>12,553,479</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	7,000,000	9,712,875	-	(9,712,875)
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>7,000,000</u>	<u>9,712,875</u>	<u>-</u>	<u>(9,712,875)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	2,840,604	2,840,604
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>18,334,231</u>	<u>18,334,231</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,174,835</u>	<u>\$ 21,174,835</u>
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 2,477,768	
(Increase) decrease in accounts receivable			42,508	
(Increase) decrease in inventory			21,975	
Increase (decrease) in accounts payable			249,370	
Increase (decrease) in accrued expenses			35,673	
Increase (decrease) in deferred inflows			<u>454</u>	
Change in fund balance - budgetary basis			<u>\$ 2,827,748</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**TITLE I IASA SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

Exhibit C-2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 1,652,626	\$ 2,221,407	\$ 1,840,859	\$ (380,548)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,652,626	2,221,407	1,840,859	(380,548)
<i>Expenditures:</i>				
Current:				
Instruction	1,496,871	2,009,521	1,405,395	604,126
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin.	46,015	57,550	51,156	6,394
Support services - school admin.	109,740	154,336	128,383	25,953
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	1,652,626	2,221,407	1,584,934	636,473
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	255,925	255,925
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	255,925	255,925
<i>Fund balances - beginning of year (Note 16) - as restated</i>	-	-	(732,678)	(732,678)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (476,753)	\$ (476,753)
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 5,312	
(Increase) decrease in accounts receivable			255,925	
Increase (decrease) in accounts payable			(5,312)	
Change in fund balance - budgetary basis			\$ 255,925	

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 AND ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2015

Exhibit D-1

	Eagle Trust	Agency Funds
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 13,964	\$ 633,390
Investments	-	501,205
<i>Total assets</i>	\$ 13,964	\$ 1,134,595
 <b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts payable	\$ -	\$ 13,191
Accrued payroll	-	12,810
Due to student organizations	-	1,108,594
<i>Total liabilities</i>	-	1,134,595
 <b>NET POSITION</b>		
Restricted for other purposes	13,964	-
<i>Total net position</i>	13,964	0
<i>Total liabilities and net position</i>	\$ 13,964	\$ 1,134,595

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, 2015

Exhibit D-2

	Eagle Trust
<b>ADDITIONS</b>	
Donations	\$ <u>9,857</u>
<i>Total additions</i>	<u>9,857</u>
<b>DEDUCTIONS</b>	
Supplies and materials	<u>495</u>
<i>Total deductions</i>	<u>495</u>
<i>Change in net position</i>	9,362
<i>Total beginning net position</i>	<u>4,602</u>
<i>Total ending net position</i>	\$ <u><u>13,964</u></u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
Notes to the Financial Statements  
June 30, 2015

**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.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Hobbs Municipal School District #33's management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

**A. *Financial Reporting Entity***

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units for inclusion or exclusion from the reporting entity is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion in the reporting entity.



**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

**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 not a component unit of the District, as defined by GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61, is presented as an agency fund in the Statement of Fiduciary Net Position, and Statement of Changes in Fiduciary Net Position. 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.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

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

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

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property tax receivables are recognized in the period for which the taxes are levied, net of estimated refunds and uncollectible amounts. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, 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 government 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.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

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

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

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.

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.

The *Eagle Trust Fund* accounts for assets held by the District in a fiduciary capacity 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 except for indirect costs. 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, Deferred Outflows, Liabilities, Deferred Inflows 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.

Investments for the District are reported at fair value. The State Treasurer's Pool 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.

**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

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

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

D. *Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (continued)*

**Receivables and Payables (continued):** 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 in 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 Lea County Treasurer in July and August 2015 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2015.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

**Inventory:** The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**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.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
Notes to the Financial Statements  
June 30, 2015

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

D. *Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (continued)*

**Capital Assets (continued):**

Property, plant, and equipment of the primary government is 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

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.

**Deferred Outflows of Resources:** The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District has two items that qualify for reporting in this category on the government-wide statement of net position. These are the District's contributions subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period and the change in the District's proportion of the net liability in the relation to other school districts in New Mexico. The contributions will be recognized as a reduction of the net pension liability and the change will proportion will be amortized beginning in the year ended June 30, 2016.

**Deferred Inflows of Resources:** The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has four items, of which two items deferred property taxes and unavailable grant revenue, arises only under a modified accrual basis of accounting that qualifies for reporting in the category. Accordingly, the items, deferred property taxes and deferred federal or state grants, is reported in the governmental funds balance sheet. Two of the four items, net difference between projected and actual investment earnings on pension plan investments and the change of assumptions related to the pension plan are also deferred inflows. These amounts will be amortized and recognized in future years. The last item, net difference between the reacquisition price and the net carrying amount of the refunded debt are also deferred inflows.

**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.

**STATE OF NEW MEXICO**  
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Notes to the Financial Statements  
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**NOTE 1. Summary of Significant Accounting Policies** (continued)

D. *Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity* (continued)

**Long-term Obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net 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, 2015 the nonspendable fund balances in the general fund and food service fund are made up of inventory in the amounts of \$316,227 and \$90,995, respectively, that are not in spendable form.

**Restricted and Committed Fund Balance:** At June 30, 2015, the restricted fund balance on the governmental funds balance sheet is made up of \$1,632,166 for providing transportation, instructional materials, food services, education, and extracurricular activities to the students of the District, \$3,175,586 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, \$18,951,478 for the payment of principal and interest of the future debt service requirements, and \$6,000,000 for subsequent years expenditures.

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

D. *Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (continued)*

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

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciations and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. For the fiscal year ending June 30, 2015, the District had \$12,789,916 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 43 and 86-90.
- c. Unrestricted Net Position: All other net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."

**Reclassifications:** Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

**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 \$65,277,566 in state equalization guarantee distributions during the year ended June 30, 2015.

**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 \$7,686,556 in property tax revenues in the governmental fund financial

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

E. *Revenues* (continued)

statements during the year ended June 30, 2015. The District also recognized \$7,028,327 in oil and gas tax revenues in the governmental fund financial statements during the year ended June 30, 2015. 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 \$1,758,756 in transportation distributions during the year ended June 30, 2015.

**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 \$694,883 in instructional materials revenue from the State for the year ended June 30, 2015.

**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.

**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, 2015, the District received \$594,794 in state flow-through capital outlay funds.



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June 30, 2015

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

E. *Revenues* (continued)

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

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

*Budgetary Information*

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

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

*Budgetary Information (continued)*

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

Actual expenditures may not exceed the budget at the function (or "series") level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from the Public School Finance Division.

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
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**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information (continued)*

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, 2015, 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	\$ <u>(7,000,000)</u>	\$ <u>(9,712,875)</u>
Title I IASA Special Revenue Fund	\$ <u>-</u>	\$ <u>-</u>
Bond Building Capital Projects Fund	\$ <u>-</u>	\$ <u>(23,784,462)</u>
Debt Service Fund	\$ <u>-</u>	\$ <u>-</u>
Other Governmental Funds	\$ <u>(3,146,119)</u>	\$ <u>(7,438,934)</u>

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

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

*Budgetary Information (continued)*

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

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

**NOTE 3. Deposits and Investments**

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, 2015.

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 I 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 July 01, 2014, 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 owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2015, \$26,739,699 of the District's bank balance of \$27,495,812 was subject to custodial credit risk. \$18,264,486 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$8,475,213 of the District's deposits was uninsured and uncollateralized at June 30, 2015.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
Notes to the Financial Statements  
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**NOTE 3. Deposits and Investments (continued)**

	Lea County State Bank	US Bank	Wells Fargo Bank	Western Commerce Bank	Total
Total amount of deposits	\$ 14,512,957	\$ 6,113	\$ 8,750,383	\$ 2,490,067	\$ 25,759,520
FDIC coverage	<u>250,000</u>	<u>6,113</u>	<u>250,000</u>	<u>250,000</u>	<u>756,113</u>
Total uninsured public funds	14,262,957	-	8,500,383	2,240,067	25,003,407
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the District's name	<u>8,501,559</u>	<u>-</u>	<u>7,635,489</u>	<u>2,127,438</u>	<u>18,264,486</u>
Uninsured and uncollateralized	<u>\$ 5,761,398</u>	<u>\$ -</u>	<u>\$ 864,894</u>	<u>\$ 112,629</u>	<u>\$ 6,738,921</u>
Collateral requirement (50% of uninsured public funds)	6,416,507	-	4,250,192	1,120,034	11,786,732
Collateral requirement for repurchase agreement - 102%	1,458,540	-	-	-	1,458,540
Pledged securities	<u>8,501,559</u>	<u>-</u>	<u>7,635,489</u>	<u>2,127,438</u>	<u>18,264,486</u>
Over (under) collateralization	<u>\$ 626,513</u>	<u>\$ -</u>	<u>\$ 3,385,298</u>	<u>\$ 1,007,404</u>	<u>\$ 5,019,214</u>

The collateral pledged is listed on Schedule I 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.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
Notes to the Financial Statements  
June 30, 2015

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

*Custodial Credit Risk – Investments.* 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, 2015, the District’s investment balances were exposed to custodial credit risk as follows:

<u>Overnight Repurchase Agreements</u>	Lea County State Bank	Total
Total amount of investments	\$ 1,429,941	\$ 1,429,941
FDIC coverage	-	-
Total uninsured public funds	1,429,941	1,429,941
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	1,429,941	1,429,941
Uninsured and uncollateralized	\$ -	\$ -
Collateral requirement (102% of uninsured - repurchase)	\$ 1,458,540	\$ 1,458,540
Pledged securities	1,458,541	1,458,541
Over (under) collateralization	\$ 1	\$ 1

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.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
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**NOTE 3. Deposits and Investments (continued)**

As of June 30, 2015, the District had the following investments and maturities:

<u>Investments</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>	<u>Rating****</u>
<i>New MexiGROW</i> LGIP	54.6 days	\$ 474,470	AAAm
Negotiable Certificates of Deposit*	1 year	1,254,741	Unrated
Wells Fargo Money Market Mutual Funds**	< 1 year	9,576,860	AAAm
FNMA Discount Note***	< 1 year	<u>12,783,803</u>	A-1 +
		\$ 24,089,874	
	Less: agency investments		
	New MexiGrow LGIP	<u>(501,205)</u>	
	Total investments per Exhibit B-1	\$ 23,588,669	

\* 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 II of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule. At June 30, 2015, the District held negotiable Certificates of Deposits in agency funds in the amount of \$501,205 and reported them in investments at Exhibit 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, 5%, 40% and 53% of the District's investment portfolio. Since the District only purchases investment with high credit ratings, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Pooled Accounts

The District utilized 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, 2015. Funds 24101 through 25153 are federal funds and 27106 through 28191 are nonfederal.

**STATE OF NEW MEXICO**  
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Notes to the Financial Statements  
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**NOTE 3. Deposits and Investments (continued)**

The following individual funds had negative cash balance as of June 30, 2015.

24101	Title I IASA	\$ (461,638)
24106	Entitlement IDEA-B	(429,537)
24109	Preschool IDEA-B	(11,634)
24120	"Risk Pool" IDEA-B	(1,959)
24153	English Language Acquisition	(53,276)
24154	Teacher/Principal Training & Recruiting	(469,417)
24163	Immigrant Funding - Title III	(39,758)
24174	Carl Perkins Secondary	(30,770)
27103	Dual Credit Instructional Materials HB-2	(23)
27106	2010 G.O. Bond Student Library	(10,000)
27107	2012 G.O. Bond Student Library	(2,400)
27114	New Mexico Reads to Lead	(27,660)
27155	Breakfast for Elementary Students	(6,942)
27166	Kindergarten - Three Plus	(60,188)
27181	Stem Program	(12,355)
27185	Next Generation Assessments	(5,836)
27189	College Counselor	(21,840)
28191	Start Smart K-3 Utah State University Study	(1,679)
29131	TCA Value Options	(57,558)
		<u>\$ (1,704,470)</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	\$ 22,312,311
Restricted cash per Exhibit A-1	6,113
Investments per Exhibit A-1	10,804,866
Restricted investments Exhibit A-1	12,783,803
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	647,354
Investments - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	<u>501,205</u>
 Total cash, cash equivalents, and investments	 <u>47,055,652</u>
 Add: outstanding items	 2,541,165
Less: deposits in transit	-
Less: investments held in Certificates of deposits	(1,001,602)
Less: investments held in New MexiGROW LGIP	(475,032)
Less: investments held in Wells Fargo Money Market Mutual Funds	(9,576,860)
Less: investments held in FNMA Discount Note	(12,783,803)
 Bank balance of deposits	 \$ 25,759,520

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
Notes to the Financial Statements  
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**NOTE 4. Accounts Receivable**

Accounts receivable as of June 30, 2015, are as follows:

	General Fund	Title I IASA Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total
Property tax receivable	\$ 11,632	\$ -	\$ 93,156	\$ 183,976	\$ 288,764
Oil and gas tax receivable	663,828	-	-	-	663,828
Due from other governments:					
Federal sources	-	626,927	-	1,471,061	2,097,988
State sources	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Totals</b>	<u>\$ 675,460</u>	<u>\$ 626,927</u>	<u>\$ 93,156</u>	<u>\$ 1,655,037</u>	<u>\$ 3,050,580</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$169,694 that were not collected within the period of availability have been reclassified as deferred inflows in the governmental fund financial statements. Also, \$288,590 of grant revenues 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**  
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**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, 2015 is as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 3,493,503	\$ 72,420
Food Service	-	1,862
Athletics	4,699	-
Title I IASA	-	854,489
Entitlement IDEA-B	-	619,753
Preschool IDEA-B	-	20,564
"Risk-Pool" IDEA-B	-	18,500
English Language Acquisition	-	79,622
Teacher/Principal Training & Recruiting	-	405,704
Title I School Improvement	-	390,000
Imigrant Funding Title - III	-	39,758
Carl D Perkins Secondary - Current	-	32,263
Carl D Perkins Secondary - Redistribution	-	9,531
Title I Federal Stimulus	9,531	9,517
Title XIX Medicaid	-	65,000
J.F. Maddox Foundation	-	96,000
2009 Dual Credit IM/HB2	-	23
2010 G.O. Bond Student Library	-	10,000
2012 G.O. Bond Student Library	-	3,337
New Mexico Reads to Lead	154	27,814
Pre-K Initiative	-	151,196
Breakfast for Elementary Students	-	6,942
Kindergarten Three Plus	-	60,188
2010 GOB Instructional Materials	-	3,200
Science Instructional Materials K-12	-	108,000
Stem Programs	-	192,806
Next Generation Assessments	-	119,000
College Counselor	-	21,840
Start Smart K-3 Utah State University	-	31,000
Grads Instruction	-	57,558
Bond Building	-	2,000,000
Capital Improvements HB-33	<u>2,000,000</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>5,507,887</u></b>	<b>\$ <u>5,507,887</u></b>

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 for the District occurring during the year ended June 30, 2015 follows:

<u>Hobbs Municipal School District #33</u>	<u>Balance June 30, 2014</u>	<u>Additions and Transfers in</u>	<u>Deletions and Transfers out</u>	<u>Balance June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 3,973,517	\$ 15,221	\$ -	\$ 3,988,738
Construction in progress	<u>3,088,161</u>	<u>25,651,714</u>	<u>842,765</u>	<u>27,897,110</u>
Total capital assets not being depreciated	<u>7,061,678</u>	<u>25,666,935</u>	<u>842,765</u>	<u>31,885,848</u>
Capital assets being depreciated:				
Buildings and improvements	164,510,543	3,763,913	195,384	168,079,072
Equipment	22,243,794	1,721,562	2,709,741	21,255,615
Land Improvements	<u>5,498,834</u>	<u>232,446</u>	<u>-</u>	<u>5,731,280</u>
Total capital assets being depreciated	<u>192,253,171</u>	<u>5,717,921</u>	<u>2,905,125</u>	<u>195,065,967</u>
Total capital assets	<u>199,314,849</u>	<u>31,384,856</u>	<u>3,747,890</u>	<u>226,951,815</u>
Less accumulated depreciation:				
Buildings and improvements	68,192,141	4,698,353	48,845	72,841,649
Equipment	13,893,853	1,390,907	2,637,467	12,647,293
Land improvements	<u>1,250,355</u>	<u>269,039</u>	<u>-</u>	<u>1,519,394</u>
Total accumulated depreciation	<u>83,336,349</u>	<u>6,358,299</u>	<u>2,686,312</u>	<u>87,008,336</u>
Total capital assets net of depreciation	<u>\$ 115,978,500</u>	<u>\$ 25,026,557</u>	<u>\$ 1,061,578</u>	<u>\$ 139,943,479</u>

Depreciation expense for the year ended June 30, 2015 was charged to the following functions and programs of the primary government:

Instruction	\$ 2,658,603
Support services - students	977,251
Support services - instruction	497,798
Support services - general admin.	146,200
Central services	1,616,692
Operation and maintenance of plant	327,374
Food service operations	<u>134,381</u>
Total depreciation expense	<u>\$ 6,358,299</u>

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**NOTE 6. Capital Assets (continued)**

The District has active construction projects as of June 30, 2015. The projects include renovations and improvements to existing school buildings and grounds. A portion of the outstanding projects is funded by payments made directly to contractors by the Public School Facilities Authority (PSFA). The PSFA was created by Laws 2003, Chapter 147, Section 13, pursuant to the Public School Capital Outlay Act as codified in Section 22-24-9 NMSA 1978 to assist in identifying and funding all outstanding deficiencies in public schools and grounds that may adversely affect the health or safety of students and school personnel. At June 30, 2015, the District's total commitment to these projects is approximately \$2.7 million.

**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, 2015 are for governmental activities.

Bond outstanding at June 30, 2015 are comprised on the following:

	<u>Series 2005</u>	<u>Series 2010</u>	<u>Series 2010A</u>
Original issue:	\$420,000	\$20,000,000	\$8,000,000
Principal:	August 1	April 15	September 15
Interest:	August 1	April 15	September 15
	February 1	October 15	March 15
Interest rates:	3.875%-4.100%	2.750%-4.000%	2.000%-3.250%
Maturity date:	August 2015	April 2026	September 2028
	<u>Series 2013</u>	<u>Series 2014A</u>	<u>Series 2014 B</u>
Original issue:	\$9,000,000	\$9,000,000	\$17,055,000
Principal:	July 15	September 15	September 15
Interest:	July 15	September 15	September 15
	January 15	March 15	March 15
Interest rates:	2.500%-3.000%	3.000%-5.000%	2.000%-5.000%
Maturity date:	July 2023	September 2028	September 2023
	<u>Series 2015</u>		
Original issue:	\$7,000,000		
Principal:	September 15		
Interest:	September 15		
	March 15		
Interest rates:	2.000%-3.500%		
Maturity date:	September 2025		

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

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Refunded</u>	<u>June 30, 2015</u>	<u>Due Within One Year</u>
G.O. Qualified Zone Academy Bonds (QZab)	\$ 14,930,000	\$ -	\$ -	\$ -	\$ 14,930,000	\$ -
General Obligation Bond Series 2005	95,000	-	45,000	-	50,000	50,000
General Obligation Bond Series 2008	9,100,000	-	100,000	9,000,000	-	-
General Obligation Bond Series 2009	9,000,000	-	-	9,000,000	-	-
General Obligation Bond Series 2010	20,000,000	-	750,000	-	19,250,000	750,000
General Obligation Bond Series 2010A	7,700,000	-	100,000	-	7,600,000	100,000
General Obligation Bond Series 2013	9,000,000	-	900,000	-	8,100,000	900,000
General Obligation Bond Series 2014A	-	9,000,000	-	-	9,000,000	-
General Obligation Bond Series 2014B	-	17,055,000	-	-	17,055,000	900,000
General Obligation Bond Series 2015	-	7,000,000	-	-	7,000,000	1,730,000
<b>Total Bonds</b>	<u>69,825,000</u>	<u>33,055,000</u>	<u>1,895,000</u>	<u>18,000,000</u>	<u>82,985,000</u>	<u>4,430,000</u>
NMFA Authority Loan Re Bond Series 2011	725,000	-	725,000	-	-	-
Compensated absences	<u>281,549</u>	<u>252,720</u>	<u>234,742</u>	-	<u>299,527</u>	<u>234,742</u>
Long-term liability activity	<u>\$ 70,831,549</u>	<u>\$ 33,307,720</u>	<u>\$ 2,854,742</u>	<u>\$ 18,000,000</u>	<u>\$ 83,284,527</u>	<u>\$ 9,094,742</u>

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

On December 16, 2014 the District issued \$17,055,000 in General Obligation Bonds with an average interest rate of 4.7% to advance refund \$9,000,000 Series 2008 and \$9,000,000 of Series 2009 outstanding bonds with an average interest rate of 3.8%. The net proceeds of \$19,478,952 (after payment of \$63,915 in underwriting fees) were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for all future debt service payments on the Series 2008 and Series 2009 bonds. As a result, \$9,000,000 and \$9,000,000 of the Series 2008 and Series 2009 bonds, respectively, were defeased and removed from the government-wide statement of net position.

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,478,952. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the effective-interest method. The District completed the advance refunding to reduce its total debt service payments over the next nine years by \$974,306 and to obtain an economic gain of \$1,358,418.

The annual requirements to amortize the general obligation bonds, not including the QZab bonds, outstanding as of June 30, 2015, including payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	4,430,000	2,721,189	7,151,189
2017	4,825,000	2,362,200	7,187,200
2018	4,940,000	2,215,840	7,155,840
2019	5,115,000	2,059,225	7,174,225
2020	4,555,000	1,896,324	6,451,324
2021-2025	31,110,000	6,144,813	37,254,813
2026-2029	13,080,000	1,275,600	14,355,600
	<u>\$ 68,055,000</u>	<u>\$ 18,675,191</u>	<u>\$ 86,730,191</u>

**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.

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

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

October	<u>Beginning Balance</u>	<u>Minimum Annual Deposit</u>	<u>3.55% Investment Earnings</u>	<u>Ending Balance</u>
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	5,516,602
2009	5,516,602	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>	

**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, 2015, 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, 2015:

**Funds**

English Language Acquisition	\$ 82,159
Teacher/Principal Training & Recruiting	58,425
Carl D. Perkins Secondary - Current	758
Dual Credit Instructional Materials HB-2	5,125
2010 G.O. Bond Student Library	1,255
Reads to Leads K-3	18,000
New Mexico Pre-K Initiative	10,607
Stem Programs	12,355
Next Generation Assessments	5,836
College Counselor	18
Start Smart K-3 Utah State University Study	<u>1,679</u>
<b>Total Funds</b>	<u><u>\$ 196,187</u></u>

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

- B. Excess of expenditures over appropriations. The District did not have any funds that exceeded approved budgetary authority for the year ended June 30, 2015.

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-22 on page 128 in the amount of \$259,301, is not considered an excess of expenditures over appropriations or a finding.

- C. Excess of expenditures over available cash. The District had one fund, Next Generation Assessments, in which budgeted expenditures exceeded available cash for \$5,836.

**NOTE 10. Pension Plan – Educational Retirement Board**

*Plan Description*

ERB was created by the state’s Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees’ Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

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**NOTE 10. Educational Retirement Board's Pension Plan (continued)**

*Benefits Provided*

A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

*Summary of Plan Coverage*

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more. Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement. A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.



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**NOTE 10. Educational Retirement Board's Pension Plan (continued)**

*Benefits Provided (continued)*

*Summary of Plan Coverage (continued)*

If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

*Contributions*

The contribution requirements of defined benefit plan members and the Hobbs Municipal School District #33 are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$48,861, respectively for the year ended June 30, 2015.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported liabilities of \$83,191,829 for each of its proportionate shares of the net pension liability.

The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was 1.45804 percent, which was an increase of .05122 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$6,588,061.

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**NOTE 10. Educational Retirement Board's Pension Plan (continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)*

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actuarial experience	\$ -	\$ 1,239,266
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	7,562,511
Changes in proportion and differences between the District's contributions and proportionate share of contributions	2,386,387	-
District contributions subsequent to the measurement date	6,012,764	-
	\$ 8,399,151	\$ 8,801,777

The \$6,012,764 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2016	\$ (1,492,326)
2017	(1,492,326)
2018	(1,540,122)
2019	(1,890,616)
2020	-
Thereafter	-
	\$ (6,415,390)

*Actuarial Assumptions*

As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.

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**NOTE 10. Educational Retirement Board's Pension Plan (continued)**

*Actuarial Assumptions*

2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increase	Composition: 3.00% of inflation,
Salary Increase	Composition: 3.00% of inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based on table of age service rates
Mortality	90.00% of RP-2000 Combined Mortality service rates
Mortality	90.00% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.).

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**NOTE 10. Educational Retirement Board's Pension Plan (continued)**

*Actuarial Assumptions (continued)*

These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30- year return assumptions are summarized in the following table:

<b>Asset Class</b>	<b>2014 Long-Term Expected Real Rate of Return</b>	<b>2013 Long-Term Expected Real Rate of Return</b>
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds High Vol	5.50%	6.50%

*Discount Rate*

A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
Notes to the Financial Statements  
June 30, 2015

**NOTE 10. Educational Retirement Board’s Pension Plan (continued)**

*Discount Rate (continued)*

Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history. Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following table present the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	<b>1.00% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1.00% Increase (8.75%)</b>
Hobbs Municipal School District #33 proportionate share of the net pension liability	\$ 113,192,080	\$ 83,191,831	\$ 58,133,402

*Pension Plan Fiduciary Net Position*

Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

*Payables to the Pension Plan*

At June 30, 2015 the District had \$1,678,364 payable to the retirement plan for employee and employer contributions based on statutory rates for wages paid in or accrued for June 2015.

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

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

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

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

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

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

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, 2015, 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, 2015, 2014, and 2013 were \$866,829, \$805,109, \$764,167, respectively, which equal the required contributions for each year.

**NOTE 12. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

**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

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

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

**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 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 \$7,500

*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  
Notes to the Financial Statements  
June 30, 2015

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

*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  
Notes to the Financial Statements  
June 30, 2015

Lead Agency Agreement

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

*Responsible party:* All participants

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

*Begin date:* November 17, 2003

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

*Estimated amount of project:* Not Applicable

*Amount contributed:* Not Applicable

*Audit responsibility:* Each Participant

*Fiscal agent:* Not applicable

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

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

**Agreements Between The City of Hobbs 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

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

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

**Agreements Between The City of Hobbs 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.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

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

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

Southeastern New Mexico Educational Resource Center Agreement (continued)

*Estimated amount of project:* Not Applicable

*Amount contributed:* \$84,732

*Audit responsibility:* Each Participant

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

Rockwind Community Links Agreement

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

*Responsible party:* All participants

*Description:* The agreement is to provide the usage, access, and participation of Hobbs High School Golf Teams at Rockwind Community Links, which is property of the City of Hobbs.

*Begin date:* March 17, 2015

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

*Estimated amount of project:* Not Applicable

*Amount contributed:* \$150,000

*Audit responsibility:* Each Participant

*Fiscal agent:* Not Applicable

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
Notes to the Financial Statements  
June 30, 2015

**NOTE 14. Commitments**

The District had multiple construction projects ongoing as of the year ended June 30, 2015 that are to continue into the following fiscal year. These projects are as follows:

Construction Project:	Project:	PO #	Contract Price	Paid-To-Date Expenses	Expected Amount To Complete	Expected Date Of Completion
Broadmoor ES Replacement	1314-16	Various	\$ 7,115,974	\$ 6,612,589	\$ 503,385	September 2015
Murray ES - New	1314-16	Various	9,079,063	8,766,135	312,928	September 2015
Houston Phase II	CES	Various	1,726,168	1,720,264	5,904	August 2015
Mills Security Corridor	CES	Various	1,282,115	1,142,160	139,955	August 2015
Coronado HVAC Replacement	CES	Various	747,845	475,734	272,111	November 2015
Edison HVAC Replacement	CES	Various	616,808	420,763	196,045	August 2015
HHS 4.3 Site Improvements	CES	Various	803,542	758,023	45,519	November 2015
			<u>\$ 21,371,515</u>	<u>\$ 19,895,668</u>	<u>\$ 1,475,847</u>	

**NOTE 15. Restricted Net position**

The government-wide statement of net position reports \$5,123,845 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 43 and 86-90.

**NOTE 16. Subsequent Pronouncements**

Measurement and Application, to address accounting and financial reporting issues related to fair value measurements. The provisions of the statement are effective for financial statements for periods beginning after June 15, 2015. The standard is expected to have no effect on the District in upcoming years.

**NOTE 17. Net Position Restatement**

During the year, the District implemented GASB Statement No. 68, *Accounting Financial Reporting for Pensions* (GASBS No. 68). As a result of the implementation, a net pension liability, deferred outflows and deferred inflows related to the District's share of the ERB Fund's defined benefit plan was recorded.

	<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
<u>Governmental Activities:</u>			
Implementation of GASBS NO. 68		\$(83,019,172)	-
Total Net Position	\$ 88,200,158	<u>\$(83,019,172)</u>	\$ 5,180,986

**NOTE 18. Concentrations**

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

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

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
Notes to the Financial Statements  
June 30, 2015

**NOTE 19. 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:

**NOTE 20. Subsequent Events**

*Management Review*

The date to which events occurring after November 13, 2015, the date of the most recent Statement of Net Position have been evaluated for possible adjustment to the financial statements and disclosures is November 13, 2015 which is the date on which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**



**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**COMBINING BALANCE SHEET**  
**GENERAL FUND**  
June 30, 2015

Statement A-1

	General Fund			
	Operational	Pupil Transportation	Instructional Materials	Total
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 6,844,446	\$ 130,450	\$ 276,641	\$ 7,251,537
Investments	10,578,461	-	-	10,578,461
Accounts receivable				
Taxes	46,152	-	-	46,152
Due from other governments	-	-	-	-
Interfund receivables	3,493,503	-	-	3,493,503
Inventory	316,227	-	-	316,227
<i>Total assets</i>	<u>\$ 21,278,789</u>	<u>\$ 130,450</u>	<u>\$ 276,641</u>	<u>\$ 21,685,880</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	\$ 541,588	\$ 41,439	\$ 2,199	\$ 585,226
Accrued expenses	5,275,725	1,786	-	5,277,511
Due to PED	-	43,280	-	43,280
Interfund payable	72,420	-	-	72,420
<i>Total liabilities</i>	<u>5,889,733</u>	<u>86,505</u>	<u>2,199</u>	<u>5,978,437</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - delinquent property taxes	7,075	-	-	7,075
<i>Total deferred inflows of resources</i>	<u>7,075</u>	<u>-</u>	<u>-</u>	<u>7,075</u>
<i>Fund balance:</i>				
Nonspendable				
Inventory	316,227	-	-	316,227
Spendable				
Restricted for:				
Transportation	-	43,945	-	43,945
Instructional materials	-	-	274,442	274,442
Committed				
Subsequent year's expenditures	6,000,000	-	-	-
Assigned	-	-	-	-
Unassigned	9,065,754	-	-	9,065,754
<i>Total fund balance</i>	<u>15,381,981</u>	<u>43,945</u>	<u>274,442</u>	<u>15,700,368</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 21,278,789</u>	<u>\$ 130,450</u>	<u>\$ 276,641</u>	<u>\$ 21,685,880</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, 2015

Statement A-2

	General Fund			Total
	Operational	Pupil Transportation	Instructional Materials	
<i>Revenues:</i>				
Taxes - property	\$ 331,250	\$ -	\$ -	\$ 331,250
Taxes - oil and gas	367,784	-	-	367,784
Federal flowthrough	52,007	-	-	52,007
Federal direct	-	-	-	-
Local grants	8,284	-	-	8,284
State flowthrough	65,696,648	-	694,883	66,391,531
Transportation distribution	-	1,740,563	-	1,740,563
Charges for services	21,908	-	-	21,908
Investment income	29,610	-	-	29,610
Miscellaneous	29,952	-	-	29,952
<i>Total revenues</i>	<u>66,537,443</u>	<u>1,740,563</u>	<u>694,883</u>	<u>68,972,889</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	44,307,473	-	672,683	44,980,156
Support services - students	5,709,089	-	-	5,709,089
Support services - instruction	2,436,487	-	-	2,436,487
Support services - general admin.	739,164	-	-	739,164
Support services - school admin.	3,570,914	-	-	3,570,914
Central services	1,222,044	-	-	1,222,044
Operation and maintenance of plant	5,961,487	-	-	5,961,487
Student transportation	48,066	1,709,474	-	1,757,540
Food service operations	-	-	-	-
Other support services	91,550	-	-	91,550
Facilities acquisition and construction	26,690	-	-	26,690
<i>Total expenditures</i>	<u>64,112,964</u>	<u>1,709,474</u>	<u>672,683</u>	<u>66,495,121</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,424,479</u>	<u>31,089</u>	<u>22,200</u>	<u>2,477,768</u>
<i>Other financing sources (uses)</i>				
Reversion to PED	-	(43,280)	-	(43,280)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(43,280)</u>	<u>-</u>	<u>(43,280)</u>
<i>Net changes in fund balances</i>	2,424,479	(12,191)	22,200	2,434,488
<i>Fund balances - beginning of year</i>	<u>12,957,502</u>	<u>56,136</u>	<u>252,242</u>	<u>13,265,880</u>
<i>Fund balances - end of year</i>	<u>\$ 15,381,981</u>	<u>\$ 43,945</u>	<u>\$ 274,442</u>	<u>\$ 15,700,368</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**GENERAL FUND - OPERATIONAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

Statement A-3  
(Page 1 of 2)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ 312,305	\$ 312,305	\$ 332,477	\$ 20,172
Taxes - oil and gas	349,218	349,218	405,702	56,484
Federal flowthrough	30,000	30,000	52,007	22,007
Local grants	50,000	50,000	8,284	(41,716)
State flowthrough	61,725,401	65,386,481	65,696,648	310,167
Charges for services	7,000	7,000	21,908	14,908
Investment income	15,000	15,000	29,610	14,610
Miscellaneous	-	-	33,770	33,770
<i>Total revenues</i>	<u>62,488,924</u>	<u>66,150,004</u>	<u>66,580,406</u>	<u>430,402</u>
<i>Expenditures:</i>				
Current:				
Instruction	48,506,909	52,902,066	43,856,483	9,045,583
Support services - students	5,948,535	6,574,035	5,709,089	864,946
Support services - instruction	2,537,822	2,757,822	2,433,642	324,180
Support services - general admin.	913,442	920,942	740,839	180,103
Support services - school admin.	3,577,803	3,997,803	3,575,728	422,075
Central services	1,359,738	1,407,738	1,219,515	188,223
Operation and maintenance of plant	6,481,600	6,734,100	6,118,482	615,618
Student transportation	-	50,000	48,066	1,934
Other support services	163,075	163,075	108,194	54,881
Food service operations	-	-	-	-
Facilities acquisition and construction	-	47,000	26,690	20,310
<i>Total expenditures</i>	<u>69,488,924</u>	<u>75,554,581</u>	<u>63,836,728</u>	<u>11,717,853</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,000,000)</u>	<u>(9,404,577)</u>	<u>2,743,678</u>	<u>12,148,255</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**GENERAL FUND - OPERATIONAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

Statement A-3  
(Page 2 of 2)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,000,000)</u>	<u>(9,404,577)</u>	<u>2,743,678</u>	<u>12,148,255</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	7,000,000	9,404,577	-	(9,404,577)
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>7,000,000</u>	<u>9,404,577</u>	<u>-</u>	<u>(9,404,577)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	2,743,678	2,743,678
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>17,967,955</u>	<u>17,967,955</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,711,633</u>	<u>\$ 20,711,633</u>
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 2,424,479	
(Increase) decrease in accounts receivable			42,508	
(Increase) decrease in inventory			21,975	
Increase (decrease) in accounts payable			218,589	
Increase (decrease) in accrued expenses			35,673	
Increase (decrease) in deferred inflows			<u>454</u>	
Change in fund balance - budgetary basis			<u>\$ 2,743,678</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**PUPIL TRANSPORTATION - GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

Statement A-4

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Local grants	-	-	-	-
State flowthrough	-	-	-	-
Transportation distribution	1,552,092	1,740,563	1,740,563	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,552,092	1,740,563	1,740,563	-
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	1,552,092	1,796,699	1,668,035	128,664
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	1,552,092	1,796,699	1,668,035	128,664
<i>Excess (deficiency) of revenues over expenditures</i>	-	(56,136)	72,528	128,664
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	56,136	56,136	-
<i>Total other financing sources (uses)</i>	-	56,136	56,136	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	128,664	128,664
<i>Fund balances - beginning of year</i>	-	-	114,034	114,034
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 242,698	\$ 242,698
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 31,089	
Increase (decrease) in non-PED accounts payable			28,583	
Change in fund balance - budgetary basis			\$ 59,672	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement A-5

HOBBS MUNICIPAL SCHOOL DISTRICT #33  
 INSTRUCTIONAL MATERIALS - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Local grants	-	-	-	-
State flowthrough	472,888	694,883	694,883	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>472,888</u>	<u>694,883</u>	<u>694,883</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	472,888	947,025	670,485	276,540
Support services - students	-	-	-	-
Support services - instruction	-	20	-	20
Student transportation	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>472,888</u>	<u>947,045</u>	<u>670,485</u>	<u>276,560</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(252,162)</u>	<u>24,398</u>	<u>276,560</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	252,162	-	(252,162)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>252,162</u>	<u>-</u>	<u>(252,162)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	24,398	24,398
<i>Fund balances - beginning of year</i>	-	-	252,242	252,242
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,640</u>	<u>\$ 276,640</u>
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 22,200	
Increase (decrease) in accounts payable			<u>2,198</u>	
Change in fund balance - budgetary basis			<u>\$ 24,398</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
YEAR ENDED JUNE 30, 2015

**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).

**English Language Acquisition (24153)** – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

**Teacher / Principal Training & Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

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

**Immigrant Funding Title III (24163)**– The purpose of this fund is to give financial support to local school districts with high concentrations of immigrant children. Authority for the creation of this fund is Title III, Part A of the ESEA, as amended by No Child Left Behind Act, P.L. 107-110.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
YEAR ENDED JUNE 30, 2015

**SPECIAL REVENUE FUNDS (continued)**

**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.

**Title I-IASA-Federal Stimulus (24201)** – Funded through the American Recovery and Reinvestment Act of 2009 (AARA), the purpose of this fund is to provide assistance to local education agencies for schools that have high concentrations of students from families that live in poverty in order to help improve teaching and learning for students most at risk of failing to meet State standards. Federal revenues accounted for in this fund are allocated to the schools through the New Mexico Public Education Department. Local education agencies may use the Title I Stimulus funds consistent with Title I, Part A statutory and regulatory requirements. Authority for creation of this fund is the Title I of the Elementary and Secondary Education Act and General Education Provisions Act (P.L. 103-382), Title I regulations in 34 CFR Part 200, EDGAR in 34 CFR Parts 76 (except for 76.650-76.662), 77, 80, 81, 82, and 85.

**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.

**Secondary Ag Education (25230)** – The objective of this fund is to account for a Future Farmers of America grant to study the composting of red worms. Authority for the creation of this fund is the New Mexico Public Education Department.

**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.

**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.

**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.



**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
YEAR ENDED JUNE 30, 2015

**SPECIAL REVENUE FUNDS (continued)**

**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.

**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.

**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.

**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.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
YEAR ENDED JUNE 30, 2015

**SPECIAL REVENUE FUNDS**

**College Advisor Initiative (27189)** – This is used to hire a college advisor solely dedicated to college advisements. 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  
CAPITAL PROJECTS FUNDS DESCRIPTIONS  
YEAR ENDED JUNE 30, 2015

**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, 2015

	Special Revenue Funds			
	<u>Food Service</u>	<u>Athletics</u>	<u>IDEA B Entitlement</u>	<u>IDEA B Preschool</u>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,116,697	\$ 34,068	\$ 190,463	\$ 8,930
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	522,895	13,052
Interfund receivables	-	4,699	-	-
Inventory	<u>90,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 1,207,692</u>	<u>\$ 38,767</u>	<u>\$ 713,358</u>	<u>\$ 21,982</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	184,189	-	90,550	1,418
Interfund payable	<u>1,862</u>	<u>-</u>	<u>619,753</u>	<u>20,564</u>
<i>Total liabilities</i>	<u>186,051</u>	<u>-</u>	<u>710,303</u>	<u>21,982</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resource</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance:</i>				
Nonspendable				
Inventory	90,995	-	-	-
Spendable				
Food services	930,646	-	-	-
Education	-	-	3,055	-
Extracurricular activities	-	38,767	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balance</i>	<u>1,021,641</u>	<u>38,767</u>	<u>3,055</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,207,692</u>	<u>\$ 38,767</u>	<u>\$ 713,358</u>	<u>\$ 21,982</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds

<u>IDEA B "Risk Pool"</u>	<u>English Language Acquisition</u>	<u>Teacher/Principal Training &amp; Recruiting</u>	<u>Title I School Improvement</u>	<u>Immigrant Funding Title III</u>
\$ 16,541	\$ -	\$ -	\$ 390,000	\$ -
-	-	-	-	-
1,959	83,254	392,991	-	39,758
-	-	-	-	-
-	-	-	-	-
<u>\$ 18,500</u>	<u>\$ 83,254</u>	<u>\$ 392,991</u>	<u>\$ 390,000</u>	<u>\$ 39,758</u>
\$ -	\$ -	\$ 11,182	\$ -	\$ -
-	2,537	34,530	-	-
18,500	79,622	405,704	390,000	39,758
<u>18,500</u>	<u>82,159</u>	<u>451,416</u>	<u>390,000</u>	<u>39,758</u>
-	83,254	-	-	-
-	-	-	-	-
-	83,254	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(82,159)	(58,425)	-	-
-	(82,159)	(58,425)	-	-
<u>\$ 18,500</u>	<u>\$ 83,254</u>	<u>\$ 392,991</u>	<u>\$ 390,000</u>	<u>\$ 39,758</u>

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2015

	Special Revenue Funds			
	Carl D. Perkins Secondary - Current	Carl D. Perkins Redistribution	Title I-Fed Stimulus	Title XIX Medicaid
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,495	\$ 9,531	\$ -	\$ 90,015
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	32,823	-	-	-
Interfund receivables	-	-	9,531	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ 34,318	\$ 9,531	\$ 9,531	\$ 90,015
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	\$ 2,813	\$ -	\$ -	\$ -
Accrued expenses	-	-	14	25,015
Interfund payable	32,263	9,531	9,517	65,000
<i>Total liabilities</i>	35,076	9,531	9,531	90,015
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	-	-	-	-
<i>Total deferred inflows of resource</i>	-	-	-	-
<i>Fund balance:</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(758)	-	-	-
<i>Total fund balance</i>	(758)	-	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 34,318	\$ 9,531	\$ 9,531	\$ 90,015

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds					
<u>Secondary Ag Education</u>	<u>J.F. Maddox Foundation</u>	<u>Bridge for Southern New Mexico</u>	<u>Microsoft Settlement Funds</u>	<u>Dual Credit Instructional Materials HB-2</u>	<u>2010 GO Bond Student Library</u>
\$ 2,000	\$ 295,619	\$ 99,950	\$ 2,060	\$ -	\$ 8,745
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,000</u>	<u>295,619</u>	<u>99,950</u>	<u>2,060</u>	<u>-</u>	<u>8,745</u>
\$ -	\$ 31,375	\$ -	\$ -	\$ 5,102	\$ -
-	8,233	-	-	-	-
-	96,000	-	-	23	10,000
<u>-</u>	<u>135,608</u>	<u>-</u>	<u>-</u>	<u>5,125</u>	<u>10,000</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	160,011	99,950	2,060	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(5,125)	(1,255)
<u>2,000</u>	<u>160,011</u>	<u>99,950</u>	<u>2,060</u>	<u>(5,125)</u>	<u>(1,255)</u>
<u>\$ 2,000</u>	<u>\$ 295,619</u>	<u>\$ 99,950</u>	<u>\$ 2,060</u>	<u>\$ -</u>	<u>\$ 8,745</u>

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2015

	Special Revenue Funds			
	2012 GO Bond Public School Library	Reads to Leads K-3	New Mexico Pre-K Initiative	Breakfast in the Classroom
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 174,508	\$ 6,942
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	3,337	27,660	-	-
Interfund receivables	-	154	-	-
Inventory	-	-	-	-
<i>Total assets</i>	3,337	\$ 27,814	\$ 174,508	\$ 6,942
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	\$ 18,000	\$ -	\$ -
Accrued expenses	-	-	33,919	-
Interfund payable	3,337	27,814	151,196	6,942
<i>Total liabilities</i>	3,337	45,814	185,115	6,942
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	-	-	-	-
<i>Total deferred inflows of resour</i>	-	-	-	-
<i>Fund balance:</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	(18,000)	(10,607)	-
<i>Total fund balance</i>	-	(18,000)	(10,607)	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	3,337	\$ 27,814	\$ 174,508	\$ 6,942

The accompanying notes are an integral part of these financial statements.



Special Revenue Funds				
<u>Kindergarten Three Plus</u>	<u>2010 GO Bond</u>	<u>Science Instructional Materials K-12</u>	<u>STEM Programs</u>	<u>Next Generation Assessments</u>
\$ -	\$ 3,200	\$ 108,000	\$ 180,451	\$ 113,164
-	-	-	-	-
60,710	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 60,710</u>	<u>\$ 3,200</u>	<u>\$ 108,000</u>	<u>\$ 180,451</u>	<u>\$ 113,164</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
60,188	3,200	108,000	192,806	119,000
<u>60,188</u>	<u>3,200</u>	<u>108,000</u>	<u>192,806</u>	<u>119,000</u>
60,188	3,200	108,000	192,806	119,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
522	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(12,355)	(5,836)
<u>522</u>	<u>-</u>	<u>-</u>	<u>(12,355)</u>	<u>(5,836)</u>
<u>\$ 60,710</u>	<u>\$ 3,200</u>	<u>\$ 108,000</u>	<u>\$ 180,451</u>	<u>\$ 113,164</u>

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2015

	Special Revenue Funds			
	College Advisor Initiative	Community Health Program DOH	Start Smart K-3 Utah State University Study	TCA Value Options
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 24,450	\$ 29,321	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	21,822	-	-	65,464
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ 21,822	\$ 24,450	\$ 29,321	\$ 65,464
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	4,180
Interfund payable	21,840	-	31,000	57,558
<i>Total liabilities</i>	21,840	-	31,000	61,738
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	-	-	-	-
<i>Total deferred inflows of resource:</i>	-	-	-	-
<i>Fund balance:</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Food services	-	-	-	-
Education	-	-	-	3,726
Extracurricular activities	-	24,450	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(18)	-	(1,679)	-
<i>Total fund balance</i>	(18)	24,450	(1,679)	3,726
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 21,822	\$ 24,450	\$ 29,321	\$ 65,464

The accompanying notes are an integral part of these financial statements.

Capital Project Funds				
Special Capital Outlay State	Special Capital Outlay Local	Capital Improvement HB-33	Capital Improvement SB-9	Total Nonmajor Government Funds
\$ -	\$ 41,328	\$ 262,208	\$ 1,175,435	\$ 4,385,121
-	-	398,800	199,421	598,221
-	-	-	205,336	1,471,061
-	-	2,000,000	-	2,014,384
-	-	-	-	90,995
<u>\$ -</u>	<u>\$ 41,328</u>	<u>\$ 2,661,008</u>	<u>\$ 1,580,192</u>	<u>\$ 8,559,782</u>
\$ -	\$ -	\$ 348,566	\$ 444,893	\$ 861,931
-	-	-	-	384,585
-	-	-	-	2,580,978
<u>-</u>	<u>-</u>	<u>348,566</u>	<u>444,893</u>	<u>3,827,494</u>
-	-	-	205,336	288,590
-	-	73,638	36,831	110,469
<u>-</u>	<u>-</u>	<u>73,638</u>	<u>242,167</u>	<u>399,059</u>
-	-	-	-	90,995
-	-	-	-	-
-	-	-	-	930,646
-	-	-	-	271,324
-	-	-	-	63,217
-	41,328	2,238,804	893,132	3,173,264
-	-	-	-	(196,217)
<u>-</u>	<u>41,328</u>	<u>2,238,804</u>	<u>893,132</u>	<u>4,333,229</u>
<u>\$ -</u>	<u>\$ 41,328</u>	<u>\$ 2,661,008</u>	<u>\$ 1,580,192</u>	<u>\$ 8,559,782</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, 2015

Special Revenue Funds

	Food Service	Athletics	IDEA B Entitlement	IDEA B Preschool
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Federal flowthrough	2,905,536	-	1,785,049	72,201
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	1,286,902	242,925	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,192,438</u>	<u>242,925</u>	<u>1,785,049</u>	<u>72,201</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	245,101	103,598	-
Support services - students	-	-	761,743	21,431
Support services - instruction	-	-	-	-
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	916,653	50,770
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food service operations	4,108,101	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>4,108,101</u>	<u>245,101</u>	<u>1,781,994</u>	<u>72,201</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>84,337</u>	<u>(2,176)</u>	<u>3,055</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	84,337	(2,176)	3,055	-
<i>Fund balances - beginning of year</i>	<u>937,304</u>	<u>40,943</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 1,021,641</u>	<u>\$ 38,767</u>	<u>\$ 3,055</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds				
IDEA B "Risk Pool"	English Language Acquisition	Teacher/Principal Training & Recruiting	Title I School Improvement	Immigrant Funding Title III
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,961	35,700	393,342	-	39,758
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,961</u>	<u>35,700</u>	<u>393,342</u>	<u>-</u>	<u>39,758</u>
-	114,086	309,999	-	39,758
-	-	-	-	-
-	-	-	-	-
-	2,910	9,585	-	-
1,961	863	41,786	-	-
-	-	29,557	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,961</u>	<u>117,859</u>	<u>390,927</u>	<u>-</u>	<u>39,758</u>
-	(82,159)	2,415	-	-
-	-	-	-	-
-	-	-	-	-
-	(82,159)	2,415	-	-
-	-	(60,840)	-	-
<u>\$ -</u>	<u>\$ (82,159)</u>	<u>\$ (58,425)</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

Special Revenue Funds

	Carl D. Perkins Secondary - Current	Carl D. Perkins Redistribution	Title I-Federal Stimulus	Title XIX Medicaid
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Federal flowthrough	34,544	-	-	-
Federal direct	-	-	-	257,880
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>34,544</u>	<u>-</u>	<u>-</u>	<u>257,880</u>
<i>Expenditures:</i>				
Current:				
Instruction	32,511	-	-	-
Support services - students	-	-	-	251,577
Support services - instruction	-	-	-	-
Support services - general admin.	856	-	-	-
Support services - school admin.	1,935	-	-	-
Central services	-	-	-	-
Operation and maintenance of plan	-	-	-	6,303
Student transportation	-	-	-	-
Food service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>35,302</u>	<u>-</u>	<u>-</u>	<u>257,880</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(758)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(758)	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ (758)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2015

	Special Revenue Funds			
	2012 GO Bond Public School Library	Reads to Leads K-3	New Mexico Pre-K Initiative	Breakfast in the Classroom
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	44,403	168,681	259,300	51,132
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>44,403</u>	<u>168,681</u>	<u>259,300</u>	<u>51,132</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	186,681	259,301	-
Support services - students	-	-	-	-
Support services - instruction	43,669	-	-	-
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food service operations	-	-	-	51,132
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>43,669</u>	<u>186,681</u>	<u>259,301</u>	<u>51,132</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>734</u>	<u>(18,000)</u>	<u>(1)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	734	(18,000)	(1)	-
<i>Fund balances - beginning of year</i>	<u>(734)</u>	<u>-</u>	<u>(10,606)</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (18,000)</u>	<u>\$ (10,607)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.



Special Revenue Funds				
Kindergarten Three Plus	2010 GOB	Science Instructional Materials K-12	Stem Programs	Next Generation Assessments
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
295,017	-	-	-	-
-	-	-	90,920	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>295,017</u>	<u>-</u>	<u>-</u>	<u>90,920</u>	<u>-</u>
200,984	-	-	103,275	5,836
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,304	-	-	-	-
80,269	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>286,557</u>	<u>-</u>	<u>-</u>	<u>103,275</u>	<u>5,836</u>
<u>8,460</u>	<u>-</u>	<u>-</u>	<u>(12,355)</u>	<u>(5,836)</u>
-	-	-	-	-
-	-	-	-	-
8,460	-	-	(12,355)	(5,836)
<u>(7,938)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>522</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(12,355)</u>	\$ <u>(5,836)</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, 2015

	Special Revenue Funds			
	College Advisor Initiative	Community Health Program DOH	Start Smart K-3 Utah State University Study	TCA Value Options
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	21,822	-	-	-
State direct	-	-	91,618	65,464
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>21,822</u>	<u>-</u>	<u>91,618</u>	<u>65,464</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	73,780	-
Support services - students	21,840	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	-	65,464
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	17,838	-
Food service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>21,840</u>	<u>-</u>	<u>91,618</u>	<u>65,464</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(18)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(18)	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>24,450</u>	<u>(1,679)</u>	<u>3,726</u>
<i>Fund balances - end of year</i>	<u>\$ (18)</u>	<u>\$ 24,450</u>	<u>\$ (1,679)</u>	<u>\$ 3,726</u>

The accompanying notes are an integral part of these financial statements.

Capital Project Funds				
Public School Capital Outlay State	Special Capital Outlay Local	Capital Improvement HB-33	Capital Improvement SB-9	Total Nonmajor Government Funds
\$ -	\$ -	\$ 3,174,092	\$ 1,587,397	\$ 4,761,489
-	-	2,942,277	1,471,139	4,413,416
-	-	-	-	5,268,091
-	-	-	-	259,880
-	-	-	-	581,788
870,295	3,263	-	374,715	2,112,168
-	-	-	-	248,002
-	-	-	-	1,529,827
-	8	266	154	428
-	-	43,748	39,588	83,336
<u>870,295</u>	<u>3,271</u>	<u>6,160,383</u>	<u>3,472,993</u>	<u>19,258,425</u>
-	-	-	-	1,961,017
-	-	-	-	1,056,776
-	-	-	-	43,669
-	-	31,888	15,948	225,337
-	-	-	-	1,079,432
-	-	-	-	29,557
-	-	-	-	11,607
-	-	-	-	98,107
-	-	-	-	4,159,233
<u>870,295</u>	<u>-</u>	<u>8,061,730</u>	<u>4,966,568</u>	<u>13,898,593</u>
<u>870,295</u>	<u>-</u>	<u>8,093,618</u>	<u>4,982,516</u>	<u>22,563,328</u>
<u>-</u>	<u>3,271</u>	<u>(1,933,235)</u>	<u>(1,509,523)</u>	<u>(3,304,903)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	3,271	(1,933,235)	(1,509,523)	(3,304,903)
-	38,057	4,172,039	2,402,655	7,638,132
<u>\$ -</u>	<u>\$ 41,328</u>	<u>\$ 2,238,804</u>	<u>\$ 893,132</u>	<u>\$ 4,333,229</u>

**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, 2015**

Statement B-1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 2,737,520	\$ 2,737,520	\$ 2,644,052	\$ (93,468)
Local grants	-	-	-	-
Charges for services	1,116,000	1,116,000	1,286,902	170,902
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,853,520</u>	<u>3,853,520</u>	<u>3,930,954</u>	<u>77,434</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin.	-	-	-	-
Food service operations	3,853,520	4,832,431	3,979,076	853,355
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>3,853,520</u>	<u>4,832,431</u>	<u>3,979,076</u>	<u>853,355</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(978,911)</u>	<u>(48,122)</u>	<u>930,789</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	978,911	-	(978,911)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>978,911</u>	<u>-</u>	<u>(978,911)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(48,122)	(48,122)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,158,992</u>	<u>1,158,992</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,110,870</u>	<u>\$ 1,110,870</u>
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 84,337	
(Increase) decrease in inventory			(38,670)	
Increase (decrease) in accounts payable			(93,808)	
Increase (decrease) in accrued expenses			<u>19</u>	
Change in fund balance - budgetary basis			<u>\$ (48,122)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**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, 2015**

Statement B-2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	210,650	210,650	242,925	32,275
Investment income	-	-	-	-
<i>Total revenues</i>	<u>210,650</u>	<u>210,650</u>	<u>242,925</u>	<u>32,275</u>
<i>Expenditures:</i>				
Current:				
Instruction	210,650	247,086	245,101	1,985
Support services - students	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>210,650</u>	<u>247,086</u>	<u>245,101</u>	<u>1,985</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(36,436)</u>	<u>(2,176)</u>	<u>34,260</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	<u>-</u>	<u>36,436</u>	<u>-</u>	<u>(36,436)</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>36,436</u>	<u>-</u>	<u>(36,436)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(2,176)	(2,176)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>40,943</u>	<u>40,943</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,767</u>	<u>\$ 38,767</u>
Change in fund balance - GAAP Basis			<u>\$ (2,176)</u>	
Change in fund balance - budgetary basis			<u>\$ (2,176)</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, 2015**

Statement B-3

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 1,754,711	\$ 3,373,183	\$ 1,884,326	\$ (1,488,857)
Federal direct	-	-	-	-
Local grants	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>1,754,711</u>	<u>3,373,183</u>	<u>1,884,326</u>	<u>(1,488,857)</u>
<i>Expenditures:</i>				
Current:				
Instruction	289,731	289,731	106,652	183,079
Support services - students	895,902	895,902	761,742	134,160
Support services - instruction	-	-	-	-
Support services - general administration	400,000	400,000	-	400,000
Support services - school administration	169,078	1,787,550	916,654	870,896
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	<u>1,754,711</u>	<u>3,373,183</u>	<u>1,785,048</u>	<u>1,588,135</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>99,278</u>	<u>99,278</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>99,278</u>	<u>99,278</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(528,302)</u>	<u>(528,302)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (429,024)</u>	<u>\$ (429,024)</u>
Change in fund balance - GAAP Basis			\$ 3,055	
(Increase) decrease in accounts receivable			99,277	
Increase (decrease) in accounts payable			<u>(3,054)</u>	
Change in fund balance - budgetary basis			<u>\$ 99,278</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**IDEA B PRESCHOOL 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, 2015**

Statement B-4

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 54,133	\$ 116,478	\$ 71,737	\$ (44,741)
Federal direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	54,133	116,478	71,737	(44,741)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	33,659	33,659	21,431	12,228
Support services - general administration	-	-	-	-
Support services - school administration	20,474	82,819	50,770	32,049
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	54,133	116,478	72,201	44,277
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(464)	(464)
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(464)	(464)
<i>Fund balances - beginning of year</i>	-	-	(11,328)	(11,328)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (11,792)	\$ (11,792)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - (464)	
Change in fund balance - budgetary basis			\$ (464)	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**IDEA B "RISK POOL" 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, 2015**

Statement B-5

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ 1,959	\$ 18,416	\$ 16,457
Federal direct	-	-	-	-
Local grants	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	1,959	18,416	16,457
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	1,959	1,959	-
<i>Total expenditures</i>	-	1,959	1,959	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	16,457	16,457
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	16,457	16,457
<i>Fund balances - beginning of year</i>	-	-	(18,416)	(18,416)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (1,959)	\$ (1,959)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ -	16,457
Change in fund balance - budgetary basis			\$ 16,457	

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**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

Statement B-6

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 133,383	\$ 199,360	\$ 78,828	\$ (120,532)
Federal direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>133,383</u>	<u>199,360</u>	<u>78,828</u>	<u>(120,532)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	128,768	193,451	114,247	79,204
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	2,615	3,909	2,909	1,000
Support services - school administration	2,000	2,000	863	1,137
Central services	-	-	-	-
<i>Total expenditures</i>	<u>133,383</u>	<u>199,360</u>	<u>118,019</u>	<u>81,341</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(39,191)</u>	<u>(39,191)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(39,191)</u>	<u>(39,191)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(36,275)</u>	<u>(36,275)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,466)</u>	<u>\$ (75,466)</u>
Change in fund balance - GAAP Basis			\$ (82,159)	
(Increase) decrease in accounts receivable			(40,126)	
Increase (decrease) in deferred inflows			83,254	
Increase (decrease) in accrued expenses			<u>(160)</u>	
Change in fund balance - budgetary basis			<u>\$ (39,191)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**TEACHER/PRINCIPAL TRAINING AND 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, 2015**

Statement B-7

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 305,782	\$ 512,678	\$ 179,126	\$ (333,552)
Transportation distribution	-	-	-	-
<i>Total revenues</i>	<u>305,782</u>	<u>512,678</u>	<u>179,126</u>	<u>(333,552)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	252,470	399,068	317,979	81,089
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	10,368	13,753	9,585	4,168
Support services - school administration	13,403	70,299	39,662	30,637
Central services	29,541	29,558	29,557	1
<i>Total expenditures</i>	<u>305,782</u>	<u>512,678</u>	<u>396,783</u>	<u>115,895</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(217,657)</u>	<u>(217,657)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(217,657)</u>	<u>(217,657)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(193,498)</u>	<u>(193,498)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (411,155)</u>	<u>\$ (411,155)</u>
Change in fund balance - GAAP Basis			\$ 2,415	
(Increase) decrease in accounts receivable			(153,376)	
Increase (decrease) in accounts payable			6,790	
Increase (decrease) in accrued expenses			(12,646)	
Increase (decrease) in deferred inflows			(60,840)	
Change in fund balance - budgetary basis			<u>\$ (217,657)</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, 2015**

Statement B-8

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Change in fund balance - GAAP Basis			\$ -	
(Increase) decrease in accounts receivable			-	
Increase (decrease) in accounts payable			-	
Change in fund balance - budgetary basis			\$ -	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**IMMIGRANT FUNDING TITLE III SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

Statement B-9

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ 45,000	\$ -	\$ (45,000)
Federal direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	45,000	39,758	5,242
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>45,000</u>	<u>39,758</u>	<u>5,242</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(39,758)</u>	<u>(39,758)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(39,758)</u>	<u>(39,758)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,758)</u>	<u>\$ (39,758)</u>
Change in fund balance - GAAP Basis			\$ -	
(Increase) decrease in accounts receivable			<u>(39,758)</u>	
Change in fund balance - budgetary basis			<u>\$ (39,758)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**CARL D. PERKINS SECONDARY-CURRENT 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, 2015**

Statement B-10

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 59,122	\$ 69,620	\$ 36,983	\$ (32,637)
Federal direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	59,122	69,620	36,983	(32,637)
<i>Expenditures:</i>				
Current:				
Instruction	54,322	64,820	29,701	35,119
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	1,000	1,000	856	144
Support services - school administration	3,800	3,800	1,935	1,865
Operation and maintenance of plant	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	59,122	69,620	32,492	37,128
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	4,491	4,491
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	4,491	4,491
<i>Fund balances - beginning of year</i>	-	-	(35,261)	(35,261)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (30,770)	\$ (30,770)
Change in fund balance - GAAP Basis			\$ (758)	
(Increase) decrease in accounts receivable			2,438	
Increase (decrease) in accounts payable			2,811	
Change in fund balance - budgetary basis			\$ 4,491	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**CARL D. PERKINS 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, 2015**

Statement B-11

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - school administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Change in fund balance - GAAP Basis			\$ -	
(Increase) decrease in accounts receivable			4,730	
Increase (decrease) in accounts payable			(4,730)	
Change in fund balance - budgetary basis			\$ -	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**TITLE I-FEDERAL STIMULUS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

Statement B-12

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal direct	\$ -	\$ -	\$ -	\$ -
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
Permanent transfers to PED	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Change in fund balance - GAAP Basis			\$ -	
Change in fund balance - budgetary basis			\$ -	

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, 2015**

Statement B-13

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal direct	\$ 260,000	\$ 260,000	\$ 322,877	\$ 62,877
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>260,000</u>	<u>260,000</u>	<u>322,877</u>	<u>62,877</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	253,676	253,676	251,577	2,099
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	6,324	6,324	6,303	21
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>260,000</u>	<u>260,000</u>	<u>257,880</u>	<u>2,120</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>64,997</u>	<u>64,997</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
Permanent transfers to PED	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>64,997</u>	<u>64,997</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(39,499)</u>	<u>(39,499)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,498</u>	<u>\$ 25,498</u>
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - <u>64,997</u>	
Change in fund balance - budgetary basis			<u>\$ 64,997</u>	

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**SECONDARY AG EDUCATION GRANT 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, 2015**

Statement B-14

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal direct	\$ -	\$ -	\$ 2,000	\$ 2,000
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	-	2,000	2,000
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	2,000	2,000
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
Permanent transfers to PED	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	2,000	2,000
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 2,000	\$ 2,000
Change in fund balance - GAAP Basis			\$ 2,000	
Change in fund balance - budgetary basis			\$ 2,000	

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, 2015**

Statement B-15

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	2,924,028	2,924,028	593,414	(2,330,614)
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	2,924,028	2,924,028	593,414	(2,330,614)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,276,950	2,276,950	259,969	2,016,981
Support services - students	49,341	49,341	185	49,156
Support services - instruction	-	-	-	-
Support services - general administration	597,737	597,737	164,150	433,587
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	2,924,028	2,924,028	424,304	2,499,724
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	169,110	169,110
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	169,110	169,110
<i>Fund balances - beginning of year</i>	-	-	29,238	29,238
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 198,348	\$ 198,348
Change in fund balance - GAAP Basis			\$ 160,011	
(Increase) decrease in accounts receivable			11,626	
Increase (decrease) in accounts payable			(1,487)	
Increase (decrease) in accrued expenses			(1,040)	
Change in fund balance - budgetary basis			\$ 169,110	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-16

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<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 balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	99,950	99,950
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,950</u>	<u>\$ 99,950</u>
Change in fund balance - GAAP Basis			\$ -	
Change in fund balance - budgetary basis			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-17

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - school administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<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 balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,060</u>	<u>2,060</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,060</u>	<u>\$ 2,060</u>
Change in fund balance - GAAP Basis			\$ -	
Change in fund balance - budgetary basis			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-18

HOBBS MUNICIPAL SCHOOL DISTRICT #33  
 DUAL CREDIT INSTRUCTION MATERIALS HB-2 LAWS OF 2009 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	28,725	23,540	(5,185)
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>28,725</u>	<u>23,540</u>	<u>(5,185)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	28,725	23,563	5,162
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>28,725</u>	<u>23,563</u>	<u>5,162</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23)</u>	<u>\$ (23)</u>
Change in fund balance - GAAP Basis			\$ (5,125)	
Increase (decrease) in accounts payable			<u>5,102</u>	
Change in fund balance - budgetary basis			<u>\$ (23)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-19

HOBBS MUNICIPAL SCHOOL DISTRICT #33  
 2010 GO BOND PUBLIC SCHOOL 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Taxes - gross receipts	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Enterprise operations	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<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 balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	(1,255)	(1,255)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,255)</u>	<u>\$ (1,255)</u>
Change in fund balance - GAAP Basis			\$ -	
Change in fund balance - budgetary basis			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-20

HOBBS MUNICIPAL SCHOOL DISTRICT #33  
 2012 GO BOND PUBLIC SCHOOL 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	44,595	42,700	(1,895)
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>44,595</u>	<u>42,700</u>	<u>(1,895)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	44,595	43,669	926
Support services - general administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>44,595</u>	<u>43,669</u>	<u>926</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(969)</u>	<u>(969)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(969)	(969)
<i>Fund balances - beginning of year</i>	-	-	(2,368)	(2,368)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,337)</u>	<u>\$ (3,337)</u>
Change in fund balance - GAAP Basis			\$ 734	
(Increase) decrease in accounts receivable			(1,703)	
Change in fund balance - budgetary basis			<u>\$ (969)</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, 2015**

Statement B-21

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	195,000	195,000	151,021	(43,979)
Investment income	-	-	-	-
<i>Total revenues</i>	<u>195,000</u>	<u>195,000</u>	<u>151,021</u>	<u>(43,979)</u>
<i>Expenditures:</i>				
Current:				
Instruction	195,000	195,000	168,681	26,319
Support services - students	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>195,000</u>	<u>195,000</u>	<u>168,681</u>	<u>26,319</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(17,660)</u>	<u>(17,660)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(17,660)</u>	<u>(17,660)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,660)</u>	<u>\$ (27,660)</u>
Change in fund balance - GAAP Basis			\$ 18,000	
(Increase) decrease in accounts receivable			(17,660)	
Increase (decrease) in accounts payable			(18,000)	
Change in fund balance - budgetary basis			<u>\$ (17,660)</u>	

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**NEW MEXICO 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, 2015**

Statement B-22

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	321,218	321,218
Investment income	-	-	-	-
<i>Total revenues</i>	-	-	321,218	321,218
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	259,301	(259,301)
Support services - students	-	-	-	-
Support services - school administration	-	-	-	-
Student transportation	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	-	-	259,301	(259,301)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	61,917	61,917
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	61,917	61,917
<i>Fund balances - beginning of year</i>	-	-	(42,097)	(42,097)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 19,820	\$ 19,820
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ (1) 61,918	
Change in fund balance - budgetary basis			\$ 61,917	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-23

HOBBS MUNICIPAL SCHOOL DISTRICT #33  
 BREAKFAST IN THE CLASSROOM 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	51,132	59,665	8,533
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>51,132</u>	<u>59,665</u>	<u>8,533</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Food service operations	-	51,132	51,132	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>51,132</u>	<u>51,132</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>8,533</u>	<u>8,533</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>8,533</u>	<u>8,533</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(8,533)</u>	<u>(8,533)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - <u>8,533</u>	
Change in fund balance - budgetary basis			<u>\$ 8,533</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, 2015**

Statement B-24

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	227,456	299,591	289,009	(10,582)
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	227,456	299,591	289,009	(10,582)
<i>Expenditures:</i>				
Current:				
Instruction	162,632	213,497	213,497	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	5,824	-	-	-
Operation and maintenance of plant	-	5,824	5,303	521
Student transportation	59,000	80,270	80,270	-
Other support services	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	227,456	299,591	299,070	521
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(10,061)	(10,061)
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(10,061)	(10,061)
<i>Fund balances - beginning of year</i>	-	-	(50,127)	(50,127)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (60,188)	\$ (60,188)
Change in fund balance - GAAP Basis			\$ 8,460	
(Increase) decrease in accounts receivable			(6,008)	
Increase (decrease) in accounts payable			(12,513)	
Change in fund balance - budgetary basis			\$ (10,061)	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**2010 GO BOND 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, 2015**

Statement B-25

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	3,145	3,145
Investment income	-	-	-	-
<i>Total revenues</i>	-	-	3,145	3,145
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	3,145	3,145
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	3,145	3,145
<i>Fund balances - beginning of year</i>	-	-	(3,145)	(3,145)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - 3,145	
Change in fund balance - budgetary basis			\$ 3,145	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-26

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Debt service	-	-	-	-
<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 balance (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ -	
Change in fund balance - budgetary 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, 2015**

Statement B-27

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	103,275	303,900	200,625
Investment income	-	-	-	-
<i>Total revenues</i>	-	103,275	303,900	200,625
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	103,275	103,275	-
Support services - students	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	103,275	103,275	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	200,625	200,625
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	200,625	200,625
<i>Fund balances - beginning of year</i>	-	-	(212,980)	(212,980)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (12,355)	\$ (12,355)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ (12,355) 212,980	
Change in fund balance - budgetary basis			\$ 200,625	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-28

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	118,387	118,387
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>118,387</u>	<u>118,387</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	5,836	5,836	-
Support services - students	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>5,836</u>	<u>5,836</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(5,836)</u>	<u>112,551</u>	<u>118,387</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>(5,836)</u>	<u>112,551</u>	<u>118,387</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(118,387)</u>	<u>(118,387)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (5,836)</u>	<u>\$ (5,836)</u>	<u>\$ -</u>
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ (5,836) <u>118,387</u>	
Change in fund balance - budgetary basis			<u>\$ 112,551</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**COLLEGE COUNSELOR 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, 2015**

Statement B-29

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	65,000	-	(65,000)
Investment income	-	-	-	-
<i>Total revenues</i>	-	65,000	-	(65,000)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	65,000	21,840	43,160
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	65,000	21,840	43,160
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(21,840)	(21,840)
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
(budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(21,840)	(21,840)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (21,840)	\$ (21,840)
Change in fund balance - GAAP Basis			\$ (18)	
(Increase) decrease in accounts receivable			(21,822)	
Change in fund balance - budgetary basis			\$ (21,840)	

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO

Statement B-30

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Food service operations	-	-	-	-
Debt service	-	-	-	-
<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 balance (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>24,450</u>	<u>24,450</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,450</u>	<u>\$ 24,450</u>
Change in fund balance - GAAP Basis			\$ -	
Change in fund balance - budgetary basis			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-31

HOBBS MUNICIPAL SCHOOL DISTRICT #33  
 SMART START K-3 UTAH STATE UNIVERISTY 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	145,975	145,975	91,618	(54,357)
Combined local/state	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>145,975</u>	<u>145,975</u>	<u>91,618</u>	<u>(54,357)</u>
<i>Expenditures:</i>				
Current:				
Instruction	65,262	73,862	73,780	82
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	80,713	72,113	17,838	54,275
Enterprise operations	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>145,975</u>	<u>145,975</u>	<u>91,618</u>	<u>54,357</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 balance				
(budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,679)</u>	<u>(1,679)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,679)</u>	<u>\$ (1,679)</u>
Change in fund balance - GAAP Basis			<u>\$ -</u>	
Change in fund balance - budgetary basis			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**TCA VALUE OPTIONS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2015**

Statement B-32

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	65,464	-	(65,464)
State direct	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	65,464	-	(65,464)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	65,464	65,464	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	-	65,464	65,464	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(65,464)	(65,464)
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(65,464)	(65,464)
<i>Fund balances - beginning of year</i>	-	-	7,840	7,840
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (57,624)	\$ (57,624)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - (65,464)	
Change in fund balance - budgetary basis			\$ (65,464)	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**BOND BUILDING 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, 2015**

Statement B-33

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Investment income	-	-	3,827	3,827
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	3,827	3,827
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	-	23,784,462	21,190,700	2,593,762
<i>Total expenditures</i>	-	23,784,462	21,190,700	2,593,762
<i>Excess (deficiency) of revenues over expenditures</i>	-	(23,784,462)	(21,186,873)	2,597,589
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	7,784,462	-	7,784,462
Sale of bonds	-	16,000,000	16,006,125	(6,125)
<i>Total other financing sources (uses)</i>	-	23,784,462	16,006,125	7,778,337
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(5,180,748)	10,375,926
<i>Fund balances - beginning of year</i>	-	-	7,784,462	7,784,462
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 2,603,714	\$ 18,160,388
Change in fund balance - GAAP Basis			\$ (7,222,561)	
Increase (decrease) in accounts payable			1,782,311	
Change in fund balance - budgetary basis			\$ (5,440,250)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-34

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<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 balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in fund balance - GAAP Basis			\$ -	
Change in fund balance - budgetary basis			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-35

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	3,263	3,263
State direct	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	8	8
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>3,271</u>	<u>3,271</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Facilities acquisition and construction	-	38,057	-	38,057
<i>Total expenditures</i>	<u>-</u>	<u>38,057</u>	<u>-</u>	<u>38,057</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(38,057)</u>	<u>3,271</u>	<u>41,328</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>(38,057)</u>	<u>3,271</u>	<u>41,328</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>38,057</u>	<u>38,057</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (38,057)</u>	<u>\$ 41,328</u>	<u>\$ 79,385</u>
Change in fund balance - GAAP Basis			<u>\$ 3,271</u>	
Change in fund balance - budgetary basis			<u>\$ 3,271</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-36

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	5,795,801	5,795,801	6,434,766	638,965
Taxes - gross receipts	-	-	-	-
Local grants	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	267	267
Miscellaneous	-	-	43,748	43,748
<i>Total revenues</i>	<u>5,795,801</u>	<u>5,795,801</u>	<u>6,478,781</u>	<u>682,980</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	30,021	32,021	31,888	133
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Facilities acquisition and construction	7,482,880	9,703,839	8,124,744	1,579,095
<i>Total expenditures</i>	<u>7,512,901</u>	<u>9,735,860</u>	<u>8,156,632</u>	<u>1,579,228</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,717,100)</u>	<u>(3,940,059)</u>	<u>(1,677,851)</u>	<u>2,262,208</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	<u>1,717,100</u>	<u>3,940,059</u>	<u>-</u>	<u>(3,940,059)</u>
<i>Total other financing sources (uses)</i>	<u>1,717,100</u>	<u>3,940,059</u>	<u>-</u>	<u>(3,940,059)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(1,677,851)	(1,677,851)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,940,059</u>	<u>3,940,059</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,262,208</u>	<u>\$ 2,262,208</u>
Change in fund balance - GAAP Basis			\$ (1,673,733)	
(Increase) decrease in accounts receivable			308,678	
Increase (decrease) in accounts payable			(63,014)	
Increase (decrease) in deferred inflows			9,720	
Change in fund balance - budgetary basis			<u>\$ (1,418,349)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-37

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 2,898,223	2,898,223	3,217,737	319,514
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	191,265	396,601	374,715	(21,886)
Charges for services	-	-	-	-
Investment income	-	-	154	154
Miscellaneous	-	-	39,588	39,588
<i>Total revenues</i>	<u>3,089,488</u>	<u>3,294,824</u>	<u>3,632,194</u>	<u>337,370</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	14,500	16,500	15,947	553
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Enterprise operations	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	4,504,007	5,594,805	4,757,293	837,512
<i>Total expenditures</i>	<u>4,518,507</u>	<u>5,611,305</u>	<u>4,773,240</u>	<u>838,065</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,429,019)</u>	<u>(2,316,481)</u>	<u>(1,141,046)</u>	<u>1,175,435</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>(1,429,019)</u>	<u>(2,316,481)</u>	<u>(1,141,046)</u>	<u>1,175,435</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,316,481</u>	<u>2,316,481</u>
<i>Fund balances - end of year</i>	<u>\$ (1,429,019)</u>	<u>\$ (2,316,481)</u>	<u>\$ 1,175,435</u>	<u>\$ 3,491,916</u>
Change in fund balance - GAAP Basis			\$ (1,509,523)	
(Increase) decrease in accounts receivable			(51,000)	
Increase (decrease) in accounts payable			209,276	
Increase (decrease) in deferred inflows			210,201	
Change in fund balance - budgetary basis			<u>\$ (1,141,046)</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-38

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - oil and gas	5,422,567	5,422,567	5,030,479	(392,088)
Investment income	-	-	440,723	440,723
Miscellaneous	-	-	26,434	26,434
<i>Total revenues</i>	<u>5,422,567</u>	<u>5,422,567</u>	<u>5,497,636</u>	<u>75,069</u>
<i>Expenditures:</i>				
Current:				
Support services - general administration	26,363	26,363	25,722	641
Debt service	19,676,953	19,676,953	4,131,912	15,545,041
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>19,703,316</u>	<u>19,703,316</u>	<u>4,157,634</u>	<u>15,545,682</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(14,280,749)</u>	<u>(14,280,749)</u>	<u>1,340,002</u>	<u>15,620,751</u>
<i>Other financing sources (uses):</i>				
Sale of Bonds	-	-	1,748,271	1,748,271
Designated cash balance (budgeted increase in cash)	14,280,749	14,280,749	-	(14,280,749)
<i>Total other financing sources (uses)</i>	<u>14,280,749</u>	<u>14,280,749</u>	<u>1,748,271</u>	<u>(12,532,478)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,088,273</u>	<u>3,088,273</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>15,607,136</u>	<u>15,607,136</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,695,409</u>	<u>\$ 18,695,409</u>
Change in fund balance - GAAP Basis			\$ 2,870,835	
(Increase) decrease in accounts receivable			204,574	
Increase (decrease) in deferred inflows			12,864	
Change in fund balance - budgetary basis			<u>\$ 3,088,273</u>	

The accompanying notes are an integral part of these financial statements.

**FIDUCIARY FUNDS**

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
FIDUCIARY FUNDS DESCRIPTIONS  
YEAR ENDED JUNE 30, 2015

**FIDUCIARY FUNDS**

These funds are used to account for assets held by the governmental entity in a trustee capacity or as an agent for individual, private organizations, other governmental entities and/or other funds. Agency funds are purely custodial and do not involve measurement of results of operations. The District has the following agency funds in the primary government and the component unit:

**Student Activity** – To account for Elementary, Junior High and Senior High assets held by the District until distributed to various organizations and clubs at the schools.

**Other Funds** – To account for assets held by the District until distributed to the other organizations.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the Year Ended June 30, 2015**

Statement C

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Administration	\$ 18,443	\$ 43,226	\$ 41,156	\$ 20,513
Warehouse	7	-	-	7
Taos House/Federal Program	205	-	-	205
Dalton Tabor/Special Services	5,568	1,500	3,092	3,976
Athletics	215,589	114,605	160,566	169,628
TARS	16	-	-	16
Jenkins Nunan Learning Center	1,781	570	-	2,351
Superintendent	17,212	-	-	17,212
Computer Aided Instruction	102	22	101	23
Hobbs High School	332,071	231,560	230,343	333,288
Hobbs Freshman School	69,450	24,800	27,191	67,059
Heizer Junior High	43,287	156,218	146,180	53,325
Highland Junior High	149,289	251,239	231,356	169,172
Houston Junior High	121,782	303,601	271,469	153,914
Broadmoor Elementary	6,072	4,557	7,851	2,778
Edison Elementary	21,851	8,029	17,322	12,558
Jefferson Elementary	8,920	28,722	29,609	8,033
Sanger Elementary	5,305	7,988	8,223	5,070
Southern Heights Elementary	16,384	20,498	17,681	19,201
Taylor Elementary	(11,135)	5,773	6,901	(12,263)
B.T. Washington Elementary	2,463	23,289	24,240	1,512
Will Rogers Elementary	24,393	50,848	62,567	12,674
Coronado Elementary	10,580	33,354	34,858	9,076
Mills Elementary	7,960	442	5,680	2,722
Stone Elementary	31,122	19,712	17,522	33,312
College Lane Elementary	1,877	7,519	5,821	3,575
District-wide Activity Funds	34,213	17,354	5,909	45,658
 Total Activity Funds	 \$ 1,134,807	 \$ 1,355,426	 \$ 1,355,638	 1,134,595
			Total agency assets per Exhibit D-1	\$ 1,134,595
			Accounts payable	\$ 13,191
			Accrued payroll	12,810
			Due to student organizations	1,108,594
			Total agency liabilities per Exhibit D-1	\$ 1,134,595

The accompanying notes are an integral part of these financial statements.

**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**Schedule Of Collateral Pledged By Depository**  
**For Public Funds**  
**June 30, 2015**

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2015	Location of Safekeeper
<b>Western Commerce Bank</b>					
	FNMA #AH2367	1/1/2041	3138A3TZ0	\$ 465,894	Federal Home Loan Bank, Dallas, TX
	FNMA #AB2748	4/1/2041	31416YBS6	668,446	Federal Home Loan Bank, Dallas, TX
	SBAP SERIES 2014-20B	1/1/2034	83162CWB5	993,098	Federal Home Loan Bank, Dallas, TX
	Total Western Commerce Bank			<u>2,127,438</u>	
<b>Wells Fargo Bank</b>					
	FMAC FMAR 2.482%	11/1/2041	3128UHH73	4,377	Federal Home Loan Bank, Dallas, TX
	FMAC FGPC 3.500%	3/1/2042	3132GRZM6	449,738	Federal Home Loan Bank, Dallas, TX
	FMAC FGPC 3.000%	3/1/2073	3132J7XA5	829,296	Federal Home Loan Bank, Dallas, TX
	FNMA FNMS 4.500%	2/1/2041	3138A8XX9	1,695,373	Federal Home Loan Bank, Dallas, TX
	FNMA FNMS 3.000%	11/1/2026	3138AYW88	121,536	Federal Home Loan Bank, Dallas, TX
	FNMA FNMS 3.500%	2/1/2042	3138E75F7	399,600	Federal Home Loan Bank, Dallas, TX
	FNMA FNMS 3.000%	9/1/2042	3138M8J61	2,623,089	Federal Home Loan Bank, Dallas, TX
	FNMA FNMS 3.500%	12/1/2042	3138MRBY6	1,695	Federal Home Loan Bank, Dallas, TX
	FNMA FNMS 4.500%	4/4/2041	31416YDS4	1,483,263	Federal Home Loan Bank, Dallas, TX
	FNMA FNMS 4.500%	9/1/2040	31419AK30	27,522	Federal Home Loan Bank, Dallas, TX
	Total Wells Fargo Bank			<u>7,635,489</u>	
<b>Lea County State Bank</b>					
	Federal Home Loan Bank	5/17/2017	3133XKQX6	1,458,541.00	TIB Dallas, TX
	Rio Rancho NM 4% **	8/1/2021		760,302.40	TIB Dallas, TX
	Bloomfield NM SD 4% **	9/1/2019		444,572.00	TIB Dallas, TX
	Loving NM ISD 4.25% **	7/15/2022		574,745.00	TIB Dallas, TX
	Santa Fe CCD 4.0% **	8/1/2019		1,110,180.00	TIB Dallas, TX
	NMMI 4.0% **	6/1/2028		957,438.00	TIB Dallas, TX
	Albuq/Berna	7/1/2034		1,125,160.00	TIB Dallas, TX
	Espanola PSD 2.0% **	9/1/2017		741,856.00	TIB Dallas, TX
	Gadsden NM ISD 3.75% **	8/15/2015		702,562.00	TIB Dallas, TX
	San Miguel Co 4.0% **	6/1/2026		626,202.00	TIB Dallas, TX
	Total Lea County State Bank			<u>8,501,558</u>	
	Total Pledged Collateral			<u>\$ 18,264,485</u>	

See accompanying independent auditor's reports

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
 June 30, 2015

Schedule II

<u>Bank Name / Account name</u>	<u>Account Type</u>	<u>Lea County State Bank</u>	<u>LGIP</u>	<u>US Bank</u>	<u>Wells Fargo Bank</u>
Operational	Checking	\$ 1,020,840	\$ -	\$ -	\$ -
Operational Sweep Account	Sweep Account	1,429,944	-	-	-
Special Building	Checking	41,328	-	-	-
State/Local Grant	Checking	1,018,184	-	-	-
Ralph Tasker Scholarship	Checking	628	-	-	-
Bond Building	Checking	5,069,807	-	-	-
Debt Service	Checking	5,679,087	-	-	-
Agency	Certificate of Deposit	253,139	-	-	-
Agency	Investment	-	248,260	-	-
Debt Service	Investment	-	226,772	-	-
Qzab Sinking Fund	Money Market	-	-	6,113	-
FNMA Discount Note (Qzab)	Investment	-	-	12,783,803	-
HB 33	Checking	-	-	-	1,439,837
Payroll	Checking	-	-	-	7,299,377
Business Checking	Checking	-	-	-	11,169
Operational	Money Market	-	-	-	-
Ally Bank	Certificate of Deposit	-	-	-	-
Discover Bank	Certificate of Deposit	-	-	-	-
Capital One Bank	Certificate of Deposit	-	-	-	-
Merrick Bank	Certificate of Deposit	-	-	-	-
Federal Projects	Checking	-	-	-	-
Cafeteria	Checking	-	-	-	-
Activity/Athletics	Checking	-	-	-	-
<b>Total on deposit</b>		<b>14,512,957</b>	<b>475,032</b>	<b>12,789,916</b>	<b>8,750,383</b>
<b>Reconciling Items</b>		<b>4,351,585</b>	<b>(562)</b>	<b>-</b>	<b>(7,301,572)</b>
<b>Reconciled Balance June 30, 2015</b>		<b><u>\$ 18,864,542</u></b>	<b><u>\$ 474,470</u></b>	<b><u>\$ 12,789,916</u></b>	<b><u>\$ 1,448,811</u></b>

See accompanying independent auditor's reports

Wells Fargo Securities, LLC	Western Commerce Bank	Totals
\$ -	\$ -	\$ 1,020,840
-	-	1,429,944
-	-	41,328
-	-	1,018,184
-	-	628
-	-	5,069,807
-	-	5,679,087
-	-	253,139
-	-	248,260
-	-	226,772
-	-	6,113
-	-	12,783,803
-	-	1,439,837
-	-	7,299,377
-	-	11,169
9,576,860	-	9,576,860
250,354	-	250,354
250,347	-	250,347
250,389	-	250,389
250,512	-	250,512
-	868,146	868,146
-	934,250	934,250
-	687,671	687,671
<u>10,578,462</u>	<u>2,490,067</u>	<u>49,596,817</u>
-	<u>409,384</u>	<u>(2,541,165)</u>
<u>\$ 10,578,462</u>	<u>\$ 2,899,451</u>	<u>47,055,652</u>
Less: investments per Exhibit A-1		(10,804,866)
Less: restricted cash per Exhibit A-1		(6,113)
Less: restricted investments per Exhibit A-1		(12,783,803)
Less: agency cash per Exhibit D-1		(647,354)
Less: agency investments per Exhibit D-1		(501,205)
Cash and cash equivalents per Exhibit A-1		<u>\$ 22,312,311</u>



**STATE OF NEW MEXICO**  
**ROSWELL INDEPENDENT SCHOOL DISTRICT NO. 4**  
**CASH RECONCILIATION**  
June 30, 2015

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
<b>Audited Cash</b>				
Cash, June 30, 2014	\$ 7,923,746	\$ 114,034	\$ 252,242	\$ 1,158,992
Investments on hand, June 30, 2014	6,550,706	-	-	-
Total cash, June 30, 2014	<u>14,474,452</u>	<u>114,034</u>	<u>252,242</u>	<u>1,158,992</u>
<b>Add:</b>				
2014-2015 Reciepts	66,580,405	1,740,563	694,883	3,930,954
Repayment of loans	3,497,637			
Cash transfers				
Loans from other funds				1,605
Bond proceeds				
Bond Premium				
<b>Total cash available</b>	<u>84,552,494</u>	<u>1,854,597</u>	<u>947,125</u>	<u>5,091,551</u>
<b>Less</b>				
2014-2015 expenditures	(63,830,189)	(1,668,035)	(670,485)	(3,979,076)
Repayment of prior year loans	-			
Loans to other funds	(3,436,285)		-	
Cash transfers	-	(56,136)	-	-
Bond issuance cost	-		-	
Qzab investment	-	-	-	-
Reserve contingencies	-	-		
NSF accounts	-	-	(80)	
2013-2014 held checks	<u>(5,070,797)</u>	<u>(1,762)</u>	<u>-</u>	<u>(179,725)</u>
<b>Cash per PED</b>	<u>12,215,223</u>	<u>128,664</u>	<u>276,560</u>	<u>932,750</u>
<b>Add / Less:</b>				
Investments (without Qzab)	(10,578,461)			
Reserve contingencies	(1,712)			
NSF accounts	80			-
2014-2015 held checks	<u>5,218,741</u>	<u>1,785</u>	<u>-</u>	<u>183,690</u>
<b>Cash per financial statement</b>	<u>\$ 6,853,871</u>	<u>\$ 130,449</u>	<u>\$ 276,560</u>	<u>\$ 1,116,440</u>

See accompanying independent auditor's report.

Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000	Local/State Grants 26000	State Flowthrough 27000
\$ 36,244	\$ 638,453	\$ 951,117	\$ 25,501	\$ 227,248	\$ 350,435
-	500,956	-	-	-	-
<u>36,244</u>	<u>1,139,409</u>	<u>951,117</u>	<u>25,501</u>	<u>227,248</u>	<u>350,435</u>
242,925	1,365,283	4,110,277	324,877	593,414	1,312,585
82		2,422,774	65,000	96,000	761,842
<u>279,251</u>	<u>2,504,692</u>	<u>7,484,168</u>	<u>415,378</u>	<u>916,662</u>	<u>2,424,862</u>
(245,101)	(1,357,618)	(4,023,509)	(257,880)	(424,304)	(976,366)
	(3,352)	(2,454,138)	(65,000)	(96,000)	(861,156)
-	-	-	-	-	-
-	-	-	-	-	-
-	(9,203)	(281,345)	(25,498)	(6,962)	(30,427)
<u>34,150</u>	<u>1,134,519</u>	<u>725,176</u>	<u>67,000</u>	<u>389,396</u>	<u>556,913</u>
	(501,205)				
		(80)			
-	-	-	-	-	-
-	10,688	284,715	25,015	8,233	33,919
<u>\$ 34,150</u>	<u>\$ 644,002</u>	<u>\$ 1,009,811</u>	<u>\$ 92,015</u>	<u>\$ 397,629</u>	<u>\$ 590,832</u>

**STATE OF NEW MEXICO**  
**HOBBS INDEPENDENT SCHOOL DISTRICT #33**  
**CASH RECONCILIATION**  
**JUNE 30, 2015**

	State Direct 28000	Local/State Fund 29000	Bond Building 31100	Public School Capital Outlay 31200
Audited Cash				
Cash, June 30, 2014	\$ 53,771	\$ 7,840	\$ 7,784,462	\$ -
Investments on hand, June 30, 2014	-	-	-	-
Total cash, June 30, 2014	<u>53,771</u>	<u>7,840</u>	<u>7,784,462</u>	<u>-</u>
Add:				
2014-2015 Reciepts	91,618	-	16,009,952	-
Repayment of loans				
Cash transfers				
Loans from other funds	31,000	61,738	2,004,476	
Bond proceeds				
Bond Premium				
Total cash available	<u>176,389</u>	<u>69,578</u>	<u>25,798,890</u>	<u>-</u>
Less				
2014-2015 expenditures	(91,618)	(65,464)	(21,190,700)	-
Repayment of prior year loans				
Loans to other funds	(31,000)	(4,179)		
Cash transfers	-	-	-	-
Bond issuance cost				
Qzab investment	-	-	-	-
Reserve contingencies				
NSF accounts	-	-	-	-
2013-2014 held checks	-	(4,114)	-	-
Cash per PED	<u>53,771</u>	<u>(4,179)</u>	<u>4,608,190</u>	<u>-</u>
Add / Less:				
Investments (without Qzab)				
Reserve contingencies				
NSF accounts	-	-	-	-
2014-2015 held checks	-	4,179	-	-
Cash per financial statement	<u>\$ 53,771</u>	<u>\$ -</u>	<u>\$ 4,608,190</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Special Building Local 31300	Capital Improvements SB-9 31600	Capital Improvements SB-9 31700	Debt Service 41000	Total
\$ 38,057	\$ 3,940,059	\$ 2,316,481	\$ 3,878,226	\$ 29,696,908
-	-	-	221,048	7,272,710
<u>38,057</u>	<u>3,940,059</u>	<u>2,316,481</u>	<u>4,099,274</u>	<u>36,969,618</u>
				-
				-
3,271	6,478,781	3,632,194	8,087,511	115,199,493
				3,497,637
				-
			221,664	5,666,181
				-
				-
<u>41,328</u>	<u>10,418,840</u>	<u>5,948,675</u>	<u>12,408,449</u>	<u>161,332,929</u>
				-
				-
-	(8,156,632)	(4,773,240)	(4,999,238)	(116,709,455)
	(2,000,000)			(8,951,110)
-	-	-	-	(56,136)
-	-	-	(1,503,719)	(1,503,719)
				-
-	-	-	-	(80)
-	-	-	-	(5,609,833)
<u>41,328</u>	<u>262,208</u>	<u>1,175,435</u>	<u>5,905,492</u>	<u>28,502,596</u>
				-
				-
			(226,405)	(11,306,071)
				(1,792)
-	-	-	-	80
-	-	-	-	5,770,965
<u>\$ 41,328</u>	<u>\$ 262,208</u>	<u>\$ 1,175,435</u>	<u>\$ 5,679,087</u>	<u>\$ 22,965,778</u>
				Cash balance above 22,965,778
				Less: agency cash per Exhibit D-1 \$ (647,354)
				Cash per Exhibit B-1 \$ <u>22,318,424</u>
				Investment balance above 11,306,071
				Qzab investment 12,783,803
				Less: agency investment per Exhibit D-1 (501,205)
				Investments per Exhibit B-1 \$ <u>23,588,669</u>

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STATE OF NEW MEXICO

Schedule IV

Hobbs Municipal School District #33

Schedules of Required Supplementary Information-Schedules of Net Pension Liability

June 30, 2015

**Schedule of the District's Proportionate Share of the Net Pension Liability of  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\***

	<u>2015</u>
The District's proportion of the net pension liability (asset)	1.45804%
The District's proportionate share of the net pension liability (asset)	83,191,829
The District's covered-employee payroll	43,284,911
The District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	192.20%
Plan fiduciary net position as a percentage of the total pension liability.	66.54%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

STATE OF NEW MEXICO

Schedule V

Hobbs Municipal School District #33

Schedules of Requirement Supplementary Information -Schedules of ERB Contributions

June 30, 2015

**Schedule of the District's Contributions  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\***

	<u>2015</u>
Contractually required contribution	\$ 6,012,764
Contributions in relation to the contractually required contribution	<u>6,012,764</u>
Contribution deficiency (excess)	<u>\$ -</u>
The District's covered-employee payroll	\$43,284,911
Contributions as a percentage of covered-employee payroll	13.89%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
FIDUCIARY FUNDS DESCRIPTIONS  
YEAR ENDED JUNE 30, 2015

**Notes to the Required Supplementary Information**

*Changes of Benefit Terms*

The COLA and retirement eligibility benefits changes in recent years are described in the *Benefits Provided* subsection of the financial statement note disclosure *General Information on the Pension Plan*.

*Changes of Assumptions*

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.75% to 4.25%
  - b. Lower payroll growth from 3.75% to 3.50%
  - c. Minor changes to demographic assumptions
  - d. Population growth per year from 0.75% to 0.50%
2. Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Inflation will remain at 3.00%

See also the *Actuarial Assumptions* subsection of the financial statement note disclosure *General Information on the Pension Plan*.



Hobbs Municipal School District #33  
SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
For the Year Ended June 30, 2015  
Prepared by Agency Staff Name: Jessica Munoz Title: Chief Procurement Officer Date September 18, 2015

								Schedule VI
RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
RFB # 1415-01	Pizza - Snack bar and Concessions	Dominos Pizza	\$6.25 per pizza		Big Cheese Pizza of Hobbs Inc. 2404 N Grimes, Hobbs NM 88240	Y	N	Provide pizza to our snack bars and athletic concession stands.
					Pecos Valley Pizza dba Dominos Pizza 1114 S. Union P.O. Box 6030 Roswell, NM 88202	Y	N	
					Pizza Hut 2112 N Turner Hobbs, NM 88240	Y	N	
					Pizza Inn 1943 N Grimes Hobbs NM 88240	Y	N	
RFP # 1415-02	Pizza - Nutritional Services	Big Cheese Dominos Pizza Hut Pizza Inn	\$7.94 \$7.75 \$8.00 \$9.25		Big Cheese Pizza of Hobbs Inc. 2404 N Grimes Hobbs, NM 88240	Y	NA	Provide pizza to Elementary Schools.
					Pecos Valley Pizza dba Dominos Pizza 1114 S. Union P.O. Box 6030 Roswell, NM 88202	Y	NA	
					Pizza Hut 2112 N Turner Hobbs, NM 88240	Y	NA	
					Pizza Inn 1943 N Grimes Hobbs, NM 88240	Y	NA	
RFB # 1415-04	Milk - Nutritional Services	Gandy's Dairies LLC	\$ .02688 p/1\2 pt.		Gandy's Dairies LLC 201 University Lubbock, TX 79415	N	N	Provide milk to HMS nutritional services that must meet state standards for all HMS schools.
RFB # 1415-05	Ancillary Serv.(Speech/lang. physical & occupational therapist	Awarded to all 17 Vendors			Awarded to all 17 vendors			Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		All About Therapy	Speech Language- \$100/hr		All About Therapy P.O. Box 504 Bushland, TX 79012	N	N/A	Speech/Language, Speech/Language Evaluations
		All About Therapy	Speech Language Evaluations- \$300/eval		All About Therapy P.O. Box 504 Bushland, TX 79012	N	N/A	Speech/Language, Speech/Language Evaluations
		Ardor Health	Speech/ Language- \$69/hr		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OcupatioNBI Therapy, OM/TVI, Speech/Language Evaluations, EducatioNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OcupatioNBI Therapy Evaluations, OM/TVI Evaluations
		Ardor Health	Diagnosticians- \$69/hr		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OcupatioNBI Therapy, OM/TVI, Speech/Language Evaluations, EducatioNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OcupatioNBI Therapy Evaluations, OM/TVI Evaluations

Hobbs Municipal School District #33  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2015  
 Prepared by Agency Staff Name: Jessica Munoz Title: Chief Procurement Officer Date September 18, 2015

		Ardor Health	Physical Therapy- \$69/hr		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OccupationNBI Therapy, OM/TVI, Speech/Language Evaluations, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations, OM/TVI Evaluations
		Ardor Health	OccupationNBI Therapy- \$69/hr		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OccupationNBI Therapy, OM/TVI, Speech/Language Evaluations, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations, OM/TVI Evaluations
		Ardor Health	OM/TVI- \$69/hr		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OccupationNBI Therapy, OM/TVI, Speech/Language Evaluations, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations, OM/TVI Evaluations
		Ardor Health	Speech/ Language Evaluations- \$69/eval		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OccupationNBI Therapy, OM/TVI, Speech/Language Evaluations, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations, OM/TVI Evaluations
		Ardor Health	EducationNBI Diagnosticians Evaluations- \$69/eval		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OccupationNBI Therapy, OM/TVI, Speech/Language Evaluations, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations, OM/TVI Evaluations
		Ardor Health	Bilingual Evaluations- \$70/eval		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OccupationNBI Therapy, OM/TVI, Speech/Language Evaluations, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations, OM/TVI Evaluations
		Ardor Health	Physical Therapy Evaluations- \$69/eval		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OccupationNBI Therapy, OM/TVI, Speech/Language Evaluations, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations, OM/TVI Evaluations
		Ardor Health	OccupationNBI Therapy Evaluations- \$69/eval		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OccupationNBI Therapy, OM/TVI, Speech/Language Evaluations, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations, OM/TVI Evaluations
		Ardor Health	OM/TVI Evaluations- \$69/eval		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Speech/Language, Diagnosticians, Physical Therapy, OccupationNBI Therapy, OM/TVI, Speech/Language Evaluations, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations, OM/TVI Evaluations
		Audio Acoustics Hearing Centers	Audiological- \$89/hr		Audio Acoustics Hearing Centers, Inc 2101 N. Midland Dr. #4 Midland, TX 79701	N	N/A	157
		Audio Acoustics Hearing Centers	Diagnosticians- \$57/hr		Audio Acoustics Hearing Centers, Inc 2101 N. Midland Dr. #4 Midland, TX 79701	N	N/A	Audiological, Diagnosticians
		Leslie Blount	OccupationNBI Therapy- \$75/hr		Leslie Blount 1211 Calle Del Sol Artesia, NM 88210	Y	N/A	OccupationNBI Therapy, OccupationNBI Therapy Evaluations
		Leslie Blount	OccupationNBI Therapy Evaluations- \$225/eval		Leslie Blount 1211 Calle Del Sol Artesia, NM 88211	Y	N/A	OccupationNBI Therapy, OccupationNBI Therapy Evaluations

Hobbs Municipal School District #33  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2015  
 Prepared by Agency Staff Name: Jessica Munoz Title: Chief Procurement Officer Date September 18, 2015

RFB # 1415-05	Ancillary Serv.(Speech/lang. physical & occupational therapist	Career Links	Speech/ Language-\$75/hr		Career Links P.O. Box 27028 Des Moines, IA 50317	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Career Links	Physical Therapy-\$80/hr		Career Links P.O. Box 27028 Des Moines, IA 50317	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Career Links	OccupationNBI Therapy- \$80/hr		Career Links P.O. Box 27028 Des Moines, IA 50317	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Career Links	Speech/ Language Evaluations-\$75/eval		Career Links P.O. Box 27028 Des Moines, IA 50317	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Career Links	Bilingual Evaluations-\$80/eval		Career Links P.O. Box 27028 Des Moines, IA 50317	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Career Links	Physical Therapy Evaluations-\$75/eval		Career Links P.O. Box 27028 Des Moines, IA 50317	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Career Links	OccupationNBI Therapy Evaluations-\$75/eval		Career Links P.O. Box 27028 Des Moines, IA 50317	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Bilingual Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Chavez Speech Services	Speech/ Language-\$70/hr		Chavez Speech Therapy 200 E. Illinois Hobbs, NM 88242	Y	N/A	Speech/Language, Speech/Language Evaluations
		Chavez Speech Services	Speech/ Language Evaluations-\$200/eval		Chavez Speech Therapy 200 E. Illinois Hobbs, NM 88242	Y	N/A	Speech/Language, Speech/Language Evaluations
		Circo Speech	Speech/ Language-First 30hrs \$67.50/hr, Next 7.5hrs \$75/hr		Circo Speech Therapy 1617 27th Street Lubbock, TX 79411	N	N/A	Speech/Language, Speech/Language Evaluations
		Circo Speech	Speech/ Language Evaluations-\$225/eval		Circo Speech Therapy 1617 27th Street Lubbock, TX 79411	N	N/A	Speech/Language, Speech/Language Evaluations
		Florez Diagnostic	Diagnosticians-\$85/hr		Florez Diagnostic Services 403 West Miller Dr. Hobbs, NM 88242	Y	N/A	Diagnosticians, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations
		Florez Diagnostic	EducationNBI Diagnosticians Evaluations-\$500/eval		Florez Diagnostic Services 403 West Miller Dr. Hobbs, NM 88242	Y	N/A	Diagnosticians, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations
		Florez Diagnostic	Bilingual Evaluations-\$600/eval		Florez Diagnostic Services 403 West Miller Dr. Hobbs, NM 88242	Y	N/A	Diagnosticians, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations
		Mediscan Staffing	Speech/ Language-\$68/hr		Mediscan Inc. 21050 Califa St. Woodland Hills, CA 91367	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Mediscan Staffing	Physical Therapy-\$68/hr		Mediscan Inc. 21050 Califa St. Woodland Hills, CA 91367	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Mediscan Staffing	OccupationNBI Therapy- \$68/hr		Mediscan Inc. 21050 Califa St. Woodland Hills, CA 91367	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Mediscan Staffing	Speech/ Language Evaluations-\$68/eval		Mediscan Inc. 21050 Califa St. Woodland Hills, CA 91367	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
RFB # 1415-05	Ancillary Serv.(Speech/lang. physical & occupational therapist	Mediscan Staffing	Physical Therapy Evaluations-\$68/eval		Mediscan Inc. 21050 Califa St. Woodland Hills, CA 91367	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations

Hobbs Municipal School District #33  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2015  
 Prepared by Agency Staff Name: Jessica Munoz Title: Chief Procurement Officer Date September 18, 2015

		Mediscan Staffing	OccupationNBI Therapy Evaluations-\$68/eval		Mediscan Inc. 21050 Califa St. Woodland Hills, CA 91367	N	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		New Horizons	OccupationNBI Therapy- \$90/hr		New Horizons Therapy Services 4008 N Grimes #205 Hobbs, NM 88240	Y	N/A	OccupationNBI Therapy, OccupationNBI Therapy Evaluations
		New Horizons	OccupationNBI Therapy Evaluations-\$270/eval		New Horizons Therapy Services 4008 N Grimes #205 Hobbs, NM 88240	Y	N/A	OccupationNBI Therapy, OccupationNBI Therapy Evaluations
		Prime Health Care	Speech/ Language-\$66/hr		Prime Health Care Staffing, Inc. 27240 Haggerty Rd. Ste. E-15 Farmington Hills, NM 48331	Y	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Prime Health Care	Physical Therapy-\$66/hr		Prime Health Care Staffing, Inc. 27240 Haggerty Rd. Ste. E-15 Farmington Hills, NM 48331	Y	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Prime Health Care	OccupationNBI Therapy- \$66/hr		Prime Health Care Staffing, Inc. 27240 Haggerty Rd. Ste. E-15 Farmington Hills, NM 48331	Y	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Prime Health Care	Speech/ Language Therapy Evaluations-\$66/eval		Prime Health Care Staffing, Inc. 27240 Haggerty Rd. Ste. E-15 Farmington Hills, NM 48331	Y	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Prime Health Care	Physical Therapy Evaluations-\$66/eval		Prime Health Care Staffing, Inc. 27240 Haggerty Rd. Ste. E-15 Farmington Hills, NM 48331	Y	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Prime Health Care	OccupationNBI Therapy- \$66/eval		Prime Health Care Staffing, Inc. 27240 Haggerty Rd. Ste. E-15 Farmington Hills, NM 48331	Y	N/A	Speech/Language, Physical Therapy, OccupationNBI Therapy, Speech/Language Evaluations, Physical Therapy Evaluations, OccupationNBI Therapy Evaluations
		Prestige Therapy	Speech/Language-\$85/hr		Prestige Speech Therapy Services 1209 W Cochiti Hobbs NM 88240	Y	N/A	Speech/Language, Speech/Language Evaluations, Bilingual Evaluations
		Prestige Therapy	Speech/ Language Evaluations-\$250/eval		Prestige Speech Therapy Services 1209 W Cochiti Hobbs NM 88240	Y	N/A	Speech/Language, Speech/Language Evaluations, Bilingual Evaluations
		Prestige Therapy	Bilingual Evaluations-\$350/eval		Prestige Speech Therapy Services 1209 W Cochiti Hobbs NM 88240	Y	N/A	Speech/Language, Speech/Language Evaluations, Bilingual Evaluations
		Prieto Diagnostics	Diagnosticians-\$85/hr		Prieto Diagnostics 1736 N. Gila Hobbs, NM 88240	Y	N/A	Diagnosticians, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations
		Prieto Diagnostics	EducationNBI Diagnosticians Evaluations-\$50/eval		Prieto Diagnostics 1736 N. Gila Hobbs, NM 88240	Y	N/A	Diagnosticians, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations
		Prieto Diagnostics	Bilingual Evaluations-\$600/eval		Prieto Diagnostics 1736 N. Gila Hobbs, NM 88240	Y	N/A	Diagnosticians, EducationNBI Diagnosticians Evaluations, Bilingual Evaluations
		Stacy Sandoval	Physical Therapy-\$90/hr		Stacy Sandoval PT 2909 E. Anderson DR. Lovington, NM 88260	Y	N/A	Physical Therapy, Physical Therapy Evaluations
		Stacy Sandoval	Physical Therapy Evaluations-\$90/eval		Stacy Sandoval PT 2909 E. Anderson DR. Lovington, NM 88260	Y	N/A	Physical Therapy, Physical Therapy Evaluations
		SW Speech	Speech/ Language-\$80/hr		Southwest Speech Services 5428 70th Place Lubbock, TX 79424	N	N/A	Speech/Language, Speech/Language Evaluations
		SW Speech	Speech/ Language-\$200/eval		Southwest Speech Services 5428 70th Place Lubbock, TX 79424	N	N/A	Speech/Language, Speech/Language Evaluations
RFB # 1415-05	Ancillary Serv.(Speech/lang. physical & occupational therapist	Speech Language Diagnostics	Speech/ Language-\$85/hr		Speech-Language Diagnostic Services, LLC 2909 North Flamingo Dr. Hobbs, NM 88240	Y	N/A	Speech/Language, Speech/Language Evaluations
		Speech Language Diagnostics	Speech/ Language Evaluations-\$250/eval		Speech-Language Diagnostic Services, LLC 2909 North Flamingo Dr. Hobbs, NM 88240	Y	N/A	Speech/Language, Speech/Language Evaluations

Hobbs Municipal School District #33  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2015  
 Prepared by Agency Staff Name: Jessica Munoz Title: Chief Procurement Officer Date September 18, 2015

		Therapy Solutions	OccupationNBI Therapy		Therapy Solutions Inc. 855 CR 226 Denver City, TX 79323	N	N/A	OccupationNBI Therapy, OccupationNBI Therapy Evaluations
		Therapy Solutions	OccupationNBI Therapy Evaluations-\$300/eval		Therapy Solutions Inc. 855 CR 226 Denver City, TX 79323	N	N/A	OccupationNBI Therapy, OccupationNBI Therapy Evaluations
RFB # 1415-06	Certified Occupational & Physical Therapy Assistant	Awarded to all 8 vendors			Awarded to all 8 vendors			
		Accountable Healthcare	COTA- \$55/hr		Accountable Healthcare Staffing 4500 Fuller Dr. Suite 209 Irving, TX 75038	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Accountable Healthcare	PTA- \$55/hr		Accountable Healthcare Staffing 4500 Fuller Dr. Suite 209 Irving, TX 75039	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Ardor Health	COTA- \$59/hr		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33076	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Ardor Health	PTA- \$59/hr		Ardor Health Solutions 5830 Coral Ridge Drive, Ste 120 Coral Springs, FL 33077	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Can Do Services	COTA- \$55/hr		Can Do Services 1301 E Rose Lane Hobbs, NM 88240	Y	N/A	Certified Occupational Therapy Assistant
		Career Links	COTA- \$69/hr		Career Links P.O. Box 27028 Des Moines, IA 50317	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Career Links	PTA- \$69/hr		Career Links P.O. Box 27028 Des Moines, IA 50317	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Gonzales OT Services	COTA- \$55/hr		Gonzales OT Services 2006 Highland Dr. Hobbs, NM 88240-2527	Y	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Mediscan Staffing	COTA- \$54/hr		Mediscan Inc. 21050 Califa St. Woodland Hills, CA 91367	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Mediscan Staffing	PTA- \$54/hr		Mediscan Inc. 21050 Califa St. Woodland Hills, CA 91368	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Pro-Care Therapy	COTA- \$70-75/hr		Pro Care Therapy, Inc. 1979 Lakeside Pkwy Tucker, GA 30084	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Pro-Care Therapy	PTA- \$70-75/hr		Pro Care Therapy, Inc. 1979 Lakeside Pkwy Tucker, GA 30085	N	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
		Rains Therapy	COTA- \$60		Rains Therapy Services 204 Hawken RD Clovis, NM 88101	Y	N/A	Certified Occupational Therapy Assistant, Physical Therapy Assistant
RFP # 1415-07	Furnish Gasoline Automated Fuel Services	KW Fuels	.030875 p/gallon 539.50 p/drum		KW Fuels Inc 717 W Sanger	Y	N	Successful bidder must provide the distric with gas cards as well as Gasoline 89 octane and 92-94 octane
RFP # 1415-10	Athletic Trainer	Lea Regional Medical Center	85,000.00		Lea Regional Medical Center 5410 N Lvt Hwy Hobbs NM 88240	Y	N	The Individual or firm shall provide Athletic Trainer services on a daily basis to the Hobbs Municipal Schools Athletic Program
RFB # 1415-13	HMS Nutritional Services Snack Bar - Chips	Frito Lay	\$0.32 per bag		Frito Lay 4018 N Dal Paso Hobbs, NM	Y	NA	Provide assorted chips to HMS Nutritional Services snack bar.
					Labatt Food Services 5824 Elm Avenue Lubbock, TX 79404	N	NA	
					Sysco New Mexico 601 Comanche RD NE Alb. NM 87109	Y	NA	
Sole Source	Weather station classroom software	Earth Networks DBA Weatherbug	11,980.00		Earth Networks DBA Earth Networks 12410 Milestone center drive MD, 20876	N	N	to procure a unique weather system hardware and software that interfaces with Earth Networks proprietary Worldwide Schools Weather Network. These product include Weatherbug Tracking Stations, Weatherbug MotionCam & HD Carn cameras, Weatherbug total lightning sensors & Network, Weatherbug Achieve, and weatherbug StreamerRT.

Hobbs Municipal School District #33  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2015  
 Prepared by Agency Staff Name: Jessica Munoz Title:Chief Procurement Officer Date September 18, 2015

Sole Source	Fitness Equipment - Belt Squat	Beachside Fitness Equipment	\$30,599.60		Beachside Fitness Equipment 1908 Kings End New Smyrna FL 32168	N	N	The Pit Sharks patented design proves its unique from any other Belt Squad machines on the market. The Pit Shark can be used for all Sports, Men or Women Athletes, including healthy athletes or those requiring rehabilitation
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**COMPLIANCE SECTION**



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

**INDEPENDENT AUDITORS' REPORT**

Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget and  
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, the budgetary comparisons of the general fund and major special revenue funds, of the Hobbs Municipal School District #33 (the District) as of and for the year ended June 30, 2015, 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 comparison of the District, presented as supplemental information, and have issued our report thereon dated November 13, 2015.

**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 opinions on the financial statements, but not for the purpose of expressing an 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 to be significant deficiencies: FS2012-005, FS2014-005, FS2015-003 and FS2015-007.



### **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*, and which are described in the accompanying schedule of findings and responses as items: FS2015-001 and 2015-002.

### **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 responses. 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Johnson, Miller & Co., CPA's

Hobbs, New Mexico  
November 13, 2015

**FEDERAL FINANCIAL ASSISTANCE**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURE  
OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Education  
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 on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on 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 with those requirements.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

## 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 a 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. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2015-005 and 2015-006.

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.

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.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the New Mexico Public Education Department, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



Johnson, Miller & Co., CPA's

Hobbs, New Mexico  
November 13, 2015

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 June 30, 2015

Schedule VII  
 (Page 1 of 2)

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
<b>U.S. Department of Agriculture</b>			
<b><i>Direct U.S. Department of Education</i></b>			
Forest Reserve - General Fund	10.665	11000	\$ 52,007
Food Distribution	10.553 & 10.555	21000	261,484 (1)
National School Lunch Act	10.553 & 10.555	21000	<u>2,644,052 (1)</u>
Total U.S. Department of Agriculture			<u>2,957,543</u>
<b>U.S. Department of Education</b>			
<b><i>Passthrough - New Mexico Public Education Department</i></b>			
Title I - IASA	84.010	24101	1,499,532 *
IDEA B Entitlement	84.027	24106	1,785,048 (2)*
IDEA B "Risk Pool"	84.027	24120	72,201 (2)*
IDEA B Preschool	84.173	24109	1,959 (2)*
Title III - English Language Acquisition	84.365A	24153	118,020
Title IIA -Teacher/Principal Training and Recruiting	84.367A	24154	396,783 *
Carl Perkins Secondary	84.0480	24174	32,491
<b><i>Passthrough - Utah State University</i></b>			
NM Extended School Year K-3 Validation Study			<u>91,618</u>
Total U.S. Department of Education			<u>3,997,652</u>
Total Federal Financial Assistance			\$ <u>6,955,195</u>

\* Major program  
 ( ) Denotes Clusters

See accompanying independent auditor's report.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2015

Schedule VII  
(Page 2 of 2)

**NOTE 1 - Basis of Presentation of Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Hobbs Municipal School District #33 and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in, or used in the preparation of the governmental fund financial statements may not be consistent with amounts used in the Schedule of Expenditures of Federal Awards.

**NOTE 2 - Non-Cash Federal Assistance**

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2015 was \$261,484 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.555.

See accompanying independent auditor's report.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2015

**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   x   No

Significant deficiency(ies) identified that are not considered to be material weakness(es):   x   Yes        No

Noncompliance material to financial statements noted?        Yes   x   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?   x   Yes        No

Significant deficiency(ies) identified that are not considered to be material weakness(es):   x   Yes        No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?   x   Yes        No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.367	Title II Improving Teacher Quality State Grant
84.027, 84.173	IDEA-B Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?        Yes   x   No

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

2012-005 – Internal Controls over Inventory – (Repeated/Revised) – Significant Deficiency

***Condition***

During our observation of nutritional services inventory counts we noted the following:

- In 8 out of 11 nutritional inventory items tested, the District had the wrong count listed on the inventory listing. Total food inventory tested was listed as \$30,978.15 by the client; we counted \$30,907.46. The 8 items incorrectly counted resulted in an understatement of inventory of \$70.69.

The District implemented prior year recommendations regarding the count of the warehouse inventory and no miscounts were noted during the inventory observation.

***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 food service inventory counts were not accurate at year end.

***Recommendation***

We recommend that the District implement internal controls over inventory to ensure that all items listed are current, counted correctly and at the correct price. The District can also consider revising the policy regarding the unit count on opened cases for lower dollar food inventory items to an estimate of the case.

***Agency Response***

Nutritional services have devised a method to assure an accurate count in the future. This includes someone reviewing the inventory prior to submission. The Director of Nutritional services will also assign someone to do a sample test count as the inventory is being done with each annual inventory. This will help to catch any possible variances in quantity. Some differences occur because of an emergency order due to the primary vendor being unable to supply the product as needed.



**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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

2014-005 – Interfund Activity – (Repeated/Revised) - Significant Deficiency

***Condition***

The District's internal due to/due from accounts are out of balance \$31,624. The prior year recommendations were not implemented during the current year.

***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***

In prior and current years, journal entries have been made to funds that do not balance by fund. The amounts were not corrected since the District has not reviewed and reconciled the due to/due from accounts during the year.

***Recommendation***

We recommend that the District investigate the prior year differences and review due to/due from accounts throughout the year to ensure proper recordings of all entries.

***Agency Response***

The Director of Finance will investigate the difference and make the required corrections by January 31, 2016. We will then ensure the fund is in balance on a monthly basis.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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

2015-001 – Incomplete I-9’s – Other Matter

***Condition***

During our audit of payroll expenses, we noted that Section 2 of the I-9’s was not completed in nine out of forty I-9’s tested and the I-9’s were not signed by the employer in three out of forty I-9’s tested.

***Criteria***

According to the Department of Homeland Security employers must always complete Section 2 even if they photocopy an employee’s documents. Also, employers are required to sign and date Section 2 of the I-9 form.

***Effect***

The District is in non-compliance with the Immigration Reform and Control Act of 1986 and could face potential fines for the non-compliance.

***Cause***

Photocopies were made of employees’ documentation; however, Section 2 was not completed. Also, there were typed names and date in the printed section, but not a signature of the employer in the signature block.

***Recommendation***

We recommend the District complete Section 2 of all I-9 forms with the title of the document, authority, and expiration date as applicable. We also recommend that the person reviewing the employee’s documents sign and date his or her name in addition to any pre-printed names being on the form.

***Agency Response***

We have reviewed our procedures as they relate to part time and red-card employees as well as contract employees, and all forms will gone through and will be verified by the Human Resources Clerk by November 20, 2015. All future employee’s regardless of position hired will be cleared, and checked for completion by the HR office before being placed in the completed binder.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2015

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

2015-002 – Long and Short Deposits-Other Matter

**Condition**

Three snack bar deposits of the 40 total deposits tested had different amounts on the receipts than the amount deposited into the bank as listed below:

	Receipt amount		Deposit amount		Over (Short)
\$	1,045	\$	1,035	\$	(10)
\$	1,295	\$	1,275	\$	(20)
\$	1,189	\$	1,190	\$	1

**Criteria**

NMAC 6.20.2.11 Internal Control Structure Standards, 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 managements’ authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP).

**Effect**

The District does not have a way to know if the funds were miscounted or if the funds were misappropriated.

**Cause**

Two employees signed the receipt acknowledging the count per District policy. Each employee miscounted the funds, one employee may not have counted, or the short amount was misappropriated.

**Recommendation**

We recommend the District follow up with the snack bar locations to stress the importance of the performing an accurate count. For high cash activity locations, the District may also consider purchasing cash counting machines to reduce the chance of human error.

**Agency Response**

The district will discuss the importance of proper cash handling and procedures with the appropriate snack bar locations. The Director of Finance will send this written communication to the appropriate snack back Supervisors by November 20, 2015. We will also see if these areas have a high volume and would warrant purchasing a cash counting machine.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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

2015-003 – Employee Overpaid-Significant Deficiency

***Condition***

During our testing of designated funds for the Career Counseling Special Revenue Fund, we noted one payroll transaction of five tested where an employee was over paid by 20 hours resulting in an over payment of \$378.

***Criteria***

NMAC 6.20.2.11 Internal Control Structure Standards, 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 managements' authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP).

***Effect***

The District overpaid the employee \$378 in wages which resulted in additional benefit expenses of \$89. The District received reimbursement from the New Mexico Public Education Department for \$467 over the allowed amount.

***Cause***

The non-contract employee normally worked 30 hours per week and was paid monthly based on an hourly work. The total hours for the month were not added correctly when input into the payroll system.

***Recommendation***

The District should require summary totals to be calculated by the employee or supervisors submitting timesheets that should be recalculated by the payroll department. The District should also consider the feasibility of electronic timesheets to perform the calculations to limit the chance of human error.

***Agency Response***

This was a keying error and the importance of accuracy has been discussed with the Payroll clerk. This particular time card did not have a total on it, the Director of Finance will also ask Supervisors in the November 19<sup>th</sup> Leadership meeting to ensure that totals are on the timecard to help eliminate possible errors.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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

2015-007 – Budgeted Cash in Excess of Available Cash-Significant Deficiency

***Condition***

The District received an approved budget for the Next Generation Assessment Fund of \$5,836 in excess of the cash balance less the interfund due to.

***Criteria***

NMAC 6.20.2.9 states that “on or before July 31, school districts shall “

***Effect***

The District expended funds when they did not have the available cash and the operational fund will have to cover these expenditures.

***Cause***

The District had a carryover expense budget of \$5,836. The revenue was not budgeted since the cash account showed to have available balance. The cash balance at June 30, 2014 was offset by a temporary due to in excess of the cash balance.

***Recommendation***

When requesting submitting budget adjustment requests to budget available cash, the District should consider the cash balance less the due to account to ensure that the fund has available cash.

***Agency Response***

Beginning immediately, November 2015, the Director of Finance will consider the cash balance less the due to account to ensure that the fund has available cash before each carry over BAR is completed. If there is not enough funds in the cash balance less the due to account, a carry over BAR will not be done.

**STATE OF NEW MEXICO**  
HOBBS MUNICIPAL SCHOOL DISTRICT #33  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

**C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

2015-004 – Indirect Costs – Other Compliance

***Condition***

Indirect costs for the Title III-English Language Acquisition; CFDA 84.365A (Title III) (Award #S365A120031) for U.S. Department of Education federal year 2014, passed through the New Mexico Department of Public Education (NMPED) and Carl Perkins Secondary (Carl Perkins); CFDA 84.0480 (Award #VO48A1400031) for U.S. Department of Education federal year 2014 passed through the NMPED were expensed beyond the allowable rate by \$606 and \$41, respectively.

***Criteria***

OMB Circular A-87, Attachment B, indirect costs are only allowable up to the cognizant agency approved rate.

***Effect***

The District was reimbursed for indirect costs in excess of allowed costs and may be required to recoup or return the fees to the New Mexico Department of Public Education.

**Questioned Cost**

\$647

***Cause***

Adjustments to expense accounts were made after the indirect costs were calculated for the Title III and Carl Perkins funds. The District also used the general indirect cost rate of 2.5% to calculate costs for the Title III when the federal program only allows a maximum of 2.0% of costs.

***Recommendation***

We recommend that the District review costs for adjustments and recalculate indirect costs when any adjustments have been made as well as communicate specific grant requirements to the business office.

***Agency Response***

The Director of Finance reviewed the indirect cost rates with the Accountant performing the calculation on November 13, 2015. The Accountant will calculate the next indirect cost rate using the proper rates and will make necessary adjustments during the next indirect cost cycle reimbursement for the period ending December 31, 2015 for any incorrect indirect charges made for the quarter ending September 30, 2015.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2015

**C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (continued)**

2015-005 – Title I, CFDA No. 84.010 – Significant Deficiency

***Condition***

During our audit of Title I Grants to Local Educational Agencies; CFDA No. 84.010; U.S. Department of Education federal award year 2014; passed through the New Mexico Public Education Department, we noted salary and benefits totaling \$36,933 for two of the 17 employees testing were incorrectly charged to the grant for a portion of the year.

***Criteria***

OMB Circular A-87, Attachment B, Section H states that “charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.”

***Effect***

The District was over reimbursed for the Federal Program and could have to pay back the unallowed costs.

***Questioned Costs***

\$36,933

***Cause***

The District initially uses budgeted amounts to allocate the Title I Director’s Salary between the Title I and Operational funds. The percentages were switched in the payroll system until the May 13, 2015 payroll. In addition, the budgeted salaries were not reviewed against personal activity reports on a quarterly basis as required by cost standards.

The District carried over the second employee’s payroll coding from the prior year and it was not discovered until October 2014. The amounts charged to the Title I program were not reversed after the discovery as no formal policy exists for payroll changes affecting employees charged to Federal grants. The school where the employee taught was Title I school in 2013-14, but not classified as such in 2014-15.

***Recommendation***

We recommend that the District implement a policy that will require formal communications between employees in Federal Programs, Human Resources and the Business Office for any known changes affecting payroll costs charged to Federal programs so that all departments will have consistent information.

The District should also review budgeted allocations against personal activity reports on a quarterly basis and make any necessary changes for charges in excess of the actual time spent.

***Agency Response***

We will ensure, immediately, that there is email communication between Federal Programs Clerk, the Human Resources clerk, the and the Director of Finance so that when an employee’s portion of salary that is paid out of federal programs is changed, the Director of Finance can back the expenses out of federal programs and charge them to the appropriate fund (generally operational). The Federal Programs clerk and the Director of Finance began, as of October 2015, to implement this with some employees that needed %s changed in the 15-16 year.

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2015

**C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (continued)**

2015-006 – Personnel Activity Reports and Semi-Annual Certifications – Significant Deficiency

***Condition***

During single audit testing of IDEA-B Entitlement; CFDA 84.027 (Award #H207A130078, H207A120078 and H207A140078); U.S. Department of Education federal year 2014; passed through the New Mexico Department of Public Education and Title II Teacher/Principal Training and Recruiting; CFDA 84.367 (Award #S367A140030-14A); U.S. Department of Education federal year 2014; passed through the New Mexico Department of Public Education, we noted that in 16 out of 40 items selected for payroll testing, personnel activity reports or semi-annual certifications were not completed.

***Criteria***

As required under Costs Principles, OMB Circular A-87, Attachment B, the distribution of salaries and wages to awards must be supported by personnel activity reports. The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates do not qualify as support for charges to awards. Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

***Questioned Costs***

\$0

***Effect***

The District is not in compliance with Federal program requirements.

***Cause***

Department personnel were not aware of the requirement.

***Recommendation***

We recommend the District require the completion of monthly personnel activity reports by employees who work on multiple cost objectives or completion of semi-annual certifications for employees dedicated to a single-cost objective. For the current year, the District is subject to OMB A-87 cost principles, but beginning July 1, 2015 the District is subject to cost principles under the Final OMB Uniform Guidance. The revised cost principles should be reviewed and applied to federally-funded employees.

***Agency Response***

The district will begin immediately requiring and monitoring the completion of monthly Personal Activity reports by employees that work on multiple cost objectives or the semi-annual certification for employees dedicated to a single cost objective. We will also make sure that we review and are in compliance with the revised cost principles. The Director of Special Service and Assistant Director of Human Resources will assign someone to monitor these reports on a semi-annual basis beginning no later than February 2016.



**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2015

**D. PRIOR YEAR AUDIT FINDINGS**

2012-005	Internal Controls Over Inventory	Repeated and revised
2013-002	Internal Controls Over Bank Reconciliation of Payroll Clearing	Resolved and not repeated
2013-007	Expenditures in Excess of Budget	Resolved and not repeated
2014-001	SSA Forms Missing from File	Resolved and not repeated
2014-002	Purchase of Gift Cards for Student Incentives	Resolved and not repeated
2014-003	Duplicate Journal Entries	Resolved and not repeated
2014-004	Deficiencies in Internal Control	Resolved and not repeated
2014-005	Interfund Activity	Repeated and revised
2014-006	IT Control Deficiency	Resolved and not repeated

**STATE OF NEW MEXICO**  
**HOBBS MUNICIPAL SCHOOL DISTRICT #33**  
**OTHER DISCLOSURES**  
Year Ended June 30, 2015

**AUDITOR PREPARED FINANCIAL STATEMENTS**

Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel did not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report from the original books and records provided to them by the management of the District. Management of the District has reviewed and approved these financial statements and related notes and believes they are adequately supported by the books and records of the government.

**EXIT CONFERENCE**

The contents of this report and its schedules related to the component unit were discussed on November 13, 2015. The following persons were in attendance:

Hobbs Independent School District No. 33

TJ Parks, Superintendent  
Kerri Gray, Director of Finance  
Gary Eidson, Board Member  
Peggy Appleton, Board Member  
Terry Lopez, Parent Representative

Johnson, Miller & Co, CPA's

Mary Hinds, CPA  
Shellie Davidson, CPA