

## NOTICE

RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94  
\$15,000,000\* - General Obligation School Building  
Bonds, Series 2016A

Preliminary Official Statement  
Dated November 7, 2016

The Preliminary Official Statement, dated November 7, 2016 (the "Preliminary Official Statement") relating to the above-described bonds (the "Bonds") of the RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94 (the "Issuer"), has been posted on the internet as a matter of convenience. Paper copies of the Preliminary Official Statement are available from the Issuer by contacting the financial advisor, RBC Capital Markets, LLC, Erik Harrigan at (505) 872-5999. 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.

*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 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 there from.

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 November 7, 2016**

\*Preliminary and subject to change

**PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 7, 2016**

**\$15,000,000\***  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**  
**Sandoval County, New Mexico**  
**General Obligation School Building Bonds, Series 2016A**

**NEW ISSUE**

**Book-Entry Only**

**Moody's Rating: A1 Underlying/Aa2 Enhanced**

**PURPOSES**

Proceeds of the Bonds will be used for the purpose of (i) Proceeds of the Bonds will be used for the purpose of 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 [22-24-1 NMSA 1978], or any combination of these purposes and (ii) paying costs of issuance of the bonds.

**THE BONDS**

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 form only, 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 1 and August 1, commencing August 1, 2017. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to the 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. Disbursement of such payments to DTC Participants is the responsibility of DTC. See "Appendix C, "Book-Entry-Only System". BOKF, N.A., Albuquerque, New Mexico (or successor) is the Registrar and Paying Agent for the Bonds.

**OPTIONAL  
REDEMPTION**

The Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS."

**SECURITY**

The Bonds are general obligations of the Rio Rancho Public School District No. 94 (the "District"), Sandoval 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.

**BOND AND  
TAX OPINION**

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, as described under "Tax Matters" herein. See "Legal Matters" and "Tax Matters" herein for a discussion of Co-Bond Counsels' opinions, including a description of certain alternative minimum tax consequences for corporations. The Bonds are subject to the prior approval of the New Mexico Attorney General.

**DELIVERY**

When, as and if issued, through DTC's facilities, on or about December 20, 2016

**DATED DATE**

Date of initial delivery of the Bonds.

**DUE**

August 1, as shown below:

**General Obligation School Building Bonds, Series 2016A\***

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Cusip #</u>	<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Cusip #</u>
2017	\$2,075,000			767171	2023	\$900,000			767171
2018	800,000				2024	900,000			
2019	875,000				2025	1,725,000			
2020	850,000				2026	1,725,000			
2021	850,000				2027	1,725,000			
2022	850,000				2028	1,725,000			

\* Preliminary and subject to change. See "Official Notice of Bond Sale".

Sealed and electronic bids will be opened at 10:00 AM, prevailing Mountain Time on Monday, November 14, 2016.

## **ISSUER**

RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94  
500 Laser Road NE  
Rio Rancho, New Mexico 87124  
505-896-0667

## **BOARD OF EDUCATION**

Don J. Schlichte, President  
Catherine Cullen, Vice-President  
Martha Janssen, Secretary  
Ramon Montaño, Member  
Ryan Parra, Member

## **DISTRICT ADMINISTRATION**

V. Sue Cleveland, Ed.D., Superintendent  
Carl S. Leppelman, Ed.S., Associate Superintendent  
for Curriculum and Instruction  
Richard Bruce, Chief Operations Officer  
Randy C. Evans, Executive Director of Finance

## **FINANCIAL ADVISOR**

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

## **PAYING & REGISTRAR**

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

## **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 LLC BidComp/Parity  
1359 Broadway – 2nd Floor  
New York, New York 10018  
(212) 849-5021

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**\$15,000,000\***

**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**

**Sandoval County, New Mexico**

**General Obligation School Building Bonds, Series 2016A**

## **INTRODUCTION**

Thank you for your interest in learning more about the \$15,000,000\* Rancho Public School District No. 94, Sandoval County, New Mexico (the "District"), General Obligation School Building Bonds, Series 2016A (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.

## **A Few Words Concerning Official Statements**

Official statements for municipal securities issues – like this one – contain the only "official" information about a particular issue of municipal securities. This Official Statement is not an offer to sell or solicitation of an offer to buy Bonds in any jurisdiction where it is unlawful to make such offer, solicitation or sale and no unlawful offer, solicitation or sale of the Bonds may occur through this Official Statement or otherwise. This Official Statement is not a contract and provides no investment advice. Investors should consult their advisors and legal counsel with their questions about this Official Statement, the Bonds or anything else related to this issue.

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## **MARKET STABILIZATION**

*In connection with this Official Statement, the initial purchaser may over-allot or effect transactions, which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The initial purchaser is not obligated to do this and is free to discontinue it at any time.*

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The estimates, forecasts, projections and opinions in this Official Statement are not hard facts, and no one, including the District, guarantees them.

The information set forth or included in this Official Statement has been provided by the District and from other sources believed by the District to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the District described herein since the date hereof. This Official statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

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 the 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 the Official Statement or otherwise. The legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from bond proceeds.

Any part of this Official Statement may change at any time, without prior notice. Also, important information about the District and other relevant matters may change after the date of this Official Statement.

*\*Preliminary, subject to change. See "Official Notice of Bond Sale" for the Bonds.*

All document summaries are just that – they are not complete or definitive, and they may omit relevant information. Such documents are qualified in their entirety to the complete documents. Any investor who wishes to review the full text of documents may request them at no cost from the District or the Financial Advisor as follows:

**District**

Rio Rancho Public School District No. 94  
500 Laser Rd NE  
Rio Rancho, New Mexico 87124  
Attn: Randy Evans

**Financial Advisor**

RBC Capital Markets, LLC  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, NM 87110  
Attn: Erik Harrigan

**The Issuer**

The District is a political subdivision of the State of New Mexico (the "State") organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District's taxable assessed valuation for tax year 2015 is \$2,158,037,928, and its enrollment for school year 2015-16 was 16,883. See "THE DISTRICT."

**The Financial Advisor**

The District has retained RBC Capital Markets, LLC as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance 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 contained in the Official Statement. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds.

**Limited Role of Auditor**

The District's auditor has not been engaged to perform and has not performed any procedures relating to this Official Statement.

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

## THE BONDS

### Authority

New Mexico law enables the District to issue the Bonds including NMSA 1978, Sections 6-15-11 through 6-15-22. 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 CREDIT 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.

### Plan of Finance

Proceeds of the Series 2016A Bonds will be used for the purpose of (1) erecting, remodeling, making additions to and furnishing school buildings, purchasing and improving school grounds and purchasing computer software and hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of those purposes within the District and (2) paying costs of issuance of the Series 2016A Bonds.

### Bond Registrar and Paying Agent

BOKE, N.A. (or its successor) 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 fifteenth 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 registered 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 Redemption**

Bonds maturing on or after August 1, 2026 may be redeemed prior to their scheduled maturities on August 1, 2025 or on any date thereafter, in whole or in part, 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.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption 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**

Notice of prior redemption shall be given by the Registrar by sending a copy of such notice by registered or certified first-class, postage prepaid mail, not more than 60 days and not less than 30 days prior to the redemption date as shown on the registration books as of the date of selection of the bonds to be redeemed. Failure to give such notice by mailing to the registered owner of any Bond or any defect therein, shall not affect the validity of the proceedings for the redemption of any of the Bonds.

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 and on to the Bond investors will not affect the validity of the Bond redemption or any other action based on the Paying Agent/Registrar's notice. Bond investors might consider arranging to receive redemption notices or other communications from DTC which affect them, including notice of interest payments. See "Book-Entry-Only System" in Appendix C.

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 of his duly authorized agent, in 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 "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 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.

### **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 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 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.

### **Defeasance**

General. The Bond Resolution provides for the defeasance of the Bonds and the termination of the pledge of taxes and revenues 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 Bonds 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, § 22-18-1 et. seq. in the first session of 2003 by adding § 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 rating for the New Mexico School District Enhancement Program is Aa2 with a negative outlook.**

By request, Moody's will assign the Aa2 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 and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, 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 assessed valuation of taxable property within the District is \$2,158,037,928 for tax year 2016. Therefore, the maximum general obligation debt may not exceed \$129,482,275.

After the Bonds are issued, the ratio of total outstanding net general obligation debt of the District to the 2016 assessed valuation will be no greater than 5.54%.

### Net Debt

2016 Assessed Valuation	\$2,158,037,928
2016 Preliminary Estimated Actual Valuation <sup>(1)</sup>	\$6,333,786,666
Current Total Outstanding (Including the Bonds)	\$121,940,000 <sup>(2)</sup>
Less Debt Service Fund Balance <sup>(3)</sup>	<u>2,355,091</u>
NET DEBT	\$119,584,909
Ratio of Estimated Net Debt to 2015 Assessed Valuation:	5.54%
Ratio of Estimated Net Debt to 2015 Estimated Actual Valuation:	1.89%
Per Capita Net Bonded Debt:	\$1,260.99
Est. Population:	94,834

<sup>(1)</sup> Actual valuation was computed by adding the 2016 exemptions to the 2016 assessed valuation and multiplying the result by three.

<sup>(2)</sup> Preliminary, subject to change.

<sup>(3)</sup> The debt service fund cash balance as of 10/14/2016, 2016 was \$3,018,836. The amount properly attributable to principal reduction is 78.01%.

## Outstanding Debt

The District has never defaulted in the payment of any of its debt or other obligations.

Series	Original Amount Issued	Final Maturity	Principal Outstanding
2008	\$38,500,000	01-Aug-22	\$1,500,000
2009A	25,000,000	01-Aug-23	2,000,000
2009B	24,975,000	01-Aug-22	14,000,000
2011A	13,200,000	01-Aug-18	2,300,000
2011B	9,300,000	01-Aug-20	4,600,000
2012	13,355,000	01-Aug-24	6,990,000
2013	16,535,000	01-Aug-26	13,335,000
2014	21,255,000	01-Aug-26	18,715,000
2015	19,960,000	01-Aug-26	18,960,000
2016	24,935,000	01-Aug-23	24,540,000
2016A	15,000,000 <sup>(1)</sup>	01-Aug-28	15,000,000 <sup>(1)</sup>
<b>\$222,015,000</b>			<b>\$121,940,000</b>

<sup>(1)</sup> Preliminary and subject to change

## Debt Service Requirements to Maturity

Below is a summary of the currently scheduled principal and interest on the District's outstanding debt as well as the projected principal and interest payments on the Bonds.

Year	Current Requirements			Series 2016A Bonds <sup>(1)</sup>			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$12,595,000	\$3,766,175	\$16,361,175	\$2,075,000	\$368,333	\$2,443,333	\$14,670,000	\$4,134,508	\$18,804,508
2018	13,105,000	3,427,225	16,532,225	800,000	517,000	1,317,000	13,905,000	3,944,225	17,849,225
2019	11,715,000	2,986,500	14,701,500	875,000	485,000	1,360,000	12,590,000	3,471,500	16,061,500
2020	11,770,000	2,503,100	14,273,100	850,000	450,000	1,300,000	12,620,000	2,953,100	15,573,100
2021	10,925,000	2,048,550	12,973,550	850,000	416,000	1,266,000	11,775,000	2,464,550	14,239,550
2022	10,815,000	1,592,050	12,407,050	850,000	382,000	1,232,000	11,665,000	1,974,050	13,639,050
2023	10,330,000	1,178,800	11,508,800	900,000	348,000	1,248,000	11,230,000	1,526,800	12,756,800
2024	11,300,000	793,800	12,093,800	900,000	312,000	1,212,000	12,200,000	1,105,800	13,305,800
2025	5,925,000	447,800	6,372,800	1,725,000	276,000	2,001,000	7,650,000	723,800	8,373,800
2026	5,900,000	248,800	6,148,800	1,725,000	207,000	1,932,000	7,625,000	455,800	8,080,800
2027	2,560,000	76,800	2,636,800	1,725,000	138,000	1,863,000	4,285,000	214,800	4,499,800
2028				1,725,000	69,000	1,794,000	1,725,000	69,000	1,794,000
	<b>\$106,940,000</b>	<b>\$19,069,600</b>	<b>\$126,009,600</b>	<b>\$15,000,000</b>	<b>\$3,968,333</b>	<b>\$18,968,333</b>	<b>121,940,000</b>	<b>\$23,037,933</b>	<b>\$144,977,933</b>

<sup>(1)</sup> Preliminary and subject to change. Average interest rate of 4% was used for the purpose of this illustration.



## 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.

	2016 Assessed Value	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico <sup>(1)</sup>	\$61,607,964,708	\$326,755,000	3.50%	\$11,445,755
Sandoval County	3,362,599,236	14,165,000	64.18%	9,090,767
City of Rio Rancho	2,063,324,229	11,375,000	100.00%	11,375,000
S.S.C.A.F.C.A.	2,572,413,328	21,290,000	83.89%	17,860,515
Central N.M. Community College	18,007,524,468	101,840,000	12.09%	12,312,456
Rio Rancho Public Schools	2,158,037,928	121,940,000	100.00%	121,940,000
<b>Total Direct &amp; Overlapping</b>				<b>\$184,024,494</b>

(1) Preliminary. Excludes protested property.

Ratio of Estimated Direct & Overlapping Debt to 2016 Assessed Valuation:	8.53%
Ratio of Direct & Overlapping Debt to 2016 Estimated Actual Valuation:	2.91%
Per Capita Direct & Overlapping Debt:	\$1,940.49
Population:	94,834

## Selected Debt Ratios

	2016 Tax Year
2016 Assessed Valuation	\$2,158,037,928
2016 Estimated Actual Valuation <sup>(1)</sup>	\$6,333,786,666
District Net General Obligation Debt	\$119,584,909 <sup>(2)</sup>
District Net Debt as a Percentage of	
Assessed Valuation	5.54%
Estimated Actual Valuation	1.89%
Estimated Direct & Overlapping G/O Debt	\$184,024,494
Direct & Overlapping Debt as a Percentage of	
Assessed Valuation	8.53%
Estimated Actual Valuation	2.91%
Estimated Population	94,834
District Net Debt Per Capita	\$1,260.99
Direct & Overlapping Debt Per Capita	\$1,940.49

<sup>(1)</sup> Actual valuation was computed by adding the 2016 exemptions to the 2016 assessed valuation and multiplying the result by three.

<sup>(2)</sup> Includes the Bonds. Preliminary, subject to change.

## 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 percent is legally subject to ad valorem taxes. This means the assessment ratio is 33 1/3%. 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 "Central Assessments" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of assessed valuation for 2016 and the previous four years follows.

	2012	2013	2014	2015	2016
<b>Assessments</b>					
Value of Land	\$677,174,440	\$658,087,565	\$616,323,823	\$618,133,510	\$621,658,058
Improvements	1,565,512,204	1,579,790,142	1,619,842,580	1,676,216,731	1,750,738,963
Personal Property	34,546,456	38,654,320	41,082,127	40,714,637	39,733,284
Mobile Homes	1,798,443	1,925,711	2,194,961	2,190,249	2,416,191
Livestock	30,129	24,882	24,128	34,058	30,033
<b>Assessor's Total Value</b>	<b>2,279,061,672</b>	<b>2,278,482,620</b>	<b>2,279,467,619</b>	<b>2,337,289,185</b>	<b>2,414,576,529</b>
<b>Less Exemptions</b>	(245,829,298)	(248,406,917)	(256,322,365)	(301,332,588)	(46,775,706)
<b>Assessors Net Value</b>	<b>2,033,232,374</b>	<b>2,030,075,703</b>	<b>2,023,145,254</b>	<b>2,035,956,597</b>	<b>2,082,039,040</b>
<b>Centrally (State) Assessed</b>	<b>55,173,473</b>	<b>56,435,084</b>	<b>61,626,158</b>	<b>69,452,429</b>	<b>75,998,888</b>
<b>Total Assessed Valuation</b>	<b>\$2,088,405,847</b>	<b>\$2,086,510,787</b>	<b>\$2,084,771,412</b>	<b>\$2,105,409,026</b>	<b>\$2,158,037,928</b>

  

	2012	2013	2014	2015	2016
<b>Residential</b>	\$1,560,663,222	\$1,576,059,416	\$1,608,773,075	\$1,631,211,370	\$1,665,456,774
<b>Non-Residential</b>	527,742,625	510,451,371	475,998,337	474,197,656	492,581,154
	<b>\$2,088,405,847</b>	<b>\$2,086,510,787</b>	<b>\$2,084,771,412</b>	<b>\$2,105,409,026</b>	<b>\$2,158,037,928</b>

Source: New Mexico Taxation & Revenue Department, Property Division, and Sandoval County Assessor's Office

## Major Taxpayers

The following is a list of the ten largest taxpayers in the District, along with the 2016 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 represents 6.39% of the District's total 2016 assessed value.

<b>Taxpayer</b>	<b>Business</b>	<b>2016 Assessed Valuation</b>	<b>% of District A.V.</b>
Public Service Company of New Mexico (PNM)	Electric Utility	\$48,443,213	2.24%
Intel Corporation	Manufacturing	20,268,650	0.94%
AMREP Southwest, Inc.	Real Estate	19,570,644	0.91%
The Neighbourhood in Rio Rancho	Retirement Community	12,012,089	0.56%
New Mexico Gas Company	Natural Gas Utility	7,611,498	0.35%
Presbyterian Healthcare Services	Healthcare	9,442,713	0.44%
Enchanted 528 Development LLC	Retailer	5,851,016	0.27%
Walmart	Retailer	5,147,491	0.24%
DE High Resort LLC	Development	4,761,835	0.22%
Rio Rancho Retirement Residence LLC	Retirement Home	4,692,565	0.22%
<b>Total</b>		<b>\$137,801,714</b>	<b>6.39%</b>
District's 2016 Assessed Valuation		\$2,158,037,928	100.0%

Source: Sandoval County Assessor's Office

## School Tax Rates

The following table shows the historical school tax levies on property within the District from the 2012 tax year (2012-13 fiscal year). The Two Mill Levy, a capital improvements tax imposition, is renewed every six years, most recently in February 2012.

This table breaks down the District's total tax rate shown in the next table.

<b>Tax Year</b>	<b>Operational</b>		<b>Two Mill Levy</b>		<b>Debt Service</b>			<b>Total</b>	
	<b>Resid.</b>	<b>Non-Resid.</b>	<b>Resid.</b>	<b>Non-Resid.</b>	<b>G/O Bonds</b>	<b>Ed Tech</b>	<b>Total</b>	<b>Resid.</b>	<b>Non-Resid.</b>
2012	0.247	0.305	2.000	2.000	8.538	0.000	8.538	10.785	10.843
2013	0.254	0.336	2.000	2.000	8.537	0.000	8.537	10.791	10.873
2014	0.258	0.378	2.000	2.000	8.537	0.000	8.537	10.795	10.915
2015	0.262	0.417	2.000	2.000	8.540	0.000	8.540	10.802	10.957
2016	0.263	0.458	2.000	2.000	8.540	0.000	8.540	10.803	10.998

Source: New Mexico Department of Finance & Administration.

## 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 2016 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>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
State of New Mexico	0.000	0.000	0.000	0.000	0.000
Sandoval County	6.354	6.339	6.240	6.137	5.964
City of Rio Rancho	7.449	7.426	7.307	7.181	6.990
Rio Rancho Public Schools	0.263	0.262	0.258	0.254	0.247
<b>Total</b>	<b>14.066</b>	<b>14.027</b>	<b>13.805</b>	<b>13.572</b>	<b>13.201</b>
<b>Over 20 Mill Limit - Interest, Principal, Judgement, etc.</b>					
State of New Mexico	1.360	1.360	1.360	1.360	1.360
Sandoval County	1.047	0.852	0.539	1.030	1.031
City of Rio Rancho	2.016	1.848	1.881	1.789	1.617
Other	8.026	9.708	9.703	10.700	10.757
Rio Rancho Public Schools	10.540	10.540	10.537	10.537	10.538
<b>Total</b>	<b>22.989</b>	<b>24.308</b>	<b>24.020</b>	<b>25.416</b>	<b>25.303</b>
<b>Total Levy</b>					
State of New Mexico	1.360	1.360	1.360	1.360	1.360
Sandoval County	7.401	7.191	6.779	7.167	6.995
City of Rio Rancho	9.465	9.274	9.188	8.970	8.607
Other	8.026	9.708	9.703	10.700	10.757
Rio Rancho Public Schools	10.803	10.802	10.795	10.791	10.785
<b>Total Residential -</b>	<b>37.055</b>	<b>38.335</b>	<b>37.825</b>	<b>38.988</b>	<b>38.504</b>
<b>Total Non-Residential - City of Rio Rancho</b>	<b>41.671</b>	<b>42.431</b>	<b>41.330</b>	<b>41.985</b>	<b>41.003</b>
Total Residential in Unincorporated Sandoval County	27.590	29.061	28.637	30.018	29.897
Total Non-Residential in Unincorporated Sandoval County	32.005	33.396	33.040	34.471	34.277

Source: State of 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 that will produce revenues that 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. However, if that percentage is less than 100%, 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, "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;
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 upheld the constitutionality of Section 7-36-21.3.

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 NMSA 1978, Section 7-36-21.3 limitation does not apply to:

1. Property that is being valued for the first time;
2. A change in valuation resulting from physical improvements made to the property in the preceding year; and
3. 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 installment 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:

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Net Taxes Charged to Treasurer</b>	<b>Current Tax Collections <sup>(1)</sup></b>	<b>Current Collections as a % of Net Levied</b>	<b>Current/Delinquent Tax Collections <sup>(2)</sup></b>	<b>Current/Delinquent Collections as a % of Net Levied</b>
2015	15/16	\$119,025,995	\$115,023,384	96.64%	\$115,947,447	97.41%
2014	14/15	115,903,449	111,651,378	96.33%	114,328,551	98.64%
2013	13/14	115,598,061	110,756,348	95.81%	114,912,796	99.41%
2012	12/13	114,396,660	109,098,898	95.37%	113,799,897	99.48%
2011	11/12	112,891,085	107,182,149	94.94%	111,532,575	98.80%
2010	10/11	113,978,342	106,751,182	93.66%	113,326,510	99.43%

(1) Current collections through June 30 of each year

(2) As of September 30, 2016.

Source: Sandoval 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 encompasses most of the City of Rio Rancho, is located in central New Mexico, and has an estimated population of 94,834. The District operates one early childhood center, ten elementary schools, four middle schools, one virtual education center, two high schools and one alternative high school.

### School District Powers

The District's powers are subject to regulations adopted by the New Mexico Public Education Department ("PED"). Pursuant to an amendment to Article XII, Section 6 of the New Mexico Constitution, adopted at a special election held September 23, 2003, the Secretary of Education (the "Secretary") is the governing authority and has control, management, and direction of all public schools pursuant to power provided by law. The Secretary further exercises supervision and authority over the PED. Generally, the powers of the Secretary and the PED include determining policy regarding operations of all public schools, designating courses of instruction, adopting regulations, determining qualifications for teachers, counselors and their assistants, and prescribing minimum educational standards. The Secretary may order the creation or consolidation of school districts.

### Management

The District Board (the "Board"), subject to regulations of the Secretary of the PED, develops educational policies for the District. The Board employs a 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, develops educational policies subject to rules of the PED and adopts regulations pertaining to the administration of all powers or duties of the Board. Members are elected to serve without compensation for four-year terms of office in non-partisan elections held every two years on the first Tuesday in February. The District Board Members are:

Don J. Schlichte, President  
term expires March 1, 2017

Ramon Montaño, Member;  
term expires March 1, 2019

Catherine Cullen, Vice President;  
term expires March 1, 2017

Ryan Parra, Member;  
term expires March 1, 2019

Martha Janssen, Secretary,  
term expires March 1, 2017

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 are:

### V. Sue Cleveland, Ed.D., Superintendent of Schools

Dr. Cleveland was appointed to the position of Superintendent of Schools of the Rio Rancho Public Schools in February 1994. At the time of her appointment, Dr. Cleveland was the Superintendent of Schools for the Cherokee County School District in South Carolina.

She previously served as the Assistant Superintendent for Administration and Instruction in that district. The district received recognition for academic achievement, the integration of technology and school-community involvement. Prior to her work in South Carolina, she was employed by the Deer Park Independent School District in the Houston area. She was a teacher, building administrator, and central-office administrator. As a district administrator, she supervised three program areas: technology and media, federal programs and staff development.

Dr. Cleveland began her teaching career in the Las Cruces Public Schools in Las Cruces, New Mexico where she taught at Mayfield High School for five years. She earned her B.A. from the University of New Mexico. She has an M.A. from New Mexico State University, and her doctorate was conferred by the University of Houston.

#### **Carl S. Leppelman, Ed. S., Associate Superintendent for Curriculum & Instruction**

Carl Leppelman joined the Rio Rancho Public Schools in June 1994 as principal of Enchanted Hills Elementary. Prior to joining Rio Rancho Public Schools, he was a teacher, special education coordinator, assistant principal and principal within the Albuquerque Public Schools. Mr. Leppelman received a Bachelor of Science degree in Elementary Education, a Master of Education Degree in Special Education and his Educational Specialist in Educational Administration from the University of New Mexico.

#### **Richard Bruce, Chief Operations Officer**

Richard Bruce was appointed to the position of Chief Operations Officer of the Rio Rancho Public Schools in January 2009. At the time of his appointment, Richard was the Executive Director of Information Technology for the Rio Rancho Public Schools. Prior to joining the Rio Rancho Public Schools in May 1994, he was an officer in the U.S. Army serving as the Chief of the Systems Support Branch and the Network Support Branch of the Field Command Defense Nuclear Agency. He previously was a Data Processing Instructor with the Army Logistics Management College and an air defense officer.

Mr. Bruce received his Bachelor of Science Degree from the United States Military Academy at West Point and his Master of Business Administration Degree from the University of Texas at Austin.

#### **Randy C. Evans, Executive Director of Finance**

Mr. Evans is the Executive Director of Finance for Rio Rancho Public Schools and was hired in June 1994. Prior to joining Rio Rancho Public Schools, Mr. Evans was the Director of Finance, Administration and Information Services for the United Way of Central New Mexico. In this position he managed all financial and personnel aspects of the organization. Prior to his work with the United Way, he was the Senior Accountant for the H. F. Coors China Company in Inglewood, California.

Mr. Evans received his B.S. in Business Administration from California State University at Long Beach and has attended numerous continuing education classes over the years. Mr. Evans has been involved with many non-profit boards and committees throughout central New Mexico.

#### **Insurance**

The District is a member of the New Mexico State Public School Insurance Authority (the "Insurance Authority"), which was established to provide a comprehensive insurance program for school districts, board members and retirees and public school employees and retirees within the State. The Insurance Authority provides risk related insurance to the District such as worker's compensation, property and casualty insurance, general automobile and fire insurance and general liability insurance for the District, its property, its board members and employees. The Insurance Authority also provides group health insurance to the District.



## Enrollment

Set forth below is the District's enrollment for the school years 2012-13 through 2016-17 as of the 40<sup>th</sup> day of the school year.

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 EDUCATIONAL PROGRAM - SOURCES OF REVENUES".

Grade	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017*
Elementary & Pre-K	7,775	7,629	7,858	7,907	7,840
Middle School	4,040	3,964	3,891	3,902	4,049
High School	5,066	5,155	5,129	5,074	5,091
<b>Total:</b>	<b>16,881</b>	<b>16,748</b>	<b>16,878</b>	<b>16,883</b>	<b>16,980</b>
Year Over Year % change	0.11%	-0.79%	0.78%	0.03%	0.57%

\*Preliminary

Source: The District and NM Public Education Department.

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## FINANCES OF THE EDUCATIONAL PROGRAM

The basic format for the financial operation of the District is provided by the 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 the fiscal year 2015 the District received \$2,341,327 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 2015, the District received \$384,846 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 2015 the District received \$120,803,188 from state sources. Such payments represented approximately 98% of actual fiscal year 2015 General Fund Revenues.

### State Equalization Guarantee Program

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, the district must make a refund to the State's general fund.

Even though the current public school funding formula has been in place for more than two 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.

In addition, the equalization funding for a district is based on previous year's enrollment rather than current year enrollment.

SEG payments to the District are as follows:

Year	Program	
	Unit Factor	Amount
2012-2013	\$3,673.54	\$105,084,434
2013-2014	3,817.55	109,261,748
2014-2015	4,007.75	115,894,183
2015-2016	4,027.65	120,298,896
2016-2017	4,040.24	121,231,074

*Source: New Mexico Public Education Department.*

The 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 \$1,187,355 for textbook purchases.

The District is also reimbursed by the State for the costs of transporting pupils 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 \$3,071,671 for transportation purposes.

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

Listed below is the Statement of Revenues, Expenditures and Changes in Fund Balances (General Fund). The General Fund includes the following funds: Operational, Teacherage, Transportation and Instructional Materials.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND <sup>(1)</sup>					
<i>Year Ending June 30</i>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues:</b>					
Local Sources:					
Property taxes	\$476,135	\$516,725	\$548,459	\$569,399	\$592,975
Fees and charges	1,451,954	1,437,163	1,543,820	1,570,207	1,627,552
Interest	192,643	121,548	90,684	66,226	120,743
Miscellaneous	95,452	476,916	207,410	27,534	57
State Sources:					
State flow-through	103,032,927	104,405,936	108,154,526	111,092,251	117,731,427
Transportation	3,313,709	3,322,107	2,946,673	3,204,617	3,071,761
Federal Sources:	<u>445,115</u>	<u>327,558</u>	<u>316,254</u>	<u>361,788</u>	<u>384,846</u>
<b>Total Revenues</b>	<u>109,007,935</u>	<u>110,607,953</u>	<u>113,807,826</u>	<u>116,892,022</u>	<u>123,529,361</u>
<b>Expenditures:</b>					
Instruction	65,063,906	68,340,658	73,006,882	72,378,734	74,608,953
Support services	21,724,150	21,729,294	22,325,975	22,731,329	24,907,033
Central Services	3,461,775	3,243,651	4,033,567	3,620,049	3,908,165
Operation & Maintenance of Plant	12,549,618	12,655,341	12,996,287	13,911,132	14,018,322
Student Transportation	3,302,475	3,397,721	3,816,053	3,081,885	3,561,455
Community Services	787,465	918,512	974,336	975,581	1,047,455
Miscellaneous & reserves	-	-	610	-	-
Capital Outlay	<u>1,120,808</u>	<u>71,955</u>	<u>39,182</u>	<u>658,038</u>	<u>26,711</u>
<b>Total</b>	<u>108,010,197</u>	<u>110,357,132</u>	<u>117,192,892</u>	<u>117,356,748</u>	<u>122,078,094</u>
<b>Excess revenues over expenditures</b>	997,738	250,821	(3,385,066)	(464,726)	1,451,267
Fund Balance Beginning of Year	7,582,116	8,579,854	8,720,898	5,658,750	5,209,557
Transfers/Refunds/Adjustments	<u>-</u>	<u>(109,777)</u>	<u>322,918</u>	<u>15,533</u>	<u>(3,600)</u>
<b>Fund Balance at End of Year</b>	<u>8,579,854</u>	<u>8,720,898</u>	<u>5,658,750</u>	<u>5,209,557</u>	<u>6,657,224</u>

(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 independent audit report for the year ended June 30, 2015 is attached as Appendix B.

## Balance Sheet

Listed below is the Balance Sheet (General Fund). The General Fund includes the following funds: Operational, Teacherage, Transportation and Instructional Materials.

BALANCE SHEET - GENERAL FUND					
	06/30/11	06/30/12	06/30/13	06/30/14	06/30/15
<b>ASSETS:</b>					
Cash & Cash equivalents	\$9,847,952	\$11,117,200	\$9,530,820	\$7,141,329	\$8,158,918
Investments	8,753,636	8,042,162	8,162,423	8,193,106	8,102,283
Receivables:					
Property Taxes	\$52,213	\$46,367	\$42,205	\$43,734	\$44,516
Due from other governments	-	-	171,717	100,069	-
Other	-	644,784	429,357	500,331	632,518
Due from other funds	2,011,027	2,081,693	1,482,048	3,620,131	5,116,071
<b>Total Assets</b>	<b><u>\$20,664,828</u></b>	<b><u>\$21,932,206</u></b>	<b><u>\$19,818,570</u></b>	<b><u>\$19,598,700</u></b>	<b><u>\$22,054,306</u></b>
<b>LIABILITIES AND EQUITY:</b>					
Accounts payable	\$326,915	\$388,890	\$360,711	\$360,371	\$414,195
Accrued payroll	-	-	12,793,259	13,994,408	14,930,867
Due to other governments	11,676,349	12,142,142	975,942	-	-
Deferred Revenue:	43,081	-	-	-	-
Property taxes	0	35,492	-	-	-
Due to other funds	38,629	644,784	29,021	861	-
Due to special revenue funds	-	-	887	-	17,832
<b>Total Liabilities</b>	<b>\$12,084,974</b>	<b>\$13,211,308</b>	<b>\$14,159,820</b>	<b>\$14,355,640</b>	<b>\$15,362,894</b>
<i>Deferred inflows of resources</i>	\$ -	\$ -	\$ -	<u>\$33,503</u>	<u>\$34,188</u>
<i>Total deferred inflows of resources</i>	\$ -	\$ -	\$ -	<u>\$33,503</u>	<u>\$34,188</u>
<b>Fund balances:</b>					
Restricted for:					
Instructional Materials	\$ -	\$147,206	\$184,629	\$550,987	\$888,365
Emergency reserves	-	1,000,000	-	-	-
Committed for:					
Emergency reserves	3,235,053	2,284,865	3,352,901	3,374,860	3,468,158
Subsequent year's expenditures	-	5,367,263	2,143,996	1,283,710	2,352,014
Unassigned	<u>5,344,801</u>	<u>(78,436)</u>	<u>(22,776)</u>	<u>-</u>	<u>(51,313)</u>
<b>Total Fund balances</b>	<b><u>\$8,579,854</u></b>	<b><u>\$8,720,898</u></b>	<b><u>\$5,658,750</u></b>	<b><u>\$5,209,557</u></b>	<b><u>\$6,657,224</u></b>
<b>Total Liabilities and deferred inflows of resources and fund balances</b>	<b><u>\$20,664,828</u></b>	<b><u>\$21,932,206</u></b>	<b><u>\$19,818,570</u></b>	<b><u>\$19,598,700</u></b>	<b><u>\$22,054,306</u></b>

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 independent audit report for year ended June 30, 2015 is attached as Appendix B.

## **Title I Special Revenue Funds**

The Special Revenue Fund program is used to provide 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. These funds are allocated to the District through the New Mexico Public Education Department. Funding authority is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

## **Debt Service**

The Debt Service Fund is used to account for accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

## **Bond Building Capital Projects**

The Bond Building Capital Projects Fund is used to account for bond proceeds plus 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.

## **Agency Funds**

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

## **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 the PED. If the District fails to submit a budget, the 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, the 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 the 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 the PED except upon the District's request to the PED. Instances 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, the 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 to the 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 the 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.

## **Retirement Plan**

### ERB Pension Plan

Substantially all of the District's full-time employees participate in a public 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 and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

### Contributions

The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$11,601,785 for the year ended June 30, 2015. The District's contribution requirements for the fiscal years ending June 30, 2015, 2014, and 2013, were \$11,601,785, \$10,645,202, and \$9,005,762, respectively.

### Recent Legislative Changes

Recent legislative changes enacted during the 2009, 2010, 2011, 2012 and 2013 legislative sessions also amended various provisions of the ERA, to improve the long-term stability of the fund. Senate Bill 115 (Chapter 61, Laws 2013) below is the most recent legislative action.

Senate Bill 115 ("SB-115") amends the ERA. The law increases employee contributions for members whose salary exceeds \$20,000 per year to 10.1% in fiscal year 2014 and 10.7% beginning in fiscal year 2015; keeps in place scheduled increases in employer contribution rates; creates a new tier membership for persons who become members of the ERB fund on or after July 1, 2013; creates certain actuarial limitations on benefits of new tier members; places limitations on future cost of living adjustments ("COLA") for current and future retirees which are tied to the future funded ratios of the plan; and makes certain other clarifying and technical changes. The projected actuarial funded ratio in 2043 with changes made by SB-115 is 100.7%.

In July 2012, the ERB adopted goals of achieving a 95%, plus or minus 5%, funded ratio by 2040. The amendments to the ERA made through enactment of SB-115 are intended to assist the ERB in achieving these goals.

ERB pensions are adjusted annually by a COLA beginning on the later of either July 1 of the year in which a member reaches age 65 or July 1 following the year a member retires. SB-115 reduces the amount of the COLA until ERB is 100% funded. The amount of the adjustment is determined by the change in the Consumer Price Index ("CPI"), the retiree's pension amount and the retiree's service credit. Pensions cannot be decreased if there is a decrease in the CPI.

## Pension Plan Statistics

Following is a five-year history of employer and employee contributions statewide, and average asset balance of the 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*

The District's share of the plan membership net pension liability as prorated by the ERB is 2.94576% or \$168.1 million.

## Post-Employment Benefits

The Retiree Health Care Act created the Retiree Healthcare Fund ("Fund"), administered by the New Mexico Retiree Health Care Authority ("NMRHCA"), for the purpose of providing eligible retirees, their spouses and dependents, and surviving spouses and dependents with healthcare insurance. Payments are made to the Fund on a pay-as-you-go basis by eligible employers and eligible retirees.

Each participating employer, including the District, makes contributions to the Fund in the amount of 2.00% of each participating employee's annual salary for fiscal year ending June 30, 2013, and subsequent periods. Similarly, contributions for participating employees who are not members of the enhanced retirement plan will be 1.0% for fiscal year ending June 30, 2013, and subsequent periods. Contributions for participating employees who are members of the enhanced retirement plan will be 1.25% for fiscal year ending June 30, 2013, and subsequent periods. The NMRHCA issues a separate, publicly available audited financial report, and it may be requested by writing to the NMRHCA, 4308 Carlisle NE, Albuquerque, NM 87107.

The District's contribution to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$1,669,842, \$1,618,917, and \$1,626,930, respectively, which equal the required contributions for each year.

Based on the Governmental Accounting Standards Board ("GASB") Statement 43 valuation for the fiscal year ended June 30, 2006, and assuming that the Fund is an equivalent arrangement to an irrevocable trust and then using a discount rate of 5.0%, the unfunded actuarial accrued liability ("UAAL") has been calculated to be approximately \$4.1 billion. As required by GASB Statement 43, this calculation takes into consideration only current assets of the Fund. The Legislative Council, the Legislative Finance Committee, the Governor and the NMRHCA, as required by statute, established a working group that, among other things, examined the options to improve the actuarial soundness of the Fund and reported its findings to the Governor, the New Mexico Legislative Council, the Legislative Finance Committee and the NMRHCA.

Recent actions by the NMRHCA improved its financial outlook. As recently as January 2008, the Fund was projected to be insolvent by June 2014. The NMRHCA recently increased premiums paid by retirees in response to recommendations from the Legislature in 2008. These actions increased the projected solvency period to approximately June 2020. The NMRHCA also established as policy that premium increases going forward should track medical trend increases. In the past, premium increases were substantially lower than medical inflation, which was a leading contributor to declining solvency. Under current law, the District is not responsible for any future deficiencies in the Fund.



## **TAX MATTERS**

### **Federal Income Tax Opinion**

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Co-Bond counsel to the Issuer, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (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 of 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," Co-Bond Counsel 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 B Form of Opinion of McCall, Parkhurst & Horton L.L.P.

In rendering its opinion, McCall, Parkhurst & Horton L.L.P. will rely upon (a) the District's federal tax certificate, and (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 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. 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 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 Issuer 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, Santa Fe, New Mexico and McCall, Parkhurst & Horton L.L.P., Austin, Texas 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.

### **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 of 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 (1) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (2) 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 the 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 six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month 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 excess passive investment income, foreign corporations subject to the branch profit 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 an obligation 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 persons.

### **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.

### **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 –Outstanding Debt", "TAX BASE – Analysis of Assessed Valuation, Major Taxpayers and School Tax Rates", "TAX RATES", TAX COLLECTIONS – Sandoval County", "THE DISTRICT - Enrollment" and "FINANCES OF THE EDUCATIONAL PROGRAM - State Equalization Guarantee Program, Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances" and "Appendix B." The District will update and provide this information 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 statements 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. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. 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 within 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**

During the past five years, annual financial information has been filed timely, and if the audit was not available at filing, unaudited operating results have been provided pursuant to the continuing disclosure undertakings. However, in 2010, the District failed to provide Material Event Notices with respect to rating changes by Moody's Investors Service. A Failure to File Material Event Notice was filed on September 12, 2014 in connection with those omissions.

### **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 is 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 Bond 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.

### **RATINGS**

Moody's Investors Service has assigned the New Mexico School District Enhancement Program's enhanced rating of "Aa2" to the Bonds. See "New Mexico School District Enhancement Program" herein. The underlying rating on the Bonds is "A1". 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 of the New Mexico Attorney General for a portion 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, Santa Fe, New Mexico, and McCall, Parkhurst & Horton L.L.P. Austin, Texas, as Co-Bond Counsel, whose unqualified opinion approving the legality of the Bonds will be furnished to the successful bidder at no cost to the successful bidder.

In connection with the transactions described in this Official Statement, Co-Bond Counsel represent the District. The fee to be paid to Co-Bond Counsel is contingent upon the sale and delivery of the Bonds. The issuance, sale and delivery of the Bonds is also subject to the approval of the New Mexico Attorney General.

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 certificates 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/ Don J. Schlichte

President, Board of Education

/s/ Martha Janssen

Secretary, Board of Education

## APPENDIX A

### ECONOMIC & DEMOGRAPHIC INFORMATION

## THE ECONOMY

The Rio Rancho Public School District No. 94 (the "District") includes almost all of the City of Rio Rancho and part of the unincorporated area of Sandoval County. The District is geographically situated in the center of the state of New Mexico, adjacent to the city of Albuquerque. The area within the District is part of the Albuquerque Metropolitan Statistical Area ("MSA"). The Albuquerque MSA was redefined as of January 1993 to include the counties of Bernalillo, Sandoval and Valencia. The Albuquerque MSA represents the largest commercial and industrial center in the state of New Mexico. The area is economically dynamic as evidenced by strong population growth, continued residential and non-residential construction, and unemployment rates typically lower than both the State and the nation.

The City of Rio Rancho has experienced enormous growth in the past thirty years. The city started as a private development by AMREP Southwest, Inc., and many of the early residents migrated from eastern and north-central United States. Today, many of the homes in Rio Rancho are sold to buyers moving from Albuquerque and from rural New Mexico.

The City's economy and surrounding area have been based primarily on the Intel manufacturing plant, government and related activities, retail trade, tourism, arts and entertainment, and recreation. In 2011 and 2012, Presbyterian Rust Medical Center and University of New Mexico Sandoval Regional Medical Center hospitals opened in the City, adding approximately 960 new jobs and over \$61,000,000 in annual payroll. These hospitals have attracted additional medical offices in the surrounding areas, most notably along the Unser corridor in the Petroglyphs Medical Plaza and Unser Pavilion sites. Additionally, Rust Medical Center is building an additional tower to allow for another 120 beds and more office space.

The City has been able to attract industry to provide employment for its residential growth. Intel Corporation is the largest employer with approximately 2,300 employees. Intel has upgraded or completely overhauled its Rio Rancho site five times since the 1980's, most recently in 2009 to go from 45-nanometer transistors on chips to 32 nanometers. Hewlett-Packard has operated a customer support center since 2009, employing approximately 660 workers. Lectrosonics, a manufacturer of wireless microphone systems and audio processing products for the film, broadcast media, and theatre industries, operates its world headquarters in Rio Rancho and employs over 150 people. In 2014, DHF Technical Products relocated its operations to Rio Rancho from California. DHF, a manufacturer that refines and reclaims precious metals, currently has 30 employees, with plans to add 20 more by 2017. Overall, industrial development in Rio Rancho has helped the community grow and has diversified the greater Albuquerque area economy.

The Customer Contact Center industry has played a key role in Rio Rancho for two decades. Recent expansions and re-investments include the following:

- Alliance Data Systems has grown its workforce from 300 to over 600 in the past three years.
- Bank of America announced plans in March 2015 to expand its call center by adding 300 workers to support its growing ATM Video Teller Assist initiative and another 40 to its existing customer support operations at the same site, bringing total employment to approximately 550 at the call center.
- Convergys Corporation has increased its Rio Rancho workforce to 600 employees in the past few years.
- S&P Data opened a Rio Rancho office in October 2014 with plans to employ 425 workers over the next five years.

Since 2013, developers have added approximately 227,000 square feet of retail and medical office space along Unser Boulevard, one of three main roads leading into Rio Rancho from Albuquerque. New businesses include After-Hours Pediatrics, Hangar Prosthetics, New Mexico Orthopedics, Dion's Pizza, Einstein Brothers Bagels, Chick-fil-a, and 7-11. Plaza at Enchanted Hills, on the north end of the City, is nearing completion of Phase Two with new tenants such as TJ Maxx, Bed Bath & Beyond, Michael's, Kirkland's, and Famous Footwear. These new businesses and retailers will bring products and services closer to residents and help fortify and diversify the City's gross receipts tax revenue base.



Because of its accessibility and tourist facilities, the greater Albuquerque area is the gateway for tourism in New Mexico as well as an attraction in its own right. Attractions include the historic "Old Town" of Albuquerque, the Sandia Peak ski area, the Sandia Tramway, a number of nationally recognized museums and the Sandia National Forest. Other attractions include the Albuquerque International Balloon Fiesta and the New Mexico State Fair. There are also several Indian pueblos within easy driving distance which draw many tourists because of their historical significance, cultural beauty and Indian arts. The national economic recession had significant impacts on the Rio Rancho economy. The City felt the recession most in 2010 and 2011, with unemployment in the metro area peaking at 8.3%, foreclosure activity peaking in mid-2010, and annual city construction permits reaching historically low levels in 2011. Since 2012, the Albuquerque metro area housing market has slowly improved, following national trends.

## Population

Based on information gained from the Bureau of Business & Economic Research, the following table shows the historical population data for the City of Rio Rancho, the Albuquerque Metropolitan Statistical Area County and the State.

<b>Census Year</b>	<b>City of Rio Rancho</b>	<b>Albuquerque MSA</b>	<b>State of New Mexico</b>
1970	-	373,812	1,017,055
1980	9,985	515,776	1,303,143
1990	32,505	589,131	1,515,069
2000	51,765	729,648	1,826,280
2010	87,521	887,077	2,065,826
2015*	94,171	904,587	2,085,109
2016 <sup>(1)</sup>	95,070	908,252	2,088,585
2021 <sup>(1)</sup>	100,005	923,964	2,111,960
<b>Projected Growth 2016-2021 <sup>(2)</sup></b>	<b>5.19%</b>	<b>1.73%</b>	<b>1.12%</b>

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

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

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

The following table sets forth the 2016 estimate of comparative age distribution profile for Albuquerque MSA, the State and the United States.

<b>Age Group</b>	<b>Percent of Population</b>		
	<b>Albuquerque MSA</b>	<b>New Mexico</b>	<b>United States</b>
0 - 17	23.40%	24.19%	22.97%
18 - 24	9.27%	9.87%	9.84%
25 - 34	13.97%	13.26%	13.35%
35 - 44	12.63%	11.84%	12.63%
45 - 54	12.79%	12.20%	13.33%
55 and Older	27.94%	28.64%	27.88%

Source: The Nielsen Company, October 2016

## Effective Buying Income

Effective Buying Income Group	Albuquerque MSA	New Mexico	United States
Under \$25,000	26.77%	29.15%	22.72%
\$25,000 - \$34,999	10.89%	11.18%	9.97%
\$35,000 - \$49,999	13.41%	13.88%	13.41%
\$50,000 - \$74,999	18.34%	17.21%	17.60%
\$75,000 & Over	30.59%	28.57%	36.30%
2012 Est. Median Household Income	\$45,942	\$41,958	\$49,581
2013 Est. Median Household Income	\$48,494	\$43,273	\$49,297
2014 Est. Median Household Income	\$44,391	\$44,292	\$51,579
2015 Est. Median Household Income	\$48,234	\$45,633	\$53,706
2016 Est. Median Household Income	\$48,792	\$45,445	\$55,551

Source: The Nielsen Company, October 2016

## Employment

The following table provides a ten-year history of labor force and unemployment rates for the County, the State and the United States.

Year <sup>(1)</sup>	Albuquerque MSA		State of New Mexico		United States
	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2016 <sup>(2)</sup>	417,456	6.40%	924,095	6.90%	4.90%
2015	413,906	6.20%	919,889	6.60%	5.30%
2014	414,571	6.60%	918,206	6.50%	6.20%
2013	415,874	6.80%	922,960	6.90%	7.40%
2012	418,195	7.10%	928,050	7.10%	8.10%
2011	421,377	7.50%	929,862	7.60%	8.90%
2010	424,972	8.00%	936,088	8.10%	9.60%
2009	404,223	7.80%	940,352	7.50%	9.30%
2008	407,340	4.60%	944,548	4.50%	5.80%
2007	404,249	3.70%	934,027	3.80%	4.60%

(1) Numbers are annual averages.

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

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

## Major Employers

Following is a list of major employers in the Albuquerque MSA.

Employer	Business	# of Employees
Albuquerque Public Schools	Education	14,810
Kirtland AFB (Civilian)	Defense	10,125
Sandia National Labs	Research Development	8,400
Presbyterian	Healthcare	7,310
UNM Hospital	Healthcare	5,950
City of Albuquerque	Government	5,395
State of New Mexico	Government	4,950
University of New Mexico	Education	4,200
Lovelace	Healthcare	4,000
Bernalillo County	Government	2,648
New Mexico Veterans Affairs Hospital	Healthcare	2,100
Rio Rancho Public Schools	Education	2,000
Sandia Resort & Casino	Resort & Casino	2,000
Intel Corporation	Semiconductor Manufacturer	1,900
Central NM Community College	Education	1,840

Source: Albuquerque Economic Development, Data as of 10-1-2016

## Covered Wage and Salary Employment

New Mexico Workforce Solutions publishes quarterly reports of covered employment and wages classified according to the [North American Industry Classification System \(NAICS\)](#).

<b>Sandoval County</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016<sup>(1)</sup></b>
Total Private	21,957	22,098	21,340	21,532	21,453
Accommodation and Food Services	3,180	3,303	3,370	3,219	3,188
Administrative and Waste Services	2,736	3,062	2,857	3,017	3,064
Agriculture, Forestry, Fishing & Hunting	46	17	20	24	*
Arts, Entertainment, and Recreation	485	509	499	453	422
Construction	1,471	1,598	1,570	1,542	1,379
Educational Services	304	308	317	316	243
Finance and Insurance	759	435	450	457	420
Health Care and Social Assistance	1,988	2,364	2,464	2,890	3,122
Information	839	779	649	596	568
Management of Companies and Enterprises	53	55	55	33	*
Manufacturing	4,447	4,225	3,447	3,277	3,009
Mining	95	94	90	103	102
Other Services, Ex. Public Admin	614	545	568	595	623
Professional and Technical Services	771	808	850	836	809
Real Estate and Rental and Leasing	356	383	400	406	414
Retail Trade	3,094	2,869	2,931	3,045	3,053
Transportation and Warehousing	359	357	376	336	295
Utilities	61	49	61	60	60
Wholesale Trade	298	340	366	328	629
Government	7,488	7,401	7,514	7,627	7,737
<b>Total</b>	<b>29,425</b>	<b>29,388</b>	<b>28,872</b>	<b>29,159</b>	<b>29,189</b>

(1) Data as of First Quarter of 2016

\* 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  
RIO RANCHO PUBLIC  
SCHOOL DISTRICT NO. 94  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2015**



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## **INTRODUCTORY SECTION**



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**STATE OF NEW MEXICO**  
**Rio Rancho Public School District No.94**  
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**Rio Rancho Public School District No.94**  
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**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Official Roster  
June 30, 2015

<u><b>Name</b></u>	<u><b>Title</b></u>
<u><b>Board of Education</b></u>	
Don J. Schlichte	President
Catherine Cullen	Vice President
Martha Jansen	Secretary
Ramon Montano	Member
Ryan Parra	Member
<u><b>Administrative Officials</b></u>	
V. Sue Cleveland, Ed. D.	Superintendent
Carl C. Leppelman, Ed. S.	Associate Superintendent for Curriculum & Instruction
Richard Bruce, MBA	Chief Operating Officer
Alfred Sena, MA	Executive Director of Facilities
Randy C. Evans, BS	Executive Director of Finance
Susan Passell, Ed. D.	Executive Director of Human Resources
Jerry Reeder, MA	Executive Director of Special Services
Maurice Ross	Executive Director of Student Transportation

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## **FINANCIAL SECTION**





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

## INDEPENDENT AUDITORS' REPORT

Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget  
The Board of Education  
Rio Rancho Public School District No. 94  
Rio Rancho, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the General Fund of Rio Rancho Public School District No. 94 (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, the combining financial statements for the General Fund, and the budgetary comparisons for the major capital projects fund, major debt service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rio Rancho Public School District No. 94, as of June 30, 2015, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund, and the combining financial statements for the General Fund of the District as of June 30, 2015, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the major capital projects fund, major debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 14 through 20 and Schedules I and II and the Notes to the Required Supplementary Information on pages 70 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 13, 2015

**STATE OF NEW MEXICO**  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

This Management's Discussion and Analysis of the fiscal performance of the Rio Rancho Public School District No. 94 for the period ending June 30, 2015 represents the school district's tenth year of implementation of the Government Accounting Standards Board Statement No. 34 (GASB 34).

**Introduction**

The discussion and analysis of Rio Rancho Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Furthermore, readers of the discussion and analysis should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2015 are as follows:

- + The school district has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- + Total assets of governmental fund activities increased \$9,295,663 or 2.41%.
- + Total liabilities of governmental fund activities increased \$1,577,481 or 1.09%.
- + The District had \$149,234,734 in expenses related to governmental activities; \$25,238,537 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues primarily State Equalization Guarantee, property taxes, and grants and entitlements of \$ 131,976,690 were adequate to provide for these programs.
- + The District's net position increased \$7,980,493 or 3.20%.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Rio Rancho Public School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in a single column. For Rio Rancho Public School District, the General Fund is the most significant fund.

**STATE OF NEW MEXICO**  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

**Statement of Net Position and Statement of Activities**

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it identifies whether the financial position of the School District has improved or diminished for the School District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, all of the School District's activities are reported in one column. The column is labeled:

**Governmental Activities** - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities (shown as Exhibit A-2), for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is apparent. Over 54.74% percent of district revenues are being spent on Direct Instruction.

**STATE OF NEW MEXICO**  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

Rio Rancho Public School District No. 94

Statement of Net Position

	2015	2014	Variance
<b>Assets:</b>			
Current and other assets	\$ 83,180,321	\$ 74,790,047	\$ 8,390,274
Capital assets, net of accumulated depreciation	<u>317,755,941</u>	<u>320,218,515</u>	<u>(2,462,574)</u>
Total assets	<u>\$ 400,936,262</u>	<u>\$ 395,008,562</u>	<u>\$ 5,927,700</u>
<b>Deferred outflows of resources:</b>			
Employer contributions subsequent to the measurement date	<u>11,601,785</u>	<u>-</u>	<u>11,601,785</u>
Total assets and deferred outflows of resources	<u>\$ 412,538,047</u>	<u>\$ 395,008,562</u>	<u>\$ 17,529,485</u>
<b>Liabilities:</b>			
Current liabilities	\$ 34,841,289	\$ 33,368,651	\$ 1,472,638
Long-term liabilities	<u>280,670,404</u>	<u>112,404,837</u>	<u>168,265,567</u>
Total liabilities	<u>315,511,693</u>	<u>145,773,488</u>	<u>169,738,205</u>
<b>Deferred inflows of resources:</b>			
Change in proportion	2,789,880	-	2,789,880
Actuarial experience	2,503,760	-	2,503,760
Investment experience	<u>15,278,970</u>	<u>-</u>	<u>15,278,970</u>
Total deferred inflows of resources	<u>20,572,610</u>	<u>-</u>	<u>20,572,610</u>
<b>Net position:</b>			
Net Investment in Capital Assets	227,596,811	225,230,818	2,365,993
Restricted	56,825,313	19,644,597	37,180,716
Unrestricted	<u>(207,968,380)</u>	<u>4,359,659</u>	<u>(212,328,039)</u>
Total net position	<u>76,453,744</u>	<u>249,235,074</u>	<u>(172,781,330)</u>
Total liabilities, net position and deferred inflows of resources	<u>\$ 412,538,047</u>	<u>\$ 395,008,562</u>	<u>\$ 17,529,485</u>

**STATE OF NEW MEXICO**  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

Rio Rancho Public School District No. 94

Statement of Activities

	2015	2014	Variance
Program revenues:			
Charges for services	\$ 4,520,095	\$ 4,303,588	\$ 216,507
Operating grants and contributions	17,630,765	19,735,956	(2,105,191)
Capital grants and contributions	260	1,198,993	(1,198,733)
General revenues:			
Property taxes	22,477,881	22,619,155	(141,274)
State equalization guarantee	115,894,183	109,261,748	6,632,435
Interest and investment earnings	170,291	124,020	46,271
Miscellaneous revenue	2,557	74,486	(71,929)
Loss on disposal of capital assets	(61,093)	(76,429)	15,336
Close of fund balances	<u>647</u>	<u>(26,290)</u>	<u>26,937</u>
 Total revenues	 160,635,586	 157,215,227	 3,420,359
 Program expenses:			
Instruction	88,448,342	86,065,820	2,382,522
Support services	28,442,988	27,157,100	1,285,888
Central services	4,272,254	3,818,549	453,705
Operation and maintenance of plant	18,947,140	17,351,648	1,595,492
Student transportation	3,921,241	3,417,918	503,323
Food services	6,374,665	6,308,693	65,972
Community service operations	1,125,601	1,055,786	69,815
Interest on long-term debt	<u>3,850,860</u>	<u>4,059,220</u>	<u>(208,360)</u>
 Total expenses	 <u>155,383,091</u>	 <u>149,234,734</u>	 <u>6,148,357</u>
 Increase in net position	 <u>\$ 5,252,495</u>	 <u>\$ 7,980,493</u>	 <u>\$ (2,727,998)</u>

**STATE OF NEW MEXICO**  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

**Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of Rio Rancho Public School District No. 94, assets and deferred outflows exceeded liabilities and deferred inflows by \$76,453,744 at the close of the most recent fiscal year. By far the largest portion of the District's net position, 297 % reflects its investment in capital assets, less any debt used to acquire those assets that is still outstanding. The District uses these 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.

The District's net position increased by \$5,252,495 during the current fiscal year. The increase is due primarily to increased SEG, the reduction of long-term debt and other revenues. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$182,534,537 and expenditures and other financing uses of \$175,510,594. The net change in fund balance for the year was an increase of \$7,0293,943. Approximately 99.87% of the total fund balances of the governmental funds constitute spendable fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not spendable to indicate that it is not available for new spending because it has already been committed to the purchase of inventories, per Exhibit B-1.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental funds are the General Fund, Debt Service Fund, Bond Building, Public School Capital Outlay Funds, and Capital Improvement SB-9 Capital Projects Funds.

**Governmental Funds**

Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements. The general fund is the chief operating fund of the District. As of June 30, 2015, spendable fund balance of the general fund was \$888,365 representing the total fund balance of the general fund. As a measure of the general fund's liquidity, it may be useful to compare the spendable fund balance to total fund expenditures. Spendable fund balance of the general fund represents .01% of total general fund expenditures.

**STATE OF NEW MEXICO**  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

The fund balance of the District's general fund increased by \$1,447,667 during the current fiscal year due to the District cutting costs where able.

The bond building fund has total spendable fund balance of \$ \$35,314,514, all of which is restrict for capital acquisitions and improvements. The total fund balance of the bond building fund increased by \$7,369,766 in the current fiscal year due to the receipt of bond proceeds and an increase in the capital expenditures from the prior year.

The debt service fund has a total spendable fund balance of \$19,043,333, all of which is restricted for the payment of debt service. The net decrease of (\$54,201)in fund balance during the current year resulted from an increase in the principal and interest.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to New Mexico law and Public Education Department Regulations and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2015, the School District amended its budget as needed.

For the General Fund, final budgeted revenues and other financing sources are equal to budget expenditures of \$128,241,712.

Expenditures and other financing uses were budgeted at \$128,241,712 while actual expenditures were \$121,070,518. The difference between budget and actual expenditures was due to additional spending in salaries, substitutes, and other expenses and other budgetary items throughout the year.

Actual revenues for the general fund were \$123,496,824 and revenues from state sources constitute 94.99% of the total. Actual expenditures exceeded actual revenues by \$2,426,306.

**Capital Assets**

At the end of fiscal 2015, the District had \$417,781,125 invested in capitalized assets with associated accumulated depreciation of \$100,025,184. Activity in the capital asset accounts is reported in Note 6 to the financial statements. As part of the District's adoption of the GASB Statement 34 reporting model, the value of District owned land and buildings were adjusted to correspond to historical cost or to appraised value (if historical cost was not available).

**Debt**

At June 30, 2015, the District had outstanding bonds payable of \$124,205,000. The District issued \$21,255,000 of new bonds in November 2014. These bonds were issued for various capital projects. Details of the activity in the long-term debt accounts of the District can be found in Note 7 to the financial statements.

**Future Trends**

Despite its growth rate and student mobility, RRPS has maintained strong student achievement levels as measured by the New Mexico Standards-Based Assessment. RRPS especially emphasizes literacy at the early grades and dedicates significant resources to Reading Recovery and Literacy Groups for students in kindergarten through third grade. The District desires to have all students reading on or above grade level by third grade. All District elementary schools offer full-day kindergarten programs.

The Rio Rancho District currently operates 19 schools: a preschool for qualifying 3- and 4- year-olds, ten elementary schools serving kindergarten through fifth-grade students, four middle schools serving sixth through eighth grade, Independence High School for students needing an alternative setting and extra support to graduate,



**STATE OF NEW MEXICO**  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

Rio Rancho Cyber Academy for students who wish to pursue academic programs online, and two comprehensive high school for grades 9-12 demonstrating a care oriented approach to education.

Rio Rancho High School and Cleveland High School are divided into “academies.” Students submit a portfolio to apply for admission to one of the schools' academies based on their interests and career objectives. Courses within each academy are geared towards student needs and interests; for example, a humanities class in the SciMatics Academy might feature assignments geared to the role scientists have played in history.

The District's strategic plan, adopted in 2005, directs District efforts towards the achievement of “Student Excellence.” Excellence in the Rio Rancho Public Schools is an all- encompassing concept, including academics, co-curricular and extracurricular pursuits, ethics and character. Rio Rancho Public Schools' mission statement and key goals require the District to graduate students with an educational foundation for success as responsible, ethical contributors to society, and insist that students attain high levels of performance in academic and life skills. The plan is designed to focus the District's efforts, both in the classroom and in provision of ancillary services, towards ensuring that students and staff are successful in school and in life.

In its 20-year history, RRPS and its schools, staff, and students have accumulated an impressive list of honors and awards. A study released by the Center for American Progress in 2011 ranked Rio Rancho Public Schools as the number one school district in New Mexico for efficient return on the taxpayers' investment – dollars expended to achieve educational results. Four-year graduation rates at Rio Rancho and Cleveland High Schools –83.4% and 90.1% respectively – exceed the national average and well exceed state averages. In eight of the last nine years, students at Rio Rancho's high schools have qualified to exhibit at the Intel International Science and Engineering Fair. In 2011, the state's secondary Assistant Principal of the Year, Music Educator of the Year, Elementary Science Teacher of the Year, Elementary Librarian of the Year, High School Student Council Advisor of the Year, and Art Educator of the Year all hailed from Rio Rancho. The district's high schools won eight sports and activities state championships in 2012-13. Rio Rancho Public Schools' continuity of leadership has been, and remains, key to the District's success.

**Contacting the School District's Financial Management**

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

Randy Evans  
Executive Director of Finance  
500 Laser Rd. NE  
Rio Rancho, NM 87124  
revans@rrps.net  
(505) 896-0667

**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Statement of Net Position  
June 30, 2015

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 46,097,332
Investments	10,599,930
Receivables	
Property taxes	1,661,155
Due from other governments	5,174,197
Other	657,526
Inventory	<u>71,583</u>
Total current assets	<u>64,261,723</u>
Noncurrent assets	
Restricted assets	
Cash and cash equivalents	18,747,790
Bond discounts, net of accumulated amortization of \$243,973	170,808
Capital assets	417,781,125
Less: accumulated depreciation	<u>(100,025,184)</u>
Total noncurrent assets	<u>336,674,539</u>
Total assets	<u>400,936,262</u>
<b>Deferred outflows of resources</b>	
Employer contributions subsequent to the measurement date	<u>11,601,785</u>
Total deferred outflows of resources	<u>11,601,785</u>
Total assets and deferred outflows of resources	<u><u>\$ 412,538,047</u></u>

The accompanying notes are an integral part of these financial statements

	Governmental Activities
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 2,891,290
Accrued payroll	15,800,450
Due to other governments	6,627
Accrued interest	1,533,312
Current portion of accrued compensated absences	414,610
Current portion of bonds payable	14,195,000
	<hr/>
Total current liabilities	34,841,289
	<hr/>
Noncurrent liabilities	
Accrued compensated absences	283,488
Bond premiums, net of accumulated amortization of \$2,013,531	2,299,727
Bonds payable	110,010,000
Net pension liability	168,077,189
	<hr/>
Total noncurrent liabilities	280,670,404
	<hr/>
Total liabilities	315,511,693
	<hr/>
<b>Deferred inflows of resources</b>	
Change in proportion	2,789,880
Actuarial experience	2,503,760
Investment experience	15,278,970
	<hr/>
Total deferred inflows of resources	20,572,610
	<hr/>
<b>Net position</b>	
Net investment in capital assets	227,596,811
Restricted for:	
Special revenue	1,131,020
Debt service	18,968,099
Capital projects	36,726,194
Unrestricted	(207,968,380)
	<hr/>
Total net position	76,453,744
	<hr/>
Total liabilities, deferred inflows of resources and net position	\$ 412,538,047
	<hr/> <hr/>

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government</b>			
<b>Governmental Activities:</b>			
Instruction	\$ 88,448,342	\$ 1,550,677	\$ 6,871,175
Support services	28,442,988	498,663	2,209,615
Central services	4,272,254	74,901	331,893
Operation and maintenance of plant	18,947,140	332,181	1,471,923
Student transportation	3,921,241	-	3,071,761
Food services operations	6,374,665	2,043,939	3,586,955
Community services operations	1,125,601	19,734	87,443
Interest on long-term debt	3,850,860	-	-
<i>Total governmental activities</i>	<u>\$ 155,383,091</u>	<u>\$ 4,520,095</u>	<u>\$ 17,630,765</u>

**General Revenues:**

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

State equalization guarantee

Interest and investment earnings

Miscellaneous

Loss on disposal of capital assets

Close of fund balances

Total general revenues and special item

Changes in net position

Net position, beginning

Net position, restatement (Note 16)

Net position, beginning as restated

Net position, ending

The accompanying notes are an integral part of these financial statements

		<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Capital Grants and Contributions</b>		<b>Governmental Activities</b>
\$	163	\$ (80,026,327)
	52	(25,734,658)
	8	(3,865,452)
	35	(17,143,001)
	-	(849,480)
	-	(743,771)
	2	(1,018,422)
	-	(3,850,860)
<u>\$</u>	<u>260</u>	<u>(133,231,971)</u>

593,660
17,716,267
4,167,954
115,894,183
170,291
2,557
(61,093)
647
<u>138,484,466</u>
<u>5,252,495</u>
249,235,074
<u>(178,033,825)</u>
<u>71,201,249</u>
<u>\$ 76,453,744</u>

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>General Fund</u>	<u>Bond Building Fund</u>	<u>Debt Service</u>
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 8,158,918	\$ 33,677,142	\$ 18,747,790
Investments	8,102,283	2,497,647	-
Receivables:			
Property taxes	44,516	-	1,332,088
Due from other governments	-	-	-
Other	632,518	-	-
Inventory	-	-	-
Due from other funds	5,116,071	-	-
Due from Operational Fund	-	-	-
<i>Total assets</i>	<u>\$ 22,054,306</u>	<u>\$ 36,174,789</u>	<u>\$ 20,079,878</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<i>Liabilities</i>			
Accounts payable	\$ 414,195	\$ 860,275	\$ -
Accrued payroll	14,930,867	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Due to special revenue funds	17,832	-	-
<i>Total liabilities</i>	<u>15,362,894</u>	<u>860,275</u>	<u>-</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue- property taxes	34,188	-	1,036,545
<i>Total deferred inflows of resources</i>	<u>34,188</u>	<u>-</u>	<u>1,036,545</u>
<i>Fund balances</i>			
Nonspendable			
Inventory	-	-	-
Spendable			
Restricted for:			
Instructional materials	888,365	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	35,314,514	-
Debt service	-	-	19,043,333
Committed for:			
Emergency reserves	3,468,158	-	-
Subsequent year's expenditures	2,352,014	-	-
Unassigned	(51,313)	-	-
<i>Total fund balances</i>	<u>6,657,224</u>	<u>35,314,514</u>	<u>19,043,333</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 22,054,306</u>	<u>\$ 36,174,789</u>	<u>\$ 20,079,878</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 4,261,272	\$ 64,845,122
-	10,599,930
284,551	1,661,155
5,174,197	5,174,197
25,008	657,526
71,583	71,583
-	5,116,071
17,832	17,832
<u>\$ 9,834,443</u>	<u>\$ 88,143,416</u>
\$ 1,616,820	\$ 2,891,290
869,583	15,800,450
6,627	6,627
5,116,071	5,116,071
-	17,832
<u>7,609,101</u>	<u>23,832,270</u>
<u>216,687</u>	<u>1,287,420</u>
<u>216,687</u>	<u>1,287,420</u>
71,583	71,583
-	888,365
96,845	96,845
871,786	871,786
2,277,348	37,591,862
-	19,043,333
-	3,468,158
-	2,352,014
(1,308,907)	(1,360,220)
<u>2,008,655</u>	<u>63,023,726</u>
<u>\$ 9,834,443</u>	<u>\$ 88,143,416</u>



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**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Governmental Funds  
Reconciliation of the Balance Sheet to the Statement of Net Position  
June 30, 2015

Exhibit B-1  
Page 2 of 2

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

Fund balances - total governmental funds	\$ 63,023,726
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	317,755,941
Other noncurrent assets are not available to pay for current period expenditures and therefore, are not reported in the funds:	
Bond discounts	170,808
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	1,287,420
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds	
Deferred outflows of resources related to employer contribution subsequent to measurement date	11,601,785
Deferred inflows of resources related to changes in proportion	(2,789,880)
Deferred inflows of resources related to actuarial experience	(2,503,760)
Deferred inflows of resources related to investment experience	(15,278,970)
Certain liabilities, including bonds payable, current and long-term portions of accrued compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bond premiums	(2,299,727)
Accrued interest	(1,533,312)
Current and noncurrent portion of accrued compensated absences	(698,098)
Bonds payable	(124,205,000)
Net pension liability	(168,077,189)
Total net position - governmental funds	<u>\$ 76,453,744</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	General Fund	Bond Building Fund	Debt Service
<i>Revenues</i>			
Property taxes	\$ 592,975	\$ -	\$ 17,761,408
Intergovernmental revenue			
Federal flowthrough	384,846	-	-
Federal direct	-	-	-
Local grants	-	-	-
State flowthrough	117,731,427	-	-
State direct	-	-	-
Combined state/local	-	-	-
Transportation distribution	3,071,761	-	-
Charges for services	1,627,552	-	-
Investment income	120,743	20,551	22,242
Miscellaneous	57	-	-
<i>Total revenues</i>	<u>123,529,361</u>	<u>20,551</u>	<u>17,783,650</u>
<i>Expenditures</i>			
Current			
Instruction	74,608,953	-	-
Support services	24,907,033	-	178,454
Central services	3,908,165	-	-
Operation and maintenance of plant	14,018,322	234,536	-
Student transportation	3,561,455	-	-
Food services operations	-	-	-
Community services operations	1,047,455	-	-
Capital outlay	26,711	6,357,818	-
Debt service			
Principal	-	-	13,850,000
Interest	-	-	4,168,776
Bond issuance costs	-	-	98,835
<i>Total expenditures</i>	<u>122,078,094</u>	<u>6,592,354</u>	<u>18,296,065</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,451,267</u>	<u>(6,571,803)</u>	<u>(512,415)</u>
<i>Other financing sources (uses)</i>			
Bond proceeds	-	13,941,569	363,111
Proceeds of refunding bonds	-	-	6,950,320
Payment to refunded bond escrow agent	-	-	(7,276,750)
Bond premium	-	-	463,145
Bond discount	-	-	(41,612)
Close of fund balances	-	-	-
Transfers in	-	-	-
Transfers (out)	(3,600)	-	-
<i>Total other financing sources (uses)</i>	<u>(3,600)</u>	<u>13,941,569</u>	<u>458,214</u>
<i>Net change in fund balances</i>	<u>1,447,667</u>	<u>7,369,766</u>	<u>(54,201)</u>
<i>Fund balances - beginning</i>	5,209,557	27,944,748	19,097,534
<i>Fund balances - restatement (Note 16)</i>	-	-	-
<i>Fund balances - beginning as restated</i>	5,209,557	27,944,748	19,097,534
<i>Fund balances - ending</i>	<u>\$ 6,657,224</u>	<u>\$ 35,314,514</u>	<u>\$ 19,043,333</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 4,175,485	\$ 22,529,868
9,133,987	9,518,833
895,509	895,509
55,563	55,563
1,953,948	119,685,375
23,169	23,169
274,998	274,998
-	3,071,761
2,892,544	4,520,096
6,755	170,291
2,500	2,557
<u>19,414,458</u>	<u>160,748,020</u>
7,765,556	82,374,509
1,310,811	26,396,298
18,981	3,927,146
3,542,390	17,795,248
94,459	3,655,914
5,994,911	5,994,911
-	1,047,455
2,430,886	8,815,415
-	13,850,000
-	4,168,776
-	98,835
<u>21,157,994</u>	<u>168,124,507</u>
<u>(1,743,536)</u>	<u>(7,376,487)</u>
-	14,304,680
-	6,950,320
-	(7,276,750)
-	463,145
-	(41,612)
647	647
67,725	67,725
(64,125)	(67,725)
<u>4,247</u>	<u>14,400,430</u>
<u>(1,739,289)</u>	<u>7,023,943</u>
3,799,412	56,051,251
<u>(51,468)</u>	<u>(51,468)</u>
<u>3,747,944</u>	<u>55,999,783</u>
<u>\$ 2,008,655</u>	<u>\$ 63,023,726</u>

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**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Governmental Funds

Exhibit B-2  
Page 2 of 2

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds	\$ 7,023,943
--	--------------

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

Capital expenditures recorded in capital outlay	8,815,415
Depreciation expense	(11,216,896)
Loss on disposal of capital assets	(61,093)

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

Change in unavailable revenue related to property taxes receivable	(51,987)
--	----------

Governmental funds report district pension contributions as expenditures. However  
in the Statement of Activities, the cost of pension benefits earned net of employee  
contributions is reported as pension expense

District pension contribution	11,601,785
Pension expense	(10,667,442)

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

Increase in the reserve for compensated absences	(58,198)
Decrease in accrued interest	314,204

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial  
resources to governmental funds, while the repayment of the principal of long-term  
debt consumes the current financial resources of governmental funds. Neither  
transaction, however, has any effect on net position. Also, governmental funds  
report the effect of premiums, discounts, and similar items when debt is first,  
whereas these amounts are deferred and amortized in the  
Statement of Activities:

Amortization of bond discounts	(27,267)
Amortization of bond premiums	406,564
Bond premium capitalized	(463,145)
Bond discount capitalized	41,612
Proceeds of refunding bonds	(6,950,320)
Payment to refunded bond escrow agent	7,000,000
Bond proceeds	(14,304,680)
Principal payments on bonds	13,850,000

Change in net position of governmental activities	<u>\$ 5,252,495</u>
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The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**Rio Rancho Public School District No. 94**  
**General Fund**

Exhibit C-1

Statement of Revenue, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts			Variances Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
<i>Revenues</i>				
Property taxes	\$ 571,831	\$ 571,831	\$ 592,878	\$ 21,047
Intergovernmental revenue				
Federal flowthrough	130,000	130,000	384,846	254,846
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	117,290,799	117,763,390	117,698,818	(64,572)
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	2,990,811	3,071,743	3,071,840	97
Charges for services	1,450,000	1,450,000	1,627,642	177,642
Investment income	80,000	80,000	120,743	40,743
Miscellaneous	-	-	57	57
<i>Total revenues</i>	<u>122,513,441</u>	<u>123,066,964</u>	<u>123,496,824</u>	<u>429,860</u>
<i>Expenditures</i>				
Current				
Instruction	79,701,254	80,644,393	73,730,005	6,914,388
Support services	24,623,888	24,628,088	24,814,716	(186,628)
Central services	3,812,193	3,812,193	3,915,672	(103,479)
Operation and maintenance of plant	14,522,858	14,522,858	14,026,187	496,671
Student transportation	3,390,811	3,471,743	3,509,308	(37,565)
Food services operations	-	-	-	-
Community services operations	1,150,629	1,150,629	1,047,919	102,710
Capital outlay	11,808	11,808	26,711	(14,903)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>127,213,441</u>	<u>128,241,712</u>	<u>121,070,518</u>	<u>7,171,194</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,700,000)</u>	<u>(5,174,748)</u>	<u>2,426,306</u>	<u>7,601,054</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	4,700,000	5,174,748	-	(5,174,748)
Transfers in	-	-	-	-
Transfers (out)	-	-	(3,600)	(3,600)
<i>Total other financing sources (uses)</i>	<u>4,700,000</u>	<u>5,174,748</u>	<u>(3,600)</u>	<u>(5,178,348)</u>
<i>Net change in fund balances</i>	-	-	2,422,706	2,422,706
<i>Fund balances - beginning of year</i>	-	-	18,954,566	18,954,566
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,377,272</u>	<u>\$ 21,377,272</u>
<i>Net change in fund balances (Budget Basis)</i>				\$ 2,422,706
Adjustments to revenues for changes in state revenues and property taxes				32,537
Adjustments to expenditures for materials, other charges, transportation expenditures and accrued payroll				(1,007,576)
<i>Net change in fund balances (GAAP Basis)</i>				<u>\$ 1,447,667</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2015

Exhibit D-1

*Assets*

Cash and cash equivalents	<u>\$ 1,038,313</u>
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<i>Total assets</i>	<u><u>\$ 1,038,313</u></u>
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*Liabilities*

Due to student organizations	<u>\$ 1,038,313</u>
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<i>Total liabilities</i>	<u><u>\$ 1,038,313</u></u>
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The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies**

Rio Rancho Public School District No. 94 “the District” is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the City of Rio Rancho. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates nineteen schools within the District with a total enrollment of approximately 16,900 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the District provides transportation and school food services for the students.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2015, the District adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (“GASB 68”), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government’s fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity’s beginning net position and expense in the initial period of implementation.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

*A. Financial Reporting Entity (continued)*

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

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

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

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

*B. Government-wide and fund financial statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, state equalization, and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

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

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by School tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the District except for those items included in other funds. The General Fund includes the *Transportation Fund*, which is used to account for the Transportation Distribution received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Bond Building Capital Projects Fund* is used to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to any furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. Authority for the creation of this fund is the New Mexico Public Education Department.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

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

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Additionally, the District reports the following agency fund:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity*

**Deposits and Investments:** The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2015, the District maintained \$12,344 of investments in the LGIP.

**Restricted Assets:** The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

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

The District receives monthly income from a tax levy in Sandoval County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2015 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2015. The period of availability is deemed to be sixty days subsequent to year end.

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

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

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

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District was a phase I government for purposes of implementing GASB 34 however, the District does not have any infrastructure assets to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10-50
Buildings and improvements	10-50
Vehicles	5
Furniture, fixtures and equipment	5-15

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

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

**Deferred Inflow of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$1,287,420 related to property taxes considered "unavailable." In addition, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, Change in proportion in the amount \$2,789,880, Actuarial experience in the amount \$2,503,760 and Investment experience in the amount of \$15,278,970 are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has one type of item that qualifies for reporting in this category. Accordingly, the item, employer contributions subsequent to measurement date in the amount of \$11,601,785 is considered a deferred outflow of resources. This amount is reported in the Statement of Net Position. This amount is deferred and recognized as outflows of resources the next period.

**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 fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. 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.

**Compensated Absences:** All District employees on a 12 month contract earn annual leave at a rate of 1 day per month. Employees shall not accumulate more than 30 days of annual leave. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 30 days.

Qualified employees are entitled to accumulate sick leave. There is no limit to the amount of sick leave which an employee may accumulate; however, upon termination, sick leave is not paid out to the employee.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

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

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Balance Classification Policies and Procedures:** The District has implemented GASB No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2015, the nonspendable fund balance in the food service fund is made up of inventory in the amount of \$71,583 that is not in spendable form.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

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

**Restricted and Committed Fund Balance:** At June 30, 2015, the restricted fund balance on the governmental funds balance sheet is made up of \$1,856,996 for providing instructional materials, extracurricular activities, and education to the students of the District, \$37,591,862 for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$19,043,333 for the payment of principal and interest of the future debt service requirements as implemented by legislation.

The District has also committed fund balance in the amount of \$3,468,158 for emergency reserves and \$2,352,014 for expenditures in the subsequent year.

**Minimum Fund Balance Policy:** The District's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the District holds restricted cash reserves of \$1,000,000 and unrestricted cash reserves of at least two percent (2%) of the total operational budget.

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

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District includes unspent bond proceeds in the amount of \$36,174,789 in the calculation of net investment in capital assets.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 38-39 and 76-83.
- c. Unrestricted Net Position: Net positions that do not meet the definition of "Restricted" or "Net Investment in Capital Assets."

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management's estimate of depreciation on assets over their estimated useful lives, net pension liability, and the current portion of accrued compensated absences.



**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

*E. Revenues*

**State Equalization Guarantee:** School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs.

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$115,894,183 in state equalization guarantee distributions during the year ended June 30, 2015.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements.

The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$22,529,868 in tax revenues in the governmental fund financial statements during the year ended June 30, 2015. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$3,071,671 in transportation distributions during the year ended June 30, 2015.

**Instructional Materials:** The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2015 totaled \$1,187,355.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

*E. Revenues (continued)*

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District did not received \$260 in state SB-9 matching during the year ended June 30, 2015.

**Public School Capital Outlay:** The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, 2015, the District did not receive any amounts in state flow-through capital outlay funds.

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

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

*Budgetary Information*

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

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

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

*Budgetary Information (continued)*

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

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

*Budgetary Information (continued)*

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.

The appropriated budget for the year ended June 30, 2015, was amended by the District's Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (4,700,000)	\$ (5,174,748)
Bond Building Capital Projects Fund	\$ (11,600,000)	\$ (27,514,524)
Debt Service Fund	\$ (18,974,104)	\$ (18,777,452)
Other Governmental Funds	\$ (39,162)	\$ (4,691,204)

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

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

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Beginning January 1, 2013, all of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2015, \$70,315,334 of the District's bank balance of \$71,612,266 was subject to custodial credit risk. \$69,779,190 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$536,144 of the District's deposits was uninsured and uncollateralized at June 30, 2015.

	Bank of Albuquerque	Bank of America	New Mexico Bank and Trust	Nusenda Credit Union
Amount of deposits	\$ 8,349,990	\$ 147,505	\$ 8,089,938	\$ 56,562
FDIC Coverage	(250,000)	(147,505)	(250,000)	(56,562)
Total uninsured public funds	8,099,990	-	7,839,938	-
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	8,099,990	-	7,303,794	-
Uninsured and uncollateralized	\$ -	\$ -	\$ 536,144	\$ -
Collateral requirement (50%)	\$ 4,049,995	\$ -	\$ 3,919,969	\$ -
Pledged securities	9,158,084	-	7,303,794	-
Over (under) collateralized	\$ 5,108,089	\$ -	\$ 3,383,825	\$ -

  

	US Bank	Wells Fargo Bank	Total
Amount of deposits	\$ 54,875,406	\$ 92,865	\$ 71,612,266
FDIC Coverage	(500,000)	(92,865)	(1,296,932)
Total uninsured public funds	54,375,406	-	70,315,334
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	54,375,406	-	69,779,190
Uninsured and uncollateralized	\$ -	\$ -	\$ 536,144
Collateral requirement (50%)	\$ 27,187,703	\$ -	\$ 35,157,667
Pledged securities	72,182,514	-	88,644,392
Over (under) collateralized	\$ 44,994,811	\$ -	\$ 53,486,725

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

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

*Investment Custodial Credit Risks.* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2015, the District's investment balances were exposed to custodial credit risk as follows:

<u><b>Overnight Repurchase Agreements</b></u>	<u><b>US Bank</b></u>	<u><b>Total</b></u>
Amount of deposits	\$ 2,762,241	\$ 2,762,241
FDIC Coverage	-	-
Total uninsured public funds	<u>2,762,241</u>	<u>2,762,241</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>2,762,241</u>	<u>2,762,241</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (102% of uninsured - repurchase)	\$ 2,817,486	\$ 2,817,486
Pledged securities	<u>2,817,486</u>	<u>2,817,486</u>
Over (under) collateralized	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

The District utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2015. Funds 24000 through 25225 are federal funds and 27000 through 28203 and 31400 are nonfederal funds. The following individual funds had negative cash balances as of June 30, 2015:

<b>Fund</b>	<b>Fund Name</b>	<b>Amount</b>
24112	Title I IASA	\$ 1,164,017
24106	Entitlement IDEA-B	1,751,296
24109	Preschool IDEA-B	11,745
24112	Early Intervention Services IDEA-B	79,546
24113	Education of Homeless	12,720
24115	Private Schools Share IDEA-B	6,383
24120	"Risk Pool" IDEA-B	114,804
24139	Leadership-Voc.Ed.	922
24153	Title III-A	29,012
24154	Teacher/Principal Training & Recruiting	169,791
24171	Carl Perkins Special Projects	46,643
24174	Carl Perkins Secondary	28,937
24176	Carl Perkins Secondary-Redistribution	26,041
24212	IDEA-B Early Intervention Services - Federal Stimulus	98
25184	Indian Education Formula Grant	26,935
25215	Elementary School Counseling	36,850
25225	FTE Earmark Grant	763
27103	Dual Credit Instructional Materials HB2	5,219
27107	2012 G.O. Bond Student Library	14,831
27114	New Mexico Reads to Lead K-3 Reading Initiative	33,300
27115	TANF PED	52,545
27149	Pre-K Initiative	447,418
27150	Indian Education Act	20,826
27155	Breakfast for Elementary Students	1,982
27166	Kindergarten Three Plus	176,776
27178	2013 School Bus	171,941
27192	Student Parent Portal	18,981
28190	GRADS- Instruction	648
28203	Grad Plus	4,279
31400	Special Capital Outlay State	660,822
		<u><u>\$ 5,116,071</u></u>

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

**Investments**

Credit Risk

As of June 30, 2015, the District's investment in the State Treasurer Local Government Investment Pool was rated as AAAm by Standard & Poor's.

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

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

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
New MexiGROW LGIP	77.7	\$ 12,344	AAAm *
GNMA Security	<1 year	2,497,647	AA+ *
		<u>\$ 2,509,991</u>	

\* Based on Standard and Poor's rating

The investments are listed on Schedule V of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule.

The District has presented certificates of deposits of \$8,089,939 in the Statement of Net Position; however, these are classified as deposits for disclosure purposes.

Reconciliation to the Statement of Net Position

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

Cash and cash equivalents - Governmental Activities Exhibit A-1	\$ 46,097,332
Restricted cash and cash equivalents - Governmental Activities Exhibit A-1	18,747,790
Investments - Governmental Activities Exhibit A-1	10,599,930
Fiduciary funds - Exhibit D-1	<u>1,038,313</u>
Total cash and cash equivalents and investments	<u>76,483,365</u>
Add: outstanding checks	4,082,588
Less: deposits in transit	(3,691,488)
Less: investment with Raymond James & Associates	(2,487,614)
Less: investments held in New Mexico State Treasurer's LGIP	<u>(12,344)</u>
Bank balance of deposits	<u>\$ 74,374,507</u>



**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

**NOTE 4. Accounts Receivable**

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

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 44,516	\$ 1,332,088	\$ 284,551	\$ 1,661,155
Due from other governments:				
Federal sources	-	-	4,240,298	4,240,298
State sources	-	-	933,899	933,899
Other receivables:				
E-Rate	469,946	-	-	469,946
Insurance recoveries	119,441	-	-	119,441
Charges for services	43,131	-	3,455	46,586
Other	-	-	21,553	21,553
	<u>\$ 677,034</u>	<u>\$ 1,332,088</u>	<u>\$ 5,483,756</u>	<u>\$ 7,492,878</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$1,287,420 that were not collected within the period of availability have been reclassified as deferred inflows of resources—property taxes in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

**NOTE 5. Interfund Receivables, Payables, and Transfers**

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2015 is as follows:

<b>Governmental Activities</b>	<b>Due from other funds</b>	<b>Due to other funds</b>
Operational Fund	\$ 5,116,071	
Title I IASA	-	1,164,017
Entitlement IDEA-B	-	1,751,296
Preschool IDEA-B	-	11,745
Early Intervention Services IDEA-B	-	79,546
Education of Homeless	-	12,720
Private Schools Share IDEA-B	-	6,383
"Risk Pool" IDEA-B	-	114,804
Leadership-Voc.Ed.	-	922
Title III-A	-	29,012
Teacher/Principal Training & Recruiting	-	169,791
Carl Perkins Special Projects	-	46,643
Carl Perkins Secondary	-	28,937
Carl Perkins Secondary-Redistribution	-	26,041
IDEA-B Early Intervention Services - Federal Stimulus	-	98
Indian Education Formula Grant	-	26,935
Elementary School Counseling	-	36,850
FTE Earmark Grant	-	763
Dual Credit Instructional Materials HB2	-	5,219
2012 G.O. Bond Student Library	-	14,831
New Mexico Reads to Lead K-3 Reading Initiative	-	33,300
TANF PED	-	52,545
Pre-K Initiative	-	447,418
Indian Education Act	-	20,826
Breakfast for Elementary Students	-	1,982
Kindergarten Three Plus	-	176,776
2013 School Bus	-	171,941
Student Parent Portal	-	18,981
GRADS- Instruction	-	648
Grad Plus	-	4,279
Special Capital Outlay State	-	660,822
	<hr/>	<hr/>
Total	<u>\$ 5,116,071</u>	<u>\$ 5,116,071</u>

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

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

The District also recorded non cash basis “due to/due from’s” in order to move the revenues and/or expenditures that were posted in one fund to another fund during the year. The District intends to record permanent cash transfers in the coming year in order to properly allocate the cash balances. The non cash basis “due to/due from” balances at June 30, 2015 are as follows:

**NON-Cash Basis**

<b>Governmental Activities</b>	<b>Due from</b>	<b>Due to</b>
Operational Fund	\$ -	\$ 17,832
Title IV IASA	872	-
Entitlement IDEA-B	778	-
Education of Homeless	4,338	-
Leadership-Voc. Ed.	922	-
Title III-A	5,915	-
Teacher/Principal Training & Recruiting	2,149	-
Carl Perkins Secondary- Redistribution	1,997	-
Early Intervention Services IDEA-B- Federal Stimulus	98	-
FTE Earmark Grant	763	-
	<u>\$ 17,832</u>	<u>\$ 17,832</u>
Total		

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<b>Transfers Out</b>	<b>Transfers In</b>	<b>Amount</b>
Operational	Private Direct Grants	\$ 3,600
Teaching American History	Indian Education Formula Grant	5,564
Teaching American History	Elementary School Counseling	14,226
Preschool IDEA-B	Title VI IASA	41,484
Preschool IDEA-B	Private Schools Share IDEA-B	2,112
Title VI IASA	Private Schools Share IDEA-B	739
		<u>739</u>
	Total	<u>\$ 67,725</u>

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows.  
Land and construction in progress are not subject to depreciation.

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 11,632,729	\$ 29,807	\$ -	\$ 11,662,536
Construction in progress	3,963,598	5,414,759	-	9,378,357
 Total capital assets not being depreciated	 15,596,327	 5,444,566	 -	 21,040,893
Capital assets being depreciated:				
Land improvements	22,833,972	706,647	-	23,540,619
Buildings and improvements	351,446,851	1,799,265	-	353,246,116
Vehicles	6,568,208	432,288	118,823	6,881,673
Furniture, fixtures, and equipment	12,659,001	432,649	19,825	13,071,825
 Total capital assets being depreciated	 393,508,032	 3,370,849	 138,648	 396,740,233
Less accumulated depreciation:				
Land improvements	8,477,016	1,117,109	-	9,594,125
Buildings and improvements	70,279,706	8,073,756	-	78,353,462
Vehicles	2,166,015	789,076	57,730	2,897,361
Furniture, fixtures, and equipment	7,963,107	1,236,955	19,825	9,180,237
 Total accumulated depreciation	 88,885,844	 11,216,896	 77,555	 100,025,185
 Total capital assets, net of depreciation	 \$ 320,218,515	 \$ (2,401,481)	 \$ 61,093	 \$ 317,755,941

For the year ended June 30, 2015, depreciation expense was charged to the following functions:

Instruction	\$ 6,693,139
Support Services	2,104,448
Central Services	308,596
Operations and Maintenance of Plant	1,359,155
Student Transportation	287,068
Food Services	379,930
Community Services	84,560
 Total Depreciation	 \$ 11,216,896

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

**NOTE 7. Long-term Debt**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$209,060,000. During the year, general obligation bonds for the same purpose totaling \$21,255,000 were issued for erecting, remodeling, making additions to and furnishing schools buildings and purchasing and improving school grounds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2015 are for governmental activities.

Bonds outstanding at June 30, 2015, are comprised of the following:

	Series 2006	Series 2007	Series 2008	Series 2009
Original Issue:	\$ 14,825,000	\$ 24,175,000	\$ 38,500,000	\$ 25,000,000
Maturity Date	8/1/2019	8/1/2018	8/1/2022	8/1/2023
Principal	August 1	August 1	August 1	August 1
Interest Rate	4.00-5.00%	4.00-5.00%	3.00-4.00%	3.00-4.50%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
	Series 2009B	Series 2010A	Series 2011A	Series 2011B
Original Issue:	\$ 24,975,000	\$ 7,940,000	\$ 13,200,000	\$ 9,300,000
Maturity Date	8/1/2022	8/1/2015	8/1/2018	8/1/2020
Principal	August 1	August 1	August 1	August 1
Interest Rate	2.00-4.00%	3.00-5.00%	2.00-3.00%	2.00-4.00%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
	Series 2012	Series 2013	Series 2014	
Original Issue:	\$ 13,355,000	\$ 16,535,000	\$ 21,255,000	
Maturity Date	8/1/2024	8/1/2026	8/1/2026	
Principal	August 1	August 1	August 1	
Interest Rate	2.00-3.00%	3.00-4.00%	1.00-3.00%	
Interest	February 1 August 1	February 1 August 1	February 1 August 1	

**STATE OF NEW MEXICO**  
Rio Rancho Public School District No. 94  
Notes to Financial Statements  
June 30, 2015

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

The following is a summary of the long-term debt and the activity for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 123,800,000	\$ 21,255,000	\$ 20,850,000	\$ 124,205,000	\$ 14,195,000
Compensated Absences	639,900	490,534	432,336	698,098	414,610
Total Long-Term Debt	<u>\$ 124,439,900</u>	<u>\$ 21,745,534</u>	<u>\$ 21,282,336</u>	<u>\$ 124,903,098</u>	<u>\$ 14,609,610</u>

On October 28, 2014, the District entered into a General Obligation School Building and Refunding bond series 2014 in the amount of \$21,255,000 due in annual installments of August 1<sup>st</sup>, with interest rates 1.0% to 3.0% paid semiannually through August 2026. The balance at June 30, 2015 is \$21,255,000.

The District issued the General Obligation School Building and Refunding bond to advance refund a portion of the outstanding General Obligation Bond Series 2006 with a 4.0% to 5.0% interest rate. Amount of advance refunding was \$7,000,000. As a result, \$1,000,000 is the portion of the 2006 series bond outstanding at June 30, 2015 payable by the District in 2016.

The advance refunding reduced total debt service payments over the next 5 years by \$433,735. This results in an economic gain of \$417,388 and a 5.969% on savings of refunded principal.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2015, including interest payments are as follows:

**General Obligation Bonds:**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 14,195,000	\$ 3,887,350	\$ 18,082,350
2017	13,570,000	3,452,750	17,022,750
2018	12,065,000	3,083,875	15,148,875
2019	13,510,000	2,690,238	16,200,238
2020	12,140,000	2,254,175	14,394,175
2021-2025	52,400,000	5,346,813	57,746,813
2026-2027	<u>6,325,000</u>	<u>447,500</u>	<u>6,772,500</u>
	<u>\$ 124,205,000</u>	<u>\$ 21,162,701</u>	<u>\$ 145,367,701</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2015, compensated absences increased \$58,198 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

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**NOTE 8. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters, for which the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2015, there have been no claims that have exceeded insurance coverage.

**NOTE 9. 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.

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**NOTE 9. Pension Plan – Educational Retirement Board (continued)**

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction 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% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

**Contributions.** The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$11,601,785 for the year ended June 30, 2015.



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**NOTE 9. Pension Plan – Educational Retirement Board (continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported a liability of \$168,077,189 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978.

At June 30, 2014, the District's proportion was 2.9458 percent, which was a decrease of 0.060 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$10,667,442. At the June 30, 2015, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 2,503,760
Change in assumptions	-	2,789,880
Net difference between projected and actual earnings on pension plan investments	-	15,278,970
District's contributions subsequent to the measurement date	<u>11,601,785</u>	<u>-</u>
Total	<u>\$ 11,601,785</u>	<u>\$ 20,572,610</u>

\$11,601,785 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (5,657,818)
2017	(5,657,818)
2018	(5,437,250)
2019	(3,819,724)
2020	-
Thereafter	-

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**NOTE 9. Pension Plan – Educational Retirement Board (continued)**

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

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary 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%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

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

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**NOTE 9. Pension Plan- Educational Retirement Board (Continued)**

Asset Class	2014	2013
	Long-Term Expected Real Rate of Return	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%

**Discount rate:** A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease	Current Discount	1% Increase
	(6.75%)	Rate (7.75%)	(8.75%)
District's proportionate share of the net pension	\$ 228,688,318	\$ 168,077,189	\$ 117,450,207

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**NOTE 9. Pension Plan- Educational Retirement Board (Continued)**

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

**Payables to the pension plan.** Rio Rancho Public School District No. 94 remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2015 the District owed the ERB \$3,926,089 for the contributions withheld in the month of June 2015.

**NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan**

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

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

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

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

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

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**NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contribution to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$1,669,842, \$1,618,917, and \$1,626,930, respectively, which equal the required contributions for each year.

**NOTE 11. Contingent Liabilities**

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

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

**NOTE 12. Other Required Individual Fund Disclosures**

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

- A. Deficit Fund Balances. The following fund maintained a deficit fund balance as of June 30, 2015:

**Major Fund**

Transportation Fund	\$ (51,313)
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**Non-Major Fund**

Food Services	(325,395)
Indian Education Formula Grant	(919)
Dual Credit Instructional Materials HB2	(335)
2012 GO Bond Student Library	(14,945)
TANF PED	(52,545)
Pre-K Initiative	(6,465)
Indian Education Act	(250)
Kindergarten Three-Plus	(500)
2013 School Bus	(171,941)
GRADS- Instruction	(3,207)
Special Capital Outlay State	(660,822)
Total Governmental Funds	<u>\$ (1,288,637)</u>

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**NOTE 12. Other Required Individual Fund Disclosures (continued)**

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

- B. Excess of expenditures over appropriations. The District had the following funds in which line item expenditures were in excess of the budgeted appropriations for the year ended June 30, 2015.

**Major Funds**

Operational- Capital Outlay function	\$ 14,903
	<u>\$ 14,903</u>

**Nonmajor Funds**

Non-Instructional Education Support- Instruction function	\$ 608,823
Entitlement IDEA-B- Capital Outlay function	15,674
Title VI IASA- Instruction function	12,777
Title VI IASA- Support Services function	1,603
Education of Homeless- Support Services function	8
Carl Perkins Secondary- Support Services function	5,067
Title XIX Medicaid 3/21 Years- Support Services function	255,017
Indian Education Formula Grant- Support Services function	508
Pre-K Initiative- Support Services function	1,356
Capital Improvements SB9- Support Services function	<u>670,940</u>
Total Nonmajor Governmental Funds	<u>\$ 1,571,773</u>

- C. Designated cash appropriations in excess of available balance. The District did not have any funds in which designated cash appropriations were in excess of available balances for the year ended June 30, 2015.

**NOTE 13. Concentrations**

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

**NOTE 14. Commitments**

The District had no significant commitments outstanding as of the year ended June 30, 2015.

At June 30, 2015, the District Office Addition and Warehouse was not transferred from Construction in Progress until fiscal year 2016 as the District was awaiting for final payments and building to be occupied. No commitments existed at June 30, 2015 for this project.

**NOTE 15. Restricted Net Position**

The government-wide statement of net position reports \$56,825,313 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 38-39 and 76-83.

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**NOTE 16. Net Position/Fund Balance Restatement**

The District has a prior period adjustment of (\$177,982,357) which was required for implementation of GASB Statement No. 68. The adjustment reflects a beginning net pension liability of (\$188,659,619) and a beginning of deferred outflow of resources- employer contributions subsequent to the measurement date of \$10,677,262. In addition, fund balance in fund 25215- Elementary School Counseling was restated in the amount of (\$51,468) for revenue that incorrectly recorded in a previous year. Total amount of restatement on Exhibit A-2 is (\$178,033,825).

**NOTE 17. Payroll Related Expenditures**

The District's expenditures are budgeted on a cash basis, with the exception of those expenditures related to payroll.

Payroll expenditures are budgeted on the accrual basis and the beginning fund balance and current year actual expenditures are budgeted on the Non-GAAP budgetary comparisons in those funds have accrued payroll for held checks at year end have been adjusted to account for this requirement.

Elementary School Counseling Special Revenue Fund	\$ (25,636)
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**NOTE 18. Subsequent Events**

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 13, 2015, which is the date on which the financial statements were issued.

The District entered into Series 2015 General Obligation School Building and Refunding Bonds in the amount of \$19,960,000. The closing date was October 2015. Principal is due August 1 with a maturity date of August 1, 2027. The GO Bonds have an interest rate of 2.00% to 4.00%.

**NOTE 19. Subsequent Pronouncements**

In February 2015, GASB Statement No. 72 *Fair Value Measurement and Application*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2016. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the District.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the District's financial statements.

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**NOTE 19. Subsequent Pronouncements (continued)**

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District expects this pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2016. The District expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2017. The District is still evaluating how this pronouncement will effect the financial statements.



## APPENDIX C

### 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

### FORM OF CO-BOND COUNSELS' OPINIONS



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. GARCÍA  
ARTURO L. JARAMILLO  
JAMES S. RUBIN

CHARLOTTE H. HETHERINGTON  
R. DANIEL CASTILLE  
CAROL S. HELMS  
K. STEPHEN ROYCE

EVELYN A. PEYTON  
YOUNG-JUN (JUN) ROH  
LAURA M. CASTILLE  
LAURA E. SANCHEZ-RIVÉT  
JULIE S. RIVERS

OF COUNSEL:  
JOHN F. KENNEDY

REPLY TO SANTA FE OFFICE

December \_\_\_\_, 2016

**\$15,000,000**  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94**  
**GENERAL OBLIGATION SCHOOL BONDS**  
**SERIES 2016A**

We have acted as Bond Counsel in connection with the issuance by the Rio Rancho Public School District No. 94, County of Sandoval, State of New Mexico ("Issuer"), of its General Obligation School Bonds, Series 2016A ("Bonds") in the aggregate principal amount of \$15,000,000. 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.

December \_\_\_\_, 2016

Page 2

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 net 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,

**McCALL, PARKHURST & HORTON L.L.P.**

717 NORTH HARWOOD

SUITE 900

DALLAS, TEXAS 75201-6587

TELEPHONE: 214 754-9200

TELECOPY: 214 754-9250

600 CONGRESS AVENUE

SUITE 1800

AUSTIN, TEXAS 78701-3248

TELEPHONE: 512 478-3805

TELECOPY: 512 472-0871

700 N. ST. MARY'S STREET

SUITE 1525

SAN ANTONIO, TEXAS 78205-3503

TELEPHONE: 210 225-2800

TELECOPY: 210 225-2984

*[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.]*

\$ \_\_\_\_\_  
**RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94  
GENERAL OBLIGATION SCHOOL BUILDING BONDS  
SERIES 2016A**

We have acted as Co-Bond Counsel in connection with the issuance by the Rio Rancho Public School District No. 94 (the "Issuer"), of its General Obligation School Building Bonds, Series 2016A in the aggregate principal amount of \$ \_\_\_\_\_ (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 AService@); 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,

## APPENDIX E

OFFICIAL NOTICE OF SALE / BID FORM / ISSUE PRICE CERTIFICATE

OFFICIAL NOTICE OF BOND SALE

RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94  
COUNTY OF SANDOVAL, STATE OF NEW MEXICO  
GENERAL OBLIGATION SCHOOL BONDS  
SERIES 2016A - \$15,000,000

PUBLIC NOTICE IS HEREBY GIVEN that the Board of Education of the Rio Rancho Public School District No. 94 ("Board"), governing body of the Rio Rancho Public School District No. 94 ("District"), Sandoval County, New Mexico, will, until the hour of 10:00 a.m., local time, on November 14, 2016, at the office of RBC Capital Markets, 6301 Uptown Blvd, NE, Suite 110, Albuquerque, New Mexico 87110, receive bids for the purchase of the District's General Obligation School Bonds, Series 2016A ("Bonds"), in the aggregate principal amount of \$15,000,000. 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 District's Administration Building, 500 Laser Rd. NE, Rio Rancho, New Mexico, on November 14, 2016, at 5:30 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, Rio Rancho School District No. 94," and delivered to the Rio Rancho Public School District No. 94, Rio Rancho, 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 November 14, 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 Municipal 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 Bid Parameters and Taking of Bids

The Superintendent may, after consultation with the Board's financial advisor, in the Superintendent's sole discretion and prior to the opening 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. The Superintendent may also, after consultation with the Board's financial advisor, in the Superintendent's sole discretion on notice given at least twenty-four (24) hours prior to the Original Deadline, reschedule the original bid due date and bid 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 due date and rescheduled bid 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 December 20, 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 1 in each of the years and in the principal amounts as follows:

<u>Years</u>	<u>Amount Maturing</u>
2017	\$2,075,000
2018	800,000
2019	875,000
2020	850,000
2021	850,000
2022	850,000
2023	900,000
2024	900,000
2025	1,725,000

2026	1,725,000
2027	1,725,000
2028	1,725,000

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 special bond election held on August 30, 2016, and are for the purpose of 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, 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 will not designate the Bonds as "QUALIFIED TAX-EXEMPT OBLIGATIONS" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended ("Code").

#### REDEMPTION

Bonds maturing on or after August 1, 2026, may be redeemed prior to their scheduled maturities on August 1, 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 August 1, 2017, and semi-annually thereafter on February 1 and August 1 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 eight percent (8%) 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 eight percent (8%) 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 \$300,000. (If such wire transfer is not received from the successful bidder by 3:30 p.m., prevailing Mountain time, on November 14, 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 December 20, 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 Municipal 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 Rio Rancho, New Mexico, this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
President, Board of Education  
Rio Rancho Public School District No. 94

[SEAL]

Attest:

\_\_\_\_\_  
Secretary, Board of Education  
Rio Rancho Public School District No. 94

OFFICIAL BID FORM

November 14, 2016

Rio Rancho Public School District No. 94  
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 November 14, 2016, relating to the District's General Obligation School Bonds, Series 2016A ("Bonds") in the principal amount of \$15,000,000, 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 eight percent (8%) of the par amount of the Bonds or \$\_\_\_\_\_), provided the Bonds bear interest per annum as follows (the bonds mature on \_\_\_\_\_ of each year):

Maturing (August 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>
2017	\$ 2,075,000	____%	____%
2018	800,000	____%	____%
2019	875,000	____%	____%
2020	850,000	____%	____%
2021	850,000	____%	____%
2022	850,000	____%	____%
2023	900,000	____%	____%
2024	900,000	____%	____%
2025	1,725,000	____%	____%
2026	1,725,000	____%	____%
2027	1,725,000	____%	____%
2028	1,725,000	____%	____%

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 \$300,000. (If such wire transfer is not received from the successful bidder by 3:30 p.m., prevailing Mountain time on November 14, 2016, the next best bidder may be awarded the Bonds.) The amount of \$300,000, 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 Rio Rancho Public School District No. 94, Sandoval County, New Mexico, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
President, Board of Education  
Rio Rancho Public School District No. 94

ATTEST:

\_\_\_\_\_  
Secretary, Board of Education  
Rio Rancho Public School District No. 94

## CERTIFICATE OF ISSUE PRICE

The undersigned hereby certifies as follows with respect to the bid and purchase of the Rio Rancho Public School District No. 94 General Obligation School Bonds, Series 2016A ("Bonds"):

1. The undersigned is the duly authorized representative of the purchaser ("Purchaser") of the Bonds from the Rio Rancho Public School District No. 94 ("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	\$ 2,075,000	____%
2018	800,000	____%
2019	875,000	____%
2020	850,000	____%
2021	850,000	____%
2022	850,000	____%
2023	900,000	____%
2024	900,000	____%
2025	1,725,000	____%
2026	1,725,000	____%
2027	1,725,000	____%
2028	1,725,000	____%

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>
20____	\$ _____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%
20____	_____	____%

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.

8. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law. Accordingly, the Purchaser makes no representation as to the legal sufficiency of the factual matters set forth herein.

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

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

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