



H O B B S M U N I C I P A L S C H O O L S

All children will learn.

State of New Mexico
Hobbs Municipal School District #33
Annual Financial Report
For the Year Ended June 30, 2016



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, 2016

OFFICIAL ROSTER
June 30, 2016

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



JOHNSON, MILLER & CO., CPA'S PC

Certified Public Accountants

A Professional Corporation

An Independent Member of BDO Alliance USA

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, 2016, 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, 2016, 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, 2016, 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, 2016, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major

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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 23 and Schedules IV and V and the notes to those schedules as listed on page 169 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 4, 2016 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 4, 2016

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2016
Unaudited

Within the Management Discussion and Analysis of the fiscal performance of the Hobbs Municipal Schools (the "District") for the period ending June 30, 2016, 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, 2016. 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 Uniform Guidance, 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, 2016
Unaudited

Significant Financial Highlights for the Year Ending June 30, 2016

- Capital Outlay expenditures were \$5,387,753 for the year ending June 30, 2016.
- For assets over \$5,000 current depreciation of \$6,634,514 was recorded resulting in accumulated depreciation of \$92,832,848 as of June 30, 2016.
- Total net position decreased from \$5,424,018 as of June 30, 2015 to \$2,395,067 as of June 30, 2016 resulting in a (\$3,028,951) decrease between the two fiscal years.
- The overall Fund Balance decreased from \$38,992,709 as of June 30, 2015, to \$35,547,602 as of June 30, 2016 resulting in a (\$3,445,107) decrease between the two fiscal years.
- Total revenues decreased from \$95,093,831 for the year ended June 30, 2015, to \$94,500,768 for the year ended June 30, 2016 resulting in a (\$593,063) decrease between the two fiscal years.
- Based on the 40th-day count for the school year 2014-2015, the District saw an increase in student population of 9 students, which was .01%.
- The District completed various projects during the 2015-16 fiscal year including the following:
 - Construction on two new elementary schools – Murray and the new Broadmoor
 - Houston Middle school – Phase II
 - Mills Security Corridor
 - Coronado HVAC Replacement
 - Edison HVAC Replacement
 - HHS 4.3 Site improvements
- 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, 2010.
- 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.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2016
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, 2016, the District has total net position of \$2,395,067.

	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Assets				
Cash & cash equivalents	\$ 18,617,676	\$ 29,053,097	\$ 22,312,311	\$ 19,359,833
Other current assets	12,772,175	11,669,953	14,262,669	9,058,737
Capital assets	190,303,421	199,314,849	226,951,815	231,147,006
Less: accumulated dep.	(78,612,379)	(83,336,349)	(87,008,336)	(92,832,848)
Bond issuance cost, net	179,949	-	-	-
Restricted cash and investments	<u>10,268,672</u>	<u>11,507,862</u>	<u>12,789,916</u>	<u>14,109,570</u>
Total assets	<u>153,529,514</u>	<u>168,209,412</u>	<u>189,308,376</u>	<u>180,842,298</u>
Deferred outflows	<u>-</u>	<u>-</u>	<u>8,399,151</u>	<u>14,334,023</u>
Liabilities				
Current liabilities	9,019,086	11,624,987	15,531,372	27,540,463
Long-term liabilities	<u>62,037,032</u>	<u>68,384,267</u>	<u>166,471,407</u>	<u>161,653,788</u>
Total liabilities	71,056,118	80,009,254	182,002,779	189,194,251
Deferred inflows	-	-	10,280,729	3,587,003
Net Position				
Net investment in capital assets	59,343,708	63,896,385	69,750,717	75,456,049
Restricted	10,102,723	11,440,085	5,123,845	2,201,084
Unrestricted	<u>13,026,965</u>	<u>12,863,688</u>	<u>(69,450,544)</u>	<u>(75,262,066)</u>
Total net positions	<u>\$ 82,473,396</u>	<u>\$ 88,200,158</u>	<u>\$ 5,424,018</u>	<u>\$ 2,395,067</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2016
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, 2016.

**Governmental
Activities**

	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Total government activities	\$ 76,201,421	\$ 84,048,263	\$ 94,850,799	\$ 96,948,160
Less charges for services	1,393,946	1,463,254	1,551,735	1,356,603
Less operating grants and contributions	11,268,171	10,757,055	11,737,485	12,055,381
Less capital grants and contributions	<u>2,906,348</u>	<u>2,653,801</u>	<u>1,451,950</u>	<u>108,618</u>
	<u>\$ 60,632,956</u>	<u>\$ 69,174,153</u>	<u>\$ 80,109,629</u>	<u>\$ 83,427,558</u>
 Total governmental activities				
 General revenues				
Property and oil & gas taxes	60,632,956	69,174,153	14,714,883	13,926,812
State of New Mexico equalization grant	55,616,876	59,167,520	65,277,566	66,102,370
Local sources	512,233	-	-	-
Investment earnings	377,169	419,796	474,588	499,092
Miscellaneous	60,455	4,568	147,718	252,893
Gain/(Loss) on disposition of	(35,396)	7,980	(218,814)	(382,560)
Special item - donated	267,983	-	-	-
Reversion to PED	<u>(60,571)</u>	<u>(56,136)</u>	<u>(43,280)</u>	<u>-</u>
Total general revenues	<u>69,258,026</u>	<u>75,080,864</u>	<u>80,352,661</u>	<u>80,398,607</u>
 Increase (Decrease) in Net Position				
	8,625,070	5,906,711	243,032	(3,028,951)
Net Position Beginning	73,848,326	82,473,396	88,200,158	5,424,018
Restatement	-	(179,949)	(83,019,172)	-
Net Position Beginning - As Restated	<u>73,848,326</u>	<u>82,293,447</u>	<u>5,180,986</u>	<u>5,424,018</u>
 Net Position Ending	 <u>\$ 82,473,396</u>	 <u>\$ 88,200,158</u>	 <u>\$ 5,424,018</u>	 <u>\$ 2,395,067</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2016
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 \$94,500,768. Total expenditures for the District were \$97,945,875. The total ending fund balance was \$35,547,602, a decrease of (\$3,445,107) from the prior year.

Multi-Year District Revenues and Expenditures

Revenue decreased in the current fiscal year due to a decrease in oil and gas revenue because of the drop in oil prices. Also, there was a decrease in the grant from the Maddox foundation, which was a scheduled decrease in the AP and Pre AP grant. 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%
2015/2016	\$ 94,500,768	-.6%	\$ 97,945,875	-17%

The Budget

Budgets for the District reflect the same changes as seen in the revenue and expenditures of the District. The State of New Mexico school budget process is defined under New Mexico State Statutes (Section 22) and the New Mexico Administrative Code (Section 6). To enhance the process of developing a budget at the school district level, the Hobbs Municipal School District #33 utilizes goals and objectives defined by the local School Board, community input meetings, long term plans, and input from various staff groups to develop the budget. District priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement. The New Mexico State Auditor requires budget results to be reported for all funds, including non-major funds. These statements are presented as required supplementary information.

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Management's Discussion and Analysis
For the Year Ended June 30, 2016
Unaudited

The Budget (continued)

The following table examines the summary budget performance of the funds for the fiscal year ended June 30, 2016. 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>	Favorable (Unfavorable) Variance
General Fund	\$ 68,972,686	\$ 69,194,385	\$ 69,303,163	\$ 108,778
Bond Building	-	-	25	25
Capital HB-33	6,739,683	6,739,683	5,643,077	(1,096,606)
Debt Service Fund	7,992,795	7,992,795	5,791,884	(2,200,911)
Totals	<u>\$ 83,705,164</u>	<u>\$ 83,926,863</u>	<u>\$ 80,738,149</u>	<u>\$ (3,188,714)</u>

Funds Expenditure Budget Performance for Major Funds Only

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
General Fund	\$ 74,972,686	\$ 81,729,777	\$ 69,108,407	\$ 12,621,370
Bond Building	-	2,608,190	1,014,438	1,593,752
Capital HB-33	6,739,683	9,001,891	8,845,798	156,093
Debt Service Fund	24,485,272	24,485,272	7,186,932	17,298,340
Totals	<u>\$ 106,197,641</u>	<u>\$ 109,725,130</u>	<u>\$ 86,155,575</u>	<u>\$ 31,669,555</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, 2016
Unaudited

The General Fund

Because the General Fund revenues represent \$69,303,163 of the total \$94,500,768 of District revenues, the impact of this fund must be kept in context. The General Fund began the year with an initial budget of \$68,972,686 and had a final budget of \$69,194,385. 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

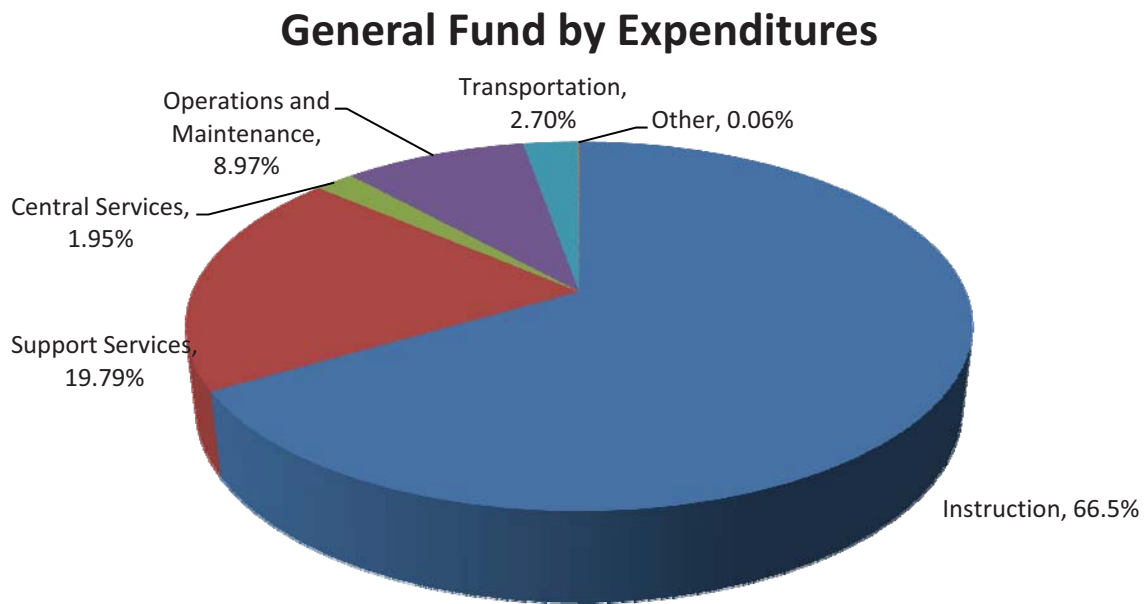
Year	Total Revenues	Change %
2001/2002	\$ 36,297,243	3.0%
2002/2003	\$ 37,354,618	2.9%
2003/2004	\$ 38,633,543	3.4%
2004/2005	\$ 41,663,268	7.8%
2005/2006	\$ 45,172,062	8.4%
2006/2007	\$ 47,964,173	6.2%
2007/2008	\$ 51,651,782	7.7%
2008/2009	\$ 56,125,943	8.7%
2009/2010	\$ 50,028,588	-10.9%
2010/2011	\$ 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%
2015/2016	\$ 69,303,163	0.5%

The General Fund is the primary fund whose expenditures are significantly related to the educational process. \$69,108,407 was expended during the year ended June 30, 2016. The most significant inter-fund expenditure was for the function noted as "Instruction." This expenditure was \$45,977,739 or 66.5% 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
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Unaudited

The General Fund (continued)

Support Services represents 19.79% of General Fund expenditures and account for expenditures for compensation, employee benefits, and payroll taxes for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff, and significant support to special education programs through contract ancillary support staff and contract programs. The Office of the Superintendent and the Business Office represent the overhead support for the entire operations of the District; these programs combined represent 1.95% 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
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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 \$6,634,514 as of June 30, 2016. 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, 2016.

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 decrease of approximately \$1.6 million to capital assets (net) for the year was primarily due to a decrease in construction in progress.

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

	<u>Balance</u> <u>June 30, 2013</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 3,567,403	\$ 3,973,517	\$ 3,988,738	3,988,738
Construction in process	<u>11,325,232</u>	<u>3,088,161</u>	<u>27,897,110</u>	<u>20,525,207</u>
Total capital assets not being depreciated	14,892,635	7,061,678	31,885,848	24,513,945
Capital assets being depreciated:				
Buildings & improvements	149,727,524	164,510,543	168,079,072	178,713,840
Equipment	21,270,119	22,243,794	21,255,615	21,211,305
Land improvements	<u>4,413,143</u>	<u>5,498,834</u>	<u>5,731,280</u>	<u>6,707,916</u>
Total capital assets being depreciated	<u>175,410,786</u>	<u>192,253,171</u>	<u>195,065,967</u>	<u>206,633,061</u>
Less accumulated depreciation for:				
Equipment	63,656,651	68,192,141	72,841,649	77,524,161
Land improvements	13,962,676	13,893,853	12,647,293	13,506,011
Total accumulated depreciation	<u>993,052</u>	<u>1,250,355</u>	<u>1,519,394</u>	<u>1,802,676</u>
Total capital assets being depreciated, net	<u>78,612,379</u>	<u>83,336,349</u>	<u>87,008,336</u>	<u>92,832,848</u>
Governmental activity capital assets, net	96,798,407	108,916,822	108,057,631	113,800,213
	<u>\$111,691,042</u>	<u>\$ 115,978,500</u>	<u>\$ 139,943,479</u>	<u>\$ 138,314,158</u>

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Hobbs Municipal School District #33
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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.

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Long-Term Liabilities (continued)

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.

The follow schedule shows the District's combined annual debt service requirement to maturity for long term debt as of June 30, 2016.

Fiscal year ended June 30,	Principal	Interest	Total Requirement
2016	\$ 19,755,000	\$ 2,362,200	\$ 22,117,200
2017	4,940,000	2,215,840	7,155,840
2018	5,115,000	2,059,225	7,174,225
2019	4,555,000	1,896,324	6,451,324
2020	6,345,000	1,689,513	8,034,513
2021-2025	26,865,000	5,221,713	32,086,713
2026-2029	10,980,000	736,125	11,716,125
	<u>\$ 78,555,000</u>	<u>\$ 16,180,940</u>	<u>\$ 94,735,940</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>	

STATE OF NEW MEXICO
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Management's Discussion and Analysis
For the Year Ended June 30, 2016
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, 2016, shows the accumulated assets of all agency funds was \$1,069,910 and accumulated assets of the fiduciary Eagle Trust of \$24,650.

STATE OF NEW MEXICO
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Management's Discussion and Analysis
For the Year Ended June 30, 2016
Unaudited

Future trends

The Economy and Public School Funding: Hobbs has leveled out both as a community and within the school district. This is primarily due to the downturn of the oil and gas industry. For fiscal year 2016, 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.

More information regarding the District including an update of the various 2014 bond building projects is available at www.hobbsschools.net.

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
STATEMENT OF NET POSITION
June 30, 2016

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 19,359,833
Investments	5,828,191
Receivables	
Property taxes	411,820
Oil and gas taxes	291,936
Due from other governments	2,129,502
Other	24,839
Inventory	<u>372,449</u>
Total current assets	28,418,570
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	6,616
Investments	14,102,954
Capital assets	231,147,006
Less: accumulated depreciation	<u>(92,832,848)</u>
Total noncurrent assets	<u>152,423,728</u>
DEFERRED OUTFLOWS	
Deferred outflows related to pensions	<u>14,334,023</u>
Total assets and deferred outflows	<u><u>\$ 195,176,321</u></u>

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

	<u>Primary Government Governmental Activities</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 324,214
Accrued payroll	6,397,059
Accrued interest	783,455
Accrued compensated absences	280,735
Current portion of bonds payable	<u>19,755,000</u>
Total current liabilities	<u>27,540,463</u>
Noncurrent liabilities	
Accrued compensated absences	51,498
Bonds payable	58,800,000
Bond premium, net of accumulated amortization of \$872,855	4,176,195
Net pension liability	<u>98,626,095</u>
Total noncurrent liabilities	<u>161,653,788</u>
Total liabilities	<u>189,194,251</u>
DEFERRED INFLOWS	
Deferred inflows related to bond refunding	1,314,624
Deferred inflows related to pensions	<u>2,272,379</u>
Total deferred inflows	<u>3,587,003</u>
NET POSITION	
Net invested in capital assets	75,456,049
Restricted for:	
Capital projects	801,815
Other purposes - special revenue	1,399,269
Unrestricted	<u>(75,262,066)</u>
Total net position	<u>2,395,067</u>
Total liabilities, deferred inflows and net position	<u>\$ 195,176,321</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, 2016

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>
Primary government:				
Governmental activities:				
Instruction	\$ 54,158,850	\$ 230,552	\$ 4,444,485	\$ -
Support services - students	8,874,927	-	1,085,427	-
Support services - instruction	3,123,437	-	170,962	-
Support services - general admin.	1,284,073	-	173,459	-
Support services - school admin.	5,353,794	-	1,180,356	-
Central services	3,416,607	-	15,919	-
Operation and maintenance of plant	6,781,654	-	13,445	-
Student transportation	1,935,675	-	1,851,531	-
Food service operations	4,257,062	1,126,051	3,119,795	-
Other support services	1,688	-	2	-
Facilities acquisition and construction	5,854,764	-	-	108,618
Interest and other charges	1,905,629	-	-	-
Total primary government	\$ 96,948,160	\$ 1,356,603	\$ 12,055,381	\$ 108,618

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

Total general revenues and transfers

Change in net position

Net position - beginning

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

\$	(49,483,813)
	(7,789,500)
	(2,952,475)
	(1,110,614)
	(4,173,438)
	(3,400,688)
	(6,768,209)
	(84,144)
	(11,216)
	(1,686)
	(5,746,146)
	(1,905,629)
	<u>(83,427,558)</u>

	345,984
	5,231,716
	3,468,274
	4,880,838
	66,102,370
	499,092
	252,893
	(382,560)
	<u>80,398,607</u>
	(3,028,951)
	<u>5,424,018</u>
\$	<u><u>2,395,067</u></u>

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Bond Building	Capital Improvement HB-33	Debt Service
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 9,210,907	\$ 866,711	\$ 2,651,937	\$ 2,970,636
Investments	5,598,752	2,667	-	14,329,726
Accounts receivable				
Taxes	36,623	-	-	261,624
Due from other governments	-	-	275,454	-
Interfund receivables	7,453,235	719,924	-	-
Inventory	306,145	-	-	-
<i>Total assets</i>	\$ 22,605,662	\$ 1,589,302	\$ 2,927,391	\$ 17,561,986
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	\$ 146,132	\$ 1,981	\$ 111,739	\$ -
Accrued expenses	5,774,596	-	-	-
Interfund payables	330,254	-	3,592,451	-
<i>Total liabilities</i>	6,250,982	1,981	3,704,190	-
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	8,824	-	99,326	86,879
<i>Total deferred inflows of resources</i>	8,824	-	99,326	86,879
<i>Fund balances</i>				
Fund Balance:				
Nonspendable				
Inventory	306,145	-	-	-
Spendable				
Restricted for:				
Transportation	9,916	-	-	-
Instructional materials	715,012	-	-	-
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	1,587,321	-	-
Debt service	-	-	-	17,475,107
Committed for:				
Subsequent year's expenditures	6,000,000	-	-	-
Unassigned	9,314,783	-	(876,125)	-
<i>Total fund balances</i>	16,345,856	1,587,321	(876,125)	17,475,107
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 22,605,662	\$ 1,589,302	\$ 2,927,391	\$ 17,561,986

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

Exhibit B-1
(Page 1 of 2)

Other Governmental Funds	Total Governmental Funds
<p> $\\$ 3,666,273 - 137,733 2,146,661 195,708 <u>66,304</u> </p>	<p> $\\$ 19,366,464 19,931,145 435,980 2,422,115 8,368,867 <u>372,449</u> </p>
<p> $\\$ <u>6,212,679</u> </p>	<p> $\\$ <u>50,897,020</u> </p>
<p> $\\$ 64,355 622,461 <u>4,446,162</u> </p>	<p> $\\$ 324,207 6,397,057 <u>8,368,867</u> </p>
<p> <u>5,132,978</u> </p>	<p> <u>15,090,131</u> </p>
<p> 14,590 <u>49,668</u> </p>	<p> 14,590 <u>244,697</u> </p>
<p> <u>64,258</u> </p>	<p> <u>259,287</u> </p>
<p> 66,304 - - 1,151,186 206,077 42,006 43,298 - - (493,428) </p>	<p> 372,449 9,916 715,012 1,151,186 206,077 42,006 1,630,619 17,475,107 6,000,000 <u>7,945,230</u> </p>
<p> <u>1,015,443</u> </p>	<p> <u>35,547,602</u> </p>
<p> $\\$ <u>6,212,679</u> </p>	<p> $\\$ <u>50,897,020</u> </p>

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
GOVERNMENTAL FUNDS

Exhibit B-1
 (Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 June 30, 2016

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

	District
Fund balances - total governmental funds	\$ 35,547,602
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.	138,314,158
Deferred outflows of resources related to pensions are not financial resources, and, therefore, are not reported in the funds	14,334,023
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:	
Property taxes	244,697
Federal and state grants	14,590
Other liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(783,455)
Bond premium liability (net of amortization)	(4,176,195)
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	(177,513,350)
Deferred inflows of resources related to pensions and bond refunding are not financial resources, and therefore, are not reported in the fund	(3,587,003)
Net Position of Governmental Activities in the Statement of Net Position	\$ 2,395,067

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, 2016

	General	Bond Building	Capital Improvement HB-33	Debt Service
<i>Revenues:</i>				
Taxes - property	\$ 344,236	\$ -	\$ 3,462,119	\$ 3,433,546
Taxes - oil and gas	239,008	-	1,912,066	1,773,732
Federal flowthrough	56,098	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	66,814,855	-	-	-
State direct	-	-	-	-
Transportation distribution	1,744,562	-	-	-
Charges for services	21,126	-	-	-
Investment income	20,721	25	-	478,335
Miscellaneous	51,280	-	119,858	24,947
<i>Total revenues</i>	<u>69,291,886</u>	<u>25</u>	<u>5,494,043</u>	<u>5,710,560</u>
<i>Expenditures:</i>				
Current:				
Instruction	45,589,533	-	-	-
Support services - students	6,536,781	-	-	-
Support services - instruction	2,376,593	-	-	-
Support services - general admin.	784,871	-	34,462	34,107
Support services - school admin.	3,978,990	-	-	-
Central services	1,345,233	-	-	-
Operation and maintenance of plant	6,205,894	-	-	-
Student transportation	1,826,815	-	-	-
Food service operations	-	-	-	-
Other support services	1,688	-	-	-
Facilities acquisition and construction	-	-	6,989,536	-
Debt service				
Principal	-	-	-	4,430,000
Interest	-	-	-	2,722,824
<i>Total expenditures</i>	<u>68,646,398</u>	<u>-</u>	<u>7,023,998</u>	<u>7,186,931</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>645,488</u>	<u>25</u>	<u>(1,529,955)</u>	<u>(1,476,371)</u>
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>	645,488	25	(1,529,955)	(1,476,371)
<i>Fund balances - beginning of year</i>	15,700,368	2,322	2,238,804	18,951,478
<i>Prior period restatement (Note 20)</i>	-	1,584,974	(1,584,974)	-
<i>Fund balances - beginning of year, as restated</i>	<u>15,700,368</u>	<u>1,587,296</u>	<u>653,830</u>	<u>18,951,478</u>
<i>Fund balances - end of year</i>	<u>\$ 16,345,856</u>	<u>\$ 1,587,321</u>	<u>\$ (876,125)</u>	<u>\$ 17,475,107</u>

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

Exhibit B-2
(Page 1 of 2)

	<u>Other Governmental Funds</u>		<u>Total Governmental Funds</u>	
\$	1,731,072	\$	8,970,973	
	956,032		4,880,838	
	7,659,082		7,715,180	
	258,556		258,556	
	236,986		236,986	
	1,631,798		68,446,653	
	138,431		138,431	
	-		1,744,562	
	1,335,477		1,356,603	
	12		499,093	
	56,808		252,893	
	<u>14,004,254</u>		<u>94,500,768</u>	
	3,965,787		49,555,320	
	1,075,138		7,611,919	
	189,592		2,566,185	
	242,702		1,096,142	
	1,173,054		5,152,044	
	15,168		1,360,401	
	17,213		6,223,107	
	106,917		1,933,732	
	4,049,997		4,049,997	
	-		1,688	
	4,252,980		11,242,516	
	-		4,430,000	
	-		2,722,824	
	<u>15,088,548</u>		<u>97,945,875</u>	
	<u>(1,084,294)</u>		<u>(3,445,107)</u>	
	-		-	
	-		-	
	(1,084,294)		(3,445,107)	
	2,099,737		38,992,709	
	-		-	
	<u>2,099,737</u>		<u>38,992,709</u>	
\$	<u><u>1,015,443</u></u>	\$	<u><u>35,547,602</u></u>	

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

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	\$ (3,445,107)
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	5,387,753
Depreciation expense	(6,634,514)
Disposal of capital assets	(382,560)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:	
Property taxes	75,002
Accounts receivable from other governments not reported as revenue in the prior year on a modified accrual basis	
Federal and state reimbursements	(274,000)
Accrued compensated absences not due and payable	(32,706)
Accrued interest payable	169,251
Bond refunding	164,328
Bond premiums	483,598
Principal payments on bonds	4,430,000
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	(2,969,996)
Change in Net Position of Governmental Activities in the Statement of Activities	\$ (3,028,951)

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 1 of 2)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ 338,045	\$ 338,045	\$ 342,843	\$ 4,798
Taxes - oil and gas	437,997	437,997	259,628	(178,369)
Taxes - gross receipts	-	-	-	-
Federal flowthrough	30,000	30,000	56,098	26,098
Federal direct	-	-	-	-
Local grants	50,000	50,000	-	(50,000)
State flowthrough	66,412,983	66,571,781	66,807,355	235,574
State direct	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	1,681,661	1,744,562	1,744,562	-
Charges for services	7,000	7,000	20,676	13,676
Investment income	15,000	15,000	20,721	5,721
Miscellaneous	-	-	51,280	51,280
<i>Total revenues</i>	<u>68,972,686</u>	<u>69,194,385</u>	<u>69,303,163</u>	<u>108,778</u>
<i>Expenditures:</i>				
Current:				
Instruction	52,771,351	56,806,561	45,977,739	10,828,822
Support services - students	5,407,827	6,683,029	6,536,781	146,248
Support services - instruction	2,508,318	2,708,318	2,368,535	339,783
Support services - general admin.	833,737	1,043,737	786,071	257,666
Support services - school admin.	3,707,655	4,018,097	3,984,102	33,995
Central services	1,346,474	1,358,474	1,349,576	8,898
Operation and maintenance of plant	6,562,677	7,122,177	6,196,747	925,430
Student transportation	1,681,661	1,836,398	1,868,254	(31,856)
Other support services	152,986	152,986	40,602	112,384
Food service operations	-	-	-	-
Enterprise operations	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>74,972,686</u>	<u>81,729,777</u>	<u>69,108,407</u>	<u>12,621,370</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,000,000)</u>	<u>(12,535,392)</u>	<u>194,756</u>	<u>12,730,148</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,000,000)</u>	<u>(12,535,392)</u>	<u>194,756</u>	<u>12,730,148</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	6,000,000	12,535,392	43,280	(12,492,112)
Reversion to PED	-	-	-	-
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>6,000,000</u>	<u>12,535,392</u>	<u>43,280</u>	<u>(12,492,112)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	238,036	238,036
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>21,230,971</u>	<u>21,230,971</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,469,007</u>	<u>\$ 21,469,007</u>
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 645,488	
(Increase) decrease in accounts receivable			9,529	
(Increase) decrease in inventory			10,082	
Increase (decrease) in accounts payable			(395,814)	
Increase (decrease) in accrued expenses			(32,998)	
Increase (decrease) in deferred inflows			<u>1,749</u>	
Change in fund balance - budgetary basis			<u>\$ 238,036</u>	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
STATEMENT OF FIDUCIARY NET POSITION AND ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2016

Exhibit D-1

	Eagle Trust	Agency Funds
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 24,650	\$ 568,178
Investments	-	501,732
<i>Total assets</i>	\$ 24,650	\$ 1,069,910
 LIABILITIES		
<i>Current Liabilities</i>		
Accounts payable	\$ -	\$ -
Accrued payroll	-	12,952
Due to student organizations	-	1,056,958
<i>Total liabilities</i>	-	1,069,910
 NET POSITION		
Restricted for other purposes	24,650	-
<i>Total net position</i>	24,650	-
<i>Total liabilities and net position</i>	\$ 24,650	\$ 1,069,910

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, 2016

Exhibit D-2

	Eagle Trust
ADDITIONS	
Donations	\$ <u>18,769</u>
<i>Total additions</i>	<u>18,769</u>
DEDUCTIONS	
Supplies and materials	<u>8,083</u>
<i>Total deductions</i>	<u>8,083</u>
<i>Change in net position</i>	10,686
<i>Total beginning net position</i>	<u>13,964</u>
<i>Total ending net position</i>	\$ <u><u>24,650</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, 2016

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 9,700 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, 2016

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, and 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, 2016

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 *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 *Capital Improvements HB-33 Fund* is used to account for the 4 mill levy authorized by the Public Building Act. Expenditures are for erecting, remodeling, making additions, providing equipment for or furnishing public school buildings, and purchasing or improving public grounds. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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, 2016

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 2016 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2016.

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, 2016

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, the change in the District's proportion of the net liability in the relation to other school districts in New Mexico, the change in proportion after reallocation of inactive employers, and the change of assumptions related to the pension plan. 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, 2017.

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, are 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 differences between expected and actuarial experience 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.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal.

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, 2016 the nonspendable fund balances in the general fund and food service fund are made up of inventory in the amounts of \$306,145 and \$66,304, respectively, that are not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2016, the restricted fund balance on the governmental funds balance sheet is made up of \$2,124,197 for providing transportation, instructional materials, food services, education, and extracurricular activities to the students of the District, \$754,494 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, \$17,475,107 for the payment of principal and interest of the future debt service requirements, and \$6,000,000 for subsequent years expenditures.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

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, 2016, the District had \$14,109,570 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 41 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."

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 \$66,102,370 in state equalization guarantee distributions during the year ended June 30, 2016.

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 \$13,926,812 in property tax revenues in the governmental fund financial

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

E. *Revenues* (continued)

statements during the year ended June 30, 2016. The District also recognized \$4,880,838 in oil and gas tax revenues in the governmental fund financial statements during the year ended June 30, 2016. 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 \$1,851,531 in transportation distributions during the year ended June 30, 2016.

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 \$697,485 in instructional materials revenue from the State for the year ended June 30, 2016.

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, 2016, the District received \$108,618 in state flow-through capital outlay funds.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

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.

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
Notes to the Financial Statements
June 30, 2016

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, 2016, 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>(6,000,000)</u>	\$ <u>(12,535,392)</u>
Bond Bulding Capital Projects Fund	\$ <u>-</u>	\$ <u>(2,608,190)</u>
Capital Improvements HB-33	\$ <u>-</u>	\$ <u>(2,262,208)</u>
Debt Service Fund	\$ <u>(16,492,477)</u>	\$ <u>(16,492,477)</u>
Other Governmental Funds	\$ <u>-</u>	\$ <u>(2,142,335)</u>

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

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, 2016.

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.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate. Separately, all demand deposits 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, 2016, \$21,251,061 of the District's bank balance of \$22,007,677 was subject to custodial credit risk. \$17,843,468 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$3,407,593 of the District's deposits was uninsured and uncollateralized at June 30, 2016.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

	Lea County State Bank	US Bank	Wells Fargo Bank	Western Commerce Bank	Total
Total amount of deposits	\$ 8,719,477	\$ 6,616	\$ 10,574,636	\$ 2,706,948	\$ 22,007,677
FDIC coverage	<u>250,000</u>	<u>6,616</u>	<u>250,000</u>	<u>250,000</u>	<u>756,616</u>
Total uninsured public funds	8,469,477	-	10,324,636	2,456,948	21,251,061
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the District's name	<u>8,469,477</u>	<u>-</u>	<u>7,481,025</u>	<u>1,892,966</u>	<u>17,843,468</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,843,611</u>	<u>\$ 563,982</u>	<u>\$ 3,407,593</u>
Collateral requirement (50% of uninsured public funds)	3,010,856	-	5,162,318	1,228,474	9,401,648
Collateral requirement for repurchase agreement - 102%	2,496,721	-	-	-	2,496,721
Pledged securities	<u>9,203,015</u>	<u>-</u>	<u>7,481,025</u>	<u>1,892,966</u>	<u>18,577,006</u>
Over (under) collateralization	<u>\$ 3,695,438</u>	<u>\$ -</u>	<u>\$ 2,318,707</u>	<u>\$ 664,492</u>	<u>\$ 6,678,637</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, 2016

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, 2016, the District’s investment balances were exposed to custodial credit risk as follows:

<u>Overnight Repurchase Agreements</u>	<u>Lea County State Bank</u>	<u>Total</u>
Total amount of investments	\$ 2,447,766	\$ 2,447,766
FDIC coverage	<u>-</u>	<u>-</u>
Total uninsured public funds	2,447,766	2,447,766
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>2,447,766</u>	<u>2,447,766</u>
Uninsured and uncollateralized	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Collateral requirement (102% of uninsured - repurchase)	\$ 2,496,721	\$ 2,496,721
Pledged securities	<u>2,496,721</u>	<u>2,496,721</u>
Over (under) collateralization	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

As of June 30, 2016, 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	44 days	\$ 478,720	AAAm
Negotiable Certificates of Deposit*	1 year	2,753,793	Unrated
Wells Fargo Money Market Mutual Funds**	< 1 year	3,097,410	AAAm
FNMA Discount Note***	< 1 year	14,102,954	A-1 +
		<u>\$ 20,432,877</u>	
	Less: agency investments		
	<i>New MexiGrow</i> LGIP	(501,732)	
	Total investments per Exhibit B-1	<u>\$ 19,931,145</u>	

* Subject to FDIC coverage

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

*** Restricted Investments per Exhibit A-1

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

The investments are listed on Schedule 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, 2016, the District held negotiable Certificates of Deposits in agency funds in the amount of \$501,732 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, 14%, 15% and 69% 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, 2016. Funds 24106 through 25153 are federal funds and 27107 through 28189 are nonfederal.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

The following individual funds had negative cash balance as of June 30, 2016.

24106	Entitlement IDEA-B	\$ (69,258)
24153	English Language Acquisition	(29,071)
24154	Teacher/Principal Training & Recruiting	(1,419)
24184	Teen Dating Violence	(2,210)
24201	Title I - Federal Stimulus	(9,531)
25153	Title XIX Medicaid	(16,994)
27107	2012 G.O. Bond Student Library	(72,192)
27114	New Mexico Reads to Lead	(41,140)
27166	Kindergarten - Three Plus	(40,915)
27168	After School Enrichment Program	(3,802)
27179	Workforce Readiness	(10,658)
27189	College Advisor Initiative	(20,731)
		<u>\$ (317,921)</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	\$ 19,359,833
Restricted cash per Exhibit A-1	6,616
Investments per Exhibit A-1	5,828,190
Restricted investments Exhibit A-1	14,102,954
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	592,828
Investments - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	<u>501,732</u>
Total cash, cash equivalents, and investments	<u>40,392,153</u>
Add: outstanding items	1,794,931
Less: deposits in transit	-
Less: investments held in Certificates of deposits	(2,500,323)
Less: investments held in New MexiGROW LGIP	(478,720)
Less: investments held in Wells Fargo Money Market Mutual Funds	(3,097,410)
Less: investments held in FNMA Discount Note	<u>(14,102,954)</u>
Bank balance of deposits	<u>\$ 22,007,677</u>

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2016, are as follows:

	General Fund	Capital Improvement HB-33	Debt Service Fund	Other Governmental Funds	Total
Property tax receivable	\$ 14,773	\$ 164,255	\$ 150,659	\$ 82,133	\$ 411,820
Oil and gas tax receivable	13,900	111,199	110,966	55,871	291,936
Due from other governments:					
Federal sources	-	-	-	2,129,502	2,129,502
State sources	-	-	-	-	-
Other receivables	<u>7,950</u>	<u>-</u>	<u>-</u>	<u>16,889</u>	<u>24,839</u>
Totals	<u>\$ 36,623</u>	<u>\$ 275,454</u>	<u>\$ 261,625</u>	<u>\$ 2,284,395</u>	<u>\$ 2,858,097</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$244,697 that were not collected within the period of availability have been reclassified as deferred inflows in the governmental fund financial statements. Also, \$14,590 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
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets

A summary of capital assets and changes for the District occurring during the year ended June 30, 2016 follows:

Hobbs Municipal School District #33	Balance June 30, 2015	Additions and Transfers in	Deletions and Transfers out	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 3,988,738	\$ -	\$ -	\$ 3,988,738
Construction in progress	<u>27,897,110</u>	<u>2,682,903</u>	<u>10,054,806</u>	<u>20,525,207</u>
Total capital assets not being depreciated	<u>31,885,848</u>	<u>2,682,903</u>	<u>10,054,806</u>	<u>24,513,945</u>
Capital assets being depreciated:				
Buildings and improvements	168,079,072	11,111,510	476,742	178,713,840
Equipment	21,255,615	671,510	715,820	21,211,305
Land Improvements	<u>5,731,280</u>	<u>976,636</u>	<u>-</u>	<u>6,707,916</u>
Total capital assets being depreciated	<u>195,065,967</u>	<u>12,759,656</u>	<u>1,192,562</u>	<u>206,633,061</u>
Total capital assets	<u>226,951,815</u>	<u>15,442,559</u>	<u>11,247,368</u>	<u>231,147,006</u>
Less accumulated depreciation:				
Buildings and improvements	72,841,649	4,976,296	293,784	77,524,161
Equipment	12,647,293	1,374,936	516,218	13,506,011
Land improvements	<u>1,519,394</u>	<u>283,282</u>	<u>-</u>	<u>1,802,676</u>
Total accumulated depreciation	<u>87,008,336</u>	<u>6,634,514</u>	<u>810,002</u>	<u>92,832,848</u>
Total capital assets net of depreciation	<u>\$ 139,943,479</u>	<u>\$ 8,808,045</u>	<u>\$ 10,437,366</u>	<u>\$ 138,314,158</u>

Depreciation expense for the year ended June 30, 2016 was charged to the following functions and programs of the primary government:

Instruction	\$ 2,526,486
Support services - students	955,300
Support services - instruction	487,299
Support services - general admin.	140,613
Central services	2,004,202
Operation and maintenance of plant	386,059
Food service operations	<u>134,555</u>
Total depreciation expense	<u>\$ 6,634,514</u>

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets (continued)

The District has active construction projects as of June 30, 2016. 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.

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, 2016 are for governmental activities.

Bond outstanding at June 30, 2016 are comprised on the following:

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
G.O. Qualified Zone Academy Bonds (QZab)	\$ 14,930,000	\$ -	\$ -	\$ 14,930,000	\$ 14,930,000
General Obligation Bond Series 2005	50,000	-	50,000	-	-
General Obligation Bond Series 2010	19,250,000	-	750,000	18,500,000	2,000,000
General Obligation Bond Series 2010A	7,600,000	-	100,000	7,500,000	100,000
General Obligation Bond Series 2013	8,100,000	-	900,000	7,200,000	900,000
General Obligation Bond Series 2014A	9,000,000	-	-	9,000,000	-
General Obligation Bond Series 2014B	17,055,000	-	900,000	16,155,000	1,435,000
General Obligation Bond Series 2015	<u>7,000,000</u>	<u>-</u>	<u>1,730,000</u>	<u>5,270,000</u>	<u>390,000</u>
Total Bonds	82,985,000	-	4,430,000	78,555,000	19,755,000
Compensated absences	<u>299,527</u>	<u>313,441</u>	<u>280,735</u>	<u>332,233</u>	<u>280,735</u>
Long-term liability activity	<u>\$ 83,284,527</u>	<u>\$ 313,441</u>	<u>\$ 4,710,735</u>	<u>\$ 78,887,233</u>	<u>\$ 20,035,735</u>

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

The annual requirements to amortize the general obligation bonds, outstanding as of June 30, 2016, including payments are as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	19,755,000	2,362,200	22,117,200
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	6,345,000	1,689,513	8,034,513
2022-2026	26,865,000	5,221,713	32,086,713
2027-2031	<u>10,980,000</u>	<u>736,125</u>	<u>11,716,125</u>
	<u>\$ 78,555,000</u>	<u>\$ 16,180,940</u>	<u>\$ 94,735,940</u>

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HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

General Obligation Qualified Zone Academy School Building Bonds (QZab) Series 2002 – On September 5, 2002, the District entered into an agreement to sell QZab with Bank of America in the amount of \$14,930,000. The agreement states that the bonds will have a maturity date of October 15, 2016. Principal payments are due annually on October 1 and the interest rate is 0%. The District was authorized to issue the bonds for the purpose of providing funds for remodeling, repairing and providing equipment and furnishing school buildings within the District, and purchasing computer software and hardware for student use in public school classrooms.

In order to qualify for QZab, a public school at the secondary level or below must meet certain requirements. These requirements include (but are not limited to): the school must be located in either an empowerment zone or an enterprise community or at the time of bond issue at least 35% of the school's students must be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act and a private business contribution of qualified goods or services of not less than 10% of the present value of the bond issue proceeds as of the bond issue date. Certain banks, insurance companies, and corporations actively engaged in the business of lending money are eligible for a tax credit as an incentive to hold these bonds.

The QZab agreement also included a Forward Delivery Agreement which states that the District must annually deposit a minimum of \$841,071 into a sinking fund account beginning October 1, 2003 and ending October 1, 2016. The purpose of the sinking fund is to manage investments by increasing the predictability of its cash flow from earnings on investments in order to meet the required repayment of the bonds on October 15, 2016. The agreement also establishes a guaranteed rate of return of 3.55% on funds deposited in the sinking fund.

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

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>	

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June 30, 2016

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, 2016, there have been no claims that have exceeded insurance coverage.

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, 2016:

Funds	
Title I IASA	\$ 7,725
Teacher/Principal Training & Recruiting	75,865
Immigrant Funding Title III	3,987
Carl D. Perkins Secondary - Current	8,924
2010 G.O. Bond Student Library	1,255
New Mexico Pre-K Initiative	10,607
Stem Programs	12,355
Next Generation Assessments	5,836
College Advisor Initiative	1,712
Start Smart K-3 Utah State University Study	1,679
Capital Improvement SB-9	324,738
Capital Improvement SB-9 Local	<u>38,745</u>
Total Funds	<u><u>\$ 493,428</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.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 9. Other Required Individual Fund Disclosures (continued)

- B. Excess of expenditures over appropriations. The following fund exceeded approved budgetary authority at the function level for the year ended June 30, 2016:

Fund: SB-9 Capital Improvements	Total: \$2,731
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In fiscal year June 30, 2015, for fund 13000 Pupil Transportation, funds were encumbered for the purchase of a suburban. That unliquidated obligation was paid in July 2015 in accordance with PED instructions. The excess of expenditures over appropriations shown at Exhibit C-1 on page 35 and Statement A-4 on page 84 is not considered a budgetary compliance finding.

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-24 on page 134 in the amount of \$240,677, is not considered an excess of expenditures over appropriations or a finding.

- C. Excess of expenditures over available cash. The District did not have any funds in which budgeted expenditures exceeded available cash.

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.

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

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HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Benefits Provided (continued)

Summary of Plan Coverage (continued)

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.

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, 2015, and thereafter, employers contributed 13.90% of employee's gross annual salary to the Plan; participating employees earning more than \$20,000 annually contributed 10.70% of their gross salary. Employees earning \$20,000 or less contributed 7.90%. Contributions to the pension plan from the District were \$6,381,497 for the year ended June 30, 2016.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (continued)

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, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported liabilities of \$98,626,095 for its proportionate share 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, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District’s proportion was 1.52265 percent, which was an increase of .06461 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$9,355,169.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actuarial experience	\$ -	\$ 1,828,438
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	443,941
Changes in proportion and differences between the District's contributions and proportionate share of contributions	4,560,249	-
Change in proportion after reallocation of inactive employers	3,392,277	-
District contributions subsequent to the measurement date	<u>6,381,497</u>	<u>-</u>
	<u>\$ 14,334,023</u>	<u>\$ 2,272,379</u>

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (continued)

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

The \$6,381,497 reported as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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,		
2017	\$	1,627,770
2018		1,582,262
2019		1,100,283
2020		1,369,832
2021		-
Thereafter		-
	\$	<u>5,680,147</u>

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, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 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, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter,
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 the Board on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014, and
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Actuarial Assumptions (continued)

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, 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 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.).

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (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 2015 and 2014 for 30- year return assumptions are summarized in the following table:

Asset Class	2015	2016
	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Cash	3.25%	3.00%
Treasuries	3.50%	3.25%
IG Corp Credit	4.75%	5.00%
MBS	3.75%	3.50%
Core Bonds	3.98%	3.89%
TIPS	4.00%	4.00%
High Yield Bonds	5.75%	5.75%
Bank Loans	6.00%	6.00%
Global Bonds (Unhedged)	2.25%	2.75%
Global Bonds (Hedged)	2.41%	2.87%
EMD External	6.00%	6.00%
EMD Local Currency	6.75%	6.50%
Large Cap Equities	7.50%	7.50%
Small/Mid Cap	7.75%	7.75%
International Equities (Unhedged)	8.00%	8.00%
International Equities (Hedged)	8.47%	8.93%
Emerging International Equities	9.25%	9.50%
Private Equity	9.50%	9.50%
Private Debt	8.00%	8.00%
Private Real Assets	7.75%	7.75%
Real Estate	6.50%	6.50%
Commodities	5.75%	5.50%
Hedge Funds	6.75%	6.50%

Discount Rate

A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015. 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, 2016

NOTE 10. Pension Plan – Educational Retirement Board (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.

	1.00% Decrease (6.75%)	Current Discount Rate (7.75%)	1.00% Increase (8.75%)
Hobbs Municipal School District #33			
proportionate share of the net pension liability	\$ 132,708,000	\$ 98,626,095	\$ 69,993,747

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 the year ended June 30, 2015 which is publicly available at www.nmerb.org.

Payables to the Pension Plan

At June 30, 2016 the District had \$2,046,085 payable to the retirement plan for employee and employer contributions based on statutory rates for wages paid in or accrued for June 2016.

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, 2016

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, 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, 2016, 2015, and 2014 were \$918,957, \$866,829, and \$805,109, 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, 2016

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, 2016

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, 2016

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, 2016

NOTE 13. Joint Powers Agreements (continued)

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

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, 2016

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, 2016

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, 2016

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, 2016

NOTE 14. Memorandum of Understanding

In August 20, 2015, the District entered into a Memorandum of Understanding with the City of Hobbs (City), New Mexico Junior College (NMJC), Hobbs Municipal School District and Lea County regarding the Health Wellness and Learning Center. The City, NMJC and the District will own the property and facility with each owning a separate undivided interest (City 82%, NMJC 16.4% and District 1.6%). The owners will contribute to the capital expenses of the Wellness Center as follows: City \$50,000,000, NMJC \$10,000,000 and the District \$1,000,000. The City, NMJC, the District and the County will contribute to the annual operations of the Wellness Center as follows: City \$600,000, NMJC \$300,000, County \$300,000 and District \$100,000.

NOTE 15. Commitments

The District had multiple construction projects ongoing as of the year ended June 30, 2016 that are to continue into the following fiscal year. These projects are as follows:

<u>Construction Project:</u>	<u>Project:</u>	<u>PO #</u>	<u>Contract Price</u>	<u>Paid-To-Date Expenses</u>	<u>Expected Amount To Complete</u>	<u>Expected Date Of Completion</u>
ALC Security Vestibule	CES	Various	\$ 59,796	\$ 49,798	\$ 9,998	October 2016
Commons Outdoor Dining	CES	TBD	-	-	-	July 2017
Watson Turf	CES	TBD	-	-	-	July 2017
HEI Parking Lot	CES	Various	104,676	104,676	-	August 2016
Various Lockers	CES	9111700003	48,650	48,650	-	October 2016
HEI Snack Bar	CES	9111700008	176,102	176,102	-	September 2016
Commons Additional Seating	CES	TBD	-	-	-	August 2017
Various Marquees	CES	Various	70,946	64,938	6,008	November 2016
			<u>\$ 460,170</u>	<u>\$ 444,164</u>	<u>\$ 16,006</u>	

NOTE 16. Restricted Net position

The government-wide statement of net position reports \$2,201,084 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 45 and 86-90.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 17. Subsequent Pronouncements

In April 2015, GASB issued Government Accounting Standards Board Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, to address an issue relating to the availability of data relating to multiple-employer defined benefit plans that arose during the implementation of GASB Statement No. 68. The provisions of the statement are effective for financial statement periods beginning after December 15, 2015. The pronouncement is expected to have no effect on the District in upcoming years.

In March 2016, GASB issued Government Accounting Standards Board Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68, and No. 73. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District is evaluating the effects on the financial statement of this pronouncement.

NOTE 18. Concentrations

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

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

NOTE 19. 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. No funds were affected by this requirement as of June 30, 2016.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Notes to the Financial Statements
June 30, 2016

NOTE 20. Prior Period Restatement

During the current year, \$1,584,974 accrued as accounts payable at June 30, 2015 to the District's fund 31100 Bond Building, were expensed out of 31600 Capital Improvements HB-33 fund. The fund balances for these funds have been restated to correctly account for expenditures.

<u>The District</u>	<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
<i>Fund balance:</i>			
Bond Building (31100)	\$ 2,322	\$ 1,584,974	\$ 1,587,296
Capital Improvements HB-33 (31600)	<u>2,238,804</u>	<u>(1,584,974)</u>	<u>653,830</u>
	<u>\$ 2,241,126</u>	<u>\$ -</u>	<u>\$ 2,241,126</u>

NOTE 21. Subsequent Events

Management Review

The date to which events occurring after June 30, 2016, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements and disclosures is November 4, 2016 which is the date on which the financial statements were available to be issued.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2016

Statement A-1

	General Fund			
	Operational	Pupil Transportation	Instructional Materials	Total
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 8,482,379	\$ 11,815	\$ 716,713	\$ 9,210,907
Investments	5,598,752	-	-	5,598,752
Accounts receivable				
Taxes	36,623	-	-	36,623
Due from other governments	-	-	-	-
Interfund receivables	7,453,235	-	-	7,453,235
Inventory	306,145	-	-	306,145
<i>Total assets</i>	<u>\$ 21,877,134</u>	<u>\$ 11,815</u>	<u>\$ 716,713</u>	<u>\$ 22,605,662</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	\$ 144,431	\$ -	\$ 1,701	\$ 146,132
Accrued expenses	5,772,697	1,899	-	5,774,596
Interfund payable	330,254	-	-	330,254
<i>Total liabilities</i>	<u>6,247,382</u>	<u>1,899</u>	<u>1,701</u>	<u>6,250,982</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - delinquent property taxes	8,824	-	-	8,824
<i>Total deferred inflows of resources</i>	<u>8,824</u>	<u>-</u>	<u>-</u>	<u>8,824</u>
<i>Fund balance:</i>				
Nonspendable				
Inventory	306,145	-	-	306,145
Spendable				
Restricted for:				
Transportation	-	9,916	-	9,916
Instructional materials	-	-	715,012	715,012
Committed				
Subsequent year's expenditures	6,000,000	-	-	-
Assigned	-	-	-	-
Unassigned	9,314,783	-	-	9,314,783
<i>Total fund balance</i>	<u>15,620,928</u>	<u>9,916</u>	<u>715,012</u>	<u>16,345,856</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 21,877,134</u>	<u>\$ 11,815</u>	<u>\$ 716,713</u>	<u>\$ 22,605,662</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, 2016

Statement A-2

	General Fund			Total
	Operational	Pupil Transportation	Instructional Materials	
<i>Revenues:</i>				
Taxes - property	\$ 344,236	\$ -	\$ -	\$ 344,236
Taxes - oil and gas	239,008	-	-	239,008
Federal flowthrough	56,098	-	-	56,098
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	66,117,370	-	697,485	66,814,855
Transportation distribution	-	1,744,562	-	1,744,562
Charges for services	21,126	-	-	21,126
Investment income	20,721	-	-	20,721
Miscellaneous	51,280	-	-	51,280
<i>Total revenues</i>	<u>66,849,839</u>	<u>1,744,562</u>	<u>697,485</u>	<u>69,291,886</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	45,332,618	-	256,915	45,589,533
Support services - students	6,536,781	-	-	6,536,781
Support services - instruction	2,376,593	-	-	2,376,593
Support services - general admin.	784,871	-	-	784,871
Support services - school admin.	3,978,990	-	-	3,978,990
Central services	1,345,233	-	-	1,345,233
Operation and maintenance of plant	6,205,894	-	-	6,205,894
Student transportation	48,224	1,778,591	-	1,826,815
Food service operations	-	-	-	-
Other support services	1,688	-	-	1,688
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>66,610,892</u>	<u>1,778,591</u>	<u>256,915</u>	<u>68,646,398</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>238,947</u>	<u>(34,029)</u>	<u>440,570</u>	<u>645,488</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>	238,947	(34,029)	440,570	645,488
<i>Fund balances - beginning of year</i>	<u>15,381,981</u>	<u>43,945</u>	<u>274,442</u>	<u>15,700,368</u>
<i>Fund balances - end of year</i>	<u>\$ 15,620,928</u>	<u>\$ 9,916</u>	<u>\$ 715,012</u>	<u>\$ 16,345,856</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, 2016

Statement A-3
(Page 1 of 2)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ 338,045	\$ 338,045	\$ 342,843	\$ 4,798
Taxes - oil and gas	437,997	437,997	259,628	(178,369)
Federal flowthrough	30,000	30,000	56,098	26,098
Local grants	50,000	50,000	-	(50,000)
State flowthrough	65,869,929	66,028,727	66,109,870	81,143
Charges for services	7,000	7,000	20,676	13,676
Investment income	15,000	15,000	20,721	5,721
Miscellaneous	-	-	51,280	51,280
<i>Total revenues</i>	<u>66,747,971</u>	<u>66,906,769</u>	<u>66,861,116</u>	<u>(45,653)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	52,228,297	55,986,947	45,720,326	10,266,621
Support services - students	5,407,827	6,683,029	6,536,781	146,248
Support services - instruction	2,508,318	2,708,318	2,368,535	339,783
Support services - general admin.	833,737	1,043,737	786,071	257,666
Support services - school admin.	3,707,655	4,018,097	3,984,102	33,995
Central services	1,346,474	1,358,474	1,349,576	8,898
Operation and maintenance of plant	6,562,677	7,122,177	6,196,747	925,430
Student transportation	-	48,224	48,224	-
Other support services	152,986	152,986	40,602	112,384
Food service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>72,747,971</u>	<u>79,121,989</u>	<u>67,030,964</u>	<u>12,091,025</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,000,000)</u>	<u>(12,215,220)</u>	<u>(169,848)</u>	<u>12,045,372</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, 2016

Statement A-3
(Page 2 of 2)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,000,000)</u>	<u>(12,215,220)</u>	<u>(169,848)</u>	<u>12,045,372</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	6,000,000	12,215,220	-	(12,215,220)
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>6,000,000</u>	<u>12,215,220</u>	<u>-</u>	<u>(12,215,220)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(169,848)	(169,848)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>20,711,633</u>	<u>20,711,633</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,541,785</u>	<u>\$ 20,541,785</u>
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 238,947	
(Increase) decrease in accounts receivable			9,529	
(Increase) decrease in inventory			10,082	
Increase (decrease) in accounts payable			(397,157)	
Increase (decrease) in accrued expenses			(32,998)	
Increase (decrease) in deferred inflows			<u>1,749</u>	
Change in fund balance - budgetary basis			<u>\$ (169,848)</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, 2016

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	1,681,661	1,744,562	1,744,562	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,681,661	1,744,562	1,744,562	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	1,681,661	1,788,174	1,820,030	(31,856)
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	1,681,661	1,788,174	1,820,030	(31,856)
<i>Excess (deficiency) of revenues over expenditures</i>	-	(43,612)	(75,468)	(31,856)
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	43,612	43,280	(332)
<i>Total other financing sources (uses)</i>	-	43,612	43,280	(332)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(32,188)	(32,188)
<i>Fund balances - beginning of year</i>	-	-	242,698	242,698
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 210,510	\$ 210,510
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ (34,029)	
Increase (decrease) in non-PED accounts payable			1,841	
Change in fund balance - budgetary basis			\$ (32,188)	

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

STATE OF NEW MEXICO
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, 2016

Statement A-5

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Local grants	-	-	-	-
State flowthrough	543,054	543,054	697,485	154,431
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	543,054	543,054	697,485	154,431
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	543,054	819,614	257,413	562,201
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Student transportation	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	543,054	819,614	257,413	562,201
<i>Excess (deficiency) of revenues over expenditures</i>	-	(276,560)	440,072	716,632
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	276,560	-	(276,560)
<i>Total other financing sources (uses)</i>	-	276,560	-	(276,560)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	440,072	440,072
<i>Fund balances - beginning of year</i>	-	-	276,640	276,640
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 716,712	\$ 716,712
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 440,570	
Increase (decrease) in accounts payable			(498)	
Change in fund balance - budgetary basis			\$ 440,072	

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, 2016

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.

Title I IASA (24101) – This 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.

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.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SPECIAL REVENUE FUNDS DESCRIPTIONS
YEAR ENDED JUNE 30, 2016

SPECIAL REVENUE FUNDS (continued)

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

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

Carl 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.

Teen Dating Violence (24184) – To account for federal funding provided to the District for the purpose of educating students on the dangers of teen dating violence. Authority for the creation of this fund is Public Law 111-148.

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.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SPECIAL REVENUE FUNDS DESCRIPTIONS
YEAR ENDED JUNE 30, 2016

SPECIAL REVENUE FUNDS (continued)

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.

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, 2nd 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.

After School Enrichment Program (27168) – Funds allow for an after school enrichment program for a couple of qualifying schools, which focused on the arts. Authority for the creation of the 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, 2016

SPECIAL REVENUE FUNDS (continued)

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.

Workforce Readiness (27179) – Funds are used for vocational classes such as culinary arts to prepare the students for the workforce. 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.

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.

Teachers Hard to Staff Stipend (27195) – To account for funds used to stipend for teachers that would fill hard to staff areas, such as special education. 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, 2016

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.

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.

SB-9 Capital Improvements Local (31701) – To separate school districts schools Senate Bill 9 state match and local ad-valorem taxes. 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, 2016

	Special Revenue Funds			
	Food Service	Athletics	Title I IASA	IDEA B Entitlement
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,346,530	\$ 12,857	\$ 560,179	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	15,457	-	477,551	775,338
Interfund receivables	-	4,699	48,598	-
Inventory	66,304	-	-	-
<i>Total assets</i>	\$ 1,428,291	\$ 17,556	\$ 1,086,328	\$ 775,338
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	\$ 2,629	\$ -	\$ 6,028	\$ -
Accrued expenses	206,310	-	187,344	87,936
Interfund payable	1,862	-	900,681	684,347
<i>Total liabilities</i>	210,801	-	1,094,053	772,283
 <i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
 <i>Fund balance:</i>				
Nonspendable				
Inventory	66,304	-	-	-
Spendable				
Food services	1,151,186	-	-	-
Education	-	-	-	3,055
Extracurricular activities	-	17,556	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	(7,725)	-
<i>Total fund balance</i>	1,217,490	17,556	(7,725)	3,055
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 1,428,291	\$ 17,556	\$ 1,086,328	\$ 775,338

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

Special Revenue Funds					
IDEA B Preschool	IDEA B "Risk Pool"	English Language Acquisition	Teacher/Principal Training & Recruiting	Title I School Improvement	Immigrant Funding Title III
\$ 13,106	\$ 17,017	\$ -	\$ -	\$ 229,488	\$ -
-	-	-	-	-	-
20,388	1,483	45,274	202,652	145,407	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 33,494</u>	<u>\$ 18,500</u>	<u>\$ 45,274</u>	<u>\$ 202,652</u>	<u>\$ 374,895</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 2,950	\$ -	\$ 3,987
1,911	-	-	36,801	-	-
20,564	18,500	45,187	238,766	374,895	-
-	-	-	-	-	-
<u>22,475</u>	<u>18,500</u>	<u>45,187</u>	<u>278,517</u>	<u>374,895</u>	<u>3,987</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,019	-	87	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(75,865)	-	(3,987)
<u>11,019</u>	<u>-</u>	<u>87</u>	<u>(75,865)</u>	<u>-</u>	<u>(3,987)</u>
<u>\$ 33,494</u>	<u>\$ 18,500</u>	<u>\$ 45,274</u>	<u>\$ 202,652</u>	<u>\$ 374,895</u>	<u>\$ -</u>

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Special Revenue Funds			
	Carl D. Perkins Secondary - Current	Carl D. Perkins Redistribution	Teen Dating Violence	Title I-Federal Stimulus
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 22,024	\$ 8,099	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	17,445	1,432	2,155	-
Interfund receivables	-	-	55	9,531
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 39,469</u>	<u>\$ 9,531</u>	<u>\$ 2,210</u>	<u>\$ 9,531</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	\$ 10,016	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-
Interfund payable	23,787	9,531	2,210	9,531
<i>Total liabilities</i>	<u>33,803</u>	<u>9,531</u>	<u>2,210</u>	<u>9,531</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	14,590	-	-	-
Unavailable revenue - delinquent property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>14,590</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance:</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(8,924)	-	-	-
<i>Total fund balance</i>	<u>(8,924)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 39,469</u>	<u>\$ 9,531</u>	<u>\$ 2,210</u>	<u>\$ 9,531</u>

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

Special Revenue Funds

<u>Title XIX Medicaid</u>	<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>
\$ -	\$ 2,000	\$ 165,746	\$ 120,624	\$ 2,060	\$ 34,824
-	-	-	-	-	-
100,690	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 100,690</u>	<u>\$ 2,000</u>	<u>\$ 165,746</u>	<u>\$ 120,624</u>	<u>\$ 2,060</u>	<u>\$ 34,824</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,696	-	8,317	-	-	-
81,994	-	96,000	-	-	34,824
<u>100,690</u>	<u>-</u>	<u>104,317</u>	<u>-</u>	<u>-</u>	<u>34,824</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,000	61,429	120,624	2,060	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,000	61,429	120,624	2,060	-
<u>\$ 100,690</u>	<u>\$ 2,000</u>	<u>\$ 165,746</u>	<u>\$ 120,624</u>	<u>\$ 2,060</u>	<u>\$ 34,824</u>

HOBBS MUNICIPAL SCHOOL DISTRICT #33
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

ASSETS	Special Revenue Funds			
	2010 GO Bond Student Library	2012 GO Bond Public School Library	Reads to Lead K-3	New Mexico Pre-K Initiative
<i>Current Assets</i>				
Cash and cash equivalents	\$ 8,745	\$ -	\$ -	\$ 44,227
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	74,592	26,274	56,168
Interfund receivables	-	-	33,679	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ 8,745	74,592	\$ 59,953	\$ 100,395
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	18,967	25,441
Interfund payable	10,000	74,592	40,986	85,561
<i>Total liabilities</i>	10,000	74,592	59,953	111,002
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
<i>Fund balance:</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(1,255)	-	-	(10,607)
<i>Total fund balance</i>	(1,255)	-	-	(10,607)
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 8,745	74,592	\$ 59,953	\$ 100,395

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

Special Revenue Funds

<u>Breakfast in the Classroom</u>	<u>Kindergarten Three Plus</u>	<u>After School Enrichment Program</u>	<u>2010 GO Bond</u>	<u>Science Instructional Materials K-12</u>	<u>Workforce Readiness</u>
\$ 6,942	\$ -	\$ -	\$ 3,200	\$ 108,000	\$ -
-	-	-	-	-	-
-	119,547	5,253	-	-	10,658
-	-	47	-	-	-
-	-	-	-	-	-
<u>\$ 6,942</u>	<u>\$ 119,547</u>	<u>\$ 5,300</u>	<u>\$ 3,200</u>	<u>\$ 108,000</u>	<u>\$ 10,658</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	19,680	-	-	-	-
<u>6,942</u>	<u>99,345</u>	<u>3,802</u>	<u>3,200</u>	<u>108,000</u>	<u>10,658</u>
<u>6,942</u>	<u>119,025</u>	<u>3,802</u>	<u>3,200</u>	<u>108,000</u>	<u>10,658</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	522	1,498	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	522	1,498	-	-	-
<u>\$ 6,942</u>	<u>\$ 119,547</u>	<u>\$ 5,300</u>	<u>\$ 3,200</u>	<u>\$ 108,000</u>	<u>\$ 10,658</u>

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Special Revenue Funds			
	Stem Programs	Next Generation Assessments	College Advisor Initiative	Teachers Hard to Staff Stipend
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 253,350	\$ 113,164	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	18,250	30,375
Interfund receivables	-	-	7,342	56,775
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 253,350</u>	<u>\$ 113,164</u>	<u>\$ 25,592</u>	<u>\$ 87,150</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	6,573	-
Interfund payable	265,705	119,000	20,731	87,150
<i>Total liabilities</i>	<u>265,705</u>	<u>119,000</u>	<u>27,304</u>	<u>87,150</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable revenue - federal or state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance:</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(12,355)	(5,836)	(1,712)	-
<i>Total fund balance</i>	<u>(12,355)</u>	<u>(5,836)</u>	<u>(1,712)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 253,350</u>	<u>\$ 113,164</u>	<u>\$ 25,592</u>	<u>\$ 87,150</u>

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

Special Revenue Funds		
Community Health Program DOH	Start Smart K-3 Utah State University Study	TCA Value Options
\$ 24,450	\$ 38,659	\$ 8,268
-	-	-
-	-	-
-	-	-
<u>24,450</u>	<u>38,659</u>	<u>8,268</u>
\$ -	\$ -	\$ -
-	-	4,485
-	40,338	-
<u>-</u>	<u>40,338</u>	<u>4,485</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
24,450	-	3,783
-	-	-
-	(1,679)	-
<u>24,450</u>	<u>(1,679)</u>	<u>3,783</u>
<u>\$ 24,450</u>	<u>\$ 38,659</u>	<u>\$ 8,268</u>

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Capital Project Funds			
	Public School Capital Outlay State	Special Capital Outlay Local	Capital Improvement SB-9	Capital Improvement SB-9 Local
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 43,026	\$ 479,688	\$ -
Accounts receivable				
Taxes	-	-	137,733	-
Due from other governments	-	272	-	-
Interfund receivables	-	-	34,982	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 43,298</u>	<u>\$ 652,403</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 38,745
Accrued expenses	-	-	-	-
Interfund payable	-	-	927,473	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>927,473</u>	<u>38,745</u>
<i>Deferred Inflows of Resources:</i>				
state grants	-	-	-	-
Unavailable revenue - delinquent property taxes	-	-	49,668	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>49,668</u>	<u>-</u>
<i>Fund balance:</i>				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Food services	-	-	-	-
Education	-	-	-	-
Extracurricular activities	-	-	-	-
Capital acquisitions and improvements	-	43,298	-	-
Unassigned	-	-	(324,738)	(38,745)
<i>Total fund balance</i>	<u>-</u>	<u>43,298</u>	<u>(324,738)</u>	<u>(38,745)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 43,298</u>	<u>\$ 652,403</u>	<u>\$ -</u>

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

Total Nonmajor
Government
Funds

\$ 3,666,273

137,733
2,146,661
195,708
66,304

\$ 6,212,679

\$ 64,355
622,461
4,446,162

5,132,978

14,590
49,668

64,258

66,304

1,151,186
206,077
42,006

43,298
(493,428)

1,015,443

\$ 6,212,679

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, 2016

Special Revenue Funds

	Food Service	Athletics	Title I IASA	IDEA B Entitlement
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Federal flowthrough	3,119,795	-	2,019,338	1,670,407
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	1,126,051	209,426	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,245,846</u>	<u>209,426</u>	<u>2,019,338</u>	<u>1,670,407</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	230,637	1,857,657	108,348
Support services - students	-	-	-	673,208
Support services - instruction	-	-	-	-
Support services - general admin.	-	-	44,176	-
Support services - school admin.	-	-	130,542	888,851
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food service operations	4,049,997	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>4,049,997</u>	<u>230,637</u>	<u>2,032,375</u>	<u>1,670,407</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>195,849</u>	<u>(21,211)</u>	<u>(13,037)</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>	195,849	(21,211)	(13,037)	-
<i>Fund balances - beginning of year</i>	<u>1,021,641</u>	<u>38,767</u>	<u>5,312</u>	<u>3,055</u>
<i>Fund balances - end of year</i>	<u>\$ 1,217,490</u>	<u>\$ 17,556</u>	<u>\$ (7,725)</u>	<u>\$ 3,055</u>

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

Special Revenue Funds					
IDEA B Preschool	IDEA B "Risk Pool"	English Language Acquisition	Teacher/Principal Training & Recruiting	Title I School Improvement	Immigrant Funding Title III
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
81,350	1,483	184,917	373,354	191,480	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>81,350</u>	<u>1,483</u>	<u>184,917</u>	<u>373,354</u>	<u>191,480</u>	<u>-</u>
-	-	99,026	330,090	191,480	3,987
21,993	-	-	-	-	-
-	-	-	-	-	-
-	-	2,014	9,081	-	-
48,338	1,483	1,631	36,455	-	-
-	-	-	15,168	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>70,331</u>	<u>1,483</u>	<u>102,671</u>	<u>390,794</u>	<u>191,480</u>	<u>3,987</u>
<u>11,019</u>	<u>-</u>	<u>82,246</u>	<u>(17,440)</u>	<u>-</u>	<u>(3,987)</u>
-	-	-	-	-	-
-	-	-	-	-	-
11,019	-	82,246	(17,440)	-	(3,987)
-	-	(82,159)	(58,425)	-	-
<u>\$ 11,019</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ (75,865)</u>	<u>\$ -</u>	<u>\$ (3,987)</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, 2016

Special Revenue Funds

	Carl D. Perkins Secondary - Current	Carl D. Perkins Redistribution	Teen Dating Violence	Title I-Federal Stimulus
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Federal flowthrough	11,530	1,432	3,996	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	31,861	-	-	-
<i>Total revenues</i>	<u>43,391</u>	<u>1,432</u>	<u>3,996</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	49,046	1,404	3,996	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin.	799	28	-	-
Support services - school admin.	1,712	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>51,557</u>	<u>1,432</u>	<u>3,996</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,166)</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>	(8,166)	-	-	-
<i>Fund balances - beginning of year</i>	<u>(758)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ (8,924)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

Title XIX Medicaid	Secondary Ag Education	J.F. Maddox Foundation	Bridge for Southern New Mexico	Microsoft Settlement Funds	Dual Credit Instructional Materials HB-2
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
258,556	-	-	-	-	-
-	-	214,351	20,674	-	-
-	-	-	-	-	36,382
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>258,556</u>	<u>-</u>	<u>214,351</u>	<u>20,674</u>	<u>-</u>	<u>36,382</u>
-	-	32,570	-	-	31,257
252,254	-	10	-	-	-
-	-	115,000	-	-	-
-	-	165,140	-	-	-
-	-	213	-	-	-
-	-	-	-	-	-
6,302	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>258,556</u>	<u>-</u>	<u>312,933</u>	<u>-</u>	<u>-</u>	<u>31,257</u>
-	-	(98,582)	20,674	-	5,125
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(98,582)	20,674	-	5,125
-	2,000	160,011	99,950	2,060	(5,125)
<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 61,429</u>	<u>\$ 120,624</u>	<u>\$ 2,060</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, 2016

	Special Revenue Funds			
	2010 GO Bond Student Library	2012 GO Bond Public School Library	Reads to Lead K-3	New Mexico Pre-K Initiative
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	74,592	194,879	240,677
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>74,592</u>	<u>194,879</u>	<u>240,677</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	176,879	240,677
Support services - students	-	-	-	-
Support services - instruction	-	74,592	-	-
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>74,592</u>	<u>176,879</u>	<u>240,677</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>18,000</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>	-	-	18,000	-
<i>Fund balances - beginning of year</i>	<u>(1,255)</u>	<u>-</u>	<u>(18,000)</u>	<u>(10,607)</u>
<i>Fund balances - end of year</i>	<u>\$ (1,255)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,607)</u>

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

Special Revenue Funds

Breakfast in the Classroom	Kindergarten Three Plus	After School Enrichment Program	2010 GOB	Science Instructional Materials K-12	Workforce Readiness
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	499,089	44,932	-	-	93,471
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	499,089	44,932	-	-	93,471
-	403,273	39,201	-	-	-
-	-	-	-	-	93,471
-	-	-	-	-	-
-	-	4,233	-	-	-
-	4,886	-	-	-	-
-	-	-	-	-	-
-	460	-	-	-	-
-	90,470	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	499,089	43,434	-	-	93,471
-	-	1,498	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,498	-	-	-
-	522	-	-	-	-
\$ -	\$ 522	\$ 1,498	\$ -	\$ -	\$ -

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, 2016

	Special Revenue Funds			
	Stem Programs	Next Generation Assessments	College Advisor Initiative	Teachers Hard to Staff Stipend
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	72,900	-	32,508	30,375
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
	<i>Total revenues</i>	-	32,508	30,375
<i>Expenditures:</i>				
Current:				
Instruction	72,900	-	-	30,375
Support services - students	-	-	34,202	-
Support services - instruction	-	-	-	-
Support services - general admin.	-	-	-	-
Support services - school admin.	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
	<i>Total expenditures</i>	-	34,202	30,375
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,694)	-
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	-	-
	<i>Total other financing sources (uses)</i>	-	-	-
<i>Net changes in fund balances</i>	-	-	(1,694)	-
<i>Fund balances - beginning of year</i>	(12,355)	(5,836)	(18)	-
<i>Fund balances - end of year</i>	\$ (12,355)	\$ (5,836)	\$ (1,712)	\$ -

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

Special Revenue Funds		
Community Health Program DOH	Start Smart K-3 Utah State University Study	TCA Value Options
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	79,431	59,000
-	-	-
-	-	-
-	-	-
-	-	-
-	79,431	59,000
-	62,984	-
-	-	-
-	-	-
-	-	58,943
-	-	-
-	16,447	-
-	-	-
-	-	-
-	79,431	58,943
-	-	57
-	-	-
-	-	-
-	-	57
24,450	(1,679)	3,726
\$ 24,450	\$ (1,679)	\$ 3,783

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, 2016

	Capital Project Funds			
	Public School Capital Outlay State	Special Capital Outlay Local	Capital Improvement SB-9	Capital Improvement SB-9 Local
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ 1,731,072	\$ -
Taxes - oil and gas	-	-	956,032	-
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	1,961	-	-
State flowthrough	106,657	-	205,336	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	9	3	-
Miscellaneous	-	-	24,947	-
<i>Total revenues</i>	<u>106,657</u>	<u>1,970</u>	<u>2,917,390</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin.	-	-	17,231	-
Support services - school admin.	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	10,451
Student transportation	-	-	-	-
Food service operations	-	-	-	-
Facilities acquisition and construction	106,657	-	4,118,029	28,294
<i>Total expenditures</i>	<u>106,657</u>	<u>-</u>	<u>4,135,260</u>	<u>38,745</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>1,970</u>	<u>(1,217,870)</u>	<u>(38,745)</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>	-	1,970	(1,217,870)	(38,745)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>41,328</u>	<u>893,132</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 43,298</u>	<u>\$ (324,738)</u>	<u>\$ (38,745)</u>

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

Total Nonmajor Government Funds	
\$	1,731,072
	956,032
	7,659,082
	258,556
	236,986
	1,631,798
	138,431
	1,335,477
	12
	56,808
	<u>14,004,254</u>
	3,965,787
	1,075,138
	189,592
	242,702
	1,173,054
	15,168
	17,213
	106,917
	4,049,997
	4,252,980
	<u>15,088,548</u>
	<u>(1,084,294)</u>
	-
	-
	(1,084,294)
	<u>2,099,737</u>
\$	<u><u>1,015,443</u></u>

STATE OF NEW MEXICO

Statement B-1

HOBBS MUNICIPAL SCHOOL DISTRICT #33

FOOD SERVICE SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 2,951,300	\$ 2,951,300	\$ 2,827,477	\$ (123,823)
Local grants	-	-	-	-
Charges for services	1,246,500	1,246,500	1,126,051	(120,449)
<i>Total revenues</i>	<u>4,197,800</u>	<u>4,197,800</u>	<u>3,953,528</u>	<u>(244,272)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Food service operations	4,197,800	5,130,550	3,741,099	1,389,451
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>4,197,800</u>	<u>5,130,550</u>	<u>3,741,099</u>	<u>1,389,451</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(932,750)</u>	<u>212,429</u>	<u>1,145,179</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	932,750	-	(932,750)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>932,750</u>	<u>-</u>	<u>(932,750)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>212,429</u>	<u>212,429</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,110,870</u>	<u>1,110,870</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,299</u>	<u>\$ 1,323,299</u>
<i>Reconciliation to GAAP basis:</i>				
Change in fund balance - GAAP Basis			\$ 195,849	
(Increase) decrease in accounts receivable			(15,457)	
(Increase) decrease in inventory			24,691	
Increase (decrease) in accounts payable			2,629	
Increase (decrease) in accrued expenses			4,717	
Change in fund balance - budgetary basis			<u>\$ 212,429</u>	

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

STATE OF NEW MEXICO

Statement B-2

HOBBS MUNICIPAL SCHOOL DISTRICT #33

ATHLETICS SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	200,001	200,001	209,426	9,425
Investment income	-	-	-	-
<i>Total revenues</i>	<u>200,001</u>	<u>200,001</u>	<u>209,426</u>	<u>9,425</u>
<i>Expenditures:</i>				
Current:				
Instruction	200,001	234,151	230,637	3,514
Support services - students	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>200,001</u>	<u>234,151</u>	<u>230,637</u>	<u>3,514</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(34,150)</u>	<u>(21,211)</u>	<u>12,939</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	34,150	-	(34,150)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>34,150</u>	<u>-</u>	<u>(34,150)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(21,211)	(21,211)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>38,767</u>	<u>38,767</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,556</u>	<u>\$ 17,556</u>
Change in fund balance - GAAP Basis			<u>\$ (21,211)</u>	
Change in fund balance - budgetary basis			<u>\$ (21,211)</u>	

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

STATE OF NEW MEXICO

Statement B-3

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 1,659,989	\$ 2,306,178	\$ 2,168,714	\$ (137,464)
Federal direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>1,659,989</u>	<u>2,306,178</u>	<u>2,168,714</u>	<u>(137,464)</u>
<i>Expenditures:</i>				
Current:				
Instruction	1,491,908	2,094,200	1,854,522	239,678
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	51,369	65,527	44,176	21,351
Support services - school administration	116,712	146,451	131,660	14,791
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	<u>1,659,989</u>	<u>2,306,178</u>	<u>2,030,358</u>	<u>275,820</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>138,356</u>	<u>138,356</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>138,356</u>	<u>138,356</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(476,753)</u>	<u>(476,753)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (338,397)</u>	<u>\$ (338,397)</u>
Change in fund balance - GAAP Basis			\$ (13,037)	
(Increase) decrease in accounts receivable			149,376	
Increase (decrease) in accounts payable			<u>2,017</u>	
Change in fund balance - budgetary basis			<u>\$ 138,356</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, 2016

Statement B-4

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 1,758,797	\$ 3,591,676	\$ 1,417,964	\$ (2,173,712)
Federal direct	-	-	-	-
Local grants	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	1,758,797	3,591,676	1,417,964	(2,173,712)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	284,442	284,442	108,348	176,094
Support services - students	895,902	895,902	673,208	222,694
Support services - instruction	-	-	-	-
Support services - general administration	409,375	-	-	-
Support services - school administration	169,078	2,411,332	888,851	1,522,481
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	1,758,797	3,591,676	1,670,407	1,921,269
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(252,443)	(252,443)
<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>	-	-	(252,443)	(252,443)
<i>Fund balances - beginning of year</i>	-	-	(429,024)	(429,024)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (681,467)	\$ (681,467)
Change in fund balance - GAAP Basis			\$ -	
(Increase) decrease in accounts receivable			(252,443)	
Change in fund balance - budgetary basis			\$ (252,443)	

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

STATE OF NEW MEXICO

Statement B-5

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 60,148	\$ 104,425	\$ 74,013	\$ (30,412)
Federal direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>60,148</u>	<u>104,425</u>	<u>74,013</u>	<u>(30,412)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	33,659	33,659	21,993	11,666
Support services - general administration	-	-	-	-
Support services - school administration	26,489	70,766	48,338	22,428
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>60,148</u>	<u>104,425</u>	<u>70,331</u>	<u>34,094</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,682</u>	<u>3,682</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>3,682</u>	<u>3,682</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(11,792)</u>	<u>(11,792)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,110)</u>	<u>\$ (8,110)</u>
Change in fund balance - GAAP Basis			\$ 11,019	
(Increase) decrease in accounts receivable			<u>(7,337)</u>	
Change in fund balance - budgetary basis			<u>\$ 3,682</u>	

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

STATE OF NEW MEXICO

Statement B-6

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ 1,849	\$ 1,959	\$ 110
Federal direct	-	-	-	-
Local grants	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	1,849	1,959	110
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	1,849	1,483	366
<i>Total expenditures</i>	-	1,849	1,483	366
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	476	476
<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>	-	-	476	476
<i>Fund balances - beginning of year</i>	-	-	(1,959)	(1,959)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (1,483)	\$ (1,483)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - 476	
Change in fund balance - budgetary basis			\$ 476	

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

STATE OF NEW MEXICO

Statement B-7

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 159,894	\$ 260,937	\$ 139,643	\$ (121,294)
Federal direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>159,894</u>	<u>260,937</u>	<u>139,643</u>	<u>(121,294)</u>
<i>Expenditures:</i>				
Current:				
Instruction	146,759	247,802	99,026	148,776
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	3,135	3,135	2,013	1,122
Support services - school administration	10,000	10,000	1,631	8,369
Central services	-	-	-	-
<i>Total expenditures</i>	<u>159,894</u>	<u>260,937</u>	<u>102,670</u>	<u>158,267</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>36,973</u>	<u>36,973</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>	-	-	36,973	36,973
<i>Fund balances - beginning of year</i>	-	-	(75,466)	(75,466)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,493)</u>	<u>\$ (38,493)</u>
Change in fund balance - GAAP Basis			\$ 82,246	
(Increase) decrease in accounts receivable			37,981	
Increase (decrease) in deferred inflows			<u>(83,254)</u>	
Change in fund balance - budgetary basis			<u>\$ 36,973</u>	

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

STATE OF NEW MEXICO

Statement B-8

HOBBS MUNICIPAL SCHOOL DISTRICT #33

TEACHER/PRINCIPAL TRAINING 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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 305,222	\$ 469,139	\$ 563,693	\$ 94,554
Transportation distribution	-	-	-	-
<i>Total revenues</i>	<u>305,222</u>	<u>469,139</u>	<u>563,693</u>	<u>94,554</u>
<i>Expenditures:</i>				
Current:				
Instruction	268,491	342,408	319,451	22,957
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	10,368	10,368	9,081	1,287
Support services - school administration	18,747	63,747	42,678	21,069
Central services	7,616	52,616	15,168	37,448
<i>Total expenditures</i>	<u>305,222</u>	<u>469,139</u>	<u>386,378</u>	<u>82,761</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>177,315</u>	<u>177,315</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>177,315</u>	<u>177,315</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(411,155)</u>	<u>(411,155)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (233,840)</u>	<u>\$ (233,840)</u>
Change in fund balance - GAAP Basis			\$ (17,440)	
(Increase) decrease in accounts receivable			190,339	
Increase (decrease) in accounts payable			(8,232)	
Increase (decrease) in accrued expenses			<u>12,648</u>	
Change in fund balance - budgetary basis			<u>\$ 177,315</u>	

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

STATE OF NEW MEXICO

Statement B-9

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ 222,000	\$ 46,073	\$ (175,927)
Federal direct	-	-	-	-
Local grants	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>222,000</u>	<u>46,073</u>	<u>(175,927)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	218,300	191,480	26,820
Support services - students	-	-	-	-
Support services - instruction	-	3,700	-	3,700
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>222,000</u>	<u>191,480</u>	<u>30,520</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(145,407)</u>	<u>(145,407)</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>(145,407)</u>	<u>(145,407)</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>\$ (145,407)</u>	<u>\$ (145,407)</u>
Change in fund balance - GAAP Basis			\$ -	
(Increase) decrease in accounts receivable			<u>(145,407)</u>	
Change in fund balance - budgetary basis			<u>\$ (145,407)</u>	

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

STATE OF NEW MEXICO

Statement B-10

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ 5,242	\$ 39,758	\$ 34,516
Federal direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	5,242	39,758	34,516
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	5,242	-	5,242
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	-	5,242	-	5,242
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	39,758	39,758
<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>	-	-	39,758	39,758
<i>Fund balances - beginning of year</i>	-	-	(39,758)	(39,758)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Change in fund balance - GAAP Basis			\$ (3,987)	
(Increase) decrease in accounts receivable			39,758	
Increase (decrease) in accounts payable			3,987	
Change in fund balance - budgetary basis			\$ 39,758	

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

STATE OF NEW MEXICO

Statement B-11

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ 67,436	\$ 76,458	\$ 41,498	\$ (34,960)
Federal direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	31,861	31,861
<i>Total revenues</i>	<u>67,436</u>	<u>76,458</u>	<u>73,359</u>	<u>(3,099)</u>
<i>Expenditures:</i>				
Current:				
Instruction	60,436	69,458	41,842	27,616
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	2,000	2,000	799	1,201
Support services - school administration	5,000	5,000	1,712	3,288
Operation and maintenance of plant	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>67,436</u>	<u>76,458</u>	<u>44,353</u>	<u>32,105</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>29,006</u>	<u>29,006</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>29,006</u>	<u>29,006</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(30,770)</u>	<u>(30,770)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,764)</u>	<u>\$ (1,764)</u>
Change in fund balance - GAAP Basis			\$ (8,166)	
(Increase) decrease in accounts receivable			15,378	
Increase (decrease) in accounts payable			7,204	
Increase (decrease) in deferred revenue			14,590	
Change in fund balance - budgetary basis			<u>\$ 29,006</u>	

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

STATE OF NEW MEXICO

Statement B-12

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ 13,171	\$ -	\$ (13,171)
Federal direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>13,171</u>	<u>-</u>	<u>(13,171)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	12,544	1,404	11,140
Support services - general administration	-	627	28	599
Support services - school administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>13,171</u>	<u>1,432</u>	<u>11,739</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,432)</u>	<u>(1,432)</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>(1,432)</u>	<u>(1,432)</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>\$ (1,432)</u>	<u>\$ (1,432)</u>
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - <u>(1,432)</u>	
Change in fund balance - budgetary basis			<u>\$ (1,432)</u>	

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

STATE OF NEW MEXICO

Statement B-13

HOBBS MUNICIPAL SCHOOL DISTRICT #33

TEEN DATING VIOLENCE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal direct	\$ -	\$ 16,350	\$ 1,841	\$ (14,509)
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>16,350</u>	<u>1,841</u>	<u>(14,509)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	15,300	3,996	11,304
Support services - students	-	-	-	-
Support services - school administration	-	1,050	-	1,050
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>16,350</u>	<u>3,996</u>	<u>12,354</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,155)</u>	<u>(2,155)</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>(2,155)</u>	<u>(2,155)</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>\$ (2,155)</u>	<u>\$ (2,155)</u>
Change in fund balance - GAAP Basis			\$ -	
(Increase) decrease in accounts receivable			<u>(2,155)</u>	
Change in fund balance - budgetary basis			<u>\$ (2,155)</u>	

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

STATE OF NEW MEXICO

Statement B-14

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, 2016

	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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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>	<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)	-	-	-	-
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>-</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

Statement B-15

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal direct	\$ 262,507	\$ 262,507	\$ 157,866	\$ (104,641)
Federal direct	-	-	-	-
<i>Total revenues</i>	<u>262,507</u>	<u>262,507</u>	<u>157,866</u>	<u>(104,641)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	256,144	256,144	252,254	3,890
Central services	-	-	-	-
Food service operations	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>262,507</u>	<u>262,507</u>	<u>258,556</u>	<u>3,951</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(100,690)</u>	<u>(100,690)</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>(100,690)</u>	<u>(100,690)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>25,498</u>	<u>25,498</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,192)</u>	<u>\$ (75,192)</u>
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - <u>(100,690)</u>	
Change in fund balance - budgetary basis			<u>\$ (100,690)</u>	

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

STATE OF NEW MEXICO

Statement B-16

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal direct	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
<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)	-	-	-	-
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>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</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
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, 2016

Statement B-17

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	2,824,631	2,824,631	214,351	(2,610,280)
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>2,824,631</u>	<u>2,824,631</u>	<u>214,351</u>	<u>(2,610,280)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,549,933	2,434,884	62,594	2,372,290
Support services - students	49,354	48,354	10	48,344
Support services - instruction	-	115,000	115,000	-
Support services - general administration	225,344	225,344	165,140	60,204
Support services - school administration	-	1,049	213	836
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>2,824,631</u>	<u>2,824,631</u>	<u>342,957</u>	<u>2,481,674</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(128,606)</u>	<u>(128,606)</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>(128,606)</u>	<u>(128,606)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>198,348</u>	<u>198,348</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,742</u>	<u>\$ 69,742</u>
Change in fund balance - GAAP Basis			\$ (98,582)	
Increase (decrease) in accounts payable			(31,375)	
Increase (decrease) in accrued expenses			<u>1,351</u>	
Change in fund balance - budgetary basis			<u>\$ (128,606)</u>	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
BRIDGE FOR SOUTHERN NEW MEXICO SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

Statement B-18

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	20,674	20,674
State flowthrough	-	-	-	-
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	-	20,674	20,674
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	20,674	20,674
<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>	-	-	20,674	20,674
<i>Fund balances - beginning of year</i>	-	-	99,950	99,950
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 120,624	\$ 120,624
Change in fund balance - GAAP Basis			\$ 20,674	
Change in fund balance - budgetary basis			\$ 20,674	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
MICROSOFT SETTLEMENT FUNDS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

Statement B-19

	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>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
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>	-	-	2,060	2,060
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 2,060	\$ 2,060
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
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, 2016

Statement B-20

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	36,359	36,382	23
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	36,359	36,382	23
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	36,359	36,359	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	-	36,359	36,359	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	23	23
<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>	-	-	23	23
<i>Fund balances - beginning of year</i>	-	-	(23)	(23)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Change in fund balance - GAAP Basis			\$ 5,125	
Increase (decrease) in accounts payable			(5,102)	
Change in fund balance - budgetary basis			\$ 23	

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

STATE OF NEW MEXICO
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, 2016

Statement B-21

	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>	-	-	-	-
<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>	-	-	-	-
<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>	-	-	(1,255)	(1,255)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (1,255)	\$ (1,255)
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
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, 2016

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	84,318	80,961	3,337	(77,624)
State direct	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	84,318	80,961	3,337	(77,624)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	84,318	80,961	74,592	6,369
Support services - general administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	84,318	80,961	74,592	6,369
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(71,255)	(71,255)
<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>	-	-	(71,255)	(71,255)
<i>Fund balances - beginning of year</i>	-	-	(3,337)	(3,337)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (74,592)	\$ (74,592)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - (71,255)	
Change in fund balance - budgetary basis			\$ (71,255)	

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, 2016

Statement B-23

	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	196,265	1,265
Investment income	-	-	-	-
<i>Total revenues</i>	<u>195,000</u>	<u>195,000</u>	<u>196,265</u>	<u>1,265</u>
<i>Expenditures:</i>				
Current:				
Instruction	195,000	195,000	194,879	121
Support services - students	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>195,000</u>	<u>195,000</u>	<u>194,879</u>	<u>121</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,386</u>	<u>1,386</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>1,386</u>	<u>1,386</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(27,660)</u>	<u>(27,660)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,274)</u>	<u>\$ (26,274)</u>
Change in fund balance - GAAP Basis			\$ 18,000	
(Increase) decrease in accounts receivable			1,386	
Increase (decrease) in accounts payable			<u>(18,000)</u>	
Change in fund balance - budgetary basis			<u>\$ 1,386</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, 2016

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	-	-	184,509	184,509
Investment income	-	-	-	-
<i>Total revenues</i>	-	-	184,509	184,509
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	240,677	(240,677)
Support services - students	-	-	-	-
Support services - school administration	-	-	-	-
Student transportation	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	-	-	240,677	(240,677)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(56,168)	(56,168)
<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>	-	-	(56,168)	(56,168)
<i>Fund balances - beginning of year</i>	-	-	19,820	19,820
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (36,348)	\$ (36,348)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - (56,168)	
Change in fund balance - budgetary basis			\$ (56,168)	

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

STATE OF NEW MEXICO
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, 2016

Statement B-25

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
State flowthrough	-	12,526	-	(12,526)
Investment income	-	-	-	-
<i>Total revenues</i>	-	12,526	-	(12,526)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Food service operations	-	12,526	-	12,526
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	-	12,526	-	12,526
<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			\$ -	
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
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, 2016

Statement B-26

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	394,765	537,752	440,252	(97,500)
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	394,765	537,752	440,252	(97,500)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	300,456	414,630	403,273	11,357
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	4,895	4,886	9
Central services	10,000	10,000	460	9,540
Operation and maintenance of plant	-	-	-	-
Student transportation	84,309	108,227	90,470	17,757
Other support services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	394,765	537,752	499,089	38,663
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(58,837)	(58,837)
<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>	-	-	(58,837)	(58,837)
<i>Fund balances - beginning of year</i>	-	-	(60,188)	(60,188)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (119,025)	\$ (119,025)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - (58,837)	
Change in fund balance - budgetary basis			\$ (58,837)	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
AFTER SCHOOL ENRICHMENT 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, 2016

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	-	49,431	39,679	(9,752)
Investment income	-	-	-	-
<i>Total revenues</i>	-	49,431	39,679	(9,752)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	39,202	39,202	-
Support services - students	-	-	-	-
Support services - instruction	-	10,229	4,233	5,996
Debt service	-	-	-	-
<i>Total expenditures</i>	-	49,431	43,435	5,996
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(3,756)	(3,756)
<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>	-	-	(3,756)	(3,756)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (3,756)	\$ (3,756)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ 1,498 (5,254)	
Change in fund balance - budgetary basis			\$ (3,756)	

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, 2016

Statement B-28

	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>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Debt service	-	-	-	-
<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			\$ -	
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
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, 2016

Statement B-29

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
<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			\$ -	
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
WORKFORCE READINESS 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, 2016

Statement B-30

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	100,000	82,813	(17,187)
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	100,000	82,813	(17,187)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	100,000	93,471	6,529
Support services - instruction	-	-	-	-
<i>Total expenditures</i>	-	100,000	93,471	6,529
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(10,658)	(10,658)
<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>	-	-	(10,658)	(10,658)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (10,658)	\$ (10,658)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - (10,658)	
Change in fund balance - budgetary basis			\$ (10,658)	

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, 2016

Statement B-31

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	72,900	72,900	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	72,900	72,900	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	72,900	72,900	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	72,900	72,900	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
(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>	-	-	(12,355)	(12,355)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (12,355)	\$ (12,355)
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
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, 2016

Statement B-32

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service	-	-	-	-
<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>	-	-	(5,836)	(5,836)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (5,836)	\$ (5,836)
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
COLLEGE ADVISOR 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, 2016

Statement B-33

	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	-	32,500	36,080	3,580
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	32,500	36,080	3,580
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	32,500	32,490	10
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school administration	-	-	-	-
<i>Total expenditures</i>	-	32,500	32,490	10
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	3,590	3,590
<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>	-	-	3,590	3,590
<i>Fund balances - beginning of year</i>	-	-	(21,840)	(21,840)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (18,250)	\$ (18,250)
Change in fund balance - GAAP Basis			\$ (1,694)	
(Increase) decrease in accounts receivable			3,572	
Increase (decrease) in accrued expenses			1,712	
Change in fund balance - budgetary basis			\$ 3,590	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
TEACHERS HARD TO STAFF STIPEND 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, 2016

Statement B-34

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	30,375	-	(30,375)
State direct	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	30,375	-	(30,375)
<i>Expenditures:</i>				
Current:				
Instruction	-	30,375	30,375	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school administration	-	-	-	-
<i>Total expenditures</i>	-	30,375	30,375	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(30,375)	(30,375)
<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>	-	-	(30,375)	(30,375)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (30,375)	\$ (30,375)
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ - (30,375)	
Change in fund balance - budgetary basis			\$ (30,375)	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
COMMUNITY HEALTH PROGRAM DOH SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

Statement B-35

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
Taxes - gross receipts	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school administration	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues</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>	-	-	24,450	24,450
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 24,450	\$ 24,450
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
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, 2016

Statement B-36

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
State direct	\$ -	\$ 79,431	\$ 79,431	\$ -
Combined local/state	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
<i>Total revenues</i>	-	79,431	79,431	-
<i>Expenditures:</i>				
Current:				
Instruction	-	62,983	62,983	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	16,448	16,448	-
<i>Total expenditures</i>	-	79,431	79,431	-
<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>	-	-	(1,679)	(1,679)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (1,679)	\$ (1,679)
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
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, 2016

Statement B-37

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	59,000	124,464	65,464
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	59,000	124,464	65,464
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	59,000	58,943	57
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
<i>Total expenditures</i>	-	59,000	58,943	57
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	65,521	65,521
<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>	-	-	65,521	65,521
<i>Fund balances - beginning of year</i>	-	-	(57,624)	(57,624)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 7,897	\$ 7,897
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ 57 65,464	
Change in fund balance - budgetary basis			\$ 65,521	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
BOND BUILDING CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

Statement B-38

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	-	-	-	-
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	25	25
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	25	25
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Facilities acquisition and construction	-	2,608,190	1,014,438	1,593,752
Debt service	-	-	-	-
<i>Total expenditures</i>	-	2,608,190	1,014,438	1,593,752
<i>Excess (deficiency) of revenues over expenditures</i>	-	(2,608,190)	(1,014,413)	1,593,777
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	2,608,190	-	2,608,190
<i>Total other financing sources (uses)</i>	-	2,608,190	-	2,608,190
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(1,014,413)	4,201,967
<i>Fund balances - beginning of year</i>	-	-	2,603,714	2,603,714
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 1,589,301	\$ 6,805,681
Change in fund balance - GAAP Basis			\$ 25	
(Increase) decrease in accounts receivable			1,584,974	
Increase (decrease) in accounts payable			(2,599,412)	
Change in fund balance - budgetary basis			\$ (1,014,413)	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
PUBLIC SCHOOL CAPITAL OUTLAY CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

Statement B-39

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</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			\$ -	
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
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, 2016

Statement B-40

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local grants	-	-	1,689	1,689
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	8	8
<i>Total revenues</i>	-	-	1,697	1,697
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food service operations	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,697	1,697
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>	-	-	1,697	1,697
<i>Fund balances - beginning of year</i>	-	-	41,328	41,328
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 43,025	\$ 43,025
Change in fund balance - GAAP Basis (Increase) decrease in accounts receivable			\$ 1,970 (273)	
Change in fund balance - budgetary basis			\$ 1,697	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
CAPITAL IMPROVEMENTS HB-33 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

Statement B-41

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	6,739,683	6,739,683	5,523,219	(1,216,464)
Taxes - gross receipts	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	119,858	119,858
<i>Total revenues</i>	<u>6,739,683</u>	<u>6,739,683</u>	<u>5,643,077</u>	<u>(1,096,606)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	32,358	34,858	34,462	396
Support services - school administration	-	-	-	-
Facilities acquisition and construction	6,707,325	8,967,033	8,811,336	155,697
<i>Total expenditures</i>	<u>6,739,683</u>	<u>9,001,891</u>	<u>8,845,798</u>	<u>156,093</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,262,208)</u>	<u>(3,202,721)</u>	<u>(940,513)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	2,262,208	-	(2,262,208)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,262,208</u>	<u>-</u>	<u>(2,262,208)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,202,721)</u>	<u>(3,202,721)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,262,208</u>	<u>2,262,208</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (940,513)</u>	<u>\$ (940,513)</u>
Change in fund balance - GAAP Basis			\$ (1,529,955)	
(Increase) decrease in accounts receivable			123,346	
Increase (decrease) in accounts payable			(1,821,800)	
Increase (decrease) in deferred inflows			25,688	
Change in fund balance - budgetary basis			<u>\$ (3,202,721)</u>	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SB-9 CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

Statement B-42

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 3,370,193	\$ 3,370,193	\$ 2,761,628	\$ (608,565)
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	212,704	205,336	(7,368)
Charges for services	-	-	-	-
Investment income	-	-	3	3
Miscellaneous	-	-	24,947	24,947
<i>Total revenues</i>	<u>3,370,193</u>	<u>3,582,897</u>	<u>2,991,914</u>	<u>(590,983)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	14,500	14,500	17,231	(2,731)
Support services - school administration	-	-	-	-
Community service operations	-	-	-	-
Facilities acquisition and construction	3,355,693	4,743,832	4,562,921	180,911
<i>Total expenditures</i>	<u>3,370,193</u>	<u>4,758,332</u>	<u>4,580,152</u>	<u>178,180</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,175,435)</u>	<u>(1,588,238)</u>	<u>(412,803)</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>(1,175,435)</u>	<u>(1,588,238)</u>	<u>(412,803)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,175,435</u>	<u>1,175,435</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (1,175,435)</u>	<u>\$ (412,803)</u>	<u>\$ 762,632</u>
Change in fund balance - GAAP Basis			\$ (1,217,870)	
(Increase) decrease in accounts receivable			267,024	
Increase (decrease) in accounts payable			(444,893)	
Increase (decrease) in deferred inflows			(192,499)	
Change in fund balance - budgetary basis			<u>\$ (1,588,238)</u>	

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

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SB-9 CAPITAL IMPROVEMENTS 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, 2016

Statement B-43

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
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			\$ (38,745)	
Increase (decrease) in accounts payable			38,745	
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
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

Statement B-44

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes - property	\$ -	\$ -	\$ -	\$ -
Taxes - oil and gas	7,992,795	7,992,795	5,288,602	(2,704,193)
Taxes - gross receipts	-	-	-	-
Combined local/state	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	478,335	478,335
Miscellaneous	-	-	24,947	24,947
<i>Total revenues</i>	<u>7,992,795</u>	<u>7,992,795</u>	<u>5,791,884</u>	<u>(2,200,911)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	79,928	79,928	34,108	45,820
Support services - school administration	-	-	-	-
Debt service	24,405,344	24,405,344	7,152,824	17,252,520
Facilities acquisition and construction	-	-	-	-
<i>Total expenditures</i>	<u>24,485,272</u>	<u>24,485,272</u>	<u>7,186,932</u>	<u>17,298,340</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16,492,477)</u>	<u>(16,492,477)</u>	<u>(1,395,048)</u>	<u>15,097,429</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	<u>16,492,477</u>	<u>16,492,477</u>	-	<u>(16,492,477)</u>
<i>Total other financing sources (uses)</i>	<u>16,492,477</u>	<u>16,492,477</u>	-	<u>(16,492,477)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(1,395,048)	(1,395,048)
<i>Fund balances - beginning of year</i>	-	-	<u>18,695,409</u>	<u>18,695,409</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,300,361</u>	<u>\$ 17,300,361</u>
Change in fund balance - GAAP Basis			\$ (1,476,371)	
(Increase) decrease in accounts receivable			46,594	
Increase (decrease) in deferred inflows			<u>34,729</u>	
Change in fund balance - budgetary basis			<u>\$ (1,395,048)</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, 2016

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, 2016

Statement C

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Administration	\$ 20,513	\$ 56,941	\$ 49,060	\$ 28,394
Warehouse	7	-	-	7
Taos House/Federal Program	205	-	-	205
Dalton Tabor/Special Services	3,976	-	5,306	(1,330)
Athletics	169,628	102,687	112,280	160,035
TARS	16	-	-	16
Jenkins Nunan Learning Center	2,351	-	-	2,351
Superintendent	17,212	-	-	17,212
Computer Aided Instruction	23	-	-	23
Hobbs High School	333,288	236,314	245,272	324,330
Hobbs Freshman School	67,059	22,416	46,857	42,618
Heizer Junior High	53,325	129,515	156,639	26,201
Highland Junior High	169,172	270,787	269,098	170,861
Houston Junior High	153,914	273,900	252,131	175,683
Broadmoor Elementary	2,778	4,482	4,732	2,528
Edison Elementary	12,558	8,991	12,019	9,530
Jefferson Elementary	8,033	24,656	28,027	4,662
Sanger Elementary	5,070	4,418	4,203	5,286
Southern Heights Elementary	19,201	33,588	31,057	21,732
Taylor Elementary	(12,263)	5,632	4,534	(11,165)
B.T. Washington Elementary	1,512	15,072	14,835	1,750
Will Rogers Elementary	12,674	32,108	41,161	3,621
Coronado Elementary	9,076	20,145	24,013	5,207
Mills Elementary	2,722	5,857	6,669	1,910
Stone Elementary	33,312	10,713	18,208	25,817
College Lane Elementary	3,575	14,096	10,756	6,915
Murray Elementary	-	15,286	15,434	(148)
District-wide Activity Funds	45,658	-	-	45,658
	<u>\$ 1,134,595</u>	<u>\$ 1,287,606</u>	<u>\$ 1,352,291</u>	<u>1,069,910</u>
Total Activity Funds	<u>\$ 1,134,595</u>	<u>\$ 1,287,606</u>	<u>\$ 1,352,291</u>	<u>1,069,910</u>
		Total agency assets per Exhibit D-1		\$ <u>1,069,910</u>
		Accrued payroll		\$ 12,952
		Due to student organizations		<u>1,056,958</u>
		Total agency liabilities per Exhibit D-1		\$ <u>1,069,910</u>

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

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
Schedule Of Collateral Pledged By Depository
For Public Funds
June 30, 2016

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2016	Location of Safekeeper
Western Commerce Bank					
	FNMA #AH2367	1/1/2041	3138A3TZ0	\$ 389,408	Federal Home Loan Bank, Dallas, TX
	FNMA #AB2748	4/1/2041	31416YBS6	561,345	Federal Home Loan Bank, Dallas, TX
	SBAP SERIES 2014-20B	1/1/2034	83162CWB5	942,213	Federal Home Loan Bank, Dallas, TX
	Total Western Commerce Bank			<u>1,892,966</u>	
Wells Fargo Bank					
	FMAC FGPC 3.500%	11/1/2025	3128MMMS9	3,229,721	Federal Home Loan Bank, Dallas, TX
	FNMA FNMS 2.500%	5/1/2031	3140F2ZA1	4,251,304	Federal Home Loan Bank, Dallas, TX
	Total Wells Fargo Bank			<u>7,481,025</u>	
Lea County State Bank					
	Federal Home Loan Bank	5/17/2017	3130A3KM5	2,496,721	TIB Dallas, TX
	Rio Rancho NM 4%	8/1/2021		764,235	TIB Dallas, TX
	Bloomfield NM SD 4%	9/1/2019		434,728	TIB Dallas, TX
	Loving NM ISD 4.25%	7/15/2022		594,230	TIB Dallas, TX
	Jal NM PSD 3%	10/1/2023		340,068	TIB Dallas, TX
	NMMI 4.0%	6/1/2028		1,033,515	TIB Dallas, TX
	University NM 3%	8/1/2029		256,817	TIB Dallas, TX
	Lea County PSD 2%	3/15/2023		408,212	TIB Dallas, TX
	Aztec NM MSD 4.0%	10/1/2019		2,212,200	TIB Dallas, TX
	San Miguel Co 4.0%	6/1/2026		662,289	TIB Dallas, TX
	Total Lea County State Bank			<u>9,203,015</u>	
	Total Pledged Collateral			<u>\$ 18,577,006</u>	

See accompanying independent auditors' reports

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2016

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	\$ 1,089,777	\$ -	\$ -	\$ -
Operational Sweep Account	Sweep Account	2,447,766	-	-	-
Special Building	Checking	43,026	-	-	-
State/Local Grant	Checking	1,060,173	-	-	-
Ralph Tasker Scholarship	Checking	628	-	-	-
Bond Building	Checking	859,999	-	-	-
Debt Service	Checking	2,964,636	-	-	-
Agency	Certificate of Deposit	253,472	-	-	-
Agency	Investment	-	247,936	-	-
Debt Service	Investment	-	230,784	-	-
Qzab Sinking Fund	Money Market	-	-	6,616	-
FNMA Discount Note (Qzab)	Investment	-	-	14,102,954	-
HB 33	Checking	-	-	-	3,140,233
Payroll	Checking	-	-	-	7,423,215
Business Checking	Checking	-	-	-	11,188
Operational	Money Market	-	-	-	-
Citizens Bank	Certificate of Deposit	-	-	-	-
Citizens Bank NA	Certificate of Deposit	-	-	-	-
Mabrey Bank	Certificate of Deposit	-	-	-	-
First NA	Certificate of Deposit	-	-	-	-
Mizrahi Tefahot	Certificate of Deposit	-	-	-	-
Dallas Capital Bank	Certificate of Deposit	-	-	-	-
Mizuho Bank	Certificate of Deposit	-	-	-	-
Bank of India	Certificate of Deposit	-	-	-	-
Apple Bank	Certificate of Deposit	-	-	-	-
TCF National Bank	Certificate of Deposit	-	-	-	-
Federal Projects	Checking	-	-	-	-
Cafeteria	Checking	-	-	-	-
Activity/Athletics	Checking	-	-	-	-
		<u>8,719,477</u>	<u>478,720</u>	<u>14,109,570</u>	<u>10,574,636</u>
Total on deposit					
Reconciling Items		<u>5,538,828</u>	<u>-</u>	<u>-</u>	<u>(7,431,823)</u>
Reconciled Balance June 30, 2016		<u>\$ 14,258,305</u>	<u>\$ 478,720</u>	<u>\$ 14,109,570</u>	<u>\$ 3,142,813</u>

See accompanying independent auditors' reports

Wells Fargo Securities, LLC	Western Commerce Bank	Totals
\$ -	\$ -	\$ 1,089,777
-	-	2,447,766
-	-	43,026
-	-	1,060,173
-	-	628
-	-	859,999
-	-	2,964,636
-	-	253,472
-	-	247,936
-	-	230,784
-	-	6,616
-	-	14,102,954
-	-	3,140,233
-	-	7,423,215
-	-	11,188
3,097,410	-	3,097,410
249,998	-	249,998
250,003	-	250,003
249,990	-	249,990
249,992	-	249,992
250,042	-	250,042
250,049	-	250,049
249,446	-	249,446
250,263	-	250,263
250,279	-	250,279
250,261	-	250,261
-	955,807	955,807
-	1,145,785	1,145,785
-	605,356	605,356
5,597,733	2,706,948	42,187,084
-	98,064	(1,794,931)
\$ 5,597,733	\$ 2,805,012	40,392,153

Less: investments per Exhibit A-1	(5,828,190)
Less: restricted cash per Exhibit A-1	(6,616)
Less: restricted investments per Exhibit A-1	(14,102,954)
Less: agency cash per Exhibit D-1	(592,828)
Less: agency investments per Exhibit D-1	(501,732)
Cash and cash equivalents per Exhibit A-1	\$ 19,359,833

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
CASH RECONCILIATION
June 30, 2016

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Audited Cash				
Cash, June 30, 2015	\$ 6,844,446	\$ 130,450	\$ 276,641	\$ 1,116,697
Add / Less:				
Due from other government	-	-	-	-
Interfund receivables	3,493,503	-	-	-
Accrued expenses	(5,275,725)	(1,785)	-	(184,189)
Interfund payable	-	-	-	-
NSF Accounts	-	-	(80)	242
Outstanding loans	-	(41,439)	(1)	-
Due to PED	-	(43,280)	-	-
Investments on hand, June 30, 2015	10,578,461	-	-	-
Total cash, June 30, 2015	<u>15,640,685</u>	<u>43,946</u>	<u>276,560</u>	<u>932,750</u>
Add:				
2015-2016 Reciepts	66,861,116	1,744,562	697,486	3,953,527
Loans from other funds	<u>5,070,155</u>	<u>43,202</u>	<u>1</u>	<u>177,864</u>
Total cash available	<u>87,571,956</u>	<u>1,831,709</u>	<u>974,046</u>	<u>5,064,141</u>
Less				
2015-2016 expenditures	(67,061,060)	(1,819,698)	(257,413)	(3,741,099)
Loans to other funds	(7,091,879)	-	-	1,862
Qzab investment	-	-	-	-
Unavailable revenue	-	-	-	-
Accounts payable	-	-	-	-
Fund balance adjustment	-	(333)	-	-
Secondary Ag Education	-	-	-	-
2013-2014 held checks	<u>(5,070,797)</u>	<u>(1,762)</u>	<u>-</u>	<u>(179,725)</u>
Cash per PED	<u>8,348,220</u>	<u>9,916</u>	<u>716,633</u>	<u>1,145,179</u>
Add / Less:				
Investments (without Qzab)	(5,598,752)	-	-	-
Reserve contingencies	(1,712)	-	-	-
Transfer of expenditures	80	-	-	-
NSF accounts	3,952	-	80	256
2015-2016 held checks	<u>5,730,591</u>	<u>1,899</u>	<u>-</u>	<u>201,095</u>
Cash per financial statement	<u>\$ 8,482,379</u>	<u>\$ 11,815</u>	<u>\$ 716,713</u>	<u>\$ 1,346,530</u>

See accompanying independent auditors' report.

Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000	Local/State Grants 26000	State Flowthrough 27000
\$ 34,068	\$ 633,390	\$ 1,009,812	\$ 92,015	\$ 397,629	\$ 595,010
-	-	1,713,659	-	-	113,529
4,699	-	9,531	-	-	154
-	-	(285,017)	(25,015)	(8,233)	(33,919)
-	-	(2,479,701)	-	-	(704,346)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(52,674)
-	501,205	-	-	-	-
<u>38,767</u>	<u>1,134,595</u>	<u>(31,716)</u>	<u>67,000</u>	<u>389,396</u>	<u>(82,246)</u>
209,426	1,306,375	4,527,018	157,866	235,025	1,092,217
82	8,723	2,286,810	65,000	96,000	842,280
<u>248,275</u>	<u>2,449,693</u>	<u>6,782,112</u>	<u>289,866</u>	<u>720,421</u>	<u>1,852,251</u>
(230,637)	(1,360,374)	(4,502,909)	(258,556)	(342,957)	(1,318,320)
(4,699)	(730)	(1,476,446)	(37,502)	(89,038)	(82,298)
-	-	-	-	-	-
-	-	14,589	-	-	-
-	-	-	-	-	82,298
-	-	-	-	-	-
-	-	-	(2,000)	-	-
-	(9,203)	(281,345)	(25,498)	(6,962)	(30,427)
<u>12,939</u>	<u>1,079,385</u>	<u>536,001</u>	<u>(33,690)</u>	<u>281,464</u>	<u>503,504</u>
-	(501,732)	-	-	-	-
-	-	-	-	-	-
-	-	(80)	-	-	-
(82)	2,223	-	-	-	-
-	12,952	313,992	35,690	6,966	68,948
<u>\$ 12,857</u>	<u>\$ 592,828</u>	<u>\$ 849,913</u>	<u>\$ 2,000</u>	<u>\$ 288,430</u>	<u>\$ 572,452</u>

STATE OF NEW MEXICO
HOBBS INDEPENDENT SCHOOL DISTRICT #33
CASH RECONCILIATION
JUNE 30, 2016

	State Direct 28000	Local/State Fund 29000	Bond Building 31100
Audited Cash			
Cash, June 30, 2015	\$ 53,771	\$ -	\$ 4,603,714
Add / Less:			
Due from other government	-	65,464	-
Interfund receivables	-	-	-
Accrued expenses	-	(4,180)	-
Interfund payable	-	-	-
NSF Accounts	-	-	-
Outstanding loans	-	-	-
Due to PED	-	-	-
Investments on hand, June 30, 2015	-	-	-
Total cash, June 30, 2015	<u>53,771</u>	<u>61,284</u>	<u>4,603,714</u>
Add:			
2015-2016 Receipts	79,431	124,464	25
Loans from other funds	<u>40,338</u>	<u>-</u>	<u>-</u>
Total cash available	<u>173,540</u>	<u>185,748</u>	<u>4,603,739</u>
Less			
2015-2016 expenditures	(79,432)	(58,942)	(1,014,438)
Loans to other funds	(30,999)	(118,908)	(2,715,447)
Qzab investment	-	-	-
Unavailable revenue	-	-	-
Accounts payable	-	-	-
Fund balance adjustment	-	-	-
Secondary Ag Education	-	-	-
2013-2014 held checks	<u>-</u>	<u>(4,114)</u>	<u>-</u>
Cash per PED	<u>63,109</u>	<u>3,784</u>	<u>873,854</u>
Add / Less:			
Investments (without Qzab)	-	-	(2,667)
Reserve contingencies	-	-	(4,476)
Transfer of expenditures	-	-	-
NSF accounts	-	-	-
2015-2016 held checks	<u>-</u>	<u>4,484</u>	<u>-</u>
Cash per financial statement	<u>\$ 63,109</u>	<u>\$ 8,268</u>	<u>\$ 866,711</u>

See accompanying independent auditors' report.

Special Building Local 31300	Capital Improvements HB-33 31600	Capital Improvements SB-9 31700	Debt Service 41000	Total
\$ 41,328	\$ 262,208	\$ 1,175,435	\$ 5,685,200	\$ 22,951,814
-	-	-	-	1,892,652
-	2,000,000	-	-	5,507,887
-	-	-	-	(5,818,063)
-	-	-	-	(3,184,047)
-	-	-	-	162
-	-	-	-	(41,440)
-	-	-	-	(95,954)
-	-	-	13,010,208	24,089,874
<u>41,328</u>	<u>2,262,208</u>	<u>1,175,435</u>	<u>18,695,408</u>	<u>45,302,885</u>
1,698	5,643,077	2,991,914	5,313,836	94,939,063
-	3,592,450	892,492	-	13,115,395
<u>43,026</u>	<u>11,497,735</u>	<u>5,059,841</u>	<u>24,009,244</u>	<u>153,357,343</u>
-	(8,845,798)	(4,580,153)	(8,028,536)	(103,500,322)
-	-	-	-	(11,646,084)
-	-	-	(12,789,299)	(12,789,299)
-	-	-	-	14,589
-	-	-	-	82,298
-	-	-	-	(333)
-	-	-	-	(2,000)
-	-	-	-	(5,609,833)
<u>43,026</u>	<u>2,651,937</u>	<u>479,688</u>	<u>3,191,409</u>	<u>19,906,359</u>
-	-	-	(226,772)	(6,329,923)
-	-	-	(618)	(6,806)
-	-	-	-	-
-	-	-	-	6,429
-	-	-	-	6,376,617
<u>\$ 43,026</u>	<u>\$ 2,651,937</u>	<u>\$ 479,688</u>	<u>\$ 2,964,019</u>	<u>\$ 19,952,676</u>
				Cash balance above 19,952,676
				Add: restricted cash per Exhibit A-1 6,616
				Less: agency cash per Exhibit D-1 (592,828)
				<u>Cash per Exhibit B-1 \$ 19,366,464</u>
				Investment balance above 6,329,923
				Qzab investment 14,102,954
				Less: agency investment per Exhibit D-1 (501,732)
				<u>Investments per Exhibit B-1 \$ 19,931,145</u>

STATE OF NEW MEXICO
Hobbs Municipal School District #33
Schedules of Required Supplementary Information-Schedules of Net Pension Liability
June 30, 2016

Schedule IV

**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>	<u>2016</u>
The District's proportion of the net pension liability (asset)	1.45804%	1.52265%
The District's proportionate share of the net pension liability (asset)	83,191,829	98,626,095
The District's covered-employee payroll	43,284,911	41,393,067
The District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	192.20%	238.27%
Plan fiduciary net position as a percentage of the total pension liability.	66.54%	63.97%

* 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
Schedules of Requirement Supplementary Information -Schedules of ERB Contributions
June 30, 2016

Schedule V

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

	2015	2016
Contractually required contribution	\$ 6,012,764	\$ 5,753,636
Contributions in relation to the contractually required contribution	6,012,764	5,753,636
Contribution deficiency (excess)	\$ -	\$ -
The District's covered-employee payroll	\$43,284,911	\$41,393,067
Contributions as a percentage of covered-employee payroll	13.89%	13.90%

* 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, 2016

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. The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2015 calculation of the total pension liability on June 12, 2015:

1. Fiscal year 2015 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.25% to 3.75%
 - b. Update the mortality tables to incorporate generational improvements
 - c. Update demographic assumptions to use currently published tables, which may result in minor calculation changes
 - d. Remove population growth assumptions for projections
 - e. Population growth per year from 0.50% to zero (no impact on valuation results)

2. Assumptions that were not changed:
 - a. Retain 7.75% nominal return assumption
 - b. Real return assumption will remain at 4.75%
 - c. Inflation will remain at 3.00%
 - d. Maintain current payroll growth assumptions of 3.50%
 - e. No change to COLA assumption of 2.00% per year
 - f. Maintain experience-based rates for members who joined NMERB by June 30, 2010

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

OTHER INFORMATION

Hobbs Municipal School District #33
 SCHEDULE OF VENDOR INFORMATION
 For the Year Ended June 30, 2016

Schedule VI

Prepared by Agency Staff Name: Jessica Munoz Title: Chief Procurement Officer Date: September 12, 2016

RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work
RFB # 1516-01	Pizza - Snack bar and Concessions	Big Cheese Pizza	NO		NO	2404 N Grimes Hobbs NM 88240	NO	NO	Provide pizza to snack bars and athletic concession stands.
		Domino's Pizza	NO		NO	1114 S. Union PO Box 6030 Roswell NM 88202	YES	NO	Provide pizza to snack bars and athletic concession stands.
		Pizza Inn	YES	\$6.00	NO	1943 N Grimes Hobbs NM 88240	NO	NO	Provide pizza to snack bars and athletic concession stands.
RFB # 1516-02	Pizza - Nutritional Services	Big Cheese Pizza	YES	7.88 each	NO	2404 N Grimes Hobbs NM 88240	NO	NO	Provide pizza to Elementary Schools.
		Domino's Pizza	YES	7.75 each	YES	1114 S. Union PO Box 6030 Roswell NM 88202	NO	NO	Provide pizza to Elementary Schools.
		Pizza Inn	YES	8.00 each	NO	1943 N Grimes Hobbs NM 88240	NO	NO	Provide pizza to Elementary Schools.
RFB # 1516-03	Bread - Nutritional Services	Bimbo Bakeries	YES	\$1.68 sandwich bread \$2.16 ham. buns \$2.64 hotdog buns	NO	2040 Redbud Blvd. Suite 115 McKinney, TX 75069	NO	NO	Provide bread to HMS nutritional services that must meet state standards for all HMS schools.
RFB # 1516-04	Milk - Nutritional Services	Gandy's Dairies, LLC	YES	0.2463 1/2 pt.	NO	201 University Ave. Lubbock TX 79415	NO	NO	Provide milk to HMS nutritional services that must meet state standards for all HMS schools.
RFB # 1516-05	Ancillary Serv. (Speech/Lang. physical & occupational therapist	Ardor Health Therapy	YES	various & numerous prices	NO	5830 Coral Ridge Drive Suite 300 Coral Springs, FL 33076	NO	NO	Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Audio Acousitics	YES	various & numerous prices	NO	2101 N Midland Dr. # 4 Midland TX 79707	NO	NO	Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Career Links	YES	various & numerous prices	NO	PO Box 27028 Des Moines IA 50317	NO	NO	Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Chavez Speech Services	YES	various & numerous prices	NO	200 E Illinois Hobbs NM 88242	NO	NO	Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Circo Linda	YES	various & numerous prices	NO	1617 27th Street Lubbock TX 79411	NO	NO	Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder

Hobbs Municipal School District #33
 SCHEDULE OF VENDOR INFORMATION
 For the Year Ended June 30, 2016

Schedule VI

Prepared by Agency Staff Name: Jessica Munoz Title: Chief Procurement Officer Date: September 12, 2016

<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>
		Collins April	YES	various & numerous prices	NO	507 SW 23rd Seminole TX 79360	NO		Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Flores Diagnostics	YES	various & numerous prices	NO	403 W Millen Dr. Hobbs NM 88242	NO		Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		New Horizons Therapy Serv.	YES	various & numerous prices	NO	4008 N Grimes # 205 Hobbs NM 88240	NO		Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		New Mediscan Staffing	YES	various & numerous prices	NO	21050 Califa St. Woodland Hills, CA 91367	NO		Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Prestige Sp. Therapy Services	YES	various & numerous prices	NO	1209 W Cochiti Hobbs NM 88240	NO		Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Prieto Diagnostic	YES	various & numerous prices	NO	1736 N Gila Hobbs NM 88240	NO		Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Southwest Speech Services	YES	various & numerous prices	NO	5428 70TH place lubbock TX 79424	NO		Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Speech - language Diagnostic Services, llc	YES	various & numerous prices	NO	2909 North Famingo Dr Hobbs NM 88240	NO		Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
		Therapy Solutions, INC	YES	various & numerous prices	NO	855 CR 226 Denver City TX 79323	NO		Provide appropriate diagnostic and therapeutic services on a schedule to be mutually arranged between HMS and the bidder
RFB # 1516-06	Ancillary Serv. (Speech/Lang. physical & occupational therapist	Ardor Health Solutions	YES	Cota - \$ 59.00 PTA, \$ 59.00	NO	5830 Coral Ridge Drive Suite 300 Coral Springs, FL 33076	NO	NO	Certified Occupational Therapy Assistant, Physical Therapy assistant

Hobbs Municipal School District #33
 SCHEDULE OF VENDOR INFORMATION
 For the Year Ended June 30, 2016

Schedule VI

Prepared by Agency Staff Name: Jessica Munoz Title: Chief Procurement Officer Date: September 12, 2016

<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>
		Can Do Services	YES	Cota - \$ 55.00 PTA \$ NA	NO	1301 East Rose Lane Hobbs NM 88240	NO	NO	Certified Occupational Therapy Assistant, Physical Therapy assistant
		Career Links	YES	Cota - \$ 69.00 PTA \$ 69.00	NO	PO Box 27028 Des Moines IA 50317	NO	NO	Certified Occupational Therapy Assistant, Physical Therapy assistant
		Gonzales OT Services	YES	Cota - \$ 55.00 PTA \$ NB	NO	2006 Highland Drive Hobbs NM 88240	NO	NO	Certified Occupational Therapy Assistant, Physical Therapy assistant
		Pro-Care Therapy	YES	Cota - \$ 50.00 PTA \$ 50.00	NO	8001 N Lincoln Ave Ste 200 Skokie IL 60077	NO	NO	Certified Occupational Therapy Assistant, Physical Therapy assistant
RFB # 1516-07	Ancillary Serv. (Medical & Vision)	Sherif Pediatrics	YES	Per exam Medical \$75.00 Vision \$ 30.00	NO	5419 Lt Hwy Bld. # 1 Suite # 2 Hobbs Nm 88240	NO	NO	Provide vision examinations and medical evaluations on an as needed basis
		The Eye Site	YES	Per exam Medical \$NB Vision \$ 80.00	NO	1811 N Dal Paso Hobbs NM 88240	NO	NO	Provide vision examinations and medical evaluations on an as needed basis
RFB # 1516-08	General Legal Counseling Services	Cuddy & McCarthy LLP	YES	various & numerous prices	NO	1701 Old Pecos Trail Santa Fe NM 87507	NO	NO	Provide general legal counseling to the district
		Maddox, Holloman & Moran PC	YES	various & numerous prices	NO	PO Box 2508 Hobbs NM 88241-2508	NO	NO	Provide general legal counseling to the district
RFB # 1516-09	Copy Services	No Bids							Provide copy services to the district for things that our copy center cant provide
RFB # 1516-10	Tydings Auditorium Sound/Light	No Bids accepted							Provide someone who can run the lights/sound for different events at the auditorium
RFB # 1516-11	Tydings Auditorium Sound/Light RE-BID	NO Bids							Provide someone who can run the lights/sound for different events at the auditorium
RFB # 1516-12	Glass Replacement	Glass World	YES	Different Prices	NO	111 S Dal Paso Hobbs NM 88240	YES	NO	provide replacement of glass to the district at various locations and different buildings
		Tims Mobile	NO	Different Prices	NO	PO Box 1063 Hobbs Nm 88240	YES	NO	provide replacement of glass to the district at various locations and different buildings

COMPLIANCE SECTION



JOHNSON, MILLER & CO., CPA'S PC

Certified Public Accountants

A Professional Corporation

An Independent Member of BDO Alliance USA

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

Tim 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, 2016, 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 4, 2016.

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. However, material weaknesses may exist that have not been identified.

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Hobbs, New Mexico 88241
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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 questioned costs as items: FS2012-005, FS2016-001, FS2016-002 and FS2016-003.

The District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely 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

A handwritten signature in blue ink that reads "Johnson Miller & Co., CPA's PC". The signature is written in a cursive, flowing style.

Hobbs, New Mexico
November 4, 2016

FEDERAL FINANCIAL ASSISTANCE



JOHNSON, MILLER & CO., CPA'S PC

Certified Public Accountants

A Professional Corporation

An Independent Member of BDO Alliance USA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

Tim 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 Compliance Supplement* that could have a direct and material on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to 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 the audit requirements of Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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, 2016.

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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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. 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 4, 2016

A handwritten signature in blue ink that reads "Johnson Miller & Co., CPA's PC". The signature is written in a cursive, flowing style.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 June 30, 2016

Schedule VII
 (Page 1 of 2)

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
U.S. Department of Agriculture			
<i>Direct U.S. Department of Education</i>			
Forest Reserve - General Fund	10.665	11000	\$ 56,098
Food Distribution	10.553 & 10.555	21000	276,861 (1)
National School Lunch Act	10.553 & 10.555	21000	2,827,477 (1)
Total U.S. Department of Agriculture			<u>3,160,436</u>
U.S. Department of Education			
<i>Passthrough - New Mexico Public Education Department</i>			
Title I - IASA	84.010	24101	* 2,030,358 (2)
Title I School Improvement	84.010A	24162	* 191,480 (2)
IDEA B Entitlement	84.027	24106	1,670,407 (3)
IDEA B Preschool	84.173	24109	70,330 (3)
IDEA B "Risk Pool"	84.027	24120	1,483 (3)
Title III - English Language Acquisition	84.365A	24153	102,671
Title IIA -Teacher/Principal Training and Recruiting	84.367A	24154	386,379
Carl Perkins Secondary	84.0480	24174	60,375
<i>Passthrough - Utah State University</i>			
NM Extended School Year K-3 Validation Study	84.396B		79,429
Total U.S. Department of Education			<u>4,592,912</u>
U.S. Department of Health and Human Services			
Teen Dating Violence Prevention and Awareness	93.500	24184	<u>3,996</u>
Total Federal Financial Assistance			\$ <u><u>7,757,344</u></u>

* Major program
 () Denotes Clusters

See accompanying independent auditors' report.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

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, 2016 was \$276,861 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 auditors' report.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2016

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): _____ Yes x No

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes x No

Significant deficiency(ies) identified that are not considered to be material weakness(es): _____ Yes x 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 the Uniform Guidance? _____ Yes x No

Identification of major programs:

CFDA Number(s)
84.010

Name of Federal Program or Cluster
Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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, 2016

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2012-005 – Internal Controls over Inventory – (Repeated/Revised) – Other Matter

Condition

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

- In 3 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 \$23,025 by the client; we counted \$22,717. The 3 items incorrectly counted resulted in an overstatement of inventory of \$308.
- In 1 out of 10 warehouse inventory items tested, the District has the wrong count listed on the inventory listing. Total warehouse inventory tested was listed as \$70,172; we counted \$70,986. The miscounted item resulted in an understatement of inventory of \$796.

The District did not implement the prior year corrective action plan in regards to the count of the nutritional services inventory.

Criteria

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

Effect

The District did not accurately perform the fiscal year-end inventory and improperly recorded inventory.

Cause

The 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 reevaluating the organization of inventory in the warehouse and in the large walk-in freezers.

Agency Response

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

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

Regarding the nutritional services warehouse inventory, nutritional services have devised a method to assure an accurate count in the future. This includes someone reviewing the inventory prior to submission. Some differences occur because of an emergency order because the primary vendor was unable to get the product as needed. There is sometimes a price difference between the emergency vendor and the primary vendor. In the future, nutritional services will update prices when changes occur or when items are ordered from outside vendors. As recommended by our auditors, we will look at the organization of both the items in the warehouse and nutritional services, specifically the walk-in freezer.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2016-001 – ERB & RHC – Other Matter

Condition

Payroll issued for the District's held checks at June 30, 2016 were not reported to NMRHCA or ERB during the fiscal year ended June 30, 2016.

Criteria

The Educational Retirement Act, Section 22-11-1 to 22-11-55 NMSA 1978, and Retiree Health Care Authority Act per Section 10-7C1 to 10-7C-19 NMSA 1979, both require that 100% of payroll be reported to each entity.

Effect

Less than 100% of payroll wages were reported to NMRHCA and ERB during fiscal year ended June 30, 2016.

Cause

The District did not report payroll wages included with held check for the year ended June 30, 2016.

Recommendation

We recommend the district maintain an internal spreadsheet to keep track of payroll to ensure that 100% of payroll gets reported in the correct fiscal year.

Agency Response

The Director of Finance has discussed this with the Payroll Clerk. The Payroll Clerk will report all held check wages in the correct fiscal year beginning in the current year. The district will accomplish this by compiling a spreadsheet of held checks to ensure that ERB and RHC wages are reported in the correct year.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2016-002 – Disposition of Inventory – Other Matter

Condition

The District disposed of capital assets prior to approval of the Board of Education and also disposed of the assets prior to submitting the disposition notification letter to the Office of the State Auditor.

Criteria

Section 13-6-1 NMSA 1978, requires the District to “give notification at least 30 days prior to its action making the deletion by sending a copy of its official finding and proposed disposition of the property to the state auditor...duly sworn and subscribed under oath by each member of the authority approving the action.”

Effect

Disposition of assets were not authorized by Board of Education prior to them being disposed.

Cause

Lack of internal controls did not allow management to correctly notify the proper authorities of the disposition of capital assets as required.

Recommendation

We recommend the District implement proper internal controls and establish the appropriate lines of communication to be in compliance with NMSA 1978 and regulations required by the Office of the State Auditor.

Agency Response

The Director of Finance has reminded Department Directors that all capital asset being considered for disposals are to be reported to the Fixed Assets Clerk prior to disposal, and are to wait until 30 days after Board approval before disposing of any fixed assets.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2016-003 – Actual Expenditures Exceed Budgeted Expenditures – Other Matter

Condition

The District budgeted expenditures in fund 31700 SB-9 Capital Improvements for their County tax collection fees at \$14,500. Once the District received their bill for their actual fees and paid them, the total expense amounted to \$17,231, making the District over expend their legally adopted budget by \$2,731.

Criteria

Section 6.20.2.9(A) NMAC, states “Budgetary control shall be at the function level. Over-expenditure of a function shall not be allowed.”

Effect

Actual expenditures exceeded budgeted expenditures for the function code 2300 within the fund 31700 SB-9 Capital Improvements.

Cause

In preparing the initial budget the District estimated the amount to be paid for the tax collection fees. At the time the actual statement was received, the District paid the fees and did not submit a budget adjustment request in time to cover the expenses.

Recommendation

We recommend the District review all County tax collect fee statements received after initial budgets have been submitted to ensure they are in compliance with their legally adopted budget.

Agency Response

The Business Manager will make sure to adjust the budget according to the final actual expense. The Business Manager will also make sure that all bills are received and paid for in the current fiscal year before checking to make sure that no fund and function combinations are over budget.

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

D. PRIOR YEAR AUDIT FINDINGS

2012-005	Internal Controls Over Inventory	Repeated and revised
2014-005	Interfund Activity	Resolved
2015-001	Incomplete I-9's	Resolved
2015-002	Long and Short Deposits	Resolved
2015-003	Employee Overpaid	Resolved
2015-004	Indirect Costs	Resolved
2015-005	Title I, CFDA No. 84.010	Resolved
2015-006	Personnel Activity Reports and Semi-Annual Certifications	Resolved
2015-007	Budgeted Cash in Excess of Available Cash	Resolved

STATE OF NEW MEXICO
HOBBS MUNICIPAL SCHOOL DISTRICT #33
OTHER DISCLOSURES
Year Ended June 30, 2016

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 were discussed on November 4, 2016.
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
Jennifer Burrola