

## NOTICE

WEST LAS VEGAS SCHOOL DISTRICT NO. 1  
County of San Miguel, New Mexico  
General Obligation School Building Bonds  
Series 2016

Preliminary Official Statement,  
dated July 13, 2016

The Preliminary Official Statement, dated July 13, 2016 relating to the above-described bonds (the "Bonds") of the West Las Vegas School District No. 1 (the "Issuer" or the "District"), has been posted on the internet as a matter of convenience. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat XI). Although this format should replicate the Preliminary Official Statement available from the Issuer, its appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat XI may cause the Preliminary Official Statement that you view or print to differ in format from the Preliminary Official Statement available from the issuer.

*The Preliminary Official Statement and the information contained therein are subject to completion or amendment or other change without notice. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.*

For purposes of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission, the Preliminary Official Statement alone, and no other document or information on the internet, constitutes the "Official Statement " that the Issuer has deemed "final" as of its date in respect of the Bonds, except for certain pertinent information permitted to be omitted therefrom.

No person has been authorized to give any information or to make any representations other than those contained in the Preliminary Official Statement in connection with the offer and sale of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized. The information and expressions of opinion in the Preliminary Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of the Preliminary Official Statement.

By choosing to proceed and view the electronic version of the Preliminary Official Statement, you acknowledge that you have read and understood this Notice.

Preliminary Official Statement dated July 13, 2016.

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 13, 2016**

**\$1,700,000**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 1**  
**County of San Miguel, New Mexico**  
**General Obligation School Bonds**  
**Series 2016**

**NEW ISSUE**  
**Book-Entry Only**

**Bank-Qualified**  
**Moody's Rating: A3 Underlying/Aa1 Enhanced**

<b>PURPOSES</b>	Proceeds of the \$1,700,000 West Las Vegas School District No.1 General Obligation School Bonds, Series 2016 (the "Bonds") will be used for the purpose of (i) erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, 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 [NMSA 1978, §§ 22-24-1 et. seq.], or any combination of these purposes and (ii) paying costs of issuance.
<b>THE BONDS</b>	The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 15 and August 15, commencing February 15, 2017. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See "The Bonds - Book-Entry-Only System". BOKF, N.A., Albuquerque, New Mexico (or successor) will serve as the Registrar and Paying Agent for the Bonds.
<b>OPTIONAL PRIOR REDEMPTION</b>	The Series 2016 Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS – Optional Prior Redemption."
<b>SECURITY</b>	The Bonds are general obligations of the West Las Vegas School District No. 1, San Miguel County, New Mexico, payable solely out of general (ad valorem) property taxes that are required to be levied against all taxable property in the District without limitation as to rate or amount.
<b>BOND AND TAX OPINION</b>	The delivery of the Bonds is subject to the opinions of Cuddy & McCarthy, LLP, and McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, as to the validity of the Bonds and the opinion of McCall, Parkhurst & Horton L.L.P., to the effect that interest on the Bonds is excludable from gross income for purposes of federal income taxation, under existing statutes, regulations, published rulings and court decisions, and the Bonds will not be "specified private activity bonds", as described under "Tax Matters" herein. See "Legal Matters" and "Tax Matters" herein for a discussion of Co-Bond Counsel's opinions, including a description of certain collateral federal tax consequences including the alternative minimum tax consequences for corporations. The District will designate the Bonds as "qualified tax-exempt obligations," for financial institutions.
<b>DELIVERY</b>	When, as and if issued, through DTC's facilities, on or about August 24, 2016.
<b>DATED DATE</b>	Date of initial delivery expected to be August 24, 2016.
<b>DUE DATE</b>	August 15, as shown below:

Year Maturing (August 15)	Principal	Interest Rate	Yield or Price	Cusip # 953769	Year Maturing (August 15)	Principal	Interest Rate	Yield or Price	Cusip # 953769
2017	\$ 300,000				2023	\$ 125,000			
2018	150,000				2024	125,000			
2019	125,000				2025	125,000			
2020	125,000				2026	125,000			
2021	125,000				2027	125,000			
2022	125,000				2028	125,000			

Sealed and electronic bids will be opened at 10:00 AM, prevailing Mountain Time on Thursday, July 21, 2016.  
See "Notice of Bond Sale" enclosed.

## **ISSUER**

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County of San Miguel, New Mexico  
179 Bridge Street  
Las Vegas, New Mexico 87701  
Phone: (505) 426-2311  
Fax: (505) 426-2332

## **BOARD OF EDUCATION**

*Chairman:* David Romero  
*Vice-Chairman:* Marvin Martinez  
*Secretary:* Christine Ludi  
*Member:* Patrick Marquez

## **FINANCIAL ADVISOR**

RBC Capital Markets, LLC  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, New Mexico 87110  
(505) 872-5999

## **PAYING AGENT/REGISTRAR**

BOKF, N.A.  
100 Sun Avenue NE, Suite 500  
Albuquerque, New Mexico 87109  
(505) 222-8447

## **DISTRICT ADMINISTRATION**

*Interim Superintendent:* Christopher Gutierrez  
*Business Manager:* Dinah Maynes

## **CO-BOND COUNSEL**

Cuddy & McCarthy, LLP  
1701 Old Pecos Trail  
Santa Fe, New Mexico 87505  
(505) 988-4476

McCall, Parkhurst & Horton L.L.P.  
600 Congress Avenue, Suite 1800  
Austin, Texas 78701  
(512) 478-3805

## **ELECTRONIC BID PROVIDER**

i-Deal Bidcomp/Parity  
1359 Broadway, 2nd Floor  
New York, New York 10018  
(212) 849-5021

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**\$1,700,000**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 1**  
**County of San Miguel, New Mexico**  
**General Obligation School Bonds, Series 2016**

**Introduction:**

Thank you for your interest in learning more about the \$1,700,000 West Las Vegas School District No. 1, County of San Miguel, New Mexico (the "District"), General Obligation School Bonds, Series 2016 (the "Bonds"). This Official Statement will tell you about the Bonds, their security, the District and the risks involved in an investment in the Bonds.

Although the District has approved this Official Statement, the District does not intend it to substitute for competent investment advice, tailored for your situation.

The Bonds are fully registered bonds in denominations of \$5,000 or integral multiples thereof as described in the Bond Resolution. The Bonds mature and bear interest as presented on the cover page of this Official Statement.

**The Financial Advisor**

RBC Capital Markets, LLC (the "Financial Advisor") is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification of or assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

**The Issuer**

The District is a political subdivision of the State of New Mexico organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses approximately 3,065 square miles in the north central region of New Mexico and includes the City of Las Vegas and portions of unincorporated San Miguel County in northern New Mexico. The District's 2015 assessed valuation is \$185,950,675 and its 2015/2016 40<sup>th</sup> day enrollment was 1,560. See "THE DISTRICT."

**Limited Role Of Auditors**

Except for the audited financial statements of the District for the year ended June 30, 2015, contained in Appendix B, this Preliminary Official Statement presents unaudited financial and statistical information from District records and other sources.

**Purpose**

Proceeds of the Bonds will be used for the purposes of (i) erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds and purchasing computer software and hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act (NMSA 1978, §§ 22-24-1) or any combination of these purposes; and (ii) paying costs of issuance. The sale of Bonds represents the fourth and final series of \$5 million authorized on February 5, 2013.

## **The Bonds**

New Mexico law (NMSA 1978, §§ 6-15-1 through 6-15-22) enables the District to issue the Bonds. The New Mexico Attorney General will provide a written approving opinion with respect to the Bonds.

### **General Terms**

The Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the front cover of this Official Statement. All Bonds are fully registered in denominations of \$5,000 or multiples of \$5,000. Bond payments will be made by the Paying Agent/Registrar to The Depository Trust Company ("DTC"), and DTC will then remit the payments to its participants for disbursement to the beneficial owners of the Bonds. See "Book-Entry-Only System" in Appendix C.

### **Security for the Bonds**

The Bonds are general obligation bonds of the District and are payable from ad valorem taxes which shall be levied against all taxable property within the boundaries of the District without limitation as to rate or amount. The Bonds are additionally secured by the New Mexico Credit Enhancement Program as discussed in more detail under "New Mexico School District Enhancement Program," herein. The District will covenant in the Bond Resolution to levy, in addition to all other taxes, direct annual ad valorem taxes sufficient to pay the principal of and interest on the Bonds. The District may pay the principal of and interest on the Bonds from any funds belonging to the District, which funds may be reimbursed from the ad valorem taxes when the same are collected.

### **Registrar and Paying Agent**

BOKF, N.A., Albuquerque, New Mexico (or successor in function) will serve as the Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds.

In the bond resolution, the District covenants to provide a Paying Agent/Registrar at all times until the Bonds are paid, and any Paying Agent/Registrar selected by the District shall be a commercial bank, a trust company, a financial institution or any other entity, as provided by State law, duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar. The Registration Books for the Bonds will be maintained by the Paying Agent/Registrar containing the names and addresses of the registered owners of the Bonds. In the bond resolution, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Registration Books to the successor Paying Agent/Registrar. In the event there is a change in the Paying Agent/Registrar for the Bonds, the District has agreed to notify each registered owner of the Bonds affected by the change by United States mail, first-class postage prepaid, at the address in the Registration Books, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

### **Payment of Principal and Interest; Record Date**

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the last business day of the month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the

address of each Owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

### **Optional Prior Redemption**

Bonds maturing on and after August 15, 2026, are subject to prior redemption at the District's option on and after August 15, 2025, in whole or in part at any time. The Bonds will be redeemed in \$5,000 units or multiples of \$5,000. The redemption price will equal principal of Bonds being redeemed plus accrued interest to the redemption date, without any premium. If the District redeems only part of the Bonds of a given maturity, the Registrar will select those Bonds by lot.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Resolution have been met and moneys sufficient to pay the principal of and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

### **Redemption Notices**

The Registrar must, by first class mail, give redemption notices to the registered owners of the affected bonds and to various securities depositories and information services not less than 30 days prior to the redemption date. ***Please note that failure to give notice or any defect in such notice will affect the validity of the redemption for Bonds for which notice was properly given.*** No transfer of Bonds called for redemption shall be made within 45 days of the date of redemption.

While the Bonds remain under the Book-Entry-Only System, the Paying Agent/Registrar will send notices only to DTC. Any problems from DTC through its system to the beneficial owners of the Bonds will not affect the validity of the Bond redemption or any other action based on the Paying Agent/Registrar's notice. Investors in the Bonds might consider arranging to receive redemption notices or other communications from DTC which affect them, including notice of interest payments. See "Appendix C - Book-Entry-Only System" herein.

If the Paying Agent/Registrar gives proper redemption notice and the Paying Agent/Registrar holds money to pay the redemption price of the affected Bonds, then on the redemption date the Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Bonds, and their owners' only right will be to receive payment of the redemption price upon surrender of those Bonds to the Registrar.

### **Transfers and Exchanges**

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for

exchange duly executed by the registered owner or his duly authorized agent, in a form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See Appendix C - "Book-Entry-Only System" herein.

### **Limitation on Transfer of Bonds**

Neither the District nor the Paying Agent/Registrar are required to transfer or exchange any Bond (i) during the period commencing at the close of business on the Record Date and ending at the opening of business on the next interest payment date; and (ii) within 45 days of the date fixed for redemption; provided such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond called for redemption in part.

### **Limited Book-Entry Responsibilities**

While a Book-Entry-Only system is used for the Bonds, the Paying Agent/Registrar will send redemption and other notices only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any beneficial owner, of any notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the Bond redemption or any other action based on the notice.

The District and the Financial Advisor have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to DTC Participants or that DTC Participants or others will distribute payments with respect to the Bonds received by DTC or its nominees as the holder or any redemption notices or other notices to the beneficial owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

### **Defeasance**

General. The bond resolution provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the bond resolution under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the bond resolution when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible entity for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar or an eligible entity for the payment of its services until after all Defeased Bonds shall have become due and payable or (c) any combination of (a) and (b). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of the ad valorem taxes or revenues levied and pledged as provided in the bond resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the bond resolution. Any money so deposited with the Paying Agent/Registrar or an eligible entity may at the discretion of the District also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the bond resolution, and all income from such



Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the District.

*Investments.* Any escrow agreement or other instrument entered into between the District and the Paying Agent/Registrar or an eligible entity pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District.

For the purposes of these provisions, "Defeasance Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

## **Security and Remedies**

The Bonds are general obligations of the District payable from general (ad valorem) property taxes that may be levied against all taxable property within the District without limitation of rate or amount.

The District must use all of the property taxes collected for debt service, and any other legally available money, to pay the debt service on the Bonds and other outstanding general obligation debt.

Various New Mexico laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. There is no guarantee that there will not be any changes that would have a material effect on the District.

## **Limitations of Remedies**

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds, including mandamus, may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the District in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bond to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

## **New Mexico School District Enhancement Program**

The New Mexico legislature amended NMSA 1978, Sections 22-18-1 et. seq. in the first session of 2003 by adding Section 22-18-13 which became effective July 1, 2003. Section 22-18-13 was further amended in 2007 and provides that, if a school district indicates that it will not make the payment by the date on which it is due, the New Mexico Department of Finance and Administration ("DFA") shall forward the amount in immediately available funds necessary to make the payment due on the bonds to the paying agent from the current fiscal year's undistributed State Equalization Guarantee ("SEG") distribution to that school district and, if not otherwise repaid by the school district from

other legally available funds, withhold the distributions from the school district until the amount has been recouped by the DFA, provided that, if the amount of the undistributed SEG distribution in the current fiscal year is less than the payment due on the bond, the DFA shall:

- (1) forward in immediately available funds to the paying agent an amount equal to the total amount of the school district's undistributed SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold all distributions to the school district for the remainder of the fiscal year; and
- (2) on July 1 of the following fiscal year, forward in immediately available funds an amount equal to the remaining amount due to the paying agent from that year's SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold an equal amount from the distribution to the school district until the amount paid has been recouped in full.

**This provision applies to all New Mexico school districts.**

Withholding of the SEG distribution may affect the District's ability to continue to operate.

The New Mexico School District Enhancement Program was initially put on watch list for possible downgrade on May 15, 2007 after the state adopted new legislation that altered the mechanics of the program. After a review of the law and policies regarding the implementation of the law, program ratings were bifurcated, with one rating applying to bonds issued prior to the March 30, 2007 effective date of the legislation and a second rating applying to bonds issued on or after the March 30, 2007 effective date. Under the new law, the State cannot immediately advance more than the remaining undistributed SEG payments for the fiscal year of default. As a result, those districts with principal and interest payments that fall in the latter part of the fiscal year or that are significant in amount relative to the district's total annual SEG distribution may not have sufficient undistributed SEG payments to cover debt service payments in the event of a default.

**The Moody's rating for the New Mexico School District Enhancement Program for the District is Aa1.**

By request, Moody's will assign a rating to school district bonds upon verification of a requirement in the authorizing bond resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program.

## Debt and Other Financial Obligations

Article IX, Section 11 of the New Mexico Constitution limits the powers of a District to incur general obligation debt extending beyond the fiscal year. The District can incur such debt for the purpose of erecting, remodeling, making additions to and furnishing school buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act or any combination of these purposes but only after the proposition to create any such debt has been submitted to a vote of the qualified electors of the District, and a majority of those voting on the question vote in favor of creating the debt. The total indebtedness of the District may not exceed 6% of the assessed valuation of the taxable property within the District as shown by the last preceding general assessment. The District also may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the District, but any such debt is subject to the 6% debt limitation. An issuance of refunding bonds does not have to be submitted to a vote of the qualified electors of the District.

The valuation of taxable property within the District is \$185,950,675 for tax year 2015. Therefore, the maximum general obligation debt may not exceed \$11,157,041.

After the Bonds are issued, the ratio of total outstanding general obligation debt of the District to the 2015 assessed valuation will be no greater than 3.96% as summarized:

2015 Assessed Valuation	\$185,950,675
2015 Estimated Actual Valuation <sup>(1)</sup>	573,286,554
Bonds Outstanding (including the Bonds)	\$8,145,000
Less Debt Service Fund Balance (3/31/2016) <sup>(2)</sup>	790,494
ESTIMATED NET DEBT	<u>\$7,354,506</u>
Ratio of Estimated Net Debt to 2015 Assessed Valuation:	3.96%
Ratio of Estimated Net Debt to 2015 Estimated Actual Valuation:	1.28%
Per Capita Net Bonded Debt:	\$459.66
Est. Population:	16,000

(1) Actual valuation is computed by adding the exemptions to the 2015 assessed valuation and multiplying the result by three.

(2) The debt service cash balance for the Bonds was \$883,796.16 as of 3/31/2016. The amount properly attributable to principal reduction is 89.4%.

## Outstanding Debt

The District has never defaulted in the payment of any of its debt or other obligations. Listed below is the District's total outstanding general obligation debt including the proposed Bonds.

Series	Original Amount Issued	Final Maturity	Principal Outstanding <sup>(1)</sup>
2005	\$1,200,000	12/01/2018	\$345,000
2010	1,100,000	01/15/2017	600,000
2010A	775,000	08/15/2017	475,000
2011	1,200,000	08/15/2019	950,000
2012	975,000	10/01/2019	950,000
2013	800,000	08/15/2025	750,000
2014	1,000,000	08/15/2026	890,000
2015	1,500,000	08/15/2027	1,485,000
2016 <sup>(2)</sup>	1,700,000	08/15/2028	1,700,000
	<b>\$10,250,000</b>		<b>\$8,145,000</b>

(1) Principal outstanding after 8/15/2016.

(2) The Bonds.

## Debt Service Requirements to Maturity

The District schedules principal and interest payments at the time of the bond sales with constraints being general obligation debt capacity and expected property tax revenues at the desired tax rate. Below is a summary of the currently scheduled principal and interest on the District's outstanding debt as well as the proposed principal and interest payments on the Bonds.

Calendar Year	Current Requirements			Series 2016 <sup>(2)</sup>			Total Requirements		
	Principal	Interest	Total	Principal	Coupon	Interest	Principal	Interest	Total
2016 <sup>(1)</sup>	235,000	\$ 15,196	\$ 250,196				\$ 235,000	\$ 15,196	\$ 250,196
2017	1,505,000	139,247	1,644,247	300,000	3.50%	\$ 58,013	1,805,000	197,259	2,002,259
2018	1,040,000	103,192	1,143,192	150,000	3.50%	49,000	1,190,000	152,192	1,342,192
2019	1,090,000	85,426	1,175,426	125,000	3.50%	43,750	1,215,000	129,176	1,344,176
2020	350,000	59,116	409,116	125,000	3.50%	39,375	475,000	98,491	573,491
2021	375,000	50,541	425,541	125,000	3.50%	35,000	500,000	85,541	585,541
2022	350,000	41,221	391,221	125,000	3.50%	30,625	475,000	71,846	546,846
2023	350,000	32,190	382,190	125,000	3.50%	26,250	475,000	58,440	533,440
2024	350,000	23,000	373,000	125,000	3.50%	21,875	475,000	44,875	519,875
2025	350,000	16,900	366,900	125,000	3.50%	17,500	475,000	34,400	509,400
2026	250,000	10,725	260,725	125,000	3.50%	13,125	375,000	23,850	398,850
2027	200,000	4,500	204,500	125,000	3.50%	8,750	325,000	13,250	338,250
2028	-	-	-	125,000	3.50%	4,375	125,000	4,375	129,375
<b>TOTAL</b>	<b>\$6,445,000</b>	<b>\$ 581,254</b>	<b>\$ 7,026,254</b>	<b>\$ 1,700,000</b>		<b>\$ 347,638</b>	<b>\$ 8,145,000</b>	<b>\$ 928,891</b>	<b>\$ 9,073,891</b>

(1) Represents the total debt service due after 8/15/2016 only.

(2) Numbers are preliminary, subject to change. Calculated using average coupon rate of 3.50%. For illustrational purposes only.

## Statement of Estimated Direct and Overlapping Debt

The following is a calculation, which is useful to investors in assessing the debt load and per capita debt of the District payable from property taxes. In addition to the outstanding debt of the District, the calculation takes into account debt attributable to other taxing entities that are the responsibility of taxpayers within the boundaries of the District. Revenue bonds are not payable from property taxes.

Taxing Entity	2015 Assessed Value	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$58,791,482,390	\$389,270,000	0.32%	\$1,231,216
San Miguel County	581,715,048	-	31.97%	-
City of Las Vegas	202,339,104	-	100.00%	-
Luna Community College	740,791,770	-	25.10%	-
West Las Vegas Schools	185,950,675	8,145,000	100.00%	8,145,000
<b>Total Direct &amp; Overlapping Debt</b>				<b>\$9,376,216</b>
Ratio of Estimated Direct & Overlapping Debt to 2015 Assessed Valuation:				5.04%
Ratio of Estimated Direct & Overlapping Debt to 2015 Actual Valuation:				1.64%
Per Capita Direct & Overlapping Debt:				\$586.01

## Selected Debt Ratios:

2015 Assessed Valuation	\$185,950,675
2015 Estimated Actual Valuation <sup>(1)</sup>	573,286,554
District's Estimated Net Debt as a Percentage of	
Assessed Valuation	3.96%
Estimated Actual Valuation	1.28%
Direct & Overlapping Debt as a Percentage of	
Assessed Valuation	5.05%
Estimated Actual Valuation	1.64%
Estimated Population	16,000
District's General Obligation Bonds & Notes	
Debt Outstanding (Including the Bonds)	\$8,145,000
District Net General Obligation Debt	7,354,506
Estimated Direct & Overlapping G/O Debt	9,384,194
District Net Debt Per Capita	\$459.66
Direct and Overlapping Debt Per Capita	\$586.51

(1) Actual valuation is computed by adding the 2015 exemptions to the 2015 assessed valuation and multiplying the result by three.

## Tax Base

### Analysis of Assessed Valuation

Assessed Valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33-1/3% is legally subject to ad valorem taxes. This means the assessment ratio is 33-1/3%. After deduction of certain personal exemptions, the District's 2015 assessed valuation is \$185,950,675. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor.

The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of Assessed Valuation for 2015 and the previous four years follows.

	2015	2014	2013	2012	2011
<b>Assessments</b>					
Value of Land	\$ 54,594,164	\$ 53,169,219	\$ 53,046,132	\$ 51,735,240	\$ 51,934,281
Improvements	100,808,501	97,479,942	96,267,870	91,132,487	90,311,416
Personal Property	2,176,530	2,237,015	2,420,396	2,397,047	2,079,669
Mobile Homes	6,949,857	7,292,878	7,363,040	7,255,912	7,431,624
Livestock	8,123,374	5,956,951	5,969,238	5,118,677	4,418,414
<b>Assessor's Total Taxable Value</b>	<b>\$ 172,652,426</b>	<b>\$ 166,136,005</b>	<b>\$ 165,066,676</b>	<b>\$ 172,939,699</b>	<b>\$ 156,175,404</b>
<b>Less Exemptions</b>					
Head of Family	\$ 3,238,750	\$ 3,359,837	\$ 3,355,123	\$ 3,379,324	\$ 3,410,120
Veterans	1,664,000	1,656,000	1,648,000	1,656,000	1,704,000
Exemption Waiver*	242,093	2,842,831	2,599,985	2,391,742	2,295,696
Other	-	-	-	-	-
<b>Total</b>	<b>\$ 5,144,843</b>	<b>\$ 7,858,668</b>	<b>\$ 7,603,108</b>	<b>\$ 7,427,066</b>	<b>\$ 7,409,816</b>
Assessors Net Taxable Value	\$ 167,507,583	\$ 158,277,337	\$ 157,463,568	\$ 165,512,633	\$ 148,765,588
Centrally Assessed	18,443,092	17,220,748	16,111,512	14,823,544	13,727,672
<b>Total Assessed Valuation</b>	<b>\$ 185,950,675</b>	<b>\$ 175,498,085</b>	<b>\$ 173,575,080</b>	<b>\$ 180,336,177</b>	<b>\$ 162,493,260</b>
<i>* 100% Exempt - 100% Disabled Veterans</i>					
	2015	2014	2013	2012	2011
Residential	121,975,579	\$ 115,143,808	\$ 113,975,447	\$ 107,175,379	\$ 106,249,396
Non-Residential	63,975,096	60,354,277	59,599,633	73,160,798	56,243,864
<b>Total</b>	<b>\$ 185,950,675</b>	<b>\$ 175,498,085</b>	<b>\$ 173,575,080</b>	<b>\$ 180,336,177</b>	<b>\$ 162,493,260</b>

Source: San Miguel County Assessor's Office.

## History of Assessed Valuation

The following is a six-year history of assessed valuation for the District compared with the City of Las Vegas and San Miguel County.

<b>Tax Year</b>	<b>West Las Vegas Schools</b>	<b>City of Las Vegas</b>	<b>San Miguel County</b>
2015	\$185,950,675	\$202,339,104	\$581,715,048
2014	175,498,085	196,290,923	555,350,345
2013	173,575,080	195,294,091	548,963,663
2012	180,336,177	190,467,676	525,620,688
2011	161,094,366	189,108,518	503,704,339
2010	153,895,057	182,161,579	490,512,782

Source: San Miguel County Assessor's Office.

## Major Taxpayers

The following is a list of the largest taxpayers in the District, along with the 2015 assessed valuation for each. Property taxes are current for these taxpayers. This table is useful in assessing the concentration risk of the tax base. The ten largest taxpayers' assessed valuation is 11.48% of the District's total 2015 assessed valuation.

<b>Taxpayer</b>	<b>Business</b>	<b>2015 Valuation</b>	<b>% of Assessed Valuation</b>
BN&SF	Railroad	\$8,055,141	4.33%
Silver Spur Land & Cattle	Real Estate	2,666,235	1.43%
Public Service Co. of NM	Electric Utility	2,360,854	1.27%
ENMR	Telephone	2,222,240	1.20%
Farmer's Electric	Electric Utility	1,411,942	0.76%
McCormick	Real Estate	1,142,240	0.61%
Westrelita Properties	Real Estate	1,080,341	0.58%
Mora San Miguel Electric	Electric Utility	1,071,249	0.58%
Singleton Properties LLC	Real Estate	747,269	0.40%
Bernie Rogers	Livestock	595,980	0.32%
<b>Total</b>		<b>\$21,353,491</b>	<b>11.48%</b>

Source: San Miguel County Assessor's Office.

## Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax situation on residential property for the 2015 tax year and the previous four years. The District expects no change in the level of its taxes in the foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may impact the District's ability to repay bonds.

<b>Within 20 Mill Limit for General Purposes</b>					
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
San Miguel County	5.225	5.420	5.323	5.429	5.236
Las Vegas, City of	6.715	7.010	6.873	7.031	6.760
West Las Vegas Schools	0.215	0.223	0.219	0.223	0.216
<b>Total</b>	<b>\$12.155</b>	<b>\$12.653</b>	<b>\$12.415</b>	<b>\$12.683</b>	<b>\$12.212</b>

<b>Over 20 Mill Limit - Interest, Principal, Judgment, etc.</b>					
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.362
San Miguel County	0.000	0.000	0.000	0.000	0.000
Las Vegas, City of	0.000	0.000	0.000	0.000	0.000
West Las Vegas Schools	12.410	12.529	12.531	11.845	11.607
Luna Community College	2.268	2.304	2.307	2.378	2.312
<b>Total</b>	<b>\$16.038</b>	<b>\$16.193</b>	<b>\$16.198</b>	<b>\$15.583</b>	<b>\$15.281</b>

<b>Total Levy</b>					
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.362
San Miguel County	5.225	5.420	5.323	5.429	5.236
Las Vegas, City of	6.715	7.010	6.873	7.031	6.760
West Las Vegas Schools	12.625	12.752	12.750	12.068	11.823
Luna Community College	2.268	2.304	2.307	2.378	2.312
<b>Total Residential in Las Vegas</b>	<b>\$28.193</b>	<b>\$28.846</b>	<b>\$28.613</b>	<b>\$28.266</b>	<b>\$27.493</b>
<b>Total Non-Residential in Las Vegas</b>	<b>\$36.764</b>	<b>\$36.889</b>	<b>\$36.891</b>	<b>\$36.286</b>	<b>\$36.114</b>
Total Residential in Unincorporated County	\$21.478	\$21.835	\$21.740	\$21.235	\$20.733
Total Non-Residential in Unincorporated County	\$29.114	\$29.239	\$29.241	\$28.636	\$28.464

Source: New Mexico Department of Finance & Administration



## School Tax Rates

The following table shows the historical school tax levies on residential and non-residential property within the District since the 2011 tax year (2011-12 fiscal year). The Two Mill Levy is renewed every six years, most recently on February 5, 2013.

Tax Year	Operational		Two Mill Levy		Bond	Total	
	Res.	Non-Res.	Res.	Non-Res.	Debt	Res.	Non-Res.
2015	\$0.215	\$0.486	\$1.932	\$1.942	\$10.478	\$12.625	\$12.906
2014	0.223	0.500	2.000	2.000	10.529	12.752	13.029
2013	0.219	0.500	2.000	2.000	10.531	12.750	13.031
2012	0.223	0.409	1.919	1.635	9.101	11.243	11.145
2011	0.216	0.500	1.855	2.000	9.752	11.823	12.252

Source: New Mexico Department of Finance & Administration

## Yield Control Limitations

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production ad valorem and oil and gas production equipment ad valorem taxes) or assessment which will produce revenues which exceed the prior year's tax revenues from residential and non-residential property multiplied by a "growth control factor." The growth control factor is the percentage equal to the sum of (a) "percent change I" plus (b) the prior property tax year's total taxable property value plus "net new value", as defined by statute, divided by such prior property tax year's total taxable property value, but if that percentage is less than 100%, then the growth control factor is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication entitled "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year (unless there was a decrease, in which case zero is used) by the index for such calendar year next preceding the prior calendar year. *The growth control factor applies to authorized operating levies and to any capital improvements levies, but does not apply to levies for paying principal and interest on public general obligation debt.*

## Developments Limiting Residential Property Tax Increases

In an effort to limit large annual increases in residential property taxes in some areas of the State (particularly the Santa Fe and Taos areas which have experienced large increases in residential property values in recent years), an amendment to the uniformity clause (Article VIII, Section 1) of the New Mexico Constitution was proposed during the 1997 Legislative Session. The amendment was submitted to voters of the State at the general election held on November 3, 1998 and was approved by a wide margin.

The amendment directs the Legislature to provide for valuation of residential property in a manner that limits annual increases in valuation. The limitation may be applied to classes of residential property taxpayers based on occupancy, age or income. Further, the limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions for applying the limitations.

Bills implementing the constitutional amendment were enacted in 2001 and were codified as NMSA 1978, Sections 7-36-21.2 and 7-36-21.3.

NMSA 1978, Section 7-36-21.2, establishes a statewide limitation on residential property valuation increases beginning in tax year 2001 (the "Statutory Valuation Cap on Residential Increases"). Annual valuation increases are limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply:

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year;
3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
4. When a change occurs in the zoning or use of the property; and
5. To property that is subject to the valuation limitations under NMSA 1978, Section 7-36-21.3; and
6. On March 28, 2012, the New Mexico Court of Appeals upheld the constitutionality of a law capping residential valuation increases until a home changes ownership. This decision was appealed to the New Mexico Supreme Court which affirmed this decision on June 30, 2014. The New Mexico Legislature has brought up the issue of the disparity in valuations in the past several years, but has not enacted the bill into law. To the extent that court or legislative action is taken or a further constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property within the boundaries of the District.

NMSA 1978, Section 7-36-21.3 places a limitation on the increase in value for property taxation purposes for single-family dwellings occupied by low-income owners who are 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The Section 7-36-21.3 limitation does not apply:

1. To property that is being valued for the first time;
2. To a change in valuation resulting from physical improvements made to the property in the preceding year; and
3. To a change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

## Tax Collections

The level of tax collections is an important component in the analysis of the ability to pay principal and interest on a timely basis. General property taxes, with the exception of those taxes on oil and gas production and equipment for all units of government, are collected by the County Treasurer and distributed monthly to the various political subdivisions to which they are due. Property taxes are due in two installments. The first half is due on November 10 and becomes delinquent on December 10. The second half is due on April 10 and becomes delinquent on May 10. Collection statistics for all political subdivisions for which the County Treasurer collects taxes are as follows:

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections <sup>(1)</sup>	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections <sup>(2)</sup>	Current/Delinquent Collections as a % of Net Levied
2015	15/16	\$ 14,615,626	\$ 12,268,993	83.9%	\$ 12,268,993	83.9%
2014	14/15	14,211,330	12,551,958	88.3%	13,140,690	92.5%
2013	13/14	14,080,928	12,038,295	85.5%	13,469,133	95.7%
2012	12/13	13,604,632	11,455,607	84.2%	13,143,893	96.6%
2011	11/12	13,009,385	10,929,065	84.0%	12,707,817	97.7%
2010	10/11	13,492,898	11,275,726	83.6%	13,194,614	97.8%
2009	09/10	11,508,383	11,194,400	97.3%	11,252,810	97.8%

(1) Current collections through June 30 of each tax year. TY 2015 as of May 31, 2016.

(2) As of May 2016.

Source: San Miguel County Treasurer's Office

## Interest on Delinquent Taxes

Pursuant to NMSA 1978, Section 7-38-49, if property taxes are not paid for any reason within 30 days after the date they are due, interest on the unpaid taxes shall accrue from the 30th day after they are due until the date they are paid. Interest accrues at the rate of 1% per month or any fraction of a month.

## Penalty for Delinquent Taxes

Pursuant to NMSA 1978, Section 7-38-50, if property taxes become delinquent, a penalty of 1% of the delinquent tax for each month, or any portion of a month, they remain unpaid must be imposed, but the total penalty shall not exceed 5% of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of intent to defraud by the property owner, 50% of the property tax due or \$50.00, whichever is greater, shall be added as a penalty.

## Remedies Available for Non-Payment of Taxes

Pursuant to NMSA 1978, Section 7-38-47, property taxes are the personal obligation of the person owning the property on the date upon which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. Pursuant to NMSA 1978, Section 7-38-65, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to NMSA 1978, Section 7-38-53, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property upon which taxes are delinquent.

## The District

The District is a political subdivision of the State organized for the purpose of operating and maintaining an educational program for school-age children residing within its boundaries. The District is located in Las Vegas, New Mexico and is approximately 120 miles northeast of Albuquerque and approximately 70 miles northeast of Santa Fe. The City of Las Vegas is the largest community in San Miguel County and the county seat.

### School District Powers

Pursuant to Chapter 27 Laws 2004 passed in the 2004 legislative session, the District's powers are subject to regulations promulgated by the Secretary of the New Mexico Public Education Department ("PED") with the advice of the Public Education Commission. The Secretary of the PED (the "Secretary") is responsible for control, management and direction of all public schools. The Public Education Commission is comprised of 10 members, elected from public education districts for staggered four-year terms. Generally, the powers of the PED include determining policy of operations of all public schools; designating courses of instruction for all public schools in the State; adopting regulations for the administration of all public schools; determining qualifications for teachers, counselors, and their assistants; and prescribing minimum educational standards for all public schools. The PED may order the creation of new school districts or may require consolidation of school districts.

### Management

The District Board of Education (the "Board"), subject to regulations of the Secretary, develops educational policies for the District. The Board employs the superintendent of schools, delegates administrative and supervisory functions to the superintendent, including fixing the salaries of all employees, reviews and approves the annual District budget, has the capacity to sue and be sued, contracts, leases, purchases and sells for the District, acquires and disposes of all property, and adopts regulations pertaining to the administration of all powers or duties of the Board. Members serve without compensation for four-year terms of office in non-partisan elections held every two years on the first Tuesday in February. The current District Board Members are:

David Romero, Chairman;  
term expires March 1, 2017

Marvin Martinez, Vice-Chairman;  
term expires March 1, 2019

Christine Ludi, Secretary;  
term expires March 1, 2017

Patrick Marquez, Member;  
term expires March 1, 2019

The Superintendent of Schools is selected by and serves at the discretion of the Board. All other staff members are selected by the Superintendent with the approval of the Board. The current administrative staff is:

*Christopher Gutierrez*, Interim Superintendent (effective July 1, 2016)

*Dinah Maynes*, Business Manager. Ms. Maynes has served in the position of Business Manager since 2012. She, also, is a proud graduate of the West Las Vegas Schools and New Mexico Highlands University. Prior to the position of Business Manager, Ms. Maynes served as bookkeeper for Federal Programs for 16 years. She holds a Bachelor's Degree in Business Administration with an emphasis in Accounting from New Mexico Highlands University.

### Insurance

The District is a member of the New Mexico Public Schools Insurance Authority (the "Insurance Authority"), which was established to provide a comprehensive core insurance program by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an

annual premium to the Insurance Authority 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.

### Intergovernmental Agreements

The District has entered into various joint powers agreements with other governmental entities in the State that permit them to provide equipment purchases and other services jointly.

### School Property

In addition to the school buildings and their contents, the District owns the land upon which school buildings and facilities are located, which includes the District Administration Building, a Maintenance Shop and Custodial Center, a Curriculum and Instruction Center, an instructional materials warehouse and numerous vehicles. The District contracts buses, which are used only to transport students to and from school and school activity events.

### Enrollment

Set forth below is a five year history of the District's enrollment. For a discussion of the relationship between student enrollment and amounts of financial support provided by the State for public schools, see "FINANCES OF THE DISTRICT - SOURCES OF REVENUES".

School Year	Enrollment
2015-16	1,476
2014-15	1,438
2013-14	1,488
2012-13	1,515
2011-12	1,560

*Source: NM Public Education Department & the District.*

## Finances of the District

The basic format for the financial operation of the District is provided by PED through the School Budget Planning Division, which is directed by State law to supervise and control the preparation of all budgets of all school districts. The District receives revenue from a variety of local, state and federal sources, the most important of which are described below. New Mexico's public school finance laws are subject to review and examination through both the judicial and legislative processes. As a result, the District cannot anticipate with certainty all of the factors that may influence the financing of its future activities. There is no assurance that there will not be any change in, interpretation of or additions to the applicable laws, provisions and regulations that would have a material effect, directly or indirectly, on the affairs of the District.

### Sources of Revenues for General Fund

The General Fund is used to account for resources of the operational fund, student activity funds and other resources not accounted for in another fund. The sources of revenue for the District's General Fund are:

Local Revenues - Local revenues are a minor source of revenue to the District made up, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each \$1,000 of net taxable value of taxable property. Other

sources of local revenues include interest income earned on the District's investments, rentals and sale of property. In fiscal year 2014, the District received \$171,354 from local sources.

Federal Revenues - Another minor source of annual revenue for the District's General Fund is derived from indirect costs of direct federal grant funds related to vocational, special education, and various other programs and P.L. 874 federal impact moneys paid to the District in lieu of taxes on federal land located in the District. In fiscal year 2014, the District received \$62,907 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the State Equalization Guarantee distribution described below. During fiscal year 2014, the District received \$13,805,539 from state sources. Such payments represented approximately 98% of actual fiscal year General Fund Revenues.

### **State Equalization Guarantee**

The State Legislature enacted New Mexico's current public school funding formula in 1974. Designed to distribute operational funds to local school districts in an objective manner, the funding formula is based upon the educational needs of individual students and costs of the programs designed to meet those needs. Program cost differentials are based upon nationwide data regarding the relative costs of various school programs, as well as data specific to New Mexico. The objectives of the formula are (1) to equalize educational opportunity statewide (by crediting certain local and federal support and then distributing state support in an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The formula is divided into three basic parts:

1. Educational program units that reflect the different costs of identified programs;
2. Training and experience units that attempt to provide additional funds so that districts may hire and retain better educated and more experienced instructional staff; and
3. Size adjustment units that recognize local school and community needs, economies of scale, types of students, marginal cost increases for growth in enrollment from one year to the next, and adjustments for the creation of new districts.

SEG payments are made monthly and prior to June 30 each fiscal year. The calculation of the distribution is also based on the local and federal revenues received from July 1 of the previous fiscal year through May 31 of the fiscal year for which the State distribution is being computed. In the event that a district receives more SEG funds than its entitlement, that district must make a refund to the State's general fund.

Even though the current public school funding formula has been in place for several decades, some districts have indicated a concern about the fact that some districts receive less revenue per pupil compared to others. In response to these concerns, the Legislature, the Governor, and the State Board of Education authorized an independent, comprehensive study of the formula, that was conducted in 1996. In its principal finding the independent consultant concluded, "...When evaluated on the basis of generally accepted standards of equity, the New Mexico public school funding formula is a highly equitable formula. . . .[S]pending disparities are less than in other states and statistically insignificant."

Despite the acknowledged equity of the formula, the independent consultant pointed out a strong perception of unfairness in the so-called "density" factor and in the training and experience computations of some districts. As a result, the Legislature enacted the following changes to the funding formula:

- Required that special education students be counted with regular students with "add-on" weights assigned depending upon the severity of the disability;
- Changed weights for special education ancillary services and included diagnosticians in ancillary services computations; and
- Repealed the so-called "density" factor and replaced it with an at-risk factor that is available to all school districts.

The equalization funding for a district is based on previous years' enrollments rather than current year enrollment.

Budgeted and historical SEG payments are as follows:

<b>Year</b>	<b>Program Unit Value</b>	<b>Amount</b>
2011-2012	\$3,586	\$12,755,380
2012-2013	3,668	12,785,570
2013-2014	3,818	13,917,047
2014-2015	4,006	12,903,891
2015-2016	4,028	12,895,623

*Source: New Mexico Public Education Department & the District.*

The New Mexico PED receives Federal mineral-leasing funds from which it makes annual allocations to the District for purchasing textbooks. In fiscal year 2015, the District received \$101,952 for instructional materials.

The District is also reimbursed by the State for the costs of transporting students to and from school. These payments are based upon a formula consisting of the number of students per square mile that are transported. In fiscal year 2015, the District received \$765,558 for transportation purposes.

## Balance Sheet

Listed below is the Balance Sheet (General Fund only) for fiscal years 2011 through 2015. The complete audit report for the fiscal year ending June 30, 2015 and the last four years can be downloaded from the State Auditor's website by using the following link [http://www.saonm.org/financial\\_audits](http://www.saonm.org/financial_audits).

Year Ended June 30	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Assets:</b>					
Cash and Investments	\$ 451,973	\$ 488,958	\$ 611,560	\$ 384,393	\$ 416,057
Receivables:					
Taxes	-	954	-	584	701
Interfund receivables	35,000	35,000	30,482	50,149	788,370
Other receivables	-	-	-	-	5,454
<b>Total Assets</b>	<b>\$ 486,973</b>	<b>\$ 524,912</b>	<b>\$ 642,042</b>	<b>\$ 435,126</b>	<b>\$ 1,210,582</b>
<b>Liabilities:</b>					
Accounts payable	\$ 68,513	\$ 6,414	\$ 351,561	\$ 210,171	\$ 43,588
Interfund payables	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 68,513</b>	<b>\$ 6,414</b>	<b>\$ 351,561</b>	<b>\$ 210,171</b>	<b>\$ 43,588</b>
<b>Fund Balances:</b>					
Reserved:					
Restricted	\$ -	\$ 67,244	\$ 290,481	\$ 224,955	\$ 43,805
Capital Improvements	14,754	-	-	-	-
Assigned	403,706	-	-	-	-
Committed	-	-	-	-	1,149,345
Unreserved, Undesignated	-	451,254	-	-	-
<b>Total Fund Balance</b>	<b>\$ 418,460</b>	<b>\$ 518,498</b>	<b>\$ 290,481</b>	<b>\$ 224,955</b>	<b>\$ 1,193,150</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 486,973</b>	<b>\$ 524,912</b>	<b>\$ 642,042</b>	<b>\$ 435,126</b>	<b>\$ 1,236,738</b>

(1) General Fund includes Operational, Transportation and Instructional Materials.

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2015 audited financial statements is provided in Appendix B.



## Statement of Revenues, Expenditures & Changes in Fund Balances

Below is a five year history of Revenues and Expenditures for the District. The complete audit report for the fiscal year ending June 30, 2015 and the last four years can be downloaded from the State Auditor's website by using use the following link [http://www.saonm.org/financial\\_audits](http://www.saonm.org/financial_audits).

Fiscal Year Ended June 30	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues:</b>					
Local Sources	\$ 196,324	\$ 114,819	\$ 161,936	\$ 171,354	\$ 680,668
State Sources	13,675,725	13,402,130	13,822,568	13,805,539	14,159,871
Federal Sources	<u>188,513</u>	<u>138,788</u>	<u>248,662</u>	<u>62,907</u>	<u>12,079</u>
Total Revenues	\$ 14,060,562	\$ 13,655,737	\$ 14,233,166	\$ 14,039,800	\$ 14,852,618
<b>Expenditures:</b>					
Instruction	\$ 6,430,817	\$ 6,752,383	\$ 6,990,364	\$ 6,832,333	\$ 6,717,054
Student support services	1,165,462	1,312,072	1,479,025	1,499,460	1,483,796
Instruction support services	559,223	492,989	486,723	354,464	310,944
General administration	583,083	593,338	439,017	490,835	582,763
School administration	1,088,956	1,076,363	1,062,695	1,034,026	1,026,504
Central services	579,118	522,590	490,105	537,812	511,665
Op. & Maintenance of Plant	2,523,065	2,174,587	2,697,976	2,481,789	2,387,546
Pupil Transportation	686,582	690,980	802,017	846,786	846,831
Food Service	60,000	-	-	-	-
Other	<u>1,756</u>	<u>397</u>	<u>13,261</u>	<u>27,821</u>	<u>-</u>
Total Expenditures	\$ 13,678,062	\$ 13,615,699	\$ 14,461,183	\$ 14,105,326	\$ 13,867,103
Excess (Deficiency)					
of Revenues over Expenditures	\$ 382,500	\$ 40,038	\$ (228,017)	\$ (65,526)	\$ 968,195
Operating Transfers	<u>(17,601)</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restated fund balance	\$ 364,899	\$ 100,038	\$ (228,017)	\$ (65,526)	\$ 968,195
Fund Balance-Beginning	53,561	418,460	518,498	290,481	224,955
Fund Balance-Ending	<u>\$ 418,460</u>	<u>\$ 518,498</u>	<u>\$ 290,481</u>	<u>\$ 224,955</u>	<u>\$ 1,193,150</u>
	2.98%	3.80%	2.04%	1.60%	8.03%

(1) General Fund includes Operational, Transportation and Instructional Materials.

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2015 audited financial statements is provided in Appendix B.

## Statement of Net Assets

Below is a five year history of Net Assets for the District (Governmental Activities). The complete audit report for the fiscal year ending June 30, 2015 and the last four years can be downloaded from the State Auditor's website by using the following link [http://www.saonm.org/financial\\_audits](http://www.saonm.org/financial_audits).

<i>Fiscal Year Ended June 30</i>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>ASSETS</u></b>					
Current assets:					
Cash & cash equivalents	\$ 3,388,842	\$ 4,187,945	\$ 4,424,771	\$ 4,075,651	\$ 4,845,754
Taxes receivable	935,580	38,853	77,704	86,083	30,177
Due from other governmental entities	-	576,212	861,072	965,349	972,311
Accounts Receivable	-	-	-	-	31,662
Inventory	13,664	13,664	-	-	-
Total current assets	\$ 4,338,086	\$ 4,816,674	\$ 5,363,547	\$ 5,127,083	\$ 5,879,904
Noncurrent assets:					
Bond issuance costs	242,214	218,189	156,869	-	-
Capital assets	83,697,051	84,340,361	85,280,616	87,835,303	89,764,540
Less: Accumulated depreciation	(35,733,456)	(38,170,939)	(40,688,463)	(42,951,140)	(45,157,463)
Total noncurrent assets	48,205,809	46,387,611	44,749,022	44,884,163	44,607,077
Total Assets	52,543,895	51,204,285	50,112,569	50,011,246	50,486,981
Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ 1,342,498
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	\$ 111,810	\$ 58,916	\$ 580,921	\$ 507,339	\$ 205,274
Accrued liabilities	132,539	139,377	139,377	132,821	133,326
Accrued interest	130,034	123,845	103,615	92,887	88,544
Deferred revenue	45,978	-	70,055	42,568	4,542
Current portion of long-term obligations	1,185,000	1,185,000	1,275,000	1,370,000	2,070,000
Total current liabilities	\$ 1,605,361	\$ 1,507,138	\$ 2,168,968	\$ 2,145,615	\$ 2,501,686
Long-term obligations					
Compensated absences payable	\$ 182,621	\$ 192,472	\$ -	\$ -	\$ -
Bond underwriter premiumums	15,846	12,517	-	-	-
Noncurrent portion of long term obligations	7,685,000	7,700,000	7,534,629	6,955,834	26,158,173
Total long-term obligations	7,883,467	7,904,989	7,534,629	6,955,834	26,158,173
Total Liabilities	9,488,828	9,412,127	9,703,597	9,101,449	28,659,859
Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ 3,091,570
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	\$ 39,093,595	\$ 39,949,341	\$ 38,570,239	\$ 39,098,553	\$ 39,151,964
Restricted for:					
Debt service	1,351,502	1,391,749	1,409,503	1,639,232	1,806,155
Capital projects	2,154,427	249,836	360,290	302,675	329,524
Unrestricted	455,543	201,232	68,940	(130,663)	(21,209,593)
TOTAL NET ASSETS	\$ 43,055,067	\$ 41,792,158	\$ 40,408,972	\$ 40,909,797	\$ 20,078,050
TOTAL LIABILITIES & NET ASSETS	\$ 52,543,895	\$ 51,204,285	\$ 50,112,569	\$ 50,011,246	\$ 51,829,479

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2015 audited financial statements is provided in Appendix B.

## Statement of Activities

Below is a five year history of Activities for the District (Governmental Activities). The complete audit report for the fiscal year ending June 30, 2015 and the last four years can be downloaded from the State Auditor's website by using use the following link [http://www.saonm.org/financial\\_audits](http://www.saonm.org/financial_audits).

*Fiscal Year Ended June 30*

<b>EXPENSES:</b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
Governmental activities					
Instruction	\$ (4,811,069)	\$ (6,761,533)	\$ (8,452,378)	\$ (8,541,630)	\$ (8,566,275)
Student support services	(1,964,436)	(1,377,475)	(1,516,560)	(1,582,786)	(1,497,545)
Instruction support services	(552,749)	(522,240)	(505,329)	(369,424)	(356,585)
General administration	(685,930)	(611,216)	(450,827)	(521,635)	(585,690)
School administration	(1,408,326)	(1,118,231)	(1,097,749)	(1,135,414)	(1,014,275)
Other support services	(1,756)	(397)	(13,446)	(28,466)	(17,439)
Central services	(662,081)	(536,987)	(506,650)	(563,858)	(507,179)
Pupil transportation services	(118,193)	(144,156)	(151,550)	(180,598)	(82,246)
Operation & maintenance of plant	(1,640,850)	(4,321,390)	(2,489,260)	(766,788)	(1,143,370)
Food services	(109,369)	190,323	(114,205)	(347,128)	16,620
Depreciation - unallocated*	(2,354,983)	-	-	-	-
Interest on long-term obligations	(339,747)	(390,746)	(412,461)	(440,361)	(266,174)
Total governmental activities	\$ (14,649,489)	\$ (15,594,048)	\$ (15,710,415)	\$ (14,478,088)	\$ (14,020,158)
General revenues					
Property taxes for general purposes	\$ 46,759	\$ 49,440	\$ 48,945	\$ 54,867	\$ 53,739
Property taxes for debt service	1,382,099	1,527,523	1,563,627	1,802,570	1,788,509
Property taxes for capital projects	291,820	300,304	280,628	344,229	340,561
General Federal & State aid	12,796,086	12,277,866	12,319,269	12,771,039	13,284,963
Interest & investment earnings	18,769	17,603	7,926	6,208	6,922
Miscellaneous	216,302	158,403	-	-	-
Subtotal, general revenues	14,751,835	14,331,139	14,220,395	14,978,913	15,474,694
Change in net assets	102,346	(1,262,909)	(1,490,020)	500,825	1,452,536
Net assets - beginning, as adjusted	42,952,721	43,055,067	41,898,992	40,408,972	40,909,797
Restatement	-	-	-	-	(22,284,283)
Net Assets - End of Year	\$ 43,055,067	\$ 41,792,158	\$ 40,408,972	\$ 40,909,797	\$ 20,078,050

*Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2015 audited financial statements is provided in Appendix B.*

## **Special Revenue Funds**

The Special Revenue Fund accounts are used to account for grant funds received from various sources that are legally required to be used for purposes specified in the grant awards and may not be used for any other purpose.

## **Debt Service**

Debt service funds are used to account for accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The County remits property taxes collected on locally assessed and centrally assessed property to the District as one lump sum and does not break down the amounts as to principal or interest reduction in accordance with instructions from PED.

## **Capital Projects**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The Capital Projects Fund, which consists of the Bond Building Fund, accounts for the resources and major costs of capital improvements in the District such as erecting, remodeling, making additions to and furnishing school buildings and purchasing and improving school grounds. Revenue is provided through general obligation bonds and earnings on investments.

## **Fiduciary Funds – Trust & Agency**

These funds are used to 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

## **District Budget Process**

Each year, the school district budget process begins with the educational appropriations passed by the Legislature and signed into law by the Governor. The actual budget process follows specific steps set forth in the Public School Finance Act:

- Before April 15 of each year, the District must submit an estimated budget for the next school year to PED. If the District fails to submit a budget, PED must prepare a District budget for the ensuing year.
- Before June 20 of each year, the District Board must hold a public hearing to fix the estimated budget for the next school year.
- On or before July 1 of each year, PED must approve and certify an approved operating budget for use by the District Board.

No school board, officer or employee of a school district may make an expenditure or incur any obligation for the expenditure of public funds unless that expenditure is made in accordance with an operating budget approved by PED. This requirement, however, does not prohibit the transfer of funds between line items within a series of a budget. Final budgets may not be altered or amended after approval by PED except upon the District's request to PED. An instance in which such requests will be approved include a change within the budget that does not increase the total amount of the budget. Additional budget items may also be approved if the District is to receive unanticipated revenues. Finally, if it becomes necessary to increase the District's budget by more than \$1,000 for any reason other than those listed above, PED may order a special public hearing to consider the requested increase.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Debt Service Fund with appropriations lapsing at year end. Total expenditures of any function category may not exceed categorical appropriations.

To conform with PED's requirements, budgets for all funds of the District are adopted on the cash basis of accounting except for state instructional material credit. State instructional material funds provide for free textbooks from PED. As a result, budgets are not prepared in conformity with generally accepted accounting principles GAAP, and budgetary comparisons are presented on the (Non-GAAP) basis of accounting.

### **Employees and Retirement Plan**

The District employs approximately 307 permanent employees of which 13 are administrators, 130 are teachers and other professional instructional personnel including special education support personnel, 30 are instructional assistants, and 134 are support, custodial and administrative staff. This includes federal programs (Head Start, etc).

#### **Post-Employment Benefits – State Retiree Healthcare Plan**

*Plan Description.* The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority ("RHCA"). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (NMSA 1978, §§ 10-7C-1 through 10-7C-16). 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 Retiree Health Care Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

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

The Retiree Health Care Act (at Section 10-7C-15) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G), at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to NMSA 1978, Section 7-1-6.1 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 contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$192,671, \$194,410, and \$205,294, respectively, which equal the required contributions for each year. The Charter School's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$13,296, \$10,006, and \$10,001, respectively, which equal the required contributions for each year.

#### Pension Plan – Educational Retirement Board

*Plan Description.* Substantially all of the District's full-time employees participate in an educational employee retirement system authorized under the Educational Retirement Act (NMSA 1978, Chapter 22, Article 11). The Educational Retirement Board ("ERB") is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of living adjustments to plan members (certified teachers, other employees of state public school districts, colleges and universities, and some state agency employees) and beneficiaries. The ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may also be obtained by writing to the ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on the ERB's website at [www.nmerb.org](http://www.nmerb.org).

Following is a partial history of employer and employee contributions statewide and net assets held in trust of the retirement fund.

<b>Fiscal Year Ending June 30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Net Assets Held in Trust</b>
2011	\$308,367,952	\$247,407,988	\$9,642,229,673
2012	253,845,277	289,852,094	9,606,304,017
2013	299,657,530	248,785,187	10,358,058,861
2014	362,462,537	268,693,991	11,442,171,449
2015	395,129,621	294,560,840	11,642,543,051

*Source: New Mexico Educational Retirement Board, Financial Report*

## *Funding Policy*

Contributions. The contribution requirements of defined benefit plan members, District, and the Charter School are established in state statute under NMSA 1978, Chapter 10, Article 11. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District and Charter School were \$1,342,498 and \$92,404, respectively.

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District and Charter School reported a liability of \$20,266,884 and \$1,074,252, respectively for its proportionate share of the net pension liability. The District and Charter School's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by NMSA 1978, Section 22-11-21. At June 30, 2014, the District and Charter School's proportion was 0.37 percent, which was a decrease of 0.02 from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the District and Charter School recognized pension expense of \$1,074,171 and \$56,937, respectively.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which addresses accounting and financial reporting for pensions that are provided to employees of state and local government employers through pension plans that are administered through trusts and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. According to Statement No. 68, the District, as a contributor to ERB, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing, multi-employer plan with ERB. The District is assessing the full extent of the effect of the new standards on the District's audited financial statements. Statement No. 68 is effective beginning with the fiscal year ending June 30, 2014 for the District.

In July 2012, the ERB adopted goals of achieving 95%, plus or minus 5%, funded ratio by the year 2042. To achieve this goal, the New Mexico Legislature amended the Educational Retirement Act in the 2013 legislative session (Senate Bill 115; Chapter 61, Laws 2013). The amendments increased employee contributions for members whose salary exceeds \$20,000 per year to 10.1% in Fiscal Year 2014 and 10.7% in Fiscal Year 2015 (ERB members who make less than \$20,000 contribute 7.9% of their gross salary). The legislation also kept in place scheduled increases in employer contribution rates, created a new tier membership for persons who become members of the ERB Fund on or after July 1, 2013, created certain actuarial limitations on benefits of new tier members, placed limitations on future cost of living adjustments ("COLA") for current and future retirees which are tied to the future funded ratios of the Fund, and made certain other clarifying and technical changes.

In December 2013, the New Mexico Supreme Court, in *Barlett v. Cameron*, 316 P.3d 889 (N.M. 2013), rejected the claims of certain retired teachers, professors and other public education employees challenging the state constitutionality of Senate Bill 115 to the extent that it reduces the future amounts that all education retirees might receive as annual COLA. The Court held that Article XX, Section 22 of the New Mexico Constitution did not grant the retirees a right to an annual COLA based on the formula in effect on the date of their retirement for the entirety of their retirement. The Court held that in the absence of any contrary indication from the New Mexico Legislature, any future COLA to a retirement benefit is merely a year-to-year expectation that, until paid, does not create a property right under the New Mexico Constitution. Once paid, the COLA, by statute, becomes part of the retirement benefit, and a property right subject to those constitutional protections.

## **Tax Exemption**

### **Federal Income Tax Opinion**

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, will render its opinion that, in accordance with statutes, regulations, published rulings, and court decisions existing on the date thereof, (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated in this subsection and the subsection "New Mexico Income Tax Opinion," McCall, Parkhurst & Horton L.L.P. will express no opinion as to any other federal, state, or local tax consequences of the purchase, ownership, or disposition of the Bonds. See "Appendix D -- Forms of Co-Bond Counsels' Opinion".

In rendering its opinion, McCall, Parkhurst & Horton L.L.P. will rely upon (a) the District's federal tax certificate, (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds, and (c) certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of McCall, Parkhurst & Horton L.L.P. is conditioned on compliance by the District with such requirements, and McCall, Parkhurst & Horton L.L.P. has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

The opinion rendered by McCall, Parkhurst & Horton L.L.P. represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations, and covenants. The opinion rendered by McCall, Parkhurst & Horton L.L.P. is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion rendered by McCall, Parkhurst & Horton L.L.P. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

### **New Mexico Income Tax Opinion**

On the date of initial delivery of the Bonds, Cuddy & McCarthy, LLP and McCall, Parkhurst & Horton L.L.P. will render their opinions that interest on the Bonds will be excluded from net income for purposes of New Mexico state income tax. Cuddy & McCarthy, LLP expresses no opinion as to any other federal, state or local tax consequences, except as described in this subsection. See "Appendix D -- Forms of Co-Bond Counsels' Opinion".

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual



period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excessive passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE

## ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

### State, Local & Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States citizens.

### Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

### Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

#### Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term

"financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure, or to refrain from such action which would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."**

## Continuing Disclosure Undertaking

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available on the MSRB's website at [www.emma.msrb.org](http://www.emma.msrb.org).

### Annual Reports

The District will provide annually certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS", "TAX BASE", "THE DISTRICT - Enrollment" and "FINANCES OF THE DISTRICT - State Equalization Guarantee "Balance Sheet," and Statement of Revenues, Expenditures and Changes in Fund Balances" and "Appendix B." The District will update and provide this information by March 31 of each fiscal year beginning in 2017.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial information by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with accounting principles as in the District's annual financial statements attached hereto or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is June 30. If the District changes its fiscal year, it will notify the MSRB of the change.

### Event Notices

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: 1) Principal and interest payment delinquencies; 2) Non-payment related defaults, if material within the

meaning of the federal securities laws; 3) Unscheduled draws on debt service reserves reflecting financial difficulties; 4) Unscheduled draws on credit enhancements reflecting financial difficulties; 5) Substitution of credit or liquidity providers, or their failure to perform; 6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds or the Lease, or other events affecting the tax-exempt status of the Bonds; 7) Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws; 8) Bond calls, if material within the meaning of the federal securities laws; 9) Defeasances; 10) Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws; 11) Rating changes; 12) tender offers; 13) Bankruptcy, insolvency, receivership or similar event of the District; 14) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and 15) Appointment of a successor or additional trustee or the change of name of a trustee, if material with the meaning of the federal securities laws.

In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

#### **Availability of Information from the MSRB**

The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described under "Annual Reports" and "Event Notices" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 6000, Alexandria, Virginia 22314, and its telephone number is (703) 797-6600.

#### **Limitations and Amendments**

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law or a change in the identity, nature, status or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds in the primary offering of the Bonds.

## **Compliance with Prior Undertakings**

The Annual information and the audited financial statement for fiscal year 2011 was filed late and not in accordance with SEC Rule 15c2-12. A notice of failure to file annual information as required was filed for fiscal year 2011. The District has since implemented procedures to ensure the timely filing of its continuing disclosure agreements in accordance with SEC Rule 15c2-12 and is now in material compliance with such agreements

## **Litigation**

At the time of the original delivery of the Bonds, the District will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceedings are pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Resolution, the levying or collecting of taxes to pay the principal of and interest on the Bonds (except as described below) or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

## **Rating**

Moody's Investors Service has assigned the Bonds a rating of 'Aa1 Enhanced' on the understanding that the Bonds will qualify under the New Mexico School District Enhancement Program. The underlying rating for the District is 'A3'. See "New Mexico School District Enhancement Program" herein. An explanation of the significance of the rating given by Moody's Investors Service may be obtained from Moody's Investors Service, 99 Church Street, New York, New York 10007. There is no assurance that the rating will not be revised downward or withdrawn entirely by the rating agency, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **Legal Matters**

The written approval from the New Mexico Attorney General will be obtained for the Bonds. The legality of the Bonds will be approved by Cuddy & McCarthy, LLP, Santa Fe, New Mexico and McCall, Parkhurst & Horton L.L.P., Austin, Texas, as Co-Bond Counsel, whose unqualified opinions approving the legality of the Bonds will be furnished to the initial purchasers. Co-Bond Counsel, Cuddy & McCarthy LLP, Santa Fe, New Mexico and McCall, Parkhurst & Horton L.L.P., Austin, Texas, were not requested to and did not take part in the preparation of this Official Statement, nor have these firms undertaken to independently verify any of the information contained herein. Such firms have no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in this Official Statement or otherwise.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **Disclosure Certificate**

The final certificate included in the transcript of legal proceedings will include the following: At closing the Superintendent or Director of Finance will sign a certificate stating, after reasonable investigation, that to the best of his knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of his knowledge, threatened in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement, as it pertains to the District and the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact

necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (c) no event affecting the District has occurred since the date of the Final Official Statement, which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representation concerning the pricing information contained in the Final Official Statement.

## Additional Matters

All summaries of the statutes, resolutions, opinions, contracts, agreements, financial and statistical data and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the offices of the District located at the School Administration Office, or at the offices of RBC Capital Markets, LLC, 6301 Uptown Boulevard NE, Suite 110, Albuquerque, New Mexico 87110.

## A Last Word

Anything in this Official Statement involving matters of opinion or estimates – whether labeled as such or not – are just that. They are not representations of fact. They might not prove true. Neither this Official Statement nor any other written or oral information is to be construed as a contract with the registered owners of the Bonds.

The District has duly authorized the execution and delivery of this Official Statement.

/s/ \_\_\_\_\_  
Chairman, Board of Education

/s/ \_\_\_\_\_  
Secretary, Board of Education

## APPENDIX A

### ECONOMIC & DEMOGRAPHIC INFORMATION



## THE ECONOMY

*The West Las Vegas School District No. 1* is located in the north central region of New Mexico. Two school districts serve the City of Las Vegas and surrounding area.

*The City of Las Vegas* (2010 U.S. Census population of 13,753), incorporated in 1906, is the County Seat and principal city in San Miguel County, and serves as a trade and service center for the surrounding area. It is located approximately 125 miles northeast of Albuquerque and approximately 70 miles southeast of Santa Fe. In the late 1800s, as a major trading point on the Santa Fe Trail, Las Vegas was one of the largest towns in the region and had become a prosperous town, rivaling Denver, El Paso and Tucson. Unlike any other town in New Mexico, Las Vegas is home to a number of beautiful Victorian homes and buildings, with over 900 buildings on the historic register.

The decline of Las Vegas from a prosperous commercial center began around 1905 when major rail traffic was diverted to the south. An agricultural depression in the mid-1920s, the Great Depression of the 1930s, and a long drought put an end to Las Vegas' growth and its boomtown prosperity.

Today, Las Vegas is a thriving community of distinctive cultures. Las Vegas and the communities in San Miguel County are rich in history, architecture, cultural traditions, arts and natural beauty. Considered one of America's oldest film locations, many movies were filmed, in whole or in part, in and around Las Vegas.

The base of Las Vegas' economy is its institutional jobs housed within eight major institutions. These include: New Mexico Behavioral Health Institute, New Mexico Highlands University, Luna Community College, City of Las Vegas, San Miguel County, the West Las Vegas School District, the Las Vegas City School District, and Alta Vista Regional Hospital. Other institutional employers include the New Mexico Department of Transportation District 4 office and Armand Hammer United World College.

In addition to the City's glorious and infamous history, its location and natural resources provide a variety of outdoor and recreation opportunities such as hiking, biking, fishing, hunting, boating and golf.

The City operates under the Mayor-Council form of government.

### **New Mexico Highlands University**

Founded in 1893, New Mexico Highlands University ("NMHU") has served as a leading academic, cultural and economic institution for the communities of Northern New Mexico. In addition to its main campus in Las Vegas, it also has centers in Farmington, Roswell, Espanola/Santa Fe, Rio Rancho/Albuquerque and Raton. Undergraduate and graduate programs are offered in the arts and sciences, business, education and social work.

The Fall 2015 undergraduate enrollment at the main campus of NMHU was 2,275. The enrollment including all branch centers totaled 3,750.

### **Luna Community College**

Luna Community College ("LCC") is the only community college in northeastern New Mexico. LCC is located in the lower slopes of the majestic Sangre de Cristo Mountain Range overlooking the City of Las Vegas, New Mexico. LCC enjoys an outstanding reputation for its caliber of facilities, teaching methods, curricula, and dedication to excellence. 2,064 students were enrolled as of fall 2015.

LCC has satellite centers in the northeastern New Mexico towns of Mora, Springer and Santa Rosa. These satellites, in addition to the main campus, serve participants of the Springer Municipal Schools, the Maxwell Municipal Schools, and the Santa Rosa Consolidated Schools, which are within Colfax and Guadalupe Counties. LCC also has a presence in the Pecos and Wagon Mound Schools.

All campuses are administered and supervised by LCC and governed by an elected Board of Trustees from the service area. LCC continues to offer a broad range of vocational, technical and professional education programs.

## Population

Based on information gained from the Bureau of Business & Economic Research, the following table shows both the historical and projected population data for the City of Las Vegas, San Miguel County, and the State of New Mexico.

<b>Census Year</b>	<b>City of Las Vegas</b>	<b>County of San Miguel</b>	<b>State of New Mexico</b>
1970	13,835	21,951	1,017,055
1980	14,322	22,751	1,303,143
1990	14,522	25,743	1,515,069
2000	14,565	30,126	1,826,280
2010	13,753	29,393	2,065,826
2015*	13,386	27,967	2,085,572
2016 <sup>(1)</sup>	12,970	27,726	2,088,585
2021 <sup>(1)</sup>	12,469	26,747	2,111,960
<b>Projected Growth 2016-2021 <sup>(2)</sup></b>	<b>-3.86%</b>	<b>-3.53%</b>	<b>1.12%</b>

*\*Estimates. Source: U.S. Census Bureau: State and County QuickFacts.*

*(1) Estimates. Source: The Nielsen Company, March 2016*

*(2) Projected. Source: The Nielsen Company, March 2016*

The following table sets forth a comparative age distribution profile for San Miguel County, the State of New Mexico and the United States.

<b>Age Group</b>	<b>Percent of Population</b>		
	<b>San Miguel County</b>	<b>New Mexico</b>	<b>United States</b>
0 - 17	19.98%	24.19%	22.97%
18 - 24	10.34%	9.87%	9.84%
25 - 34	12.04%	13.26%	13.35%
35 - 44	10.25%	11.84%	12.63%
45 - 54	13.07%	12.20%	13.33%
55 and Older	34.33%	28.64%	27.88%

*Source: The Nielsen Company, May 2016*

## Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by The Nielsen Company. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income, and transfer payments. Deductions are made for federal, state, and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance. The following chart depicts the median household EBI level for San Miguel County, the State of New Mexico and the United States.

Effective Buying Income Group	San Miguel County	New Mexico	United States
Under \$25,000	45.29%	29.15%	22.72%
\$25,000 - \$34,999	13.21%	11.18%	9.97%
\$35,000 - \$49,999	13.17%	13.88%	13.41%
\$50,000 - \$74,999	12.08%	17.21%	17.60%
\$75,000 & Over	16.25%	28.57%	36.30%
2012 Est. Median Household Income	\$32,558	\$41,958	\$49,581
2013 Est. Median Household Income	\$31,603	\$43,273	\$49,297
2014 Est. Median Household Income	\$33,569	\$44,292	\$51,579
2015 Est. Median Household Income	\$31,903	\$45,633	\$53,706
2016 Est. Median Household Income	\$28,567	\$45,445	\$55,551

Source: The Nielsen Company, May 2016

## Employment

Historically, the unemployment rates for San Miguel County and the State of New Mexico have remained lower than national levels. The following table provides a ten-year history of labor force and unemployment rates for San Miguel County, the State and the United States.

Year <sup>(1)</sup>	San Miguel County		State of New Mexico		United States
	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2016 <sup>(2)</sup>	10,939	6.40%	916,249	5.80%	4.70%
2015	10,988	7.70%	919,889	6.60%	5.30%
2014	10,927	8.20%	918,206	6.50%	6.20%
2013	11,076	8.30%	922,960	6.90%	7.40%
2012	11,103	8.90%	928,050	7.10%	8.10%
2011	11,044	9.50%	929,862	7.60%	8.90%
2010	11,173	9.60%	936,088	8.10%	9.60%
2009	13,294	7.30%	940,352	7.50%	9.30%
2008	13,314	4.90%	944,548	4.50%	5.80%
2007	13,342	4.20%	934,027	3.80%	4.60%

(1) Numbers are annual averages.

(2) Data for the month of April 2016. Numbers are Preliminary.

Source: U.S. Bureau of Labor Statistics, May 2016.

## Major Employers

Major employers include the following:

<b>Largest Employers in San Miguel County</b>	
New Mexico Behavioral Health Institute	-1,000
West Las Vegas Schools	- 495
Las Vegas City Schools	- 490
Alta Vista Regional Hospital	- 325
New Mexico Highlands University	- 300
Wal-Mart	- 300
Las Vegas City Government	- 290
Luna Community College	- 200
San Miguel County Government	- 125
Franken Companies	- 40-50

*Source: Las Vegas Chamber of Commerce, June 2016*

## Average Annual Employment by NAICS Code Classification

The New Mexico Department of Workforce Solutions publishes quarterly reports of covered employment and wages according to the [North American Industry Classification System \(NAICS\)](#). Detailed below is the report for San Miguel County.

<b>Sector</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015<sup>(1)</sup></b>
Accommodation and Food Services	733	834	864	819	808
Administrative and Waste Services	51	61	62	56	19
Agriculture, Forestry, Fishing & Hunting	48	49	38	37	38
Arts, Entertainment, and Recreation	*	*	82	74	*
Construction	406	415	420	414	263
Educational Services	*	*	*	1,642	*
Finance and Insurance	201	213	205	215	234
Health Care and Social Assistance	2,426	2,408	2,652	2,644	1,866
Information	79	75	67	51	43
Management of Companies and Enterprises	*	*	*	7	7
Manufacturing	64	65	75	102	94
Mining	*	*	22	10	8
Other Services, Ex. Public Admin	119	123	116	117	124
Professional and Technical Services	114	95	95	103	94
Real Estate and Rental and Leasing	40	48	57	58	56
Retail Trade	948	932	916	927	920
Transportation and Warehousing	168	174	225	298	285
Utilities	86	98	107	99	24
Wholesale Trade	35	37	40	27	24
Total Government	3,636	3582	3482	3398	3356
Total Private	4,363	4450	4720	4752	5046
<b>Grand Total</b>	<b>7,988</b>	<b>8032</b>	<b>8202</b>	<b>8150</b>	<b>8402</b>

(1) Data as of Fourth Quarter of 2015

\* Withheld to avoid disclosing confidential data. Data that are not disclosed for individual industries are always included in the totals.

Therefore, the individual industries may not sum to the totals.

Note: Figures shown here are annual averages of quarterly data.

Source: New Mexico Department of Workforce Solutions, Quarterly Census of Employment and Wages program.

## APPENDIX B

### JUNE 30, 2015 AUDITED FINANCIAL STATEMENTS (EXCERPTS)

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2**

**Annual Financial Report  
Year Ended June 30, 2015**







**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2**

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**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2**

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**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2**

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**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2**

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**RIO GALLINAS CHARTER SCHOOL**

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**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2**

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WEST LAS VEGAS SCHOOL DISTRICT NO. 2**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
OFFICIAL ROSTER  
JUNE 30, 2015**

Board of Education

David G. Romero, Chairman  
Marvin J. Martinez, Vice Chairman  
Christine Ludi, Secretary  
Leroy Benavidez, Member  
Pat Marquez, Member

School Officials

Gene Parson, Superintendent  
Darice Balizan, Associate Superintendent  
Dinah Maynes, Business Manager  
Kenneth Abeyta, Assistant Business Manager

**RIO GALLINAS CHARTER SCHOOL  
OFFICIAL ROSTER  
JUNE 30, 2015**

Board of Education

Crystal Gallegos, Chairwoman  
Rudy Castellano, Vice Chairman  
Carol Winkel, Secretary  
Michael Immerman, Member  
Emilio Aragon, Member  
Georgina Cruz, Member  
David Romero, West Las Vegas School , Board Liaison, Member

School Officials

Gerald Garcia, Director  
Lorraine Tafoya, Administrative Assistant

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Mr. Timothy Keller  
New Mexico State Auditor

Board of Education of the  
West Las Vegas School District No. 2

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of West Las Vegas School District No. 2 (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's non-major governmental funds, and the budgetary comparisons for the major capital projects fund, debt service fund and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the West Las Vegas School District No. 2, as of June 30, 2015, the respective changes in financial position thereof, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respect, the respective financial position of each non-major governmental fund of West Las Vegas School District No. 2 as of June 30, 2015, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects funds, debt service fund and all non-major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and net pension liability information, as listed 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 operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 basic financial statements, the Combining and Individual Fund Financial Statements and the budgetary comparisons. The accompanying other supplementary information, the Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2015, on our consideration of West Las Vegas School District No. 2'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 West Las Vegas School District No. 2's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
CPAs and Business Consultants

November 6, 2015

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**(Required Supplementary Information)**

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**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

As management of the West Las Vegas School District No. 2 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's total net position of governmental activities increased \$1.5 million which represents a 8 percent increase from the prior fiscal year as a result of conservative spending.
- General revenues accounted for \$15.5 million in revenue, or 68 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$7.1 million or 32 percent of total current fiscal year revenues.
- The District had approximately \$21.2 million in expenses related to governmental activities, a decrease of 6 percent from the prior fiscal year, due to conservative spending.
- Among major funds, the General Fund had \$14.9 million in current fiscal year revenues, which primarily consisted of state aid, and \$13.9 million in expenditures. The General Fund's fund balance increase from \$224,955 at the prior fiscal year end to \$1.2 million at the end of the current fiscal year was primarily due to an increase in state aid.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**OVERVIEW OF FINANCIAL STATEMENTS**

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, central services, operation and maintenance of plant services, student transportation services, food service operations, and interest on long-term debt.

The government-wide financial statements include a column to report the activity and balances of the Rio Gallinas Charter School, a discretely presented component unit of the District.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**OVERVIEW OF FINANCIAL STATEMENTS**

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Food Service, Title I-IASA, IDEA-B Entitlement, Bond Building, and Debt Service Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, the fiduciary funds do not have a measurement focus.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Budgetary information.** As a component of the basic financial statements and accompanying notes, this report also presents certain information concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A statement of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$20.1 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	As of <u>June 30, 2015</u>	As of <u>June 30, 2014</u>
Current and other assets	\$ 5,879,904	\$ 5,127,083
Capital assets, net	<u>44,607,077</u>	<u>44,884,163</u>
<b>Total assets</b>	<u>50,486,981</u>	<u>50,011,246</u>
 Deferred outflows	 <u>1,342,498</u>	 <u></u>
 Current and other liabilities	 298,360	 642,794
Long-term liabilities	<u>28,361,499</u>	<u>8,458,655</u>
<b>Total liabilities</b>	<u>28,659,859</u>	<u>9,101,449</u>
 Deferred inflows	 <u>3,091,570</u>	 <u></u>
 <b>Net position:</b>		
Net investment in capital assets	39,151,964	39,098,553
Restricted	2,135,679	1,941,907
Unrestricted	<u>(21,209,593)</u>	<u>(130,663)</u>
<b>Total net position</b>	<u>\$ 20,078,050</u>	<u>\$40,909,797</u>

At the end of the current fiscal, year the District reported positive balances in net investment in capital assets and restricted net position and a negative balance in unrestricted net position. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

- The principal retirement of \$1.4 million of bonds.
- The issuance of \$1.0 million of general obligation bonds.
- The addition of \$1.9 million in capital assets through school improvements and purchases of vehicles, furniture and equipment.
- The addition of \$20.3 million in pension liabilities due to the implementation of new pension reporting standards.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

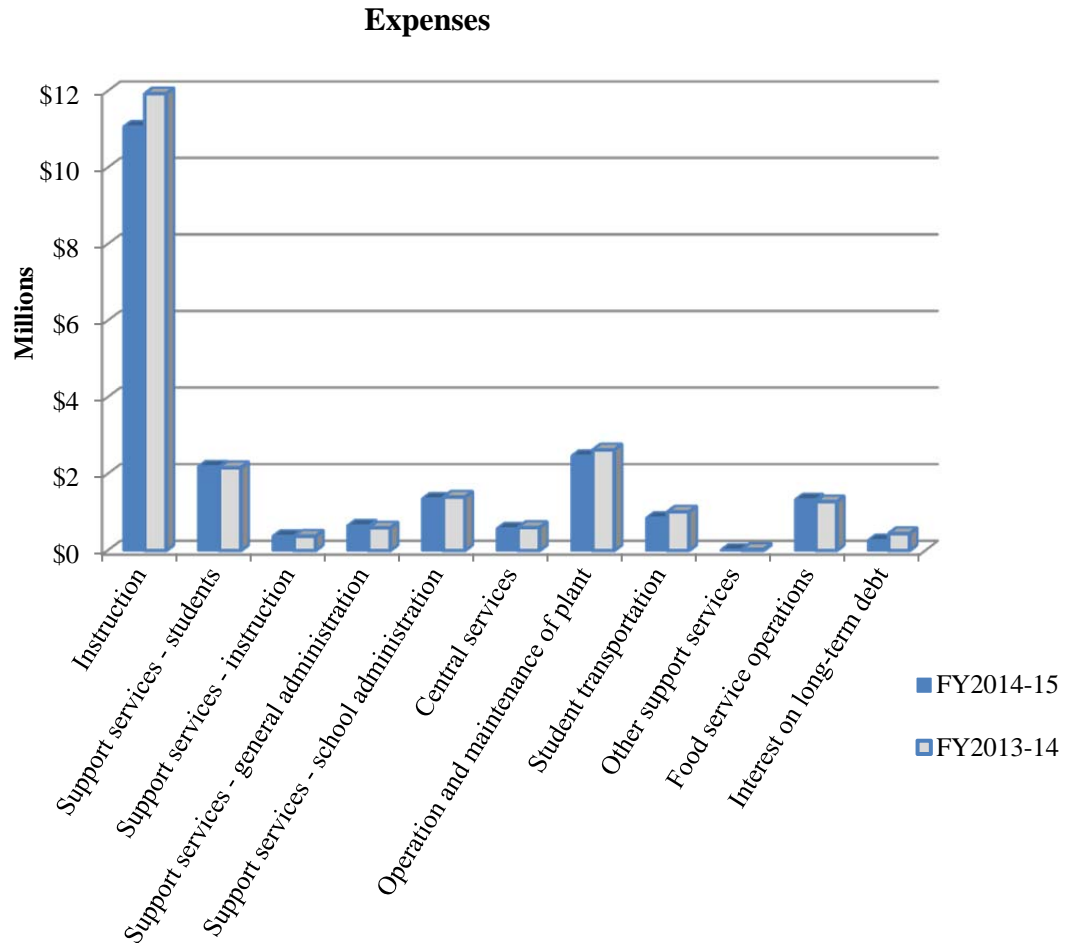
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Changes in net position.** The District's total revenues for the current fiscal year were \$22.6 million. The total cost of all programs and services was \$21.2 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 230,102	\$ 177,812
Operating grants and contributions	5,677,022	5,958,906
Capital grants and contributions	1,230,047	1,794,398
General revenues:		
Property taxes	2,182,809	2,201,666
Investment income	6,922	6,208
Unrestricted federal aid	12,079	62,907
State equalization guarantee	13,272,884	12,708,132
<b>Total revenues</b>	<u>22,611,865</u>	<u>22,910,029</u>
<b>Expenses:</b>		
Instruction	11,070,947	11,931,226
Support services – students	2,191,801	2,159,498
Support services – instruction	380,158	372,422
Support services – general administration	650,946	589,024
Support services – school administration	1,354,617	1,390,371
Central services	574,849	598,701
Operation and maintenance of plant	2,469,632	2,622,305
Student transportation services	852,256	1,006,328
Other support services	17,439	28,466
Food service operations	1,330,510	1,270,502
Interest on long-term debt	266,174	440,361
<b>Total expenses</b>	<u>21,159,329</u>	<u>22,409,204</u>
<b>Changes in net position</b>	<u>1,452,536</u>	<u>500,825</u>
<b>Net position, beginning, as restated</b>	<u>18,625,514</u>	<u>40,408,972</u>
<b>Net position, ending</b>	<u><u>\$ 20,078,050</u></u>	<u><u>\$ 40,909,797</u></u>

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**



The following are significant current year transactions that had an impact on the change in net position.

- Capital grants and contributions decreased by \$564,351 primarily due to less need for state appropriations provided by the Public School Capital Outlay Council.
- State equalization guarantee increased by \$564,752 primarily as a result of an increase in funding per program unit.
- Instructional expenses decreased by \$860,279, primarily due to efforts by the District to reduce expenses.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the state and District's taxpayers by each of these functions.



**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Year Ended June 30, 2015		Year Ended June 30, 2014	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 11,070,947	\$ (8,566,275)	\$ 11,931,226	\$ (8,541,630)
Support services – students	2,191,801	(1,497,545)	2,159,498	(1,582,786)
Support services – instruction	380,158	(356,585)	372,422	(369,424)
Support services – general administration	650,946	(585,690)	589,024	(521,635)
Support services – school administration	1,354,617	(1,014,275)	1,390,371	(1,135,414)
Central services	574,849	(507,179)	598,701	(563,858)
Operation and maintenance of plant	2,469,632	(1,143,370)	2,622,305	(766,788)
Student transportation	852,256	(84,246)	1,006,328	(180,598)
Other support services	17,439	(17,439)	28,466	(28,466)
Food service operations	1,330,510	16,620	1,270,502	(347,128)
Interest on long-term debt	266,174	(266,174)	440,361	(440,361)
<b>Total</b>	<b>\$ 21,159,329</b>	<b>\$ (14,022,158)</b>	<b>\$ 22,409,204</b>	<b>\$ (14,478,088)</b>

- The cost of all governmental activities this year was \$21.2 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$7.1 million.
- Net cost of governmental activities of \$14.0 million was financed by general revenues, which are made up of primarily property taxes of \$2.2 million and state aid of \$13.3 million.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$5.7 million, an increase of \$1.1 million due primarily to conservative spending.

The General Fund comprises 21 percent of the total fund balance. Approximately 96 percent, or \$1.1 million of the General Fund's fund balance, is committed.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The General Fund is the principal operating fund of the District. The increase in fund balance of \$968,195 to \$1.2 million as of fiscal year end was a result of an increase in State Equalization guarantee and efforts by the District to reduce expenditures.

General Fund revenues increased \$812,818 due to an increase in state aid and capital contributions. General Fund expenditures decreased \$220,903.

The fund balance of the Food Service Fund increased \$21,583 primarily due to an increase in federal grant revenue.

The fund balance of the Bond Building Fund decreased by \$34,505 or one percent.

The fund balance of the Debt Service Fund increased by \$166,923 due to property tax revenues levied exceeding current year debt service requirements.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund's Operational Fund annual expenditure budget for changes in instruction and operation of maintenance and plant services. The difference between the original budget and the final amended budget was a \$209,362 increase, or two percent.

The revenue budget for the General Fund's Operational Fund was decreased by \$93,346 related to emergency supplemental aid. A statement showing the original and final budget amounts compared to the District's actual financial activity for the General Fund's Operational Fund is provided in this report. The significant variances are summarized as follows.

- The favorable variance of \$261,730 in operation and maintenance of plant expenditures was a result of lower than anticipated costs of communication services.
- The favorable variance of \$498,557 in instruction expenditures was a result of lower than anticipated costs of educational software and supplies.
- The favorable variance of \$163,091 in support services-instruction was a result of lower than anticipated costs of instruction.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$89.8 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$1.9 million from the prior fiscal year, primarily due to various school improvements and acquisitions of vehicles, furniture, and equipment. Total depreciation expense for the current fiscal year was \$2.2 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2015 and June 30, 2014.

	As of June 30, 2015	As of June 30, 2014
Capital assets – non-depreciable	\$ 1,573,935	\$ 3,088,633
Capital assets – depreciable, net	43,033,142	41,795,530
<b>Total</b>	<u>\$ 44,607,077</u>	<u>\$ 44,884,163</u>

The estimated cost to complete current construction projects is \$330,237.

Additional information on the District's capital assets can be found in Note 6.

**Debt Administration.** At year end, the District had \$7.8 million in long-term debt outstanding, \$2.1 million due within one year. Long-term debt decreased by \$370,000.

The District's general obligation bonds are subject to a debt limit up to 6 percent of the secondary assessed valuation. The current debt limitation for the District is \$10.4 million, which is more than the District's total outstanding general obligation bonds.

Additional information on the District's long-term debt can be found in Notes 8 and 9.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the District's administration during the process of developing the fiscal year 2015-16 budget. Among them:

- Fiscal year 2014-15 budget balance carry forward (estimated \$1,156,698).
- District student population (estimated 1,438).

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Budgeted expenditures in the General Fund's Operational Fund increased less than 1 percent to \$14.3 million in fiscal year 2015-16. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2015-16 budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, West Las Vegas School District No. 2, 179 Bridge Street, Las Vegas, New Mexico 87701.

## **BASIC FINANCIAL STATEMENTS**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
WEST LAST VEGAS SCHOOL DISTRICT NO.2  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Component Unit</b>
Current assets:		
Cash and cash equivalents	\$ 4,845,754	\$ 109,832
Taxes receivable	30,177	
Accounts receivable	31,662	
Due from governmental entities	972,311	47,160
Total current assets	<u>5,879,904</u>	<u>156,992</u>
Noncurrent assets:		
Land	972,505	
Land improvements	3,737,542	
Buildings and improvements	70,314,760	29,249
Vehicles, furniture and equipment	13,964,856	144,846
Library books	173,447	
Construction in progress	601,430	
Accumulated depreciation	(45,157,463)	(144,258)
Total noncurrent assets	<u>44,607,077</u>	<u>29,837</u>
<b>Total assets</b>	<u><u>\$ 50,486,981</u></u>	<u><u>\$ 186,829</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plan items	<u>1,342,498</u>	<u>92,404</u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 51,829,479</u></u>	<u><u>\$ 279,233</u></u>



**STATE OF NEW MEXICO  
WEST LAST VEGAS SCHOOL DISTRICT NO.2  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<b>Governmental Activities</b>	<b>Component Unit</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 205,274	\$ 4,508
Accrued payroll and employee benefits		39,843
Accrued interest payable	88,544	
Compensated absences payable	133,326	
Unearned revenues	4,542	
Bonds payable within one year	2,070,000	
Total current liabilities	2,501,686	44,351
Noncurrent liabilities:		
Noncurrent portion of long-term obligations	26,158,173	1,074,252
Total noncurrent liabilities	26,158,173	1,074,252
<b>Total liabilities</b>	28,659,859	1,118,603
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension plan items	3,091,570	163,869
 <b>NET POSITION</b>		
Net investment in capital assets	39,151,964	29,837
Restricted for:		
Capital projects	138,015	
Federal and state projects	79,450	13,929
Food service operations	100,180	7,789
Other local initiatives	11,879	
Debt service	1,806,155	
Unrestricted	(21,209,593)	(1,054,794)
<b>Total net position</b>	20,078,050	(1,003,239)
<b>Total liabilities, deferred inflows of resources and net position</b>	\$ 51,829,479	\$ 279,233

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**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary Government</b>						
<b>Governmental activities:</b>						
Instruction	\$ 11,070,947	\$ 136,354	\$ 2,368,318	\$	\$ (8,566,275)	\$
Support services-students	2,191,801		694,256		(1,497,545)	
Support services-instruction	380,158		23,573		(356,585)	
Support services-general administration	650,946		65,256		(585,690)	
Support services-school administration	1,354,617		340,342		(1,014,275)	
Central services	574,849		67,670		(507,179)	
Operation and maintenance of plant	2,469,632		96,215	1,230,047	(1,143,370)	
Student transportation	852,256		768,010		(84,246)	
Other support services	17,439				(17,439)	
Food service operations	1,330,510	93,748	1,253,382		16,620	
Interest on long-term debt	266,174				(266,174)	
<b>Total Primary Government</b>	<b>\$ 21,159,329</b>	<b>\$ 230,102</b>	<b>\$ 5,677,022</b>	<b>\$ 1,230,047</b>	<b>\$ (14,022,158)</b>	
<b>Component Unit</b>						
Rio Gallinas Charter School	\$ 1,302,705	\$ 21,766	\$ 184,499	\$ 52,108		\$ (1,044,332)
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes					\$ 53,739	\$
Property taxes, levied for capital outlay					340,561	
Property taxes, levied for debt service					1,788,509	
Unrestricted investment earnings					6,922	
Unrestricted federal aid					12,079	1,083
State equalization guarantee					13,272,884	917,636
<b>Total general revenues</b>					<b>15,474,694</b>	<b>918,719</b>
<b>Changes in net position</b>					<b>1,452,536</b>	<b>(125,613)</b>
<b>Net position, beginning of year</b>					<b>40,909,797</b>	<b>303,558</b>
<b>Restatement</b>					<b>(22,284,283)</b>	<b>(1,181,184)</b>
<b>Net position, beginning of year, as restated</b>					<b>18,625,514</b>	<b>(877,626)</b>
<b>Net position, end of year</b>					<b>\$ 20,078,050</b>	<b>\$ (1,003,239)</b>

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## **FUND FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General Fund			
	Operational (11000)	Pupil Transportation (13000)	Instructional Materials (14000)	Food Service (21000)
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 368,328	\$ 365	\$ 47,364	\$ 177,986
Taxes receivable	701			
Accounts receivable	26,156			
Due from governmental entities	5,454			34,480
Due from other funds	788,370			
<b>Total assets</b>	<b>\$ 1,189,009</b>	<b>\$ 365</b>	<b>\$ 47,364</b>	<b>\$ 212,466</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 39,664	\$	\$ 3,924	\$ 112,286
Due to other funds				
Unearned revenues				
<b>Total liabilities</b>	<b>39,664</b>		<b>3,924</b>	<b>112,286</b>
Fund balances (deficits):				
Nonspendable				
Restricted		365	43,440	100,180
Committed	1,149,345			
Assigned				
Unassigned				
<b>Total fund balances (deficits)</b>	<b>1,149,345</b>	<b>365</b>	<b>43,440</b>	<b>100,180</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,189,009</b>	<b>\$ 365</b>	<b>\$ 47,364</b>	<b>\$ 212,466</b>

Title I - IASA (24101)	IDEA-B Entitlement (24106)	Bond Building (31100)	Debt Service (41000)	Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$ 2,385,064	\$ 1,781,402 24,753	\$ 85,245 4,723 5,506 511,078	\$ 4,845,754 30,177 31,662 972,311 788,370
258,552	162,747				
<u>\$ 258,552</u>	<u>\$ 162,747</u>	<u>\$ 2,385,064</u>	<u>\$ 1,806,155</u>	<u>\$ 606,552</u>	<u>\$ 6,668,274</u>
\$	\$	\$	\$	\$ 49,400	\$ 205,274
258,552	162,747			367,071	788,370
				4,542	4,542
<u>258,552</u>	<u>162,747</u>	<u>-</u>	<u>-</u>	<u>421,013</u>	<u>998,186</u>
		2,385,064	1,806,155	185,539	4,520,743 1,149,345
		<u>2,385,064</u>	<u>1,806,155</u>	<u>185,539</u>	<u>5,670,088</u>
<u>\$ 258,552</u>	<u>\$ 162,747</u>	<u>\$ 2,385,064</u>	<u>\$ 1,806,155</u>	<u>\$ 606,552</u>	<u>\$ 6,668,274</u>

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**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO.2  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

<b>Total governmental fund balances</b>	\$	5,670,088
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 89,764,540	
Less accumulated depreciation	<u>(45,157,463)</u>	44,607,077

Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		(10,177)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	1,342,498	
Deferred inflows of resources related to pensions	<u>(3,091,570)</u>	(1,749,072)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable	(88,544)	
Compensated absences payable	(254,438)	
Net pension liability	(20,266,884)	
General obligation bonds payable	<u>(7,830,000)</u>	<u>(28,439,866)</u>

<b>Net position of governmental activities</b>	\$	<u><u>20,078,050</u></u>
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**STATE OF NEW MEXICO**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2015**

	General Fund			
	Operational (11000)	Pupil Transportation (13000)	Instructional Materials (14000)	Food Service (21000)
<b>Revenues:</b>				
Property taxes	\$ 53,739	\$	\$	\$
Charges for services	40,655			93,748
Interest	2,069	44	85	141
Miscellaneous	583,995	81		
State grants	13,292,361	765,558	101,952	
Federal grants	12,079			1,208,930
<b>Total revenues</b>	<u>13,984,898</u>	<u>765,683</u>	<u>102,037</u>	<u>1,302,819</u>
<b>Expenditures:</b>				
Current -				
Instruction	6,642,903		74,151	
Support services-students	1,483,796			
Support services-instruction	310,944			
Support services-general administration	582,763			
Support services-school administration	1,026,504			
Central services	511,665			
Operation and maintenance of plant	2,387,546			
Student transportation	81,462	765,369		
Other support services	17,320			
Food service operations				1,281,236
Capital outlay				
Debt service -				
Principal retirement				
Interest and fiscal charges				
Bond issuance costs				
<b>Total expenditures</b>	<u>13,044,903</u>	<u>765,369</u>	<u>74,151</u>	<u>1,281,236</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>939,995</u>	<u>314</u>	<u>27,886</u>	<u>21,583</u>
<b>Other financing sources (uses):</b>				
Issuance of school improvement bonds				
Premium on sale of bonds				
Transfer in				
Transfer out				
<b>Total other financing sources (uses):</b>				
<b>Changes in fund balances</b>	<u>939,995</u>	<u>314</u>	<u>27,886</u>	<u>21,583</u>
<b>Fund balances (deficits), beginning of year</b>	<u>209,350</u>	<u>51</u>	<u>15,554</u>	<u>78,597</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 1,149,345</u>	<u>\$ 365</u>	<u>\$ 43,440</u>	<u>\$ 100,180</u>

Title I - IASA (24101)	Entitlement IDEA-B (24106)	Bond Building (31100)	Debt Service (41000)	Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$	\$ 1,788,509	\$ 340,561	\$ 2,182,809
				49,702	184,105
		3,255	1,317	11	6,922
				36,864	620,940
				1,271,655	15,431,526
629,901	374,959			1,959,694	4,185,563
629,901	374,959	3,255	1,789,826	3,658,487	22,611,865
432,010	263,148			1,610,197	9,022,409
3,790	43,865			682,310	2,213,761
				23,828	334,772
23,237	11,930		17,840	15,563	651,333
159,479				184,539	1,370,522
11,385	56,016			1,000	580,066
				97,254	2,484,800
				2,478	849,309
					17,320
				44,629	1,325,865
		1,013,654		1,019,623	2,033,277
			1,370,000		1,370,000
			235,063		235,063
		32,435			32,435
629,901	374,959	1,046,089	1,622,903	3,681,421	22,520,932
		(1,042,834)	166,923	(22,934)	90,933
		1,000,000			1,000,000
		8,329			8,329
		1,008,329			1,008,329
		(34,505)	166,923	(22,934)	1,099,262
		2,419,569	1,639,232	208,473	4,570,826
\$	\$	\$ 2,385,064	\$ 1,806,155	\$ 185,539	\$ 5,670,088

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

<b>Net changes in fund balances - total governmental funds</b>	<b>\$</b>	<b>1,099,262</b>
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Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	1,929,237	
Less current year depreciation	<u>(2,206,323)</u>	(277,086)

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.

Issuance of school improvement bonds	(1,000,000)	
Premium on sale of bonds	<u>(8,329)</u>	(1,008,329)

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

1,370,000

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	1,342,498	
Pension expense	<u>(1,074,171)</u>	268,327

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of original issue premium	3,331	
Accrued interest	(2,007)	
Compensated absences	<u>(962)</u>	<u>362</u>

<b>Changes in net position in governmental activities</b>	<b>\$</b>	<b><u><u>1,452,536</u></u></b>
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**STATE OF NEW MEXICO**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**OPERATIONAL (11000)**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Non-GAAP	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property taxes	\$ 54,761	\$ 54,761	\$ 53,622	\$ (1,139)
Charges for service	42,294	42,294	40,655	(1,639)
Interest	1,000	1,000	2,069	1,069
Miscellaneous	459,354	459,354	607,988	148,634
State grants	13,396,788	13,296,788	13,292,361	(4,427)
Federal grants	65,000	71,654	107,570	35,916
<b>Total revenues</b>	<u>14,019,197</u>	<u>13,925,851</u>	<u>14,104,265</u>	<u>178,414</u>
<b>Expenditures:</b>				
Current -				
Instruction	7,234,252	7,140,906	6,642,349	498,557
Support services-students	1,545,509	1,612,829	1,524,107	88,722
Support services-instruction	416,605	376,335	303,514	72,821
Support services-general administration	617,591	686,130	633,877	52,253
Support services-school administration	1,080,110	1,035,223	1,026,504	8,719
Central services	531,922	551,701	507,674	44,027
Operation and maintenance of plant	2,545,481	2,762,821	2,518,459	244,362
Student transportation	77,387	92,274	81,462	10,812
Other support services	42,553	42,553	21,906	20,647
Food service operations				
Capital outlay				
Debt service -				
Principal retirement				
Interest and fiscal charges				
<b>Total expenditures</b>	<u>14,091,410</u>	<u>14,300,772</u>	<u>13,259,852</u>	<u>1,040,920</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(72,213)</u>	<u>(374,921)</u>	<u>844,413</u>	<u>1,219,334</u>
<b>Other financing sources (uses):</b>				
Issuance of school improvement bonds				
Transfer in				
Transfer out				
<b>Total other financing sources (uses):</b>				
<b>Changes in fund balances</b>	<u>(72,213)</u>	<u>(374,921)</u>	<u>844,413</u>	<u>1,219,334</u>
<b>Fund balances (deficits), beginning of year</b>			312,285	312,285
<b>Fund balances (deficits), end of year</b>	<u><u>\$ (72,213)</u></u>	<u><u>\$ (374,921)</u></u>	<u><u>\$ 1,156,698</u></u>	<u><u>\$ 1,531,619</u></u>
<b>Reconciliation to GAAP Basis:</b>				
Revenue accruals			\$ (74,925)	
Expenditure accruals			170,507	
<b>Excess (deficiency) of revenues and other sources     (uses) over expenditures (GAAP Basis)</b>			<u><u>\$ 939,995</u></u>	

**STATE OF NEW MEXICO**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PUPIL TRANSPORTATION (13000)**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$	\$	\$	\$
Charges for service				
Interest			44	44
Miscellaneous			81	81
State grants	751,487	765,558	765,558	
Federal grants				
<b>Total revenues</b>	<u>751,487</u>	<u>765,558</u>	<u>765,683</u>	<u>125</u>
<b>Expenditures:</b>				
Current -				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services-school administration				
Central services				
Operation and maintenance of plant				
Student transportation	703,255	765,583	765,369	214
Other support services				
Food service operations				
Capital outlay				
Debt service -				
Principal retirement				
Interest and fiscal charges				
<b>Total expenditures</b>	<u>703,255</u>	<u>765,583</u>	<u>765,369</u>	<u>214</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>48,232</u>	<u>(25)</u>	<u>314</u>	<u>339</u>
<b>Other financing sources (uses):</b>				
Issuance of school improvement bonds				
Transfer in				
Transfer out				
<b>Total other financing sources (uses):</b>				
<b>Changes in fund balances</b>	<u>48,232</u>	<u>(25)</u>	<u>314</u>	<u>339</u>
<b>Fund balances (deficits), beginning of year</b>			51	51
<b>Fund balances (deficits), end of year</b>	<u>\$ 48,232</u>	<u>\$ (25)</u>	<u>\$ 365</u>	<u>\$ 390</u>

**STATE OF NEW MEXICO**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**INSTRUCTIONAL MATERIALS (14000)**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Non-GAAP	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property taxes	\$	\$	\$	\$
Charges for service				
Interest			85	85
Miscellaneous				
State grants		101,952	101,952	-
Federal grants				
<b>Total revenues</b>	<u>-</u>	<u>101,952</u>	<u>102,037</u>	<u>85</u>
<b>Expenditures:</b>				
Current -				
Instruction		101,952	70,227	31,725
Support services-students				
Support services-instruction				
Support services-general administration				
Support services-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Other support services				
Food service operations				
Capital outlay				
Debt service -				
Principal retirement				
Interest and fiscal charges				
<b>Total expenditures</b>	<u>-</u>	<u>101,952</u>	<u>70,227</u>	<u>31,725</u>
<b>Excess (deficiency) of revenues over expenditures</b>			<u>31,810</u>	<u>31,810</u>
<b>Other financing sources (uses):</b>				
Issuance of school improvement bonds				
Transfer in				
Transfer out				
<b>Total other financing sources (uses):</b>				
<b>Changes in fund balances</b>			<u>31,810</u>	<u>31,810</u>
<b>Fund balances (deficits), beginning of year</b>			15,554	15,554
<b>Fund balances (deficits), end of year</b>	<u>\$</u>	<u>\$</u>	<u>\$ 47,364</u>	<u>\$ 47,364</u>
<b>Reconciliation to GAAP Basis:</b>				
Revenue accruals			\$	
Expenditure accruals			(3,924)	
<b>Excess (deficiency) of revenues and other sources     (uses) over expenditures (GAAP Basis)</b>			<u>\$ 27,886</u>	

**STATE OF NEW MEXICO**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOOD SERVICE (21000)**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Non-GAAP	Variance with
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Property taxes	\$	\$	\$	\$
Charges for services		21,600	93,748	72,148
Interest		303	141	(162)
Miscellaneous				
State grants		12,500		(12,500)
Federal grants		1,100,000	1,122,797	22,797
<b>Total revenues</b>		<u>1,134,403</u>	<u>1,216,686</u>	<u>82,283</u>
<b>Expenditures:</b>				
Current -				
Instruction				
Support services-students				
Support services-instruction				
Support services-general administration				
Support services-school administration				
Central services				
Operation and maintenance of plant				
Student transportation				
Other support services				
Food service operations	1,300,349	1,300,349	1,283,417	16,932
Capital outlay				
Debt service -				
Principal retirement				
Interest and fiscal charges				
<b>Total expenditures</b>	<u>1,300,349</u>	<u>1,300,349</u>	<u>1,283,417</u>	<u>16,932</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,300,349)</u>	<u>(165,946)</u>	<u>(66,731)</u>	<u>99,215</u>
<b>Other financing sources (uses):</b>				
Issuance of school improvement bonds				
Transfer in				
Transfer out				
<b>Total other financing sources (uses):</b>				
<b>Changes in fund balances</b>	<u>(1,300,349)</u>	<u>(165,946)</u>	<u>(66,731)</u>	<u>99,215</u>
<b>Fund balances (deficits), beginning of year</b>			244,717	244,717
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,300,349)</u>	<u>\$ (165,946)</u>	<u>\$ 177,986</u>	<u>\$ 343,932</u>
<b>Reconciliation to GAAP Basis:</b>				
Revenue accruals			\$ 14,768	
Expenditure accruals			73,546	
<b>Excess (deficiency) of revenues and other sources</b>				
<b>(uses) over expenditures (GAAP Basis)</b>			<u>\$ 21,583</u>	



**STATE OF NEW MEXICO**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**TITLE I - IASA (24101)**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Non-GAAP	Variance with
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Property taxes	\$	\$	\$	\$
Charges for service				
Interest				
Miscellaneous				
State grants				
Federal grants		637,650	725,472	87,822
<b>Total revenues</b>		<u>637,650</u>	<u>725,472</u>	<u>87,822</u>
<b>Expenditures:</b>				
Current -				
Instruction	434,384	434,884	432,010	2,874
Support services-students	6,083	6,083	3,790	
Support services-instruction				-
Support services-general administration		23,297	23,237	60
Support services-school administration	156,426	159,676	159,479	197
Central services	11,385	13,710	13,710	-
Operation and maintenance of plant				
Student transportation				
Other support services				
Food service operations				
Capital outlay				
Debt service -				
Principal retirement				
Interest and fiscal charges				
<b>Total expenditures</b>	<u>608,278</u>	<u>637,650</u>	<u>632,226</u>	<u>5,424</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(608,278)</u>		<u>93,246</u>	<u>93,246</u>
<b>Other financing sources (uses):</b>				
Issuance of school improvement bonds				
Transfer in				
Transfer out				
<b>Total other financing sources (uses):</b>				
<b>Changes in fund balances</b>	<u>(608,278)</u>		<u>93,246</u>	<u>93,246</u>
<b>Fund balances (deficits), beginning of year</b>			(351,798)	(351,798)
<b>Fund balances (deficits), end of year</b>	<u>\$ (608,278)</u>	<u>\$</u>	<u>\$ (258,552)</u>	<u>\$ (258,552)</u>
<b>Reconciliation to GAAP Basis:</b>				
Revenue accruals			\$ (95,571)	
Expenditure accruals			2,325	
<b>Excess (deficiency) of revenues and other sources</b>				
(uses) over expenditures (GAAP Basis)			<u>\$</u>	

**STATE OF NEW MEXICO**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET**  
**AND ACTUAL**  
**IDEA-B ENTITLEMENT (24106)**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Non-GAAP	Variance with
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Property taxes	\$	\$	\$	\$
Charges for service				
Interest				
Miscellaneous				
State grants				
Federal grants		382,272	347,667	(34,605)
<b>Total revenues</b>		<u>382,272</u>	<u>347,667</u>	<u>(34,605)</u>
<b>Expenditures:</b>				
Current -				
Instruction	269,320	269,320	263,148	6,172
Support services-students		44,309	43,865	444
Support services-instruction				
Support services-general administration	16,763	11,931	11,930	1
Support services-school administration				
Central services	56,016	56,712	56,711	1
Operation and maintenance of plant				
Student transportation				
Other support services				
Food service operations				
Capital outlay				
Debt service -				
Principal retirement				
Interest and fiscal charges				
<b>Total expenditures</b>	<u>342,099</u>	<u>382,272</u>	<u>375,654</u>	<u>6,618</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(342,099)</u>		<u>(27,987)</u>	<u>(27,987)</u>
<b>Other financing sources (uses):</b>				
Issuance of school improvement bonds				
Transfer in				
Transfer out				
<b>Total other financing sources (uses):</b>				
<b>Changes in fund balances</b>	<u>(342,099)</u>		<u>(27,987)</u>	<u>(27,987)</u>
<b>Fund balances (deficits), beginning of year</b>			(134,760)	(134,760)
<b>Fund balances (deficits), end of year</b>	<u>\$ (342,099)</u>	<u>\$</u>	<u>\$ (162,747)</u>	<u>\$ (162,747)</u>
<b>Reconciliation to GAAP Basis:</b>				
Revenue accruals			\$ 27,292	
Expenditure accruals			695	
<b>Excess (deficiency) of revenues and other sources</b>				
<b>(uses) over expenditures (GAAP Basis)</b>			<u>\$</u>	

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO.2  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2015**

	Agency Funds
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 638,120
<b>Total assets</b>	<u>638,120</u>
 <b><u>LIABILITIES</u></b>	
Accounts payable	325
Deposits held in trust for others	<u>637,795</u>
<b>Total liabilities</b>	<u>\$ 638,120</u>

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**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the West Las Vegas School District No. 2 (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.

During the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The West Las Vegas School District No. 2 has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. Management of the District is independent of other state or local governments.

The membership of the Board of Education consists of five members elected by the public. Under existing statutes, the Board of Education's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the District for financial statement presentation purposes, and the District, are not included in any other governmental reporting entity. The District has one discretely presented component unit, Rio Gallinas Charter School (School) for which the District is financially accountable. The School is responsible for separate grades 2-8 education within the West Las Vegas School District's jurisdiction. The District approved the application for a period of three years, after which a review will be conducted. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected Board of Education is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, athletic functions and sponsorship of Rio Gallinas Charter School.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Discretely Presented Component Unit** – The Rio Gallinas Charter School (School) is included in the District's reporting entity because the District appoints the governing body and the School is fiscally dependent on the District. The School is reported as a discretely presented component unit since the governing body is not substantively the same as the governing body of the District. To emphasize that they are legally separate from the District, they are reported in a separate column in the government-wide financial statements. The audited financial statements for the School may be found following in the Rio Gallinas Charter School section of this Annual Financial Report as supplementary information.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District and its component unit. For the most part, the effect of internal activity has been removed from these statements. These statements distinguish between governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted federal and state aid, investment income, and other items not 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.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-Wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District 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. As permitted by generally accepted accounting principles the District applies the “early recognition” option for debt service payments.

Property taxes, state aid, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Operational Fund (11000) as well as the Pupil Transportation (13000) and Instructional Materials (14000) Funds. These funds are maintained as separate funds for accounting and budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Food Service (21000) – The Food Service Fund accounts for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

Title I – IASA Fund (24101) – The Title I – IASA Fund accounts for supplemental educational opportunity for academically disadvantaged children residing in the area. 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 identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. 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.

IDEA-B Entitlement (24106) – The IDEA-B Entitlement Fund accounts for a program funded by a federal grant to assist the District 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.

Bond Building Fund (31100) – The Bond Building Fund accounts for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

Debt Service Fund (41000) – The Debt Service Fund accounts for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs.



**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Additionally, the District reports the following fund types:

Fiduciary Funds – The Fiduciary Funds are Agency Funds which account for resources held by the District on behalf of others. This fund type includes student activities, which accounts for monies raised by students to finance student clubs and organizations held by the District as an agent.

The agency funds are custodial in nature and do not have a measurement focus and are reported on the accrual basis of accounting. The agency funds are reported by fund type.

**D. Cash 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.

**E. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Interest is separately disclosed in the fund financial statements.

**F. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**G. Property Tax Calendar**

Property taxes consist of mill levy and ad-valorem taxes, primarily for debt service and capital outlay purposes. The funds are levied and collected by the San Miguel County Treasurer and are remitted to the District the following month. 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.

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies property taxes on or before the first day of November that become due and payable in two equal installments due by November 10 and April 10 of each year. A lien against property attaches on the first day of January preceding assessment and levy.

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and expenditures when purchased in the fund financial statements.

**I. Capital Assets**

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment; and construction in progress, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Land improvements	20 years
Buildings and improvements	20 – 50 years
Vehicles, furniture, and equipment	4 – 20 years
Library books	6 – 7 years

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**K. Compensated Absences**

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

**L. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**M. Long-term Obligation**

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as the difference between the reacquisition price and net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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.

**N. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

**O. Net Position Flow Assumption**

In the government-wide fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

**P. 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.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2 – FUND BALANCES CLASSIFICATIONS**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

***Nonspendable.*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

***Restricted.*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

***Committed.*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's policy is to commit fund balance for budgeted expenditures for the subsequent year.

***Assigned.*** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a management official delegated that authority by the formal Board of Education action. The Business Manager has been delegated that authority.

***Unassigned.*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2 – FUND BALANCES CLASSIFICATIONS**

The table below provides detail of the major components of the District's fund balance classifications at year end.

<b>Primary Government</b>	<b>General Fund</b>			<b>Food Service (21000)</b>	<b>Bond Building (31100)</b>	<b>Debt Service (41000)</b>	<b>Non-Major Governmental Funds</b>
	<b>Operational (11000)</b>	<b>Pupil Transportation (13000)</b>	<b>Instructional Materials (14000)</b>				
<b>Fund Balances:</b>							
<b>Restricted:</b>							
Debt service	\$	\$	\$	\$	\$	\$1,806,155	\$
Capital projects							138,015
Bond building projects					2,385,064		
Federal projects							35,645
Athletics							11,679
Food service				100,180			
Pupil transportation		365					
Instructional materials			43,440				
Other purposes							200
<b>Committed:</b>							
Subsequent year's expenditures	1,149,345						
<b>Total fund balances</b>	<u>\$1,149,345</u>	<u>\$ 365</u>	<u>\$ 43,440</u>	<u>\$100,180</u>	<u>\$2,385,064</u>	<u>\$1,806,155</u>	<u>\$ 185,539</u>

<b>Rio Gallinas Charter School</b>	<b>Operational (11000)</b>	<b>Instructional Materials (14000)</b>	<b>Food Service (21000)</b>	<b>Non-Major Governmental Funds</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Instructional materials	\$	\$ 3,083	\$	\$
Food service			7,789	
Federal projects				10,846
Other purposes				300
<b>Assigned:</b>				
Subsequent year's expenditures	90,623			
<b>Total fund balances</b>	<u>\$ 90,623</u>	<u>\$ 3,083</u>	<u>\$ 7,789</u>	<u>\$ 11,146</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The legal level of budgetary control for the District is at the functional level. The budgetary comparisons are prepared on the Non-GAAP cash basis of accounting. At year end, the following major and nonmajor governmental funds had expenditures that exceeded the budget on a functional level, which constitutes a violation of legal provisions. The District will work with PED to rectify the overbudget situations.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Excess Expenditures Over Budget:**

	<u>Function</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Major Governmental Fund:				
Debt Service	Support services – general administration	16,456	17,840	(1,384)
Non-Major Governmental Funds:				
Admin Polo Shirt Donations	Support services – general administration	0	340	(340)

**NOTE 4 – CASH AND INVESTMENTS**

New Mexico state statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. 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 by collateral deposited as security or by bond given by the financial institution. Excess of 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.

*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 state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). New Mexico state statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution. At year end, the carrying amount of the District's deposits was \$5,483,874 and the bank balance was \$6,416,448. At year end, \$3,082,043 of the District's deposits were covered by collateral held by the pledging institution in the District's name and \$3,084,405 was uninsured and uncollateralized. In addition, the carrying amount of the Charter School's deposits was \$109,832 and the bank balance was \$137,107. At year end, all of the Charter School's deposits were insured by Federal Depository Insurance.

**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 – CASH AND INVESTMENTS**

The collateral pledged is listed in Schedule II of 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 following schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits. Rio Gallinas Charter School's cash balances are separate from the District due to the deposits being held under its own EIN number.

**Reconciliation of Cash and Temporary Investments**

	Southwest Capital Bank
Total bank balance – District	\$ 6,416,448
Total bank balance – Charter	137,107
FDIC coverage – District	(250,000)
FDIC coverage – Charter	(137,107)
Total uninsured public funds	6,166,448
 Pledged collateral held by pledging bank's trust department or agent but not in agency's name	 3,082,043
 Uninsured and uncollateralized	 3,084,405
 Collateral requirements (50% of uninsured public funds)	 3,083,224
Pledged security	(3,082,043)
Total under (over) collateralized	1,181
 Cash and cash equivalents per Statement of Net Position	
Governmental activities	4,845,754
Component Unit	109,832
Total cash and cash equivalents per Statement of Net Position	4,955,586
 Statement of Assets and Liabilities – Agency Funds	 638,120
Total carrying amount of deposits	\$ 5,593,706



**STATE OF NEW MEXICO  
WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 – CASH AND INVESTMENTS**

*Interest Rate Risk.* 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 asking price on United States treasury bills of the same maturity on the day of deposit.

*Credit Risk.* The District has no investment policy that would further limit its investment choices.

**NOTE 5 – RECEIVABLES**

Receivable balances, net of allowance for uncollectible accounts, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District's individual major funds and non-major government funds in the aggregate, were as follows:

	Operational (11000)	Food Service (21000)	Title I – IASA (24101)	Entitlement IDEA-B (24106)	Non-Major Governmental and Other Funds
<b><u>Primary Government</u></b>					
Due from other governmental entities:					
Due from federal government	\$ 5,454	\$ 34,480	\$ 258,552	\$ 162,747	\$ 182,841
Due from state government					328,237
Net due from governmental entities	<u>\$ 5,454</u>	<u>\$ 34,480</u>	<u>\$ 258,552</u>	<u>\$ 162,747</u>	<u>\$ 511,078</u>
	Total Governmental Funds				
<b><u>Rio Gallinas Charter School</u></b>					
Due from other governmental entities:					
Due from federal government	\$ 21,968				
Due from state government	25,192				
Net due from governmental entities	<u>\$ 47,160</u>				

**STATE OF NEW MEXICO**  
**WEST LAS VEGAS SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 6 – CAPITAL ASSETS**

A summary of capital asset activity for the current fiscal year follows:

<b>West Las Vegas School District</b>	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 692,253	\$ 280,252		972,505
Construction in progress	2,396,380	1,489,296	3,284,246	601,430
Total capital assets, not being depreciated	3,088,633	1,769,548	3,284,246	1,573,935
Capital assets, being depreciated:				
Land improvements	3,731,417	6,125		3,737,542
Buildings and improvements	67,082,687	3,232,073		70,314,760
Vehicles, furniture and equipment	13,759,119	205,737		13,964,856
Library books	173,447			173,447
Total capital assets being depreciated	84,746,670	3,443,935		88,190,605
Less accumulated depreciation for:				
Land improvements	(1,267,471)	(190,034)		(1,457,505)
Buildings and improvements	(29,327,220)	(1,381,982)		(30,709,202)
Vehicles, furniture and equipment	(12,183,072)	(634,237)		(12,817,309)
Library books	(173,377)	(70)		(173,447)
Total accumulated depreciation	(42,951,140)	(2,206,323)		(45,157,463)
Total capital assets, being depreciated, net	41,795,530	1,237,612		43,033,142
Governmental activities capital assets, net	\$ 44,884,163	\$ 3,007,160	\$ 3,284,246	\$ 44,607,077

<b>Rio Gallinas Charter School</b>	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
Capital assets, being depreciated:				
Buildings and improvements	\$ 29,249	\$	\$	\$ 29,249
Vehicles, furniture and equipment	144,846			144,846
Total capital assets being depreciated	174,095			174,095
Less accumulated depreciation for:				
Buildings and improvements	(9,853)	(1,228)		(11,081)
Vehicles, furniture and equipment	(122,637)	(10,540)		(133,177)
Total accumulated depreciation	(132,490)	(11,768)		(144,258)
Component unit capital assets, net	\$ 41,605	\$ (11,768)	\$	\$ 29,837

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense during the current fiscal year was charged to governmental activities as follows:

	District	Charter School
Instruction	\$ 2,148,074	\$ 11,768
Support services – instruction	47,990	
Support services – general administration	3,502	
Central services	404	
Operation and maintenance of plant services	3,008	
Student transportation	672	
Food service operations	2,673	
Total depreciation expense	<u>\$ 2,206,323</u>	<u>\$ 11,768</u>

**Construction Commitments** – At year end, the District had contractual commitments related to various capital projects for the renovation of school buildings. At year end, the District had spent \$601,430 on the projects and had estimated remaining contractual commitments of \$330,237. These projects are being funded with bond proceeds.

**NOTE 7 – OBLIGATIONS UNDER OPERATING LEASE**

**Operating Leases** – The District leases various copiers, and the Charter School leases a building under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$40,429 for the District and \$34,800 for the Charter School for the current fiscal year. The operating leases have remaining noncancelable lease terms and provide renewal options. The future minimum rental payments required under the operating leases at year end, were as follows:

Year Ending June 30:	District
2016	\$ 40,429
2017	18,155
2018	5,365
Total minimum payments required	<u>\$ 63,949</u>

**STATE OF NEW MEXICO**  
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**JUNE 30, 2015**

**NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE**

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized \$3.2 million remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2015	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds, Series 2003B	\$ 860,000	3.90%	12/1/15	\$ 105,000	\$ 105,000
General Obligation Bonds, Series 2004	430,000	4.50%	12/1/15	45,000	45,000
General Obligation Bonds, Series 2005	1,200,000	3.65-3.95%	12/1/15-18	455,000	110,000
General Obligation Bonds, Series 2008	1,500,000	5.00%	10/1/15	1,000,000	1,000,000
General Obligation Bonds, Series 2009	950,000	3.40-4.10%	7/15/15-16	500,000	100,000
General Obligation Bonds, Series 2010	1,100,000	2.65-2.90%	1/15/16-17	1,100,000	
General Obligation Bonds, Series 2010A	775,000	2.85-3.00%	8/15/16-17	775,000	500,000
General Obligation Bonds, Series 2011	1,200,000	1.25-2.75%	8/15/15-19	1,075,000	75,000
General Obligation Bonds, Series 2012	975,000	1.80%	10/1/15-19	975,000	25,000
General Obligation Bonds, Series 2013	800,000	0.10-3.19%	8/15/15-25	800,000	25,000
General Obligation Bonds, Series 2014	1,000,000	2.00% -3.00%	8/15/15-26	1,000,000	85,000
Total				<u>\$ 7,830,000</u>	<u>\$ 2,070,000</u>

**STATE OF NEW MEXICO  
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JUNE 30, 2015**

**NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE**

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows:

Year ending June 30:	Principal	Interest
2016	\$ 2,070,000	\$ 198,669
2017	1,635,000	134,340
2018	890,000	89,874
2019	920,000	67,679
2020	990,000	45,471
2021-25	1,025,000	92,958
2026-27	300,000	6,050
Total	<u>\$ 7,830,000</u>	<u>\$ 635,041</u>

**NOTE 9 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
Bonds payable:					
General obligation bonds	\$ 8,200,000	\$ 1,000,000	\$ 1,370,000	\$ 7,830,000	\$ 2,070,000
Premium	5,179	8,329	3,331	10,177	
Total bonds payable	<u>8,205,179</u>	<u>1,008,329</u>	<u>1,373,331</u>	<u>7,840,177</u>	<u>2,070,000</u>
Net pension liability	22,284,283		2,017,399	20,266,884	
Compensated absences payable	<u>253,476</u>	<u>83,812</u>	<u>82,850</u>	<u>254,438</u>	<u>133,326</u>
Governmental activity long-term liabilities	<u>\$ 30,742,938</u>	<u>\$ 1,092,141</u>	<u>\$ 3,473,580</u>	<u>\$ 28,361,499</u>	<u>\$ 2,203,326</u>
<b>Rio Gallinas Charter School:</b>					
Net pension liability	<u>\$ 1,181,184</u>	<u>\$</u>	<u>\$ 106,932</u>	<u>\$ 1,074,252</u>	

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**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows:

**Due to/from other funds:**

<b><u>Primary Government:</u></b>	
	<b>Operational Fund</b>
Title I – IASA Fund	\$ 258,552
IDEA-B Entitlement Fund	162,747
Non-Major Governmental Funds	367,071
Total Due from Other Funds	<u>\$ 788,370</u>

<b><u>Rio Gallinas Charter School:</u></b>	
	<b>Operational Fund</b>
2012 GO Bonds Student Library SB-66 Fund	\$ 3,044
New Mexico Reads to Lead K-3 Reading Initiative Fund	10,553
Lease Capital Fund	14,987
Capital Improvements SB-9 Fund	10,205
Total Due from Other Funds	<u>\$ 38,789</u>

At year end, several funds had negative cash balances in the District's pooled cash accounts. Negative cash in bank was reduced by interfund borrowing with other funds. All interfund balances are expected to be paid within one year.

**Interfund transfers:** Transfers between the School Library Materials FY08 Fund and Operational Fund of \$316 at the Rio Gallinas Charter School were to move cash balances remaining in the discontinued fund to the General Fund. In addition the transfers between the Operational Fund and the Fresh Fruits and Vegetables Fund of \$456 at the Rio Gallinas Charter School were to close out the discontinued fund to the General Fund.

**NOTE 11 – CONTINGENT LIABILITIES**

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

**Lawsuits** – The District and Charter School are parties to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, District and Charter School management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

**STATE OF NEW MEXICO  
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JUNE 30, 2015**

**NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District belongs to the New Public Schools 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, and employee health and accident 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 \$1,000 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 Security, which includes 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.

**NOTE 13 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN**

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

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

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**NOTE 13 – POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN**

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 percent of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5 percent of each participating employee's annual salary; and each participating employee was required to contribute 1.25 percent of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0 percent of each participating employee's annual salary; each participating employee was required to contribute 1.0 percent of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$192,671, \$194,410, and \$205,294, respectively, which equal the required contributions for each year. The Charter School's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$13,296, \$10,006, and \$10,001, respectively, which equal the required contributions for each year.



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**NOTE 14 – PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

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

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

***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. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

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

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

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**NOTE 14 – PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

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 four percent nor be less than two percent, unless the change in CPI is less than two percent, 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 percent funded. The COLA reduction was 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 percent COLA reduction; their average COLA will be 1.8 percent. All other retirees will have a 20 percent COLA reduction; their average COLA will be 1.6 percent. Once the funding is greater than 90 percent, 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 five percent COLA reduction; their average COLA will be 1.9 percent. All other retirees will have a 10 percent COLA reduction; their average will be 1.8 percent. 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 two percent of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) two percent 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, District, and the Charter School are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15 percent of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90 percent and employees earning more than \$20,000 contributed 10.10 percent of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90 percent, and employees earning \$20,000 or less continued to contribute 7.90 percent and employees earning more than \$20,000 contributed an increased amount of 10.70 percent of their gross annual salary. Contributions to the pension plan from the District and Charter School were \$1,342,498 and \$92,404, respectively.

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WEST LAS VEGAS SCHOOL DISTRICT NO. 2  
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**NOTE 14 – PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District and Charter School reported a liability of \$20,266,884 and \$1,074,252, respectively for its proportionate share of the net pension liability. The District and Charter School's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District and Charter School's proportion was 0.37 percent, which was a decrease of 0.02 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District and Charter School recognized pension expense of \$1,074,171 and \$56,937, respectively. At June 30, 2015, the District and Charter School reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Primary Government	Rio Gallinas Charter School	Primary Government	Rio Gallinas Charter School
Differences between expected and actual experience	\$	\$	\$ 301,905	\$ 16,003
Net difference between projected and actual earnings on pension plan investments			1,842,355	97,654
Changes in proportion and differences between District and Charter School contributions and proportionate share of contributions			947,310	50,212
District and Charter School contributions subsequent to the measurement date	1,342,498	92,404		
Total	<u>\$ 1,342,498</u>	<u>\$ 92,404</u>	<u>\$ 3,091,570</u>	<u>\$ 163,869</u>

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The \$1,342,498 and \$92,404 reported as deferred outflows of resources related to pensions resulting from District and Charter School 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Primary Government	Rio Gallinas Charter School
2016	\$ 894,344	\$ 47,405
2017	894,344	47,405
2018	842,293	44,646
2019	460,588	24,414

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

1. All members with an annual salary of more than \$20,000 will contribute 10.10 percent during the fiscal year ending June 30, 2014 and 10.70 percent 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 percent funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

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**NOTE 14 – PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	Five year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00 percent
Salary Increases	Composition: 3% 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 percent
Retirement Age	Experience based table of age and service rates
Mortality	90 percent of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

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**NOTE 14 – PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

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

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

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**Discount rate:** A single discount rate of 7.75 percent was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75 percent. 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. 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 and Charter School's proportionate share of the net pension liability to changes in the discount rate.** The following table presents the District and Charter School's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District and Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Primary Government's proportionate share of the net pension liability	\$ 27,575,436	\$ 20,266,884	\$ 14,162,261
Rio Gallinas Charter School's proportionate share of the net position pension liability	1,461,643	1,074,252	750,674

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

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**Beginning Net Position Restatement.** The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle:

	Statement of Activity	
	Primary Government	Component Unit
Net position, June 30, 2014, as previously reported	\$ 40,909,797	\$ 303,558
Net pension liability	(22,284,283)	(1,181,184)
Net position, July 1, 2014, as restated	<u>\$ 18,625,514</u>	<u>\$ (877,626)</u>



## APPENDIX C

### THE BOOK-ENTRY-ONLY SYSTEM

## The Book-Entry-Only System

Initially, DTC will be the securities depository for the Bonds. The Paying Agent/Registrar will register all Bonds in the name of Cede & Co. (DTC's partnership nominee) and provide DTC with one Bond for each maturity.

DTC provided the following information. Neither the Financial Advisor nor the District can vouch for its accuracy or completeness. For further information, please contact DTC or view its website at [www.dtc.org](http://www.dtc.org).

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New Mexico and New York Uniform Commercial Codes, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of security certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Purchases of the Bonds under the book-entry system may be made only through brokers and dealers who are, or act through, DTC Participants. Each DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's ownership interest in the Bonds. The ownership interest of each actual purchaser of a Bond (the "Beneficial Owner") will be recorded through the records of the DTC Participant or the Indirect Participant. Beneficial Owners are to receive a written confirmation of their purchase providing certain details of the Bonds acquired. Transfers of ownership interests in the Bonds will be accomplished only by book entries made by DTC and, in turn, by DTC Participants or Indirect Participants who act on behalf of the Beneficial Owners. Beneficial Owners of the Bonds will not receive nor have the right to receive physical delivery of the Bonds, and will not be or be considered to be registered owners under the Bond Resolution except as specifically provided in the Bond Resolution in the event the book-entry system is discontinued.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The District and the Registrar may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds, selecting Bonds and portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners under the Bond Resolution, register the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The District and the Registrar will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Participant, Indirect Participant or other person not shown on the records of the Registrar as being a registered owner with respect to: the accuracy of any records maintained by DTC, any DTC Participant or Indirect Participant regarding ownership interests in the Bonds; the payment by DTC, any DTC Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the Bonds; the delivery to any DTC Participant, Indirect Participant or any Beneficial Owner of any notice that is permitted or required to be given to registered owners under the Bond Resolution; or any consent given or other action taken by DTC as a registered owner.

Neither DTC nor its nominee, Cede & Co., provides consents with respect to any security. Under its usual procedures, DTC mails an omnibus proxy to the issuer of the securities for which it is acting as securities depository as soon as possible after the establishment of a "record date" by the issuer for purposes of soliciting consents from the holders of such securities. The omnibus proxy assigns Cede & Co.'s voting rights to those DTC Participants having such securities credited to their accounts on such record date.

Principal of and interest on the Bonds will be paid to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Bonds is the responsibility of the DTC Participants or the Indirect Participants. Upon receipt of any such payments, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners of the Bonds will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Registrar or the District, subject to any statutory and regulatory requirements then in effect.

As long as the DTC book-entry system is used for the Bonds, the Registrar will give any notice required to be given to registered owners of Bonds only to DTC or its nominee. Any failure of DTC to advise any DTC Participant, of any DTC Participant to notify any Indirect Participant, or of any DTC Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of any action premised on such notice. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from

time to time. Beneficial Owners may desire to make arrangements with a DTC Participant or Indirect Participant so that all communications to DTC that affect such Beneficial Owners will be forwarded in writing by such DTC Participant or Indirect Participant.

NEITHER THE DISTRICT NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS.

For every transfer and exchange of a beneficial ownership interest in the Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar at any time. In addition, if the District determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds or (ii) continuation of the system of book-entry only transfers through DTC is not in the best interests of the Beneficial Owners of the Bonds or of the District, the District may thereupon terminate the services of DTC with respect to the Bonds. If for any such reason the system of book-entry transfers through DTC is discontinued, the District may within 90 days thereafter appoint a substitute securities depository that, in its opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms. If a successor is not approved, Bond certificates will be delivered as described in the Bond Resolution in fully registered form in denominations of \$5,000 or any integral multiple thereof in the names of the Beneficial Owners, Indirect Participants or DTC Participants.

In the event the book-entry system is discontinued, the persons to whom Bond certificates are registered will be treated as registered owners for all purposes of the Bond Resolution, including the giving to the District or the Registrar of any notice, consent, request or demand pursuant to the Bond Resolution for any purpose whatsoever. In such event, the Bonds will be transferred to such registered owners, interest on the Bonds will be payable by check of the Paying Agent, as paying agent, mailed to such registered owners, and the principal and redemption price of all Bonds will be payable at the principal corporate trust office of the Paying Agent.

The foregoing material concerning DTC and DTC's book-entry system is based on information furnished by DTC. No representation is made by the District or the Underwriter as to the accuracy or completeness of such information.

#### **Limited Book-Entry Responsibilities**

While a book-entry-only system is used for the Bonds, the Paying Agent/Registrar will send redemption and other notices only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any notice and its content or effect will not affect the validity of sufficiency of the proceedings relating to the Bond redemption or any other action based on the notice.

The District and the Financial Advisor have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to DTC Participants or that DTC Participants or others will distribute payments with respect to the Bonds received by DTC or its nominees as the holder or any redemption notices or other notices to the beneficial holders, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

## APPENDIX D

### FORMS OF CO-BOND COUNSELS' OPINION

**M<sup>c</sup>CALL, PARKHURST & HORTON L.L.P.**

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SAN ANTONIO, TEXAS 78205-3503

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*[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.]*

**\$1,700,000**

**WEST LAS VEGAS SCHOOL DISTRICT NO. 1  
GENERAL OBLIGATION SCHOOL BONDS  
SERIES 2016**

We have acted as Co-Bond Counsel in connection with the issuance by the West Las Vegas School District No. 1 (the "Issuer"), of its General Obligation School Bonds, Series 2016 in the aggregate principal amount of \$1,700,000 (the "Bonds"). We have examined those portions of the Constitution and laws of the State of New Mexico considered by us relevant to this opinion, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of the Bonds, including the form of the Bonds approved by the Issuer. We have acted as Co-Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico and with respect to the application to the Bonds of those provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as to which an opinion is rendered herein and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement provided to us or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement), nor have we been requested to investigate or verify, nor have we independently investigated or verified any records, data or other material relating to the financial condition or capabilities of the Issuer and have not assumed any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of New Mexico and constitute valid and legally binding general obligations of the Issuer.

2. All taxable property within the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

3. Except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We further are of the opinion that the Bonds are not "specified private activity bonds" and that accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Code. In expressing the aforementioned opinions, we have relied on, and assume compliance by the Issuer with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that failure by the Issuer to comply with such representations and covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

We call your attention to the fact that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

4. The interest on the Bonds is excluded from net income for New Mexico state income tax purposes.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,



JOHN F. MCCARTHY, JR.  
M. KAREN KILGORE  
SANDRA J. BRINCK  
PATRICIA SALAZAR IVES  
AARON J. WOLF  
REBECCA DEMPSEY  
JACQUELYN ARCHULETA-STAEHLIN  
JULIE A. WITTENBERGER  
ANDREW M. SANCHEZ  
PATRICK T. ORTIZ  
CHARLES V. GARCIA  
ARTURO L. JARAMILLO

JAMES S. RUBIN  
CHARLOTTE H. HETHERINGTON  
R. DANIEL CASTILLE  
CAROL S. HELMS

EVELYN A. PEYTON  
YOUNG-JUN (JUN) ROH  
NANCY V. NIETO  
LAURA M. CASTILLE  
LAURA E. SANCHEZ-RIVÉT

OF COUNSEL:  
JOHN F. KENNEDY

REPLY TO SANTA FE OFFICE

\_\_\_\_\_, 2016

*An opinion in substantially the following form will be delivered by Cuddy & McCarthy, LLP, Bond Counsel, upon delivery of the Bonds, assuming no material changes in facts or law.*

**\$1,700,000**  
**WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1**  
**GENERAL OBLIGATION SCHOOL BONDS**  
**SERIES 2016**

We have acted as Bond Counsel in connection with the issuance by the West Las Vegas Municipal School District No. 1, County of San Miguel, State of New Mexico ("Issuer"), of its General Obligation School Bonds, Series 2016 ("Bonds") in the aggregate principal amount of \$1,700,000. In addition to examining those portions of the Constitution and laws of the State of New Mexico considered by us to be relevant to this opinion, we have reviewed certified copies of the proceedings of the Issuer and documents authorizing the release of the Bonds, including the form of Bond approved by the Issuer. We have acted as Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico, as to which an opinion is rendered herein, and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness, or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto. We have not been requested to investigate or verify, nor have we independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, and we have not assumed and do not assume any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:



1. The Bonds have been authorized, issued, and delivered in accordance with the Constitution and laws of the State of New Mexico, and constitute valid and legally binding general obligations of the Issuer.

2. All taxable property within the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds, to the extent the necessary funds are not provided from other sources.

3. The interest on the Bonds is excluded from base income for New Mexico State income tax purposes.

4. We express no opinion as to any federal tax consequences resulting from the ownership, carrying, or disposition of the Bonds, and in particular, no opinion is expressed as to the excludability of interest on the Bonds from the gross income of the holders, for federal tax purposes.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Further, we express no opinion as to the federal, state, or local tax consequences arising from the enactment of any pending or future legislation.

We note that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Very truly yours,

## APPENDIX E

OFFICAL NOTICE OF BOND SALE, BID FORM & ISSUE PRICE CERTIFICATE

OFFICIAL NOTICE OF BOND SALE

WEST LAS VEGAS MUNICIPAL SCHOOL DISTRICT NO. 1  
COUNTY OF SAN MIGUEL, STATE OF NEW MEXICO  
GENERAL OBLIGATION SCHOOL BONDS  
SERIES 2016 - \$1,700,000

PUBLIC NOTICE IS HEREBY GIVEN that the Board of Education of the West Las Vegas Municipal School District No. 1 ("Board"), governing body of the West Las Vegas Municipal School District No. 1 ("District"), San Miguel County, New Mexico, will, until the hour of 10:00 a.m., local time, on July 21, 2016, at the office of RBC Capital Markets, LLC, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico, receive bids for the purchase of the District's General Obligation School Bonds, Series 2016 ("Bonds"), in the aggregate principal amount of \$1,700,000. Bids may be submitted as a sealed bid or as an electronic bid using the facilities of BiDCOMP/Parity. Submission of bids is further discussed below. The Board will hold a regular open meeting at the Donaldo A. Martinez Administration Building, West Las Vegas Schools, 179 Bridge Street, Las Vegas, New Mexico, on July 21, 2016, at 6:00 p.m., local time, after receipt and opening of such bids, and will award the Bonds, adopt a bond resolution, and consider any other related matters.

**For purposes of the written sealed bids, and bids received through the electronic bidding process, the time as maintained by BiDCOMP/Parity shall constitute the official time.**

Bids Delivered to the Board:

Sealed bids, plainly marked "Bid for Bonds," should be addressed to "Board of Education, the West Las Vegas Municipal School District No. 1" and delivered to the West Las Vegas Municipal School District No. 1, Las Vegas, New Mexico, Attention: Secretary, Board of Education, c/o RBC Capital Markets, LLC, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110, prior to 10:00 a.m., local time, on July 21, 2016, the date of the bid opening. Such bids must be submitted on the Official Bid Form, without alteration or interlineation.

Electronic Bidding Procedures:

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of BiDCOMP/Parity. Subscription to IPREO'S BiDCOMP/Parity Bidding System is required in order to submit an electronic bid. The Board will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of BiDCOMP/Parity shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Bond Sale ("Notice"), and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Board. The Board and RBC Capital Markets, LLC "(District's

Financial Advisor”) shall not be responsible for any malfunction or mistake made by or as a result of the use of the facilities of BiDCOMP/Parity, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice conflict with information provided by BiDCOMP/Parity, as the approved provider of electronic bidding services, this Notice shall control. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, attention: Customer Support (212) 849-5021.

Adjustment of Principal Amounts, Modification or Clarification Prior To The Examination Of Bids:

The Superintendent may, after consultation with the Board's financial and bond advisors, in the Superintendent's sole discretion and prior to the examination of bids, (i) adjust the aggregate principal amount set forth herein; (ii) adjust individual maturities; and/or (iii) modify or clarify any other term hereof by issuing a notification of the adjusted amounts, modification or clarification via Thomson Municipal News ("TM3") and/or Bloomberg Financial Services no later than 8:30 a.m., prevailing Mountain Time, on the Bid Date.

Rescheduling of Bid Date and Deadline:

The Superintendent may, after consultation with the Board's financial and bond advisors, in the Superintendent's sole discretion on notice given at least twenty-four (24) hours prior to the Original Deadline, reschedule the Original Bid Date and Original Deadline, and may, at that time or a subsequent time on at least twenty-four (24) hours prior notice, in each case via TM3 and/or Bloomberg Financial Services, establish a Rescheduled Bid Date and Rescheduled Deadline and a place where electronic bids will be publicly examined.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Board, as described under "BASIS OF AWARD" below. All electronic bids shall be deemed to incorporate the provisions of this Notice and the Official Bid Form.

### THE BONDS

The Bonds will be dated as of their date of initial delivery, expected to be August 24, 2016 and will be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. The Bonds will be issued in book-entry-only form through the facilities of The Depository Trust Company, New York, New York and beneficial owners will not receive physical delivery of Bond certificates. BOKF, N.A., Albuquerque, New Mexico, will be the initial paying agent/registrar for the Bonds. The Bonds will mature on August 15 in each of the years and in the principal amounts as follows:

<u>Years</u>	<u>Amount Maturing</u>
2017	\$300,000
2018	150,000
2019	125,000
2020	125,000
2021	125,000
2022	125,000
2023	125,000
2024	125,000
2025	125,000
2026	125,000
2027	125,000
2028	125,000

Both principal and interest on the Bonds will be payable in lawful money of the United States of America, and the principal of each Bond will be payable at the principal office of the paying agent/registrar for the Bonds. The interest on each Bond shall be payable by check or draft mailed to the respective registered owners thereof at the address as it appears on the registration books of said paying agent/registrar or any successor paying agent/registrar. Said issue constitutes a portion of the Bonds which were authorized at a regular election held on February 5, 2013, and are for the purpose of erecting, remodeling, making additions to and furnishing school buildings, 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, or any combination of these purposes, and will constitute general obligation bonds of the District, payable from general taxes that may be levied without limitation as to rate or amount.

#### QUALIFIED TAX-EXEMPT OBLIGATIONS

The District intends to designate the Bonds as "QUALIFIED TAX-EXEMPT OBLIGATIONS" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended ("Code"). Section 265 of the Code permits the designation of governmental bonds such as these Bonds as qualified tax-exempt obligations based upon certain representations made herein below (and certain representations by the initial purchaser of the Bonds):

- (a) The Bonds are not private activity bonds;
- (b) The District does not reasonably expect to issue qualified tax-exempt obligations in an aggregate principal amount exceeding \$10,000,000 during calendar year 2016; and
- (c) The District has not and will not designate more than \$10,000,000 in aggregate principal amount of qualified tax-exempt obligations during calendar year 2016.

## REDEMPTION

Bonds maturing on or after August 15, 2026, may be redeemed prior to their scheduled maturities on August 15, 2025, or on any date thereafter, in whole, or in part on any interest payment date, at the option of the District, with funds derived from any available and lawful source, and the District shall designate the amount that is to be redeemed, and if less than a whole maturity is to be redeemed, the District shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof within such maturity, for redemption (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at the redemption price of par, plus accrued interest to the date fixed for prepayment or redemption.

At least 30 days prior to the date fixed for any redemption of Bonds or portions thereof, prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first class postage pre-paid, not less than 30 days prior to the date fixed for any such redemption, to the registered owner of each bond to be redeemed at its address as it appeared on the 45<sup>th</sup> day prior to such redemption date. By the date fixed for any such redemption, due provision shall be made with Paying Agent/Registrar for the payment of the required redemption price for the Bonds, or portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion, thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the District.

## PAYMENT OF PURCHASE PRICE

The purchaser will be required to make payment of the balance of the purchase price of the Bonds (after credit for the bidder's good-faith deposit, without interest to the purchaser) in immediately available funds at a depository designated by the District.

## INTEREST RATE, BID LIMITATIONS, AND MAXIMUM PREMIUM LIMITATION

Interest on the Bonds will be payable on February 15, 2017, and semi-annually thereafter on August 15 and February 15 in each year until maturity.

The maximum net effective interest rate permitted on the Bonds is ten percent (10%), and no interest rate on any maturity of the Bonds may be greater than ten percent (10%) per annum. It is permissible to bid different or split rates of interest;

provided, however, that: (1) no bid shall specify more than one interest rate for each maturity; (2) each interest rate specified must be stated in a multiple of one-eighth ( $1/8^{\text{th}}$ ) or one-twentieth ( $1/20^{\text{th}}$ ) of one percent (1%) per annum; and (3) the maximum interest rate specified for any maturity may not exceed the minimum interest rate specified for any other maturity by more than two percent (2%).

The Bonds will not be sold for less than par plus accrued interest nor will a premium in excess of two percent (2%) of par be accepted.

Each bidder is required to submit an unconditional, written and sealed bid on the Official Bid Form or electronically through BiDCOMP/Parity for all of the Bonds specifying the lowest rate or rates of interest and premium, if any, at which such bidder will purchase the Bonds. For informational purposes only, each bidder is requested to specify the True Interest Cost on the Bonds stated as a nominal annual percentage rate (see "BASIS OF AWARD" below). Only unconditional bids shall be considered. The Official Bid Form, which may be obtained from the District's Municipal Advisor (see "FURTHER INFORMATION" below).

### INSURANCE

The District may apply for municipal bond insurance for payment of principal of and interest on the Bonds. If the Bonds are approved for municipal bond insurance, the Bonds may be insured at the bidder's request and expense; and if the successful bidder desires that a legend be printed on the Bonds stating they are insured, the form of such legend and a written request that it be printed on the Bonds must be received by the District's Municipal Advisor, identified under "Further Information" below, within forty-eight (48) hours of the award of the Bonds to the successful bidder. At the delivery of the Bonds, the bidder is required to provide documentation to the District confirming that the premiums due the insurance company and any rating agency fees (other than the fee of Moody's Investors Service, which will be paid by the District) have been fully paid.

### BASIS OF AWARD

The Bonds will be awarded to the best bidder, considering the interest rate or rates specified and the premium offered, if any, and subject to the right of the Board to reject any and all bids and re-advertise. The best bid will be determined and will be awarded on the basis of the True Interest Cost of the Bonds (i.e., using a True Interest Cost method) for each bid received, and an award will be made (if any is made) to the responsible bidder submitting the bid that results in the lowest actuarial yield on the Bonds. "True Interest Cost" of the Bonds, as used herein, means that yield, which if used to compute the present worth, as of the date of the Bonds, of all payments of principal and interest to be made on the Bonds, from their date to their respective maturity dates, as specified in the maturity schedule and without regard to the possible optional prior redemption of the Bonds, using the interest rates specified in the bid, produces an amount equal to the principal amount of the Bonds plus any premium bid. No adjustment shall be made in such calculation for accrued interest on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360-day

year consisting of twelve 30-day months and a semiannual compounding interval. The purchaser must pay accrued interest from the date of the Bonds to the date of delivery. **The Bonds will not be sold for less than par plus accrued interest nor will a premium in excess of two percent (2%) of par be accepted.** The District reserves the right to waive any irregularity or informality in any bid, except time of filing.

### GOOD FAITH DEPOSIT

All bids shall be sealed except bids received by electronic transmission. Except for any bid of the State of New Mexico, if one is received, the successful bidder must send an electronic wire transfer to such account as the District shall specify in immediately available funds a good faith deposit of \$34,000. (If such wire transfer is not received from the successful bidder by 3:30 p.m., prevailing Mountain time, on July 21, 2016, the next best bidder may be awarded the Bonds.) No interest on such good faith deposit will accrue to the successful bidder. The good faith deposit will be applied to the purchase price of the Bonds. WIRE INSTRUCTIONS WILL BE PROVIDED TO THE SUCCESSFUL BIDDER.

If the successful bidder shall fail or neglect to complete the purchase of said Bonds within forty-five (45) days following the acceptance of the bid or within ten (10) days after the Bonds are offered for delivery, whichever is later, the amount of the deposit shall be forfeited to the District as liquidated damages and, in that event, the Board may accept the bid of the one making the next best bid. If all bids are rejected, the Board shall re-advertise said Bonds for sale in the same manner as herein provided for the original advertisement. If there be two or more equal bids and such bids are the best bids received, the Board shall determine which bid shall be accepted.

### TIME OF AWARD AND DELIVERY

The Board will take action awarding the Bonds or rejecting all bids not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of the bids. Delivery of the Bonds will be made to the successful bidder through the facilities of The Depository Trust Company, New York, New York, within forty-five (45) days of the acceptance of the bid. If for any reason delivery cannot be made within forty-five (45) days, the successful bidder shall have the right to purchase the Bonds during the succeeding ten (10) days upon the same terms, or at the request of the successful bidder, during said succeeding ten (10) days, the good-faith deposit will be returned, and such bidder shall be relieved of any further obligation. The successful bidder shall make final payment for the Bonds in immediately available funds to the District for immediate and unconditional credit to the account of the District. It is anticipated that the delivery of the Bonds will be on or about August 24, 2016.

### FURTHER INFORMATION

Information concerning the Bonds, information regarding electronic bidding procedures, bid submission and other matters related to the Bonds, may be obtained from the District's Financial Advisor, RBC Capital Markets, LLC, 6301 Uptown Blvd. NE,



Suite 110, Albuquerque, New Mexico 87110. This Notice, the Official Bid Form and the Preliminary Official Statement are available for viewing in electronic format from MuniHub <http://fmbhub.com>. The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but will not prepare any other document or version for such purpose except as described below. In addition, any NASD registered broker-dealers or dealer banks with The Depository Trust Company clearing arrangements who bid on the Bonds are advised that they may either: (a) print out a copy of the Preliminary Official Statement on their own printer or (b) at any time prior to the sale date, elect to receive a photocopy of the Preliminary Official Statement in the mail by requesting it from the District's Municipal Advisor. All bidders must review the Preliminary Official Statement, and by submitting a bid for the Bonds, each bidder certifies that such bidder has done so prior to participating in the bidding.

The District will agree in the resolution authorizing the Bonds to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12 ("Rule"), as described in the Official Statement under "Continuing Disclosure of Information."

The Preliminary Official Statement is deemed final by the District for purposes of Rule 15c2-12(b)(1) except for the omission of the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, any other terms or provisions required by an issuer of such securities to be specified in the winning bid, ratings, other terms of the securities depending on such matters, and the identity of the purchaser. The Board will furnish to the successful bidder or bidders, acting through a designated senior representative, in accordance with instructions received from such successful bidder(s) in order to comply with the Rule, within seven (7) business days from the sale date an aggregate of ten (10) copies of the final Official Statement, reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of preparation of the Official Statement shall be borne by the District except for the cost of any final Official Statement in excess of the number specified shall be borne, prepared, and distributed by the successful bidder(s).

#### LEGAL OPINIONS AND TRANSCRIPT OF PROCEEDINGS

The New Mexico Attorney General's written approval of the Bonds, as to form and legality, will be supplied. In addition, the legality of the Bonds will be approved by Cuddy & McCarthy, LLP, Attorneys at Law, Santa Fe, New Mexico, and McCall, Parkhurst & Horton L.L.P., Attorneys at Law, Austin, Texas ("District's Co-Bond Counsel"), whose opinions approving the legality of the Bonds will be furnished at no cost to the successful bidder. The opinions will state in substance that the issue of the Bonds in the amount aforesaid is valid and legally binding upon the District, that all of the taxable property in the District is subject to the levy of a tax to pay the same without limitation of rate or amount, and that interest on the Bonds is excludable from gross income for purposes of federal income tax, all as described in the Official Statement. See the Official Statement for a discussion such opinions. The successful bidder

(without cost to such bidder) will also be furnished with a complete transcript of the legal proceedings, including a no-litigation certificate which will state that no litigation is pending to the knowledge of the signer or signers thereof as of the date of the delivery of the Bonds affecting their validity or the levy or collection of such taxes for their payment.

#### CERTIFICATION OF ISSUE PRICE

In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended, relating to the exemption of interest on the Bonds from the gross income of their owners, the successful bidder will be required to complete, execute, and deliver to the District (on or before the date of delivery of the Bonds) a certification as to the "issue price" of the Bonds substantially in the form accompanying this Notice. In the event the successful bidder will not re-offer the Bonds for sale or is unable to sell a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner approved by the District and McCall, Parkhurst & Horton L.L.P. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate by the date of delivery of the Bonds, if its bid is accepted by the Board. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. In no event will the District fail to deliver the Bonds as a result of the successful bidder's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.

#### CERTIFICATION OF OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the successful bidder will be furnished a certificate, executed by proper officers of the District, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to District contained in the final Official Statement, and any addenda, supplement or amendment thereto, on the date of the final Official Statement, on the date of sale of the Bonds and the acceptance of the bids therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, the final Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the District, and their activities contained in such final Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of District since the

date of the last audited financial statements of the District.

### BOOK- ENTRY-ONLY OBLIGATIONS

The Bonds will be issued in book-entry-only form through the facilities of the Depository Trust Company (see Preliminary Official Statement).

### CUSIP NUMBERS

CUSIP identification numbers may be typed or printed on the Bonds, but neither the failure to provide such number on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms hereof. All expenses in relation to the CUSIP Service charge for the assignment of said numbers will be the responsibility of and will be paid for by the purchaser.

### BLUE SKY LAWS

The District has not investigated the eligibility of any institution or person to purchase or participate in the underwriting of the Bonds under any applicable legal investment, insurance, banking, or other laws.

By submitting a bid, the initial purchaser represents that the sale of the Bonds in states other than New Mexico will be made only under exemptions from registration, or, wherever necessary, the initial purchaser will register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The District agrees to cooperate with the initial purchaser, at the initial purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary but will not consent to service of process in any such jurisdiction.

Dated at Las Vegas, New Mexico, this 9<sup>th</sup> day of June, 2016.

\_\_\_\_\_  
/s/ David Romero  
Chairman, Board of Education  
West Las Vegas Municipal School District No. 1

[SEAL]

Attest:

\_\_\_\_\_  
/s/ Christine Ludi  
Secretary, Board of Education  
West Las Vegas Municipal School District No. 1

## OFFICIAL BID FORM

July 21, 2016

West Las Vegas Municipal School District No. 1  
c/o RBC Capital Markets, LLC  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, New Mexico 87110  
Attention: Secretary, Board of Education

Members of the Board:

Pursuant to your "Official Notice of Bond Sale" dated June 9, 2016, relating to the District's General Obligation School Bonds, Series 2016 ("Bonds") in the principal amount of \$1,700,000, which by reference is made a part hereof, we submit the following bid:

For your legally issued Bonds as described in said "Official Notice of Bond Sale," we will pay you par, plus accrued interest, if any, from the date of the Bonds to the date of delivery to us, plus a cash premium of \$\_\_\_\_\_ (not to exceed two percent (2%) of the par amount of the Bonds or \$34,000), provided the Bonds bear interest per annum as follows (the bonds mature on August 1 of each year):

<u>Maturing (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2017	\$ 300,000	____%	____%
2018	150,000	____%	____%
2019	125,000	____%	____%
2020	125,000	____%	____%
2021	125,000	____%	____%
2022	125,000	____%	____%
2023	125,000	____%	____%
2024	125,000	____%	____%
2025	125,000	____%	____%
2026	125,000	____%	____%
2027	125,000	____%	____%
2028	125,000	____%	____%

The successful bidder must send an electronic wire transfer to such account as the District shall specify in immediately available funds a good faith deposit of \$34,000. (If such wire transfer is not received from the successful bidder by 3:30 p.m., prevailing Mountain time on July 21, 2016, the next best bidder may be awarded the Bonds.) The amount of \$34,000, which deposit represents our good-faith deposit and is submitted in accordance with the terms set forth in the "Official Notice of Bond Sale." We will pay the CUSIP Service Bureau charge, if any, for the assignment of CUSIP numbers.

The undersigned agrees to complete, execute, and deliver to the District within two (2) business days from the date hereof a Certificate of Issue Price relating to the Bonds in the form in, and pursuant to, the Official Notice of Bond Sale.

We understand and agree that no more than ten (10) copies of the final Official Statement, including any amendments or supplements thereto will be supplied to us at the District's expense and that any additional copies requested will be subject to a charge to us. By

accepting this bid, you agree to provide such copies of the final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Bond Sale, and you undertake your other obligations described therein, as contemplated by Rule 15c2-12 of the Securities and Exchange Commission.

Respectfully submitted,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Representative

\* (Strike inapplicable words)

For informational purposes only, our calculation of the True Interest Cost is as follows:

**True Interest Cost: (stated as a nominal annual percentage) \_\_\_\_\_%**

Additionally, for informational purposes only, the following is requested:

Gross Interest Cost: \$ \_\_\_\_\_

Bond Insurance (if any) at Cost  
of Bidder: \_\_\_\_\_

Less Premium Bid: \$ \_\_\_\_\_

Name of Company: \_\_\_\_\_

Net Interest Cost: \$ \_\_\_\_\_

Insurance Premium: \$ \_\_\_\_\_

Additional Rating (if any) at Cost  
of Bidder: \_\_\_\_\_

Name of Rating Agency: \_\_\_\_\_

#### ACCEPTANCE CLAUSE

The above bid is hereby in all things accepted by the West Las Vegas Municipal School District No. 1, San Miguel County, New Mexico, this 9<sup>th</sup> day of August, 2016.

\_\_\_\_\_  
Chairman, Board of Education  
West Las Vegas Municipal School District No. 1

ATTEST:

\_\_\_\_\_  
Secretary, Board of Education  
West Las Vegas Municipal School District No. 1

## CERTIFICATE OF ISSUE PRICE

The undersigned hereby certifies as follows with respect to the bid and purchase of the West Las Vegas Municipal School District No. 1 General Obligation School Bonds, Series 2016 ("Bonds"):

1. The undersigned is the duly authorized representative of the purchaser ("Purchaser") of the Bonds from the West Las Vegas Municipal School District No. 1 ("Issuer").

2. All of the Bonds have been offered to members of the public in a bona fide initial offering. For purposes of this Certificate, the term "public" does not include any bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers (including the Purchaser or members of the selling group or persons that are related to, or controlled by, or are acting on behalf of or as agents for the undersigned or members of the selling group).

3. Each maturity of the Bonds was offered to the public at a price which, on the date of such offering, was reasonably expected by the Purchaser to be equal to the fair market value of such maturity.

4. Other than the obligations set forth in paragraph 5 hereof ("Retained Maturity" or "Retained Maturities"), the first price/yield at which a substantial amount (i.e., at least ten (10) percent) of the principal amount of each maturity of the Bonds was sold to the public is set forth below.

<u>Year</u>	<u>Principal Amount</u>	<u>Yield or Price</u>
2017	\$300,000	____%
2018	150,000	____%
2019	125,000	____%
2020	125,000	____%
2021	125,000	____%
2022	125,000	____%
2023	125,000	____%
2024	125,000	____%
2025	125,000	____%
2026	125,000	____%
2027	125,000	____%
2028	125,000	____%

5. In the case of the Retained Maturities, the Purchaser reasonably expected on the offering date to sell a substantial amount (i.e., at least ten (10) percent) of each Retained Maturity at the initial offering price/yield as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Yield or Price</u>
2017	\$300,000	____%
2018	150,000	____%
2019	125,000	____%

2020	125,000	_____ %
2021	125,000	_____ %
2022	125,000	_____ %
2023	125,000	_____ %
2024	125,000	_____ %
2025	125,000	_____ %
2026	125,000	_____ %
2027	125,000	_____ %
2028	125,000	_____ %

6. Please choose the appropriate statement:

( ) The Purchaser will not purchase bond insurance for the Bonds.

( ) The Purchaser will purchase bond insurance from \_\_\_\_\_ ("Insurer") for a fee/premium of \$\_\_\_\_\_ ("Fee"). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Bonds and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Bonds to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Bonds. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. In determining present value for this purpose, the yield of the Bonds (determined with regard to the payment of the guarantee fee) has been used as the discount rate. No portion of the Fee is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such Fee that has not been earned.

7. The Purchaser understands that the statements made herein will be relied upon, by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, and by Bond Counsel in rendering their opinion that the interest on the Bonds is excludable from the gross income of the owners thereof.

EXECUTED and DELIVERED this \_\_\_\_\_ day of August, 2016.

\_\_\_\_\_,  
Purchaser

By: \_\_\_\_\_  
Title: \_\_\_\_\_