

OFFICIAL STATEMENT DATED SEPTEMBER 12, 2019

RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

Sandoval County, New Mexico

\$15,000,000 - General Obligation School Bonds, Series 2019 (the "Series 2019 Bonds")

NEW ISSUE Book-Entry Only	AGM Insured Ratings: S&P AA (Stable Outlook) S&P: A+
PURPOSES AND AUTHORITY	Proceeds of the Series 2019 Bonds will be used for the purposes of (i) erecting, remodeling, making additions to and furnishing school buildings within the district, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, and providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act or any combination of these purposes and (ii) paying the cost of issuance of the Series 2019 Bonds. On July 22, 2019, the District's Board of Education, (the "Board"), delegated, pursuant to a Notice of Sale and Delegation of Authority Resolution, as permitted by Section 6-14-10.2, NMSA 1978, pricing of the Bonds and certain other matters to the District's Superintendent. The pricing certificate for the Bonds will contain the final terms of sale and complete the sale of the Bonds. Issuance of the Bonds was authorized by the voters pursuant to an election held on August 30, 2016.
THE BONDS	The Series 2019 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 February 1, 2020. 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 Series 2019 Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS – Optional Redemption."
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 INSURANCE	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.
BOND AND TAX OPINION	The delivery of the Bonds is subject to the opinion of Virtue & Najjar, PC, ("Bond Counsel"), as to the validity of the Bonds and to the effect that interest on the Bonds is excludable from gross income for purposes of federal income taxation, under existing statutes, regulations, published rulings and court decisions, and assuming continuous compliance with certain covenants in the documents pertaining to the Bonds, and with the requirements of the Internal Revenue Code of 1986, as amended, (the "Code") as described under "TAX MATTERS" herein. See "LEGAL MATTERS" and "TAX MATTERS" herein for a discussion of Bond Counsel's opinion. Delivery of the Bonds is also subject to the delivery of an approving opinion of the Attorney General of the State of New Mexico.
DELIVERY	When, as and if issued, through DTC's facilities, on or about September 26, 2019
DATED DATE	Date of initial delivery of the Bonds.
DUE	August 1, as shown on the following page:



This cover page is not intended to be a summary of the terms of, or the security for the Bonds. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

BAIRD

General Obligation School Bonds, Series 2019

Year	Principal	Coupon	Yield	Cusip # 767171	Year	Principal	Coupon	Yield	Cusip # 767171
2020	\$975,000	5.000%	1.300%	QQ7	2026	\$1,465,000	4.000%	1.600%	QW4
2021	950,000	5.000%	1.310%	QR5	2027	1,465,000	4.000%	1.650%	QX2
2022	950,000	5.000%	1.320%	QS3	2028	1,465,000	2.000%	2.050%	QY0
2023	1,400,000	5.000%	1.340%	QT1	2029	1,465,000	2.000%	2.100%	QZ7
2024	500,000	5.000%	1.370%	QU8	2030	1,465,000	2.250%	2.250%	RA1
2025	1,465,000	5.000%	1.450%	QV6	2031	1,435,000	2.250%	2.350%	RB9

** CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Bonds. None of the District, the Financial Advisor nor the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.*

ISSUER

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

BOARD OF EDUCATION

Catherine Cullen, President
Ramon Montaño, Vice-President
Wynne D. Coleman, Secretary
Ryan Parra, Member
Katherine Covey, Member

DISTRICT ADMINISTRATION

V. Sue Cleveland, Ed.D., Superintendent
Arlene Manzanaras, Executive Director of
Finance

FINANCIAL ADVISOR

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(505) 872-5999

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Albuquerque, New Mexico 87109
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PURCHASER

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Milwaukee, Wisconsin 53202
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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 the 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.

MARKET STABILIZATION

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

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.

Bond Counsel, Virtue & Najjar, PC, Santa Fe, New Mexico was not requested to and did not take part in the preparation of the Official Statement nor has that firm undertaken to independently verify any of the information contained herein. Such firm has 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 Bond Counsel for services rendered in connection with the issuance of the Bonds are 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.

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: Arlene Manzanares

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

RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

Sandoval County, New Mexico

\$15,000,000 – General Obligation School Bonds, Series 2019 (“The Bonds”)

INTRODUCTION

Thank you for your interest in learning more about the Rancho Public School District No. 94, Sandoval County, New Mexico (the “District”), General Obligation School Bonds, Series 2019 (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. The Bonds are being issued pursuant to a resolution authorizing the Bonds adopted by the Board of Education (the “Board”) of the District on July 22, 2019, and a pricing certificate establishing certain terms of the particular series of the Bonds to be executed on the date bids are received for such Bonds which will be the sale date, all as provided in such resolution (the resolution and pricing certificate for the Bonds is collectively referred to herein as the “Bond Resolution”).

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

The 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 2018 is \$2,314,565,227, and its enrollment for school year 2018-19 was 17,072. See “THE DISTRICT.”

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, 2018 contained in Appendix B, this Official Statement presents unaudited financial and statistical information from District records and other sources.

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THE BONDS

Authority

New Mexico law, including NMSA 1978, Sections 6-15-11 through 6-15-22, as amended, enables the District to issue the Bonds. The New Mexico Attorney General will provide a written approving opinion with respect to the Series 2019 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.

Plan of Finance

The Series 2019 Bonds are being offered for the purposes of (i) erecting, remodeling, making additions to and furnishing school buildings within the district, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, and providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act or any combination of these purposes and (ii) paying the cost of issuance of the Series 2019 Bonds.

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 has covenanted 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.

Bond Insurance

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix F - Specimen Municipal Bond Insurance Policy".

Bond Registrar and Paying Agent

BOKF, 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 "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

The Bonds maturing on or after August 1, 2027 may be redeemed prior to their scheduled maturities on August 1, 2026, 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, at the redemption price of par, plus accrued interest to the date fixed for redemption. If the District redeems only part of the Bonds of a given maturity, the Registrar will select those Bonds by lot.

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

Redemption Notices

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

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

Transfers and Exchanges

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in 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 (i) during the period commencing at the close of business on the Record Date and ending at the opening of business on the next interest payment date and (ii) with respect to any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

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.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On June 27, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of AGM

At June 30, 2019:

- The policyholders' surplus of AGM was approximately \$2,530 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,082 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,853 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net

unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 2019); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 (filed by AGL with the SEC on August 8, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

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.

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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 as to rate or amount.

The District must use all of the property taxes collected for debt service, and any other legally available money designated for that purpose, 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 or the property tax revenues of 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 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.

SOURCES AND USES OF FUNDS

It is anticipated that the proceeds of the Bonds will be applied as follows:

Sources:	Series 2019
Par Amount	\$15,000,000.00
Premium	\$1,173,643.10
	\$16,173,643.10
Uses:	
Project Fund Deposit	\$15,000,000.00
Cost of Issuance	\$118,250.00 ⁽¹⁾
Underwriter's Discount	\$225,268.74 ⁽²⁾
Deposit to Debt Service Fund	\$830,124.36
	\$16,173,643.10

(1) Includes cost for Bond Counsel, Municipal Advisor and Rating Agency fees, etc.

(2) Includes Underwriter Discount and AGM Insurance premiums.

NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

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

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

This provision applies to all New Mexico school districts.

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

The New Mexico School District Enhancement Program was initially put on watch list for possible downgrade on May 15, 2007 after the State adopted new legislation that altered the mechanics of the program. After a review of the law and policies regarding the implementation of the law, program ratings were bifurcated, with one rating applying to bonds issued prior to the March 30, 2007 effective date of the legislation and a second rating applying to bonds issued on or after the March 30, 2007 effective date. Under the new law, the State cannot immediately advance more than the remaining undistributed SEG payments for the fiscal year of default. As a result, those school 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.

Moody's downgraded the New Mexico School District Enhancement Program (Pre and Post-Default) to Aa2 from Aa1, and assigned a negative outlook on November 1, 2016, which reflected the State of New Mexico's recent rating downgrade and outlook. On June 18, 2018, Moody's further downgraded the enhancement rating from "Aa2" to "Aa3" and assigned a stable outlook.

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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.

The assessed valuation of taxable property within the District is \$2,314,565,227 for tax year 2018. Therefore, the maximum general obligation debt may not exceed \$138,873,916.

After the Bonds are issued, the ratio of total outstanding net general obligation debt of the District to the 2018 assessed valuation will be approximately 5.12%.

Selected Debt Ratios

	<u>2018 Tax Year</u>
2018 Assessed Valuation	\$2,314,565,227
2018 Estimated Actual Valuation ⁽¹⁾	\$8,750,742,129
District Net General Obligation Debt	\$118,453,562
District Net Debt as a Percentage of	
Assessed Valuation	5.12%
Estimated Actual Valuation	1.35%
Estimated Direct & Overlapping G/O Debt	\$200,458,955
Direct & Overlapping Debt as a Percentage of	
Assessed Valuation	8.66%
Estimated Actual Valuation	2.29%
Estimated Population	99,371
District Net Debt Per Capita	\$1,192.03
Direct & Overlapping Debt Per Capita	\$2,017.28

⁽¹⁾ Actual valuation was computed by adding the exemptions to the 2018 assessed valuation and multiplying the result by three.

Net Debt

2018 Assessed Valuation	\$2,314,565,227
2018 Estimated Actual Valuation ⁽¹⁾	\$8,750,742,129
Current Total Outstanding (Including the Bonds)	\$121,710,000
Less Debt Service Fund Balance ⁽²⁾	<u>3,279,015</u>
NET DEBT	\$118,430,985

⁽¹⁾ Actual valuation was computed by adding the 2018 exemptions to the 2018 assessed valuation and multiplying the result by three.

⁽²⁾ The debt service fund cash balance as of 6/30/2019 was \$4,206,274.11. The amount properly attributable to principal reduction is 77.42%.

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
2011B	\$9,300,000	01-Aug-20	\$1,600,000
2012	13,355,000	01-Aug-24	5,750,000
2013	16,535,000	01-Aug-26	12,125,000
2014	21,255,000	01-Aug-26	12,950,000
2015	19,960,000	01-Aug-26	12,375,000
2016	24,935,000	01-Aug-23	15,425,000
2016A	14,160,000	01-Aug-28	10,415,000
2017A	14,010,000	01-Aug-29	13,060,000
2017B	11,295,000	01-Aug-22	8,960,000
2018	15,000,000	01-Aug-30	14,050,000
2019	15,000,000	01-Aug-31	15,000,000
	\$174,805,000		\$121,710,000

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 2019 Bonds				Total Requirements		
	Principal	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total
2020	\$14,215,000	\$3,826,963	\$18,041,963	\$975,000	5.000%	\$468,556	\$1,443,556	15,190,000	4,295,519	19,485,519
2021	13,360,000	3,282,588	16,642,588	950,000	5.000%	504,300	1,454,300	14,310,000	3,786,888	18,096,888
2022	13,245,000	2,741,438	15,986,438	950,000	5.000%	456,800	1,406,800	14,195,000	3,198,238	17,393,238
2023	12,930,000	2,245,488	15,175,488	1,400,000	5.000%	409,300	1,809,300	14,330,000	2,654,788	16,984,788
2024	13,900,000	1,764,488	15,664,488	500,000	5.000%	339,300	839,300	14,400,000	2,103,788	16,503,788
2025	10,845,000	1,305,488	12,150,488	1,465,000	5.000%	314,300	1,779,300	12,310,000	1,619,788	13,929,788
2026	10,815,000	890,888	11,705,888	1,465,000	4.000%	241,050	1,706,050	12,280,000	1,131,938	13,411,938
2027	7,485,000	519,438	8,004,438	1,465,000	4.000%	182,450	1,647,450	8,950,000	701,888	9,651,888
2028	4,940,000	287,938	5,227,938	1,465,000	2.000%	123,850	1,588,850	6,405,000	411,788	6,816,788
2029	3,425,000	149,250	3,574,250	1,465,000	2.000%	94,550	1,559,550	4,890,000	243,800	5,133,800
2030	1,550,000	46,500	1,596,500	1,465,000	2.250%	65,250	1,530,250	3,015,000	111,750	3,126,750
2031				1,435,000	2.250%	32,288	1,467,288	1,435,000	32,288	1,467,288
	\$106,710,000	\$17,060,463	\$123,770,463	\$15,000,000		\$3,231,994	\$18,231,994	\$121,710,000	\$20,292,456	\$142,002,456

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.

	2018 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$61,126,458,199	\$490,910,000	3.79%	\$18,588,403
Sandoval County	3,599,893,245	18,130,000	64.30%	11,656,753
City of Rio Rancho	2,230,753,048	21,955,000	100.00%	21,955,000
S.S.C.A.F.C.A.	2,708,816,349	16,795,000	85.45%	14,350,594
Central N.M. Community College	19,022,704,842	100,895,000	12.09%	12,198,206
Rio Rancho Public Schools	2,314,565,227	121,710,000	100.00%	121,710,000
Total Direct & Overlapping				\$200,458,955
Ratio of Estimated Direct & Overlapping Debt to 2018 Assessed Valuation				8.66%
Ratio of Estimated Direct & Overlapping Debt to 2018 Estimated Actual Valuation				2.29%
Per Capita Direct & Overlapping Debt:				\$2,017.28
Population:				99,371

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%. After deduction of certain personal exemptions, the District's 2018 assessed valuation is \$2,314,565,227. 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 2018 and the previous four years follows.

	2014	2015	2016	2017	2018	2019*
Assessments						
Value of Land	\$616,323,823	\$618,133,510	\$621,658,058	\$605,768,213	\$764,178,249	
Improvements	1,619,842,580	1,676,216,731	1,750,738,963	1,842,225,034	2,029,287,383	
Personal Property	41,082,127	40,714,637	39,733,284	38,399,408	43,965,911	
Mobile Homes	2,194,961	2,190,249	2,416,191	3,218,797	4,574,940	
Livestock	24,128	34,058	30,033	28,956	26,198	
Assessor's Total Value	2,279,467,619	2,337,289,185	2,414,576,529	2,489,640,408	2,842,032,681	
Less Exemptions						
	(256,322,365)	(301,332,588)	(332,537,489)	(354,027,216)	(602,348,816)	
Assessors Net Value	2,023,145,254	2,035,956,597	2,082,039,040	2,135,613,192	2,205,280,993	2,300,194,902
Centrally (State) Assessed	61,626,158	69,452,429	75,998,888	87,183,457	74,881,362	95,461,070
Total Assessed Valuation	\$2,084,771,412	\$2,105,409,026	\$2,158,037,928	\$2,222,796,649	\$2,280,162,355	2,395,655,972
Residential						
	\$1,608,773,075	\$1,631,211,370	\$1,665,456,774	\$1,731,351,564	\$1,818,456,012	\$1,910,228,822
Non-Residential	475,998,337	474,197,656	492,581,154	491,445,085	496,109,215	485,427,150
	\$2,084,771,412	\$2,105,409,026	\$2,158,037,928	\$2,222,796,649	\$2,314,565,227	\$2,395,655,972

*Preliminary. Excludes protested property. Detail is not available.

Source: New Mexico Taxation & Revenue Department, Property Division, and Sandoval Count.

Major Taxpayers

The following is a list of the largest taxpayers in the District, along with the 2018 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 7.10% of the District's total 2018 assessed value.

Taxpayer	Business	2018 Assessed Valuation	% of District A.V.
Presbyterian Healthcare Services	Healthcare	\$57,911,492	2.50%
Public Service Co. of New Mexico	Electric Utility	45,535,847	1.97%
Intel Corp.	Manufacturing	20,020,514	0.86%
The Neighborhood in Rio Rancho	Retirement Home	10,803,438	0.47%
Wal-Mart	Retail	7,733,053	0.33%
New Mexico Gas Company	Gas Utility	7,449,501	0.32%
DE High Resort LLC	Development	5,051,831	0.22%
Tri-State Generation	Electric Generation	4,913,961	0.21%
Cable One	Cable Provider	4,824,386	0.21%
Sandia View, LLC	Assisted Living	4,728,918	0.20%
Total		\$168,972,941	7.10%

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 2014 tax year. The Two Mill Levy, a capital improvements tax imposition, is renewed every six years, most recently in February 2018. This table breaks down the District's total tax rate shown in the next table.

Tax Year	Operational		Two Mill Levy		Debt Service			Total	
	Resid.	Non-Resid.	Resid.	Non-Resid.	G/O Bonds	Ed Tech	Total	Resid.	Non-Resid.
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
2017	0.264	0.500	2.000	2.000	8.540	0.000	8.540	10.804	11.040
2018	0.266	0.500	2.000	2.000	8.544	0.000	8.544	10.810	11.044

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 2018 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.

Within 20 Mill Limit for General Purposes					
	2018	2017	2016	2015	2014
State of New Mexico	0.000	0.000	0.000	0.000	0.000
Sandoval County	6.455	6.383	6.354	6.339	6.240
City of Rio Rancho	7.525	7.492	7.449	7.426	7.307
Rio Rancho Public Schools	0.266	0.264	0.263	0.262	0.258
Total	14.246	14.139	14.066	14.027	13.805
Over 20 Mill Limit - Interest, Principal, Judgement, etc.					
State of New Mexico	1.360	1.360	1.360	1.360	1.360
Sandoval County	0.593	0.984	1.047	0.852	0.539
City of Rio Rancho	2.768	2.051	2.016	1.848	1.881
Rio Rancho Public Schools	10.544	10.540	10.540	10.540	10.537
SSCAFCA - Debt Service	1.242	1.242	1.249	1.249	1.248
SSCAFCA - Operating	0.828	0.828	0.828	0.828	0.828
CNM - Debt Service	1.000	1.000	1.000	0.550	0.550
CNM - Operating	2.799	2.789	2.776	2.831	2.827
Contracting Hospitals	0.000	0.000	4.250	4.250	4.250
Total	21.134	20.794	25.066	24.308	24.020
Total Levy					
State of New Mexico	1.360	1.360	1.360	1.360	1.360
Sandoval County	7.048	7.367	7.401	7.191	6.779
City of Rio Rancho	10.293	9.543	9.465	9.274	9.188
Rio Rancho Public Schools	10.810	10.804	10.803	10.802	10.795
SSCAFCA	2.070	2.070	2.077	2.077	2.076
CNM	3.799	3.789	3.776	3.381	3.377
Contracting Hospitals	0.000	0.000	4.250	4.250	4.250
Total Residential -	35.380	34.933	39.132	38.335	37.825
Total Non-Residential - City of Rio Rancho	39.505	39.505	43.748	42.431	41.332
Total Residential in Unincorporated Sandoval County	25.390	25.390	29.667	29.061	28.637
Total Non-Residential in Unincorporated Sandoval County	29.804	29.804	34.082	33.396	33.040

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. The Legislature of the State has brought up the issue of disparity in valuations in the past several years, but has not enacted any bills into law that address disparity. To the extent that court or legislative action is taken or a further constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property in the District.

NMSA 1978, Section 7-36-21.3 places a limitation on the increase in value for property taxation purposes for single-family dwellings occupied by low-income owners who are 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The 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:

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a % of Net Levied
2018	18/19	\$119,987,464	\$116,428,184	97.03%	\$116,428,184	97.03%
2017	17/18	114,531,876	110,892,832	96.82%	112,959,634	98.63%
2016	16/17	124,318,657	120,420,512	96.86%	123,735,470	99.53%
2015	15/16	119,044,771	115,023,384	96.62%	118,513,405	99.55%
2014	14/15	115,903,449	111,651,378	96.33%	115,503,595	99.66%

(1) Current collections through June 30 of each year .

(2) As of June 30, 2019.

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 99,371. 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's Board of Education (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 November. The Board Members are:

Catherine Cullen, President
Term expires December 31, 2021

Ryan Parra, Member;
Term expires December 31, 2019

Ramon Montaño, Vice-President;
Term expires December 31, 2019

Katherine Covey, Member;
Term expires December 31, 2019

Wynne D. Coleman, Secretary,
Term expires December 31, 2021

The Superintendent of Schools is selected by and serves at the discretion of the Board. All other staff members are selected by the Superintendent. 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 District 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.

Arlene Manzanares, Executive Director of Finance

Mrs. Manzanares was hired as the Executive Director of Finance in April 2019. Arlene has been with Rio Rancho Public Schools since October 2012 when she joined the Finance Department as an Account Specialist. She then became the department's Financial Analyst, and since 2015 has been the district's Director of Budget and Accounting. Prior to joining RRPS, Arlene worked in a number of finance and investigative positions with the New Mexico Department of Corrections and Santa Fe County Corrections Department. She earned her B.A from the University of New Mexico and is licensed as a New Mexico School Business Official.

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

The District's enrollment decreased .61% from the 2017-18 school year. Set forth below is the District's enrollment for the school years 2015-16 through 2018-19 as of the 40th day of the school year.

Grade	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Elementary & Pre-K	7,762	7,800	7,828	7,818	7,686
Middle School	3,891	3,902	3,957	4,060	4,042
High School	5,129	5,074	5,160	5,299	5,344
Total:	16,782	16,776	16,945	17,177	17,072

Source: The District and NM Public Education Department.

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".

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 2018, the District received \$1,449,900 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 2018, the District received \$423,984 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 2018, the District received \$131,114,268 from state sources. Such payments represented approximately 99% of actual fiscal year 2018 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 school 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 school 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 school 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 school 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 school 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
2014-2015	4,005.75	117,318,027
2015-2016	4,027.75	120,298,896
2016-2017	3,979.63	121,795,876
2017-2018	4,053.55	126,461,226
2018-2019	4,159.23	131,495,162

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 2018, the District received \$1,054,157 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 2018, the District received \$3,204,464 for transportation purposes.

Statement of Revenues, Expenditures, and Changes in Fund Balances

The following is a history of the District's General Fund Statement of Revenues, Expenditures & Changes in Fund Balances. The General Fund includes Operational, Teacherage, Transportation and Instructional Materials. See financial statements for the fiscal year ending June 30, 2018 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2018 and the last four years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ⁽¹⁾

<i>Year Ending June 30</i>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:					
Local Sources:					
Property taxes	\$569,399	\$592,975	\$623,865	\$662,197	\$697,572
Fees and charges	1,570,207	1,627,552	322,382	736,243	565,694
Interest	66,226	120,743	84,871	69,883	62,995
Miscellaneous	27,534	57	2,723	3,881	123,639
State Sources:					
State flow-through	111,092,251	117,731,427	120,502,486	118,468,509	127,909,804
Transportation	3,204,617	3,071,761	2,854,959	2,559,015	3,204,464
Federal Sources:	<u>361,788</u>	<u>384,846</u>	<u>339,631</u>	<u>254,684</u>	<u>423,984</u>
<i>Total Revenues</i>	<u>116,892,022</u>	<u>123,529,361</u>	<u>124,730,917</u>	<u>122,754,412</u>	<u>132,988,152</u>
Expenditures:					
Instruction	72,378,734	74,608,953	76,490,496	74,915,280	72,653,218
Support services	22,731,329	24,907,033	26,423,482	26,322,692	27,836,921
Central Services	3,620,049	3,908,165	4,400,345	4,432,267	4,507,193
Operation & Maintenance of Plant	13,911,132	14,018,322	14,289,067	14,023,605	14,123,726
Student Transportation	3,081,885	3,561,455	3,817,246	4,274,043	4,040,657
Community Services	975,581	1,047,455	27,594	14,453	8,481
Miscellaneous & reserves	-	-	-	-	-
Capital Outlay	<u>658,038</u>	<u>26,711</u>	<u>17,950</u>	<u>6,880</u>	<u>55,014</u>
<i>Total</i>	<u>117,356,748</u>	<u>122,078,094</u>	<u>125,466,180</u>	<u>123,989,220</u>	<u>123,225,210</u>
Excess revenues over expenditures	(464,726)	1,451,267	(735,263)	(1,234,808)	9,762,942
Fund Balance Beginning of Year	5,658,750	5,209,557	6,657,224	5,481,964	4,248,428
Transfers/Refunds/Adjustments	<u>15,533</u>	<u>(3,600)</u>	<u>(439,997)</u>	<u>1,272</u>	<u>7,212</u>
Fund Balance at End of Year	<u>5,209,557</u>	<u>6,657,224</u>	<u>5,481,964</u>	<u>4,248,428</u>	<u>14,018,582</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, 2018 is attached as Appendix B.

Balance Sheet

The following is a history of the District's General Fund Balance Sheet. The General Fund includes Operational, Transportation and Instructional Materials. See financial statements for the fiscal year ending June 30, 2018 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2018 and the last four years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
ASSETS:					
Cash & Cash equivalents	\$7,141,329	\$8,158,918	\$10,108,727	\$2,027,065	\$11,811,923
Investments	8,193,106	8,102,283	8,162,830	14,193,256	13,000,267
Receivables:					
Property Taxes	\$43,734	\$44,516	\$45,722	\$46,868	\$50,568
Due from other governments	100,069	-	53,616	26,877	257
Other	500,331	632,518	384,916	179,633	133,748
Inventory	-	-	-	208,307	363,132
Due from other funds	<u>3,620,131</u>	<u>5,116,071</u>	<u>2,485,998</u>	<u>1,740,841</u>	<u>2,709,322</u>
Total Assets	<u>\$19,598,700</u>	<u>\$22,054,306</u>	<u>\$21,241,809</u>	<u>\$18,422,847</u>	<u>\$28,069,217</u>
LIABILITIES AND EQUITY:					
Accounts payable	\$360,371	\$414,195	\$518,342	\$536,281	\$520,265
Accrued payroll	13,994,408	14,930,867	15,039,220	13,423,367	13,484,728
Due to other governments	-	-	-	-	-
Deferred Revenue:	-	-	-	-	-
Property taxes	-	-	-	-	-
Due to other funds	861	-	-	177,506	3,457
Due to special revenue funds	-	<u>17,832</u>	<u>168,036</u>	-	-
Total Liabilities	<u>\$14,355,640</u>	<u>\$15,362,894</u>	<u>\$15,725,598</u>	<u>\$14,137,154</u>	<u>\$14,008,450</u>
<i>Deferred inflows of resources</i>	<u>\$33,503</u>	<u>\$34,188</u>	<u>\$34,247</u>	<u>\$37,265</u>	<u>\$42,185</u>
<i>Total deferred inflows of resources</i>	<u>\$33,503</u>	<u>\$34,188</u>	<u>\$34,247</u>	<u>\$37,265</u>	<u>\$42,185</u>
Fund balances:					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 208,307.00	\$ 363,132.00
Restricted for:					
Instructional Materials	\$550,987	\$888,365	\$665,466	\$268,439	\$178,970
Emergency reserves	-	-	-	-	-
Committed for:					
Emergency reserves	3,374,860	3,468,158	3,632,868	3,399,628	3,640,037
Subsequent year's expenditures	1,283,710	2,352,014	1,202,333	388,383	9,852,863
Unassigned	-	(51,313)	(18,703)	(16,329)	(16,420)
Total Fund balances	<u>\$5,209,557</u>	<u>\$6,657,224</u>	<u>\$5,481,964</u>	<u>\$4,248,428</u>	<u>\$ 14,018,582.00</u>
Total Liabilities and deferred inflows of resources and fund balances	<u>\$19,598,700</u>	<u>\$22,054,306</u>	<u>\$21,241,809</u>	<u>\$18,422,847</u>	<u>\$28,069,217</u>

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, 2018 is attached as Appendix B.

Title I Special Revenue Funds

The Title I 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 PED. 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 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 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

Plan description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is

a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates. ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

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

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

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% 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, 2015 employers contributed 13.90% 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 10.70% of their gross annual salary. For fiscal year ended June 30, 2016 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. For fiscal year ended June 30, 2018 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 \$11,948,649 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2018, the District reported a liability of \$218,115,985 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, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the District's proportion was 3.0309 percent, which was an increase of 0.0839 from its proportion measured as of June 30, 2015. For the year ended June 30, 2018, the District recognized pension expense of \$20,097,858.

Recent Legislative Changes

Recent legislative changes enacted during the 2012, 2013 and 2019 legislative sessions also amended various provisions of the ERA. House Bill 360 below is the most recent legislative action.

House Bill 360("HB-360") amends the ERA to increase employer contributions to the educational retirement fund; increase the salary level employees would be required to reach before paying a higher contribution rate; increase the age or years of service requirements for new members to be eligible for retirement and reduce retirement benefits for new employees who work for less than 30 years; make changes to the return-to-work program; require most retirees from the Public Employees Retirement Association (PERA) to make contributions to the educational retirement fund if they become employed by an ERA-covered employer; change the salary calculation for determining retirement benefits for employees that receive a salary increase of more than 30 percent, and require substitute teachers to become members of the Educational Retirement Board (ERB) if they are employed at least one quarter time (0.25 FTE).increase employer contributions .

The law amends ERA to provide for employer contribution of 14.15 percent of annual salary, rather than 14.4 percent of annual salary, eliminate contribution increases in FY21 and FY22, require that a retired employee working 0.25 FTE or less make nonrefundable contributions to the educational retirement fund, and delayed the date for which substitute teachers with a FTE of more than 0.25 FTE would be required to become a member of the Educational Retirement Board (ERB) to July 1, 2020. House Bill 2 also approved by the legislature in 2019 included an increases to the state equalization guarantee for FY 2020 to increase employer contributions to ERB to offset the impact of HB 360

Pension Plan Statistics

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

Fiscal Year Ending June 30	Employer Contributions	Employee Contributions	Net Assets Held in Trust
2014	362,462,537	268,693,991	11,442,171,449
2015	395,129,621	294,560,840	11,642,543,051
2016	396,988,557	293,847,970	11,532,837,951
2017	395,843,795	292,809,008	12,509,355,910
2018	388,723,983	287,323,804	12,970,300,855

Source: New Mexico Educational Retirement Board, Financial Report.

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, 2018, 2017, and 2016 were \$1,684,362, \$1,706,909, and \$1,695,466, 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, Virtue & Najjar, PC, Santa Fe, New Mexico, ("Bond Counsel"), will render its opinion for the Bonds that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), and assuming continuous compliance with certain covenants contained in the documents pertaining to the Bonds, and with relevant provisions of the Code, by the District, (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 for individuals under Section 57 of the Code, as amended. For tax years beginning on or after January 1, 2018, the alternative minimum tax on corporations has been repealed.

Except as stated in this subsection and the subsection "New Mexico Income Tax Opinion," 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 Bond Counsel. In rendering its opinion, Virtue & Najjar, PC 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, and the District has covenanted in the Bond Resolution to take all actions that may be required of it in order for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Failure to comply with such requirements or covenants may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on continuous compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

The opinion rendered by Bond Counsel represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel has not and will not independently verify the accuracy of any of the certifications and representations made by the District. The opinion rendered by Bond Counsel 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 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 Bond Counsel. 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 each series of the Bonds, Bond Counsel will render its opinion concerning the Bonds that interest on the Bonds will be excluded from net income for purposes of New Mexico state income tax. Bond Counsel expresses no opinion as to any other federal, state or local tax consequences, except as described in this subsection.

Original Issue Discount

The Bonds may be offered at a discount, (an "Original Issue Discount"), equal generally to the difference between the public offering price and the principal amount of the Bond or Bonds. For federal income tax purposes, Original Issue Discount on a Bond accrues periodically over the term of a Bond as interest, with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the Bondholder's tax basis in the Bond for determining taxable gain or loss from sale or redemption prior to maturity. Bondholders of Bonds offered at Original Issue Discount should consult their tax advisor for an explanation of the accrual rules.

Original Issue Premium

The Bonds may be offered at a premium, (an "Original Issue Premium"), over their principal amount. For federal income tax purposes, Original Issue Premium is amortizable periodically over the term of a Bond through reductions in the Bondholder's tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Bond rather than creating a deductible expense or loss. Bondholders of Bonds offered at an Original Issue Premium should consult their tax advisor for an explanation of the amortization rules.

Collateral Federal Income Tax Consequences

The discussion of tax matters contained in this section does not encompass all aspects of federal income taxation that may be relevant to investors in light of their particular investment circumstances or describe the tax consequences of to certain types of owners subject to special treatment under the federal income tax laws including, without limitation, persons who do not hold the Bonds as a capital asset, tax-exempt organizations, certain tax-deferred accounts, and

foreign taxpayers. Such investors should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of those other tax consequences will depend upon such Bondholder's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts, or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit under Section 36B of the Code for coverage under a qualified health plan, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

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 and Original Issue Premium 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 foreign Bondholders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

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.

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", "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 2020.

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 delinquency; 2) non-payment related default, if material; 3) unscheduled draw on debt service reserves reflecting financial difficulties; 4) unscheduled draw on credit enhancements reflecting financial difficulties; 5) substitution of credit or liquidity provider, or their failure to perform; 6) adverse tax opinion, 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 notice or determination with respect to the tax status of the security, or other material events affecting the tax status of the security; 7) modification to rights of security holders, if material; 8) bond calls; 9) defeasances; 10) release, substitution or sale of property securing repayment of the security, if material; 11) rating change; 12) failure to provide event filing information as required; 13) tender offer/secondary market purchases; 14) merger, consolidation or acquisition and sale of all or substantially all assets; 15) bankruptcy, insolvency, receivership or similar event with respect to the District or an obligated person; 16) appointment of a successor or additional trustee, or the change of name of a trustee, if material; 17) Incurrence of a financial obligation* of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material ⁽¹⁾; and 18) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties. ⁽¹⁾

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."

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* The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final Official Statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

⁽¹⁾ Rule 152c-12 Compliance will be effective as of February 27, 2019. Amendments to Rule 15c2-12 are now published in the Federal Register as of August 31, 2018.

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 1300 I Street NW #1000, Washington, D.C. 20005, phone (202) 838-1500, fax (202) 898-1500.

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 timely filed pursuant to the continuing disclosure undertakings agreement. In the event audited financials were unavailable at the time of filing, unaudited financials were required to be filed. In fiscal years 2012, 2013, 2014, 2015 and 2016 unaudited financials were not available for the December disclosure due date. A Failure to File Notice acknowledging this was filed on 9/14/2017 and all audited financials were filed on EMMA once they became available. In addition, Moody's downgraded the District's G/O Bonds on 4/9/2017 to A2 from A1. Pursuant to the Rule, an event notice should have been published within 10 business days of the occurrence, however, the notice was not published until 4/25/2017. The District has implemented procedures to ensure that the continuing disclosure requirements are met on a timely basis and is in material compliance with such requirements.

LITIGATION

There is no litigation pending about the validity of the Bonds or the use of Bond proceeds, the corporate existence of the District or the titles of its officers or contesting or affecting the District's ability to receive taxes that could be used for Bond payments.

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 proceeding 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 collection of taxes to pay the principal of and interest on the Bonds 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.

Two lawsuits have been filed challenging the funding of the State's primary and secondary education system. In March 2014, individual plaintiffs in New Mexico District Court in McKinley County brought suit against the State, among others, alleging, among other things, that the State's educational funding formula violates the sufficiency of education and uniform system of public schools provision of the New Mexico Constitution and asks the court for injunctive relief ordering the State to develop a budget and funding formula that sufficiently, uniformly and equitably funds the public school system. In April 2014, individual plaintiffs in New Mexico District Court in Santa Fe County brought suit against the State, among others, alleging, among other things, that the State has failed to provide a sufficient and uniform system of education in violation of the sufficiency, uniformity, equal protection and due process provisions of the New Mexico Constitution because of an inadequate and arbitrary funding system.

The two lawsuits were consolidated in 2015. The lawsuits asked for a declaratory judgment and injunctive relief requiring the adoption of a school finance system to remedy these violations. Neither lawsuit asked for a specific award of damages. The consolidated cases were tried in 2017. On July 20, 2018 the District Court entered its Decision which concluded that the State has failed to provide educational funding sufficient to meet its obligations under Article XII, §1 of the New Mexico Constitution, the state Constitution's Equal Protection Clause and its Due Process Clause with respect to "at risk" students. The District Court entered a Declaratory Judgment as to the Constitutional violations and an Injunction directing the state to take immediate steps, prior to April 15, 2019, to provide sufficient resources to "at risk" students. In response, during the 2019 Regular Session, the Legislature increase public school funding by approximately \$400 million. The court has not indicated whether this will be sufficient to satisfy the requirements of the Judgment. The Decision is expected to continue to affect future funding for all school age students. It is premature to assess what ongoing effect these lawsuits may have on the State's school financing system, or the District.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (S&P), have given the Bonds an underlying rating of A+. These rating reflects only the views of such rating agency, and an explanation of the significance of the ratings may be obtained only from each rating agency. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward, upward 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 effect on the market price of the Bonds.

Rating based on the insurance policy issued by AGM is expected to be assigned from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC is rated "AA" (stable outlook) ("S&P").

THE FINANCIAL ADVISOR

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

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 Virtue & Najjar, PC, Santa Fe, New Mexico as Bond Counsel, whose unqualified opinion approving the legality of the respective series of the Bonds will be furnished to the successful bidder on the Bonds at no cost to each such successful bidder.

In connection with the transactions described in this Official Statement, Bond Counsel represent the District. The fee to be paid to Bond Counsel is contingent upon the sale and delivery of the Bonds. Bond Counsel was not requested and did not take part in the preparation of the Official Statement, nor has Bond Counsel undertaken to verify any of the information contained herein. Bond Counsel has no responsibility for the accuracy or completeness of any information furnished in connection with the offer or sale of the Bonds in the Official Statement or otherwise.

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

DISCLOSURE CERTIFICATE

The final certificates included in the transcript of legal proceedings will include the following: At closing the Superintendent or the Executive 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 her 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 Bond Resolution, 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.

On April 1, 2019, Baird Financial Corporation, the parent company of Baird, acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively "Hilliard Lyons"). As a result of such common control, Baird, Hilliard Lyons and Hilliard Lyons Trust Company are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019

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/ Catherine Cullen
President, Board of Education

/s/ Wynne D. Coleman
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. Overall, industrial development in Rio Rancho has helped the community grow and has diversified the greater Albuquerque area economy.

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.

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, and the State.

Census Year	City of Rio Rancho	Albuquerque MSA	State of New Mexico
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
2018	98,802	911,171	2,081,015
2019 ⁽¹⁾	99,371	915,071	2,087,058
2024 ⁽²⁾	104,433	929,623	2,110,892
Projected Growth 2019-2024⁽²⁾	5.70%	2.03%	1.12%

1) Estimates. Source: Spotlight, 2019.

2) Projected. Source: Spotlight, 2019.

The following table sets forth the 2019 estimate of comparative age distribution profile for Albuquerque MSA, the State and the United States.

Age Group	Percent of Population		
	Albuquerque MSA	New Mexico	United States
0 - 24	31.40%	33.70%	32.60%
25 - 34	13.80%	13.30%	13.40%
35 - 44	12.80%	11.87%	12.60%
45 - 54	12.20%	11.90%	13.10%
55 and Older	29.80%	29.23%	28.30%

Source: Spotlight, July 2019.

Effective Buying Income

Effective Buying Income Group	Albuquerque MSA	New Mexico	United States
Under \$25,000	23.28%	26.42%	20.37%
\$25,000 - \$34,999	9.68%	10.23%	9.21%
\$35,000 - \$49,999	13.11%	13.64%	12.87%
\$50,000 - \$74,999	17.99%	17.13%	17.09%
\$75,000 & Over	35.94%	32.58%	40.46%
2015 Est. Median Household Income	\$48,234	\$45,633	\$53,706
2016 Est. Median Household Income	\$48,792	\$45,445	\$55,551
2017 Est. Median Household Income	\$50,160	\$47,043	\$57,462
2018 Est. Median Household Income	\$52,172	\$48,044	\$60,133
2019 Est. Median Household Income	\$54,903	\$49,654	\$60,336

Source: *Spotlight*, July 2019.

Employment

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

Year ⁽¹⁾	Albuquerque MSA		State of New Mexico		United States
	%		%		%
	Labor Force	Unemployed	Labor Force	Unemployed	Unemployed
2019 ⁽²⁾	443,217	5.30%	970,597	5.50%	4.10%
2018	433,450	4.90%	933,947	4.40%	3.70%
2017	425,588	5.70%	929,567	6.20%	4.40%
2016	422,320	6.20%	927,355	6.70%	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%

1) - Numbers are annual averages.

2) - Data for the month of June 2019. Numbers are Preliminary

Source: U.S. Bureau of Labor Statistics, June 2019

Major Employers

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

Employer	Business	# of Employees
Albuquerque Public Schools	Education	14,810
Sandia National Labs	Science-Based Technology	12,258
Kirtland Air Force Base*	Government	10,125
Presbyterian	Healthcare	5,702
City of Albuquerque	Government	6,940
UNM Hospital	Healthcare	6,772
State of New Mexico	Government	4,950
University of New Mexico	Education	4,210
Lovelace Health Systems	Healthcare	3,236
Bernalillo County	Government	2,648
Rio Rancho Public Schools	Education	2,000
Sandia Resort & Casino	Resort & Casino	2,000
Central NM Community College	Education	1,840
T-Mobile	Telecommunications	1,750
PNM Electric Services	Utilities	1,500

*Kirtland's employment number includes active duty military, guard reserve, civil service and contract employees.

Source: *Albuquerque Economic Development, Data as of April 2019*

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 \(NAICS\)](#).

Sandoval County	2014	2015	2016	2017	2018 ⁽¹⁾
Total Private	21,340	21,532	21,345	22,738	22,775
Accommodation and Food Services	3,370	3,219	3,258	3,415	4,294
Administrative and Waste Services	2,857	3,017	3,491	4,573	4,265
Agriculture, Forestry, Fishing & Hunting	20	24	31	*	*
Arts, Entertainment, and Recreation	499	453	467	292	805
Construction	1,570	1,542	1,462	1,621	1,693
Educational Services	317	316	247	246	3,456
Finance and Insurance	450	457	437	408	559
Health Care and Social Assistance	2,464	2,890	3,155	3,593	4,171
Information	649	596	218	166	199
Management of Companies and Enterprises	55	33	30	*	*
Manufacturing	3,447	3,277	2,393	2,306	2,581
Mining	90	103	101	120	127
Other Services, Ex. Public Admin	568	595	596	596	568
Professional and Technical Services	850	836	784	780	915
Real Estate and Rental and Leasing	400	406	428	418	440
Retail Trade	2,931	3,045	3,281	3,332	3,459
Transportation and Warehousing	376	336	283	296	418
Utilities	61	60	62	65	89
Wholesale Trade	366	328	621	439	368
Government	7,514	7,627	7,810	7,755	8,101
Total	28,854	29,159	29,155	30,493	30,876

(1) Data as of 4th Quarter of 2018.

* Withheld to avoid disclosing confidential data. Data that are not disclosed for individual industries are always included in 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, 2018 AUDITED FINANCIAL STATEMENTS

State of New Mexico
Rio Rancho Public School
District No. 94

FINANCIAL STATEMENTS

For the Year Ended June 30, 2018



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Rio Rancho Public School District No. 94
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June 30, 2018

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Rio Rancho Public School District No. 94
Official Roster
June 30, 2018

Name	Title
<u>Board of Education</u>	
Ramon Montano	President
Catherine Cullen	Vice President
Ryan Parra	Secretary
Wynne D. Coleman	Member
Martha Jansen	Member
<u>Administrative Officials</u>	
V. Sue Cleveland, Ed. D.	Superintendent
Carl C. Leppelman, Ed. S.	Associate Superintendent for Curriculum & Instruction
Michael Baker	Chief Operating Officer
Melanie Archibeque	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

Financial Section

INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson
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, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements, 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.

Auditors' 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 auditors' 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As described in Note 17 to the financial statements, the District adopted Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in a cumulative effect of change in accounting principle of (\$108,395,047) to the June 30, 2017 net position for governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 11 through 17, the GASB supplementary pension schedules, and the GASB supplementary other post-employment benefits schedules on pages 80-86 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 financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the supporting schedules on pages 126-139 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 combining fund financial statements, the Schedule of Expenditures of Federal Awards, and the supporting schedules on pages 126-139 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 combining fund financial statements, Schedule of Expenditures of Federal Awards, and the supporting schedules on pages 126-139 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 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, 2018, on our consideration of the entity'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 solely 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 effectiveness of the entity's 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 entity's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
November 13, 2018

Rio Rancho Public School District No. 94 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018 Unaudited

This Management's Discussion and Analysis of the fiscal performance of the Rio Rancho Public School District No. 94 (the "District") for the period ending June 30, 2018 represents the District's twelfth year of implementation of the Government Accounting Standards Board Statement No. 34 (GASB 34).

Introduction

The discussion and analysis of Rio Rancho Public District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the 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 District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- + The District has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- + Total assets of governmental activities increased \$13,941,886 or 3.41%.
- + Total liabilities of governmental activities increased \$209,650,554 or 57.24%.
- + The District had \$206,630,790 in expenses related to governmental activities; \$24,641,763 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 \$151,469,274 were adequate to provide for these programs.
- + The District's net position decreased by \$138,914,800, which includes a restatement of \$108,395,047.

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 the 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 District, presenting both an aggregate view of the 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 District's most significant funds with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund.

**Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited**

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" 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 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 District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the 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 District's activities are reported in one column. The column is labeled:

Governmental Activities - All of the 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 (pages 22-23), 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 57.25% of district revenues are being spent on Direct Instruction.

Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

	2018	2017	Variance
Assets			
Current and other assets	\$ 100,651,864	\$ 91,285,434	\$ 9,366,430
Capital assets, net of accumulated depreciation	322,664,300	318,088,844	4,575,456
Total assets	423,316,164	409,374,278	13,941,886
Deferred outflows of resources			
Deferred loss on extinguishment of debt	1,328,743	1,370,230	(41,487)
Deferred outflows related to pension plan and OPEB	114,633,328	34,340,015	80,293,313
Total deferred outflows of resources	115,962,071	35,710,245	80,251,826
Total assets and deferred outflows of resources	\$ 539,278,235	\$ 445,084,523	\$ 94,193,712
Liabilities			
Current liabilities	\$ 34,465,723	\$ 34,069,592	\$ 396,131
Net pension and OPEB liability	427,183,984	218,115,985	209,067,999
Other long-term liabilities	114,247,523	114,061,099	186,424
Total liabilities	575,897,230	366,246,676	209,650,554
Deferred inflows of resources			
Deferred inflows related to pension plan and OPEB	26,384,980	2,927,022	23,457,958
Net position			
Net investment in capital assets	238,959,766	235,445,495	3,514,271
Restricted	24,126,386	23,506,506	619,880
Unrestricted (deficit)	(326,090,127)	(183,041,176)	(143,048,951)
Total net position	(63,003,975)	75,910,825	(138,914,800)
Total liabilities, net position and deferred inflows of resources	\$ 539,278,235	\$ 445,084,523	\$ 94,193,712

Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

	2018	2017	Variance
Program revenues:			
Charges for services	\$ 5,262,884	\$ 5,222,331	\$ 40,553
Operating grants and contributions	18,457,502	18,394,279	63,223
Capital grants and contributions	921,377	633,621	287,756
General revenues:			
Property taxes	23,993,507	23,380,562	612,945
State equalization guarantee	126,939,621	116,952,809	9,986,812
Interest and investment earnings	380,614	160,064	220,550
Miscellaneous revenue	155,532	8,881	146,651
Total revenues	176,111,037	164,752,547	11,358,490
Program expenses:			
Instruction	118,303,215	96,755,721	21,547,494
Support services	41,959,584	32,651,215	9,308,369
Central services	6,322,261	5,069,881	1,252,380
Operation and maintenance of plant	24,286,100	19,631,888	4,654,212
Student transportation	5,554,332	4,980,264	574,068
Food services	6,733,075	6,957,474	(224,399)
Community service operations	9,030	29,064	(20,034)
Interest on long-term debt	3,246,443	3,299,285	(52,842)
Debt Issuance Cost	216,750	-	216,750
Total expenses	206,630,790	169,374,792	37,255,998
Increase (decrease) in net position	\$ (30,519,753)	\$ (4,622,245)	\$ (25,897,508)

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows were exceeded by liabilities and deferred inflows by \$63,003,975 at the close of the most recent fiscal year. By far the largest portion of the District's net position 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.

**Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited**

The District's net position decreased by \$30,519,753 during the current fiscal year. Additionally, net position decrease due primarily to the other post-employment benefit liability that was placed in the books due to the current implementation of GASB 75. This resulted in a restatement of (\$108,395,047). At the end of the current fiscal year, the District is able to report positive balances in two of three categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$203,416,339 and expenditures and other financing uses of \$195,216,636. The net change in fund balance for the year was an increase of \$8,199,703. Approximately 99.03% 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 Balance Sheet – Governmental Funds.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the 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 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, 2018, spendable fund balance of the general fund was \$13,655,450. Nonspendable fund balance of the general fund was \$363,132. 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 11.08% of total general fund expenditures.

**Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited**

The fund balance of the District's general fund increased by \$9,770,154 during the current fiscal year due to the District spending less for Instruction and Support Services while receiving more State Equalization Guarantee income.

The bond building fund has total spendable fund balance of \$42,071,944, all of which is restricted for capital acquisitions and improvements. The total fund balance of the bond building fund decreased by \$3,094,045 in the current fiscal year due an increase in the operation and maintenance expense and capital expenditures from the prior year.

The debt service fund has a total spendable fund balance of \$19,193,571, all of which is restricted for the payment of debt service. The net decrease of \$152,396 in fund balance during the current year resulted from debt proceeds offset by a slight increase in debt service expenditures.

General Fund Budgeting Highlights

The 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 2018, the District amended its budget as needed.

For the General Fund, final budgeted revenues and other financing sources are less than budgeted expenditures by \$4,547,196.

Expenditures and other financing uses were budgeted at \$136,015,192, while actual expenditures were \$123,579,873. The difference between budget and actual expenditures was due to less spending in salaries, substitutes, and other expenses and other budgetary items throughout the year.

Actual revenues for the general fund were \$133,068,137 and revenues from state sources constitute 96.18% of the total. Actual revenues exceeded actual expenditures by \$9,488,264.

Capital Assets

At the end of fiscal 2018, the District had \$238,959,766 invested in capitalized assets with associated accumulated depreciation of \$134,980,871. 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, 2018, the District had outstanding bonds payable of \$120,040,000. The District issued \$23,305,000 of new bonds in October 2017. These bonds were issued to fund various capital projects and the refunding of older bonds. Details of the activity in the long-term debt accounts of the District can be found in Note 7 to the financial statements.

**Rio Rancho Public School District No. 94
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited**

Future Trends

Rio Rancho Public Schools is truly a successful experiment in grassroots development. In 1994, residents of Rio Rancho petitioned the state to create a fledging school district comprised of students from Albuquerque Public Schools (APS) and Jemez Valley Public Schools (JVPS). Our original 5,900 students were educated in five schools "inherited" from APS and two schools "inherited" from Jemez Valley. As the community grew, we continued to expand adding more and more facilities to accommodate our growing population. Today, those seven original buildings number 19 and the 5,900 student population is approaching 17,500! We are no longer a fledging district and are the third largest school district in the state of New Mexico. (Albuquerque Public Schools and Las Cruces Public Schools are first and second).

To serve our community, RRPS has one preschool (3 and 4-year-olds), ten elementary schools (K-5), four middle schools (6-8) and four high schools (9-12). An additional elementary school and a replacement for our aging preschool are scheduled to open in the next three years.

Our over 2200 staff members, five-member school board, committed parents, and involved community members collaborate and cooperate to ensure student success. The district offers a menu of options to differentiate instruction, including traditional school, cyberschool, Montessori, dual credit, an alternative high school and many specialized programs. In 2016, we developed an intensive "Portrait of a Graduate" to identify the skills our students need to pursue the college or career of their choice. Combined with the Strategic Plan, also developed in 2016, we developed a detailed "road map" for every graduate's success. We currently boast an 84% graduation rate which is on par with national statistics and exceeds those for the state.

Specific future trends include implementation of "Future Ready" (using technology to support student goals); the continued integration of Common Core State Standards; personalized learning through a viable curriculum; expansion of our Advanced Placement courses and a continued emphasis on dual-credit opportunities for our students.

While state test reports are important, RRPS focuses on a holistic educational strategy that addresses the whole student and not just results on an annual assessment. We strive to develop students who will one day take their place in the community, helping Rio Rancho continue to grow and to be a great place to live, work, and raise families.

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the 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

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Financial Statements

Rio Rancho Public School District No. 94
Statement of Net Position
June 30, 2018

	Governmental Activities
<hr/>	
Assets	
Current assets:	
Cash and cash equivalents	\$ 32,930,084
Investments	49,283,538
Receivables:	
Property taxes	1,621,770
Due from other governments	4,099,298
Other	139,040
Inventory	786,775
<hr/>	
Total current assets	88,860,505
<hr/>	
Noncurrent assets:	
Restricted cash and cash equivalents	11,440,709
Bond discounts, net of accumulated amortization of \$135,190	350,650
Capital assets	457,645,171
Less: accumulated depreciation	(134,980,871)
<hr/>	
Total noncurrent assets	334,455,659
<hr/>	
Total assets	423,316,164
<hr/>	
Deferred outflows of resources	
Deferred loss on extinguishment of debt, net of accumulated amortization of \$486,645	1,328,743
Deferred outflow - pension	112,948,966
Deferred outflow - OPEB	1,684,362
<hr/>	
Total deferred outflows of resources	115,962,071
<hr/>	
Total assets and deferred outflows of resources	\$ 539,278,235
<hr/> <hr/>	

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

	Governmental Activities
Liabilities	
Current liabilities:	
Accounts payable	\$ 3,448,488
Accrued payroll	14,656,057
Due to other governments	660
Accrued interest	1,793,348
Current portion of accrued compensated absences	662,170
Current portion of bonds payable	13,905,000
Total current liabilities	34,465,723
Noncurrent liabilities:	
Accrued compensated absences	36,845
Bond premiums, net of accumulated amortization of \$2,859,803	8,075,678
Bonds payable	106,135,000
Net pension liability	335,930,138
Net OPEB liability	91,253,846
Total noncurrent liabilities	541,431,507
Total liabilities	575,897,230
Deferred inflows of resources	
Deferred Inflows - Pension	5,615,819
Deferred Inflows - OPEB	20,769,161
Total deferred inflows of resources	26,384,980
Net position	
Net investment in capital assets	238,959,766
Restricted for:	
Special revenue	3,134,330
Debt service	15,636,286
Capital projects	5,355,770
Unrestricted (deficit)	(326,090,127)
Total net position	(63,003,975)
Total liabilities, deferred inflows of resources, and net position	\$ 539,278,235

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

Rio Rancho Public School District No. 94
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities:			
Instruction	\$ 118,303,215	\$ 1,487,483	\$ 7,075,015
Support services	41,959,584	527,578	2,509,354
Central services	6,322,261	79,493	378,097
Operation and maintenance of plant	24,286,100	305,361	1,452,408
Student transportation	5,554,332	-	3,204,464
Food services operations	6,733,075	2,862,855	3,837,624
Community services operations	9,030	114	540
Interest on long-term debt	3,246,443	-	-
Debt issuance cost	216,750	-	-
Total governmental activities	\$ 206,630,790	\$ 5,262,884	\$ 18,457,502

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

Total general revenues

Changes in net position

Net position - beginning, as originally stated

Net position - restatement (note 17)

Net position - beginning, as restated

Net position (deficit) - ending

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

<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$ 571,048	\$ (109,169,669)
202,539	(38,720,113)
30,517	(5,834,154)
117,229	(22,411,102)
-	(2,349,868)
-	(32,596)
44	(8,332)
-	(3,246,443)
-	(216,750)
<u>\$ 921,377</u>	(181,989,027)
	702,492
	18,964,383
	4,326,632
	126,939,621
	380,614
	155,532
	<u>151,469,274</u>
	(30,519,753)
	75,910,825
	<u>(108,395,047)</u>
	<u>(32,484,222)</u>
	<u>\$ (63,003,975)</u>

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

Rio Rancho Public School District No. 94
Balance Sheet - Governmental Funds
June 30, 2018

	General Fund	Bond Building
	11000, 13000,	Fund
	14000	31100
Assets		
Current assets		
Cash and cash equivalents	\$ 11,811,923	\$ 15,988,524
Investments	13,000,267	28,071,970
Receivables:		
Property taxes	50,568	-
Due from other governments	257	173,786
Other	133,748	-
Inventory	363,132	-
Due from other funds	2,709,322	-
Total assets	\$ 28,069,217	\$ 44,234,280
Liabilities, deferred inflows of resources, and fund balances		
Liabilities		
Accounts payable	\$ 520,265	\$ 2,162,336
Accrued payroll	13,484,728	-
Due to other governments	-	-
Due to other funds	3,457	-
Total liabilities	14,008,450	2,162,336
Deferred inflows of resources		
Unavailable revenue - property taxes	42,185	-
Total deferred inflows of resources	42,185	-
Fund balances		
Nonspendable		
Inventory	363,132	-
Spendable		
Restricted for:		
Instructional materials	178,970	-
Food services	-	-
Extracurricular activities	-	-
Education	-	-
Capital acquisitions and improvements	-	42,071,944
Debt service	-	-
Committed for:		
Emergency reserves	3,640,037	-
Subsequent year's expenditures	9,852,863	-
Unassigned (deficit)	(16,420)	-
Total fund balances	14,018,582	42,071,944
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,069,217	\$ 44,234,280

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

	Debt Service 41000	Other Governmental Funds	Total
\$	11,440,709	\$ 5,129,637	\$ 44,370,793
	7,527,026	684,275	49,283,538
	1,290,553	280,649	1,621,770
	-	3,925,255	4,099,298
	-	5,292	139,040
	-	423,643	786,775
	-	3,457	2,712,779
\$	20,258,288	\$ 10,452,208	\$ 103,013,993
\$	-	\$ 765,887	\$ 3,448,488
	-	1,171,329	14,656,057
	-	660	660
	-	2,709,322	2,712,779
	-	4,647,198	20,817,984
	1,064,717	229,026	1,335,928
	1,064,717	229,026	1,335,928
	-	423,643	786,775
	-	-	178,970
	-	283,827	283,827
	-	74,497	74,497
	-	2,681,948	2,681,948
	-	2,112,444	44,184,388
	19,193,571	-	19,193,571
	-	-	3,640,037
	-	-	9,852,863
	-	(375)	(16,795)
	19,193,571	5,575,984	80,860,081
\$	20,258,288	\$ 10,452,208	\$ 103,013,993

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

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Rio Rancho Public School District No. 94
Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2018

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

Fund balances - total governmental funds	\$ 80,860,081
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	322,664,300
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Other noncurrent assets are not available to pay for current period expenditures and therefore, are not reported in the funds:

Bond discounts	350,650
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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

1,335,928

Deferred outflows and inflows of resources are applicable to future periods and therefore, are not reported in funds:

Deferred loss on extinguishment of debt	1,328,743
Deferred outflows - pension (Note 9)	112,948,966
Deferred inflows - pension (Note 9)	(5,615,819)
Deferred outflows - OPEB (Note 10)	1,684,362
Deferred inflows - OPEB (Note 10)	(20,769,161)

Certain liabilities, including bonds payable, current and long-term portions of accrued compensated absences, net pension and opeb liability, are not due and payable in the current period and, therefore, are not reported in the funds:

Bond premiums	(8,075,678)
Accrued interest	(1,793,348)
Current and noncurrent portion of accrued compensated absences	(699,015)
Bonds payable	(120,040,000)
Net pension liability	(335,930,138)
OPEB liability	(91,253,846)

Total net position (deficit) - governmental funds	\$ (63,003,975)
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The accompanying notes are an integral part of these financial statements.

Rio Rancho Public School District No. 94
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund 11000, 13000, 14000	Bond Building Fund 31100
Revenues		
Property taxes	\$ 697,572	\$ -
Intergovernmental revenue:		
Federal flowthrough	423,984	-
Federal direct	-	-
Local grants	-	-
State flowthrough	127,909,804	173,786
Transportation distribution	3,204,464	-
Charges for services	565,694	-
Investment income	62,995	314,438
Miscellaneous	123,639	-
Total revenues	132,988,152	488,224
Expenditures		
Current:		
Instruction	72,653,218	-
Support services	27,836,921	-
Central services	4,507,193	-
Operation and maintenance of plant	14,123,726	2,349,006
Student transportation	4,040,657	-
Food services operations	-	-
Community services operations	8,481	-
Capital outlay	55,014	16,235,890
Debt service:		
Principal	-	-
Interest	-	-
Bond issuance costs	-	108,025
Total expenditures	123,225,210	18,692,921
Excess (deficiency) of revenues over expenditures	9,762,942	(18,204,697)
Other financing sources (uses)		
Bond proceeds	-	14,010,000
Proceeds of refunding bonds	-	-
Payment to refunded bond escrow agent	-	-
Bond premium	-	1,188,953
Bond discount	-	(88,301)
Transfers in	7,212	-
Transfers (out)	-	-
Total other financing sources (uses)	7,212	15,110,652
Net change in fund balances	9,770,154	(3,094,045)
Fund balances - beginning	4,248,428	45,165,989
Fund balances - ending	\$ 14,018,582	\$ 42,071,944

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

	Debt Service 41000	Other Governmental Funds	Total
\$	18,919,821	\$	4,313,339
		\$	23,930,732
	-	9,421,830	9,845,814
	-	2,289,709	2,289,709
	-	14,080	14,080
	-	2,880,843	130,964,433
	-	-	3,204,464
	-	4,697,190	5,262,884
	2,710	471	380,614
	-	31,893	155,532
	18,922,531	23,649,355	176,048,262
	-	9,136,781	81,789,999
	193,144	1,937,355	29,967,420
	-	35,078	4,542,271
	-	3,896,068	20,368,800
	-	172,622	4,213,279
	-	6,338,865	6,338,865
	-	-	8,481
	-	449,384	16,740,288
	14,665,000	-	14,665,000
	4,220,377	-	4,220,377
	108,725	-	216,750
	19,187,246	21,966,153	183,071,530
	(264,715)	1,683,202	(7,023,268)
	-	-	14,010,000
	11,295,000	-	11,295,000
	(12,026,993)	-	(12,026,993)
	866,912	-	2,055,865
	(22,600)	-	(110,901)
	-	-	7,212
	-	(7,212)	(7,212)
	112,319	(7,212)	15,222,971
	(152,396)	1,675,990	8,199,703
	19,345,967	3,899,994	72,660,378
\$	19,193,571	\$	5,575,984
		\$	80,860,081

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

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Rio Rancho Public School District No. 94
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, 2018

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

Net change in fund balances - total governmental funds	\$	8,199,703
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		16,740,288
Depreciation expense		(12,111,105)
Loss on disposal of capital asset		(53,727)

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		62,775
--	--	--------

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		11,740,813
Pension expense		(53,634,812)
District OPEB contribution		1,684,362
OPEB expense		(3,627,960)

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

Decrease in the reserve for compensated absences		63,947
Decrease in accrued interest		77,001

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

Amortization of bond discounts		(44,111)
Amortization of bond premiums		1,199,317
Amortization of deferred loss on extinguishment of debt		(258,273)
Bond premium capitalized		(2,055,865)
Bond discount capitalized		110,901
Proceeds of refunding bonds		(11,295,000)
Payment to refunded bond escrow agent		12,026,993
Bond proceeds		(14,010,000)
Principal payments on bonds		14,665,000

Change in net position of governmental activities	\$	(30,519,753)
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The accompanying notes are an integral part of these financial statements.

Rio Rancho Public School District No. 94
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ 663,617	\$ 663,617	\$ 698,792	\$ 35,175
Intergovernmental revenue:				
Federal flowthrough	130,000	148,528	423,984	275,456
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	125,185,968	127,010,866	127,988,898	978,032
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	3,115,654	3,204,235	3,204,235	-
Charges for services	(358,750)	358,750	565,594	206,844
Investment income	82,000	82,000	62,995	(19,005)
Miscellaneous	-	-	123,639	123,639
Total revenues	128,818,489	131,467,996	133,068,137	1,600,141
Expenditures				
Current:				
Instruction	78,100,389	80,592,043	72,964,119	7,627,924
Support services	26,753,207	29,445,826	27,756,259	1,689,567
Central services	4,612,684	4,612,684	4,511,709	100,975
Operation and maintenance of plant	15,053,968	15,210,317	14,124,629	1,085,688
Student transportation	4,815,273	4,815,273	4,040,337	774,936
Food services operations	-	-	-	-
Other Support Services	1,152,739	1,202,739	119,325	1,083,414
Community services operations	20,013	20,013	8,481	11,532
Capital outlay	27,716	116,297	55,014	61,283
Total expenditures	130,535,989	136,015,192	123,579,873	12,435,319
Excess (deficiency) of revenues over expenditures	(1,717,500)	(4,547,196)	9,488,264	14,035,460
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	1,717,500	4,547,196	-	(4,547,196)
Transfers in	-	-	7,212	7,212
Transfers (out)	-	-	-	-
Total other financing sources (uses)	1,717,500	4,547,196	7,212	(4,539,984)
Net change in fund balances	-	-	9,495,476	9,495,476
Fund balances - beginning of year	-	-	4,540,036	4,540,036
Fund balances - end of year	\$ -	\$ -	\$ 14,035,512	\$ 14,035,512
Net change in fund balances (Budget Basis)				\$ 9,495,476
Adjustments to revenues for changes in state revenues and property taxes				(79,985)
Adjustments to expenditures for materials, other, transportation expenditures and accrued payroll				354,663
Net change in fund balances (GAAP Basis)				\$ 9,770,154

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

Rio Rancho Public School District No. 94
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

Assets	
Cash and cash equivalents	\$ 1,443,437
<hr/>	
Total assets	\$ 1,443,437
<hr/> <hr/>	
Liabilities	
Due to student organizations	\$ 1,443,437
<hr/>	
Total liabilities	\$ 1,443,437
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The accompanying notes are an integral part of these financial statements.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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 17,500 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, 2018, the District adopted GASB Statements No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, The Statements are required to be implemented as of June 30, 2018, if applicable.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement is intended to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regards to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017 and have a material effect on the financial statements.

During the year ended June 30, 2018, the District also adopted GASB No. 81 *Irrevocable Split-Interest Agreements*, GASB Statement No. 85 *Omnibus*, and GASB Statement No. 86 *Certain Debt Extinguishment Issues*. These three Statements are required to be implemented as of June 30, 2018, if applicable. The District has evaluated these three Statements and has determined that they do not have a material effect on the financial statements.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. 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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Continued)

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.

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, 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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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 2018 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2018. 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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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)*

Inventory (Continued): 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:

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

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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 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 \$1,335,928 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 reporting requirements of GASB 68 related net pension totaling \$5,615,819. These items are detailed in Note 9. Lastly, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB 75 related to OPEB liability totaling \$20,769,161. These items are detailed in Note 10. The GASB 68 and GASB 75 related items 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 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 four types of items that qualify for reporting in this category that arise due to the reporting requirements of GASB 68, one that arises due to the implementation of GASB 75, and one related to the advanced refunding of bonds. They total \$112,948,966, \$1,684,362, and \$1,328,743, respectively. The items related to reporting under GASB 68 are detailed in Note 9 and those related to GASB 75 in Note 10. These amounts are reported in the Statement of Net Position, and are recognized over time.

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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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)

Other Post Employment Benefit: For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Health Care (RHC) and additions to/deductions from RHC's fiduciary net position have been determined on the same basis as they are reported by RHC, 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.

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 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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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)

Long-term Obligations (continued): 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 reports fund balance according to 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, 2018, the nonspendable fund balance in the food service fund is made up of inventory in the amount of \$114,513 that is not in spendable form. In addition, the general fund reports \$363,132 and the SB-9 capital improvements fund reports \$309,130 of nonspendable fund balance for supplies inventory.

Restricted and Committed Fund Balance: At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$3,219,242 for providing instructional materials, food services, extracurricular activities, and education to the students of the District, \$44,184,388 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 \$19,193,571 for the payment of principal and interest of the future debt service requirements as implemented by legislation.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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 has also committed fund balance in the amount of \$3,640,037 for emergency reserves and \$9,852,863 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 \$ 44,060,494 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 37 and 90-95.
- 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 life, the current portion of accrued compensated absences, net pension liability and the related deferred inflows/outflows and the OPEB liability and the related deferred inflows/outflows.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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 \$ 126,939,621 in state equalization guarantee distributions during the year ended June 30, 2018.

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 \$23,930,732 in tax revenues in the governmental fund financial statements during the year ended June 30, 2018. 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 \$3,204,464 in transportation distributions during the year ended June 30, 2018.

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, 2018 totaled \$546,151.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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 received \$737,469 in state SB-9 matching during the year ended June 30, 2018.

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, 2018, the District did not receive 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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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 modified cash basis with payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll, which is presented on the accrual basis. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

Actual expenditures may not exceed the budget at the function 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 s

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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

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 yearend. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

The appropriated budget for the year ended June 30, 2018, 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	\$ (1,717,500)	\$ (4,547,196)
Bond Building Capital Projects Fund	\$ (57,557,000)	\$ (60,715,098)
Debt Service Fund	\$ (19,814,245)	\$ (19,085,030)
Other Governmental Funds	\$ (1,985,403)	\$ (4,120,354)

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

NOTE 3: DEPOSITS AND INVESTMENTS

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, 2018.

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.

All of the District's accounts are located at an insured depository institution, including all noninterest-bearing transaction accounts, which 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.

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, 2018, \$63,724,524 of the District's bank balance of \$93,922,435 was subject to custodial credit risk. \$57,595,177 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name and \$6,129,347 were uninsured and uncollateralized.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

	Bank of Albuquerque	Bank of America	New Mexico Bank and Trust	Nusenda Credit Union
Amount of deposits	\$ 8,284,026	\$ 20,409	\$ 18,122,461	\$ 96,747
FDIC Coverage	(250,000)	(20,409)	(9,357,467)	(96,747)
Total uninsured public funds	8,034,026	-	8,764,994	-
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	8,023,474	-	5,571,703	-
Uninsured and uncollateralized	\$ 10,552	\$ -	\$ 3,193,291	\$ -
Collateral requirement (50%)	\$ 4,017,013	\$ -	\$ 4,382,497	\$ -
Pledged securities	8,023,474	-	5,571,703	-
Over (under) collateralized	\$ 4,006,461	\$ -	\$ 1,189,206	\$ -

	US Bank	Washington Federal	Wells Fargo Bank	Total
Amount of deposits	\$ 67,269,209	\$ 27,187	\$ 102,396	\$ 93,922,435
FDIC Coverage	(20,343,705)	(27,187)	(102,396)	(30,197,911)
Total uninsured public funds	46,925,504	-	-	63,724,524
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	44,000,000	-	-	57,595,177
Uninsured and uncollateralized	\$ 2,925,504	\$ -	\$ -	\$ 6,129,347
Collateral requirement (50%)	\$ 23,462,752	\$ -	\$ -	\$ 31,862,262
Pledged securities	44,000,000	-	-	57,595,177
Over (under) collateralized	\$ 20,537,248	\$ -	\$ -	\$ 25,732,915

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The collateral pledged is listed in the Schedule of Collateral Pledged by Depository for Public Funds on pages 128-129 of 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.

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, 2018. Funds 24101 through 25184 are federal funds and 27103 through 28190 and 31700 are nonfederal funds.

The following individual funds had negative cash balances as of June 30, 2018:

Fund	Fund Name	Amount
24101	Title I IASA	\$ 385,902
24106	Entitlement IDEA-B	904,812
24109	Preschool IDEA-B	9,874
24113	Education of Homeless	14,973
24139	Leadership-Voc.Ed.	922
24153	Title III-A	13,061
24154	Teacher/Principal Training & Recruiting	247,798
24171	Carl Perkins Special Projects	719
24174	Carl Perkins Secondary	21,663
24176	Carl Perkins Secondary-Redistribution	1,859
24189	Federal Flow Through Grant	14,886
25184	Indian Education Formula Grant	20,642
27103	Dual Credit Instructional Materials HB2	4,628
27107	2012 G.O. Bond Student Library	10,441
27114	New Mexico Reads to Lead K-3 Reading Initiative	9,355
27128	Teacher Recruitment Support Initiative	12,781
27149	Pre-K Initiative	293,211
27150	Indian Education Act	250
28190	GRADS- Instruction	2,805
31700	Capital Improvements SB-9 (State)	737,468
		\$ 2,708,050

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments

Credit Risk

As of June 30, 2018, 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, 2018, the District had the following investments and maturities:

Investment Type	Weighted Average Maturities	Fair Value	Rating
New MexiGROW LGIP	100 days (WAM(F))	\$ 12,582	AAAm *
GNMA Security	<1 year	2,069,517	AA+ *
		\$ 2,082,099	

* Based on Standard and Poor's rating

The investments are listed in the Schedule of Deposit and Investment Accounts on page 132-135 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 deposit of \$47,201,439 as investments in the Statement of Net Position; however, these are classified as deposits for disclosure purposes.

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in the GNMA Security represents 99% of the investment portfolio. Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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	\$	32,930,084
Restricted cash and cash equivalents - Governmental Activities		11,440,709
Investments - Governmental Activities		49,283,538
Fiduciary funds - Statement of Fiduciary Assets and Liabilities		1,443,437
<hr/>		
Total cash and cash equivalents and investments		95,097,768
<hr/>		
Add: outstanding checks		15,567,430
Less: deposits in transit		(14,660,664)
Less: investment with Raymond James & Associates		(2,069,517)
Less: investments held in New Mexico State Treasurer's LGIP		(12,582)
<hr/>		
Bank balance of deposits	\$	93,922,435
<hr/>		

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District maintained a balance of \$12,582 in New MexiGROW LGIP and \$2,069,517 in Government National Mortgage Association, at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the District's assets at fair value as of June 30, 2018:

Level 1	Level 2	Level 3	Total
\$ 12,582	\$ 2,069,517	\$ -	\$ 2,082,099

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018, are as follows:

	General Fund	Bond Building Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 50,568	\$ -	\$ 1,290,553	280,649	\$ 1,621,770
Due from other governments:					
Federal sources	-	-	-	2,644,720	2,644,720
State sources	257	173,786	-	1,280,535	1,454,578
Other receivables:					
Miscellaneous charges	133,748	-	-	5,292	139,040
	\$ 184,573	\$ 173,786	\$ 1,290,553	\$ 4,211,196	\$ 5,860,108

In accordance with GASB No. 33, property tax revenues in the amount of \$1,335,928 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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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, 2018 is as follows:

Governmental Activities	Due from other funds	Due to other funds
Operational Fund	\$ 2,708,050	\$ -
Title I IASA	-	385,902
Entitlement IDEA-B	-	904,812
Preschool IDEA-B	-	9,874
Education of Homeless	-	14,973
Leadership-Voc.Ed.	-	922
Title III-A	-	13,061
Teacher/Principal Training & Recruiting	-	247,798
Carl Perkins Special Projects	-	719
Carl Perkins Secondary	-	21,663
Carl Perkins Secondary-Redistribution	-	1,859
Title IV - Student Support and Academic Enrichment	-	14,886
Indian Education Formula Grant	-	20,642
Dual Credit Instructional Materials HB2	-	4,628
2012 G.O. Bond Student Library	-	10,441
New Mexico Reads to Lead K-3 Reading Initiative	-	9,355
Teacher Recruitment Support Initiative	-	12,781
Pre-K Initiative	-	293,211
Indian Education Act	-	250
GRADS- Instruction	-	2,805
Capital Improvements SB-9 (State)	-	737,468
Total	\$ 2,708,050	\$ 2,708,050

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

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

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, 2018 are as follows:

Governmental Activities	Due from other funds	Due to other funds
Operational Fund	\$ 4,729	\$ -
Indian Education Act	-	250
GRAD-Instruction	-	3,207
Title III-A	-	1,272
Total	\$ 4,729	\$ 4,729

Net operating transfers are made to close out funds and to supplement other funding sources in the normal course of operations. These transfers as of the year ended June 30, 2018 are as follows:

Transfers Out	Transfers In	Amount
Substance Abuse Prevention	General Fund - Operational Fund	\$ 7,121
Elementary School Counseling	General Fund - Operational Fund	91
	Total	\$ 7,212

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 6: CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,975,117	\$ 2,395,630	\$ -	\$ 15,370,747
Construction in progress	2,603,518	5,354,872	928,426	7,029,964
Total capital assets not being depreciated	15,578,635	7,750,502	928,426	22,400,711
Capital assets being depreciated:				
Land improvements	24,737,878	367,441	-	25,105,319
Buildings and improvements	380,018,139	8,468,325	67,445	388,419,019
Vehicles	7,480,535	117,079	120,085	7,477,529
Furniture, fixtures, and equipment	13,289,835	965,367	12,609	14,242,593
Total capital assets being depreciated	425,526,387	9,918,212	200,139	435,244,460
Total capital assets	441,105,022	17,668,714	1,128,565	457,645,171
Less accumulated depreciation:				
Land improvements	11,954,540	1,214,359	-	13,168,899
Buildings and improvements	95,470,816	9,086,858	62,949	104,494,725
Vehicles	4,512,720	740,029	70,854	5,181,895
Furniture, fixtures, and equipment	11,078,102	1,069,859	12,609	12,135,352
Total accumulated depreciation	123,016,178	12,111,105	146,412	134,980,871
Total capital assets, net of depreciation	\$ 318,088,844	\$ 5,557,609	\$ 982,153	\$ 322,664,300

For the year ended June 30, 2018, depreciation expense was charged to the following functions:

Instruction	\$ 7,051,997
Support services	2,503,387
Central services	377,328
Operations and maintenance of plant	1,472,152
Student transportation	327,163
Food services	378,529
Community services operations	549
Total Depreciation	\$ 12,111,105

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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 \$221,175,000. During the year, general obligation bonds for the same purpose totaling \$14,010,000 were issued for erecting, remodeling, making additions to and furnishing schools buildings and purchasing and improving school grounds. Additionally, general obligation bonds for the purpose of refunding Bond Series 2009B were issued totaling \$11,295,000. 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, 2018 are for governmental activities.

Bonds outstanding at June 30, 2018, are comprised of the following:

	Series 2008	Series 2009	Series 2009B	Series 2011A	Series 2011B
Original Issue:	\$ 38,500,000	\$ 25,000,000	\$ 24,975,000	\$ 13,200,000	\$ 9,300,000
Maturity Date	8/1/2022	8/1/2023	8/1/2022	8/1/2018	8/1/2020
Principal	August 1	August 1	August 1	August 1	August 1
Interest Rate	3.00-4.00%	3.00-4.50%	2.00-4.00%	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	February 1 August 1
	Series 2012	Series 2013	Series 2014	Series 2015	Series 2016
Original Issue:	\$ 13,355,000	\$ 16,535,000	\$ 21,255,000	\$ 19,960,000	\$ 24,935,000
Maturity Date	8/1/2024	8/1/2026	8/1/2026	8/1/2027	8/1/2023
Principal	August 1	August 1	August 1	August 1	August 1
Interest Rate	2.00-3.00%	3.00-4.00%	1.00-3.00%	2.00-4.00%	3.00-5.00%
Interest	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1	February 1 August 1
	Series 2016A	Series 2017A	Series 2017B		
Original Issue:	\$ 14,160,000	\$ 14,010,000	\$ 11,295,000		
Maturity Date	8/1/2028	8/1/2029	8/1/2022		
Principal	August 1	August 1	August 1		
Interest Rate	3.00-5.00%	2.00%-4.00%	2.00%-5.00%		
Interest	February 1 August 1	February 1 August 1	February 1 August 1		

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 121,100,000	\$ 25,305,000	\$ 26,365,000	\$ 120,040,000	\$ 13,905,000
Compensated Absences	762,962	598,223	662,170	699,015	662,170
Total Long-Term Debt	\$ 121,862,962	\$ 25,903,223	\$ 27,027,170	\$ 120,739,015	\$ 14,567,170

On October 17, 2017, the District entered into a General Obligation School Building bond series 2017A in the amounts of \$14,010,000, due in annual installments on August 1st, with interest rates from 2.00%-4.00% paid semiannually through August of 2030. The balance at June 30, 2018 was \$14,010,000.

On October 17, 2017, the District issued a \$11,295,000 Go Bond (Series 2017B) with an interest rate of 2.00-5.00% to advance refund \$11,700,000 of outstanding 2009B Series GO Bonds with an interest rate of 2.00-4.00%. The net refunding proceeds of \$12,026,993 (after paying \$108,725 of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with Bank of Oklahoma (the escrow agent) to provide for all future debt service payments on the 2009B Series bonds. As a result, the 2009B Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$216,785, which is reported as a deferred outflow on the government-wide statement of net position, net of amortization of \$29,901. The difference is being charged to operations through fiscal year 2023 using the straight line method. The District completed the advanced refunding to reduce its total debt service payments over the next four years and to obtain an economic gain of \$512,200.

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an escrow account to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2018, \$11,500,000 of bonds outstanding are considered defeased.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 7: LONG-TERM DEBT (Continued)

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 13,905,000	\$ 4,063,625	\$ 17,968,625
2020	13,475,000	3,568,888	17,043,888
2021	13,315,000	3,064,775	16,379,775
2022	12,460,000	2,558,013	15,018,013
2023	12,345,000	2,066,463	14,411,463
2024-2028	49,375,000	4,480,013	53,855,013
2029-2030	5,165,000	127,467	5,292,467
	<u>\$ 120,040,000</u>	<u>\$ 19,929,244</u>	<u>\$ 139,969,244</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, 2018, compensated absences decreased \$63,947 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.

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, 2018, there have been no claims that have exceeded insurance coverage.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

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.

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

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

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

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

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

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, 2016 employers contributed 13.90% 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 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 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. For fiscal year ended June 30, 2018 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 \$11,740,813 for the year ended June 30, 2018.

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, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the District reported a liability of \$335,930,138 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, 2017.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2017, the District's proportion was 3.0227 percent, which was an decrease of 0.0082 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$53,634,812. At the June 30, 2018, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 98,064,609	\$ -
Changes in proportion	2,540,517	394,416
Net difference between projected and actual investment earnings	-	46,083
District's contributions subsequent to the measurement date	11,740,813	-
Difference between expected and actual experience	603,027	5,175,320
Total	\$ 112,948,966	\$ 5,615,819

\$11,740,813 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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:	
2018	\$ (36,825,845)
2019	(38,814,415)
2020	(22,718,203)
2021	2,766,129
2022	-
Thereafter	-

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Actuarial assumptions. The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2016. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2017 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

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	2.50%
Salary Increases	Composition: 3% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Retirement Age	Experience based table of age and service rates
Mortality	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, with no set back. Generational mortality improvements with scale BB from the table’s base year of 2000. Healthy Females – GRS Southwest Region Teacher Mortality Table, set back on year. Generational mortality improvements in accordance with scale BB from the Table’s base year of 2012.



Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

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. ERB's investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted August 26, 2016 as well as the prior allocation policy targets.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

Comparative Schedule of Target Investment Allocation

Asset Class	Target Allocation	
	After 8/26/2016	Prior to 8/26/2016
Equities		
<i>Domestic Equities</i>		
Large cap equities	16%	18%
Small- mid cap equities	3%	2%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	9%	10%
Total equities	33%	35%
Fixed Income		
Opportunistic credit	18%	20%
Core bonds	6%	6%
Emerging market debt	2%	2%
Total fixed income	26%	28%
Alternatives		
Real estate - REITS	7%	7%
Real assets	8%	8%
Private equity	13%	11%
Global asset allocation	4%	5%
Risk parity	3%	5%
Other	5%	0%
Total alternatives	40%	36%
Cash	1%	1%
Total	100%	100%

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)

For the years ended June 30, 2017 and 2016, the annual money-weighted rates of return on pension plan investments were for each asset class above 11.91% and 2.68%, respectively.

Discount rate: A single discount rate of 5.90% and 7.75% was used to measure the total ERB pension liability as of June 30, 2017 and June 30, 2016, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 7.25% and 7.75%, respectively. 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 2017. 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 (4.90%) or one percentage point higher (6.90%) than the single discount rate.

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
District’s proportionate share of the net pension liability	\$ 437,297,499	\$ 335,930,138	\$ 253,070,568

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, 2017 and June 30, 2016 which are publicly available at 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 15th day of the month following the month for which contributions are withheld. At June 30, 2018 the District owed the ERB \$1,570,525 for the contributions withheld in the month of June 2018.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE

General Information about the OPEB

Plan description. Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico. *Benefits provided.* The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2017, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	160,035
<hr/>	
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	97,349
	97,349

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$1,684,362 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability of \$91,253,846 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the District’s proportion was 2.01369 percent.

For the year ended June 30, 2018, the recognized OPEB expense of \$3,627,960. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 15,954,573
Net difference between projected and actual earnings on OPEB plan investments	-	1,312,749
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
District's contributions subsequent to the measurement date	1,684,362	-
Differences between expected and actual experience	-	3,501,839
Total	\$ 1,684,362	\$ 20,769,161

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYMENT BENEFITS – RETIREE HEALTH CARE (Continued)

Deferred outflows of resources totaling \$1,684,362 represent the District’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	(4,415,669)
2020		(4,415,669)
2021		(4,415,669)
2022		(4,415,669)
2023		(3,106,485)
Total	\$	(20,769,161)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYEMENT BENEFITS – RETIREE HEALTH CARE (Continued)

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 110,689,494	\$ 91,253,846	\$ 76,004,834

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 10: OTHER POST EMPLOYEMENT BENEFITS – RETIREE HEALTH CARE (Continued)

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

Payable to the OPEB plan. Rio Rancho Public School District No. 94 remits the legally required employer and employee contribution on a monthly basis to RHC. The RHC requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2018, the District reported a payable of \$194,224 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 12: TAX ABATEMENTS

The District was impacted by the following tax abatements:

Agency number for Agency making the disclosure (Abating Agency)	5025
Abating Agency Name	Sandoval County, New Mexico
Abating Agency Type	County Government
Tax Abatement Agreement Name	\$16,000,000,000 Sandoval County, New Mexico Taxable Industrial Revenue Bonds, (Intel Corporation Project), Series 2004 C3
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public School District No. 94
Agency number of Affected Agency	7090
Agency type of Affected Agency	Public School District
Recipient(s) of tax abatement	Intel Corporation
Tax abatement program (name and brief description)	Intel Corporation Project
Specific Tax(es) Being Abated	Property Tax on real property and personal property used in business
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code [Articles 35 to 38 of Chapter 7 NMSA 1978]
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$2,642,514.83 for Debt Service Levy, \$618,855.93 for Capital Improvement Levy, and \$154,713.98 for Operational Levy.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	Not Applicable.
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	Not Applicable.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 12: TAX ABATEMENTS (continued)

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Call, LLC
Tax abatement program (name and brief description)	Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-lease to Safelite Solutions LLC.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 52,237.11
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$ 52,237.11
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 12: TAX ABATEMENTS (continued)

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Bank of America
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 39,722.96
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$ 39,722.96
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 12: TAX ABATEMENTS (continued)

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Titan City Center, LLC
Tax abatement program (name and brief description)	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 144,164.08
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$ 144,164.08
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 13: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit Fund Balances. The following funds maintained a deficit fund balance as of June 30, 2018:

Major Fund	
General Fund - Transportation Fund	\$ (16,420)
Non-Major Fund	
Special Capital Outlay State	(375)
<hr/>	
Total Governmental Funds	\$ (16,795)
<hr/> <hr/>	

The District incurred more expenditures than revenues received in these funds 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 no funds in which line item expenditures were in excess of the budgeted appropriations for the year ended June 30, 2018.

Nonmajor Funds	
Capital Improvements SB-9 (Local)	\$ 46
<hr/>	
Total Governmental Funds	\$ 46
<hr/> <hr/>	

- C. Designated cash appropriations in excess of available balance. The District had the following funds in which designated cash appropriations were in excess of available balances for the year ended June 30, 2018:

		Beginning Year	
	Designated Cash	Cash & AR Available	Cash Appropriation in excess of available
<hr/>			
Private Direct Grants	211,104	211,099	\$ (5)
City/County Grants	20,681	20,645	(36)

NOTE 14: 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.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 15: COMMITMENTS

The District had significant commitments outstanding as of the year ended June 30, 2018, as follows:

Contract	Year Ending	Amount
Transportation Center	2018	\$ 102,216
DO Renovation	2018	9,816
ERMS HVAC	2018	22,662
RRHS Security Upgrades	2018	47,705
RRHS Door Replacement	2018	64,457
CHS Security Upgrades	2018	2,193
CHS Classroom Addition	2018	44,491
I HS Security Upgrades	2018	1,534
JHES	2018	828,169
VGES Classroom Addition	2018	8,694
RRMS HVAC	2018	15,265
SSPS	2018	929,310
SVES Parking	2018	158
CAE Sliders	2018	1,735
CDN HVAC	2018	42,327
EHES HVAC	2018	10,469
EHES Drainage	2018	40,795
MVMS HVAC	2018	26,573
RRES HVAC	2018	12,035
LMS Gym	2018	634,500
LMS Interior	2018	2,042,258
Total commitments		\$ 4,887,362

NOTE 16: RESTRICTED NET POSITION

The government-wide statement of net position reports \$24,126,386 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 37 and 90-95.

NOTE 17: NET POSITION/FUND BALANCE RESTATEMENT

The District has a prior period adjustment of (\$108,395,047) which was required for implementation of GASB Statement No. 75. The adjustment reflects a beginning other post-employment benefit liability of (\$110,123,970) and a beginning deferred outflow of resources – employer contributions subsequent to the measurement date of \$1,728,923.

Rio Rancho Public School District No. 94
Notes to Financial Statements
June 30, 2018

NOTE 18: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 13, 2018, which is the date on which the financial statements were issued.

NOTE 19: SUBSEQUENT PRONOUNCEMENTS

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In August 2018, GASB Statement No. 90 *Accounting for Majority Equity Interest* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

Required Supplementary Information

Rio Rancho Public School District No. 94
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	Measurement Date (As of and for the Year Ended June 30, 2017)	Measurement Date (As of and for the Year Ended June 30, 2016)
Rio Rancho Public School District No. 94's proportion of the net pension liability (asset)	3.0227%	3.0309%
Rio Rancho Public School District No. 94's proportionate share of the net pension liability (asset)	\$ 335,930,138	\$ 218,115,985
Rio Rancho Public School District No. 94's covered-employee payroll	\$ 85,961,504	\$ 86,353,800
Rio Rancho Public School District No. 94's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	391%	253%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	61.58%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Rio Rancho Public School District No. 94 will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

Measurement Date (As of and for the Year Ended June 30, 2015)	Measurement Date (As of and for the Year Ended June 30, 2014)
2.9470%	2.9458%
\$ 190,885,038	\$ 168,077,189
\$ 80,461,541	\$ 81,195,899
237%	207%
63.97%	66.54%

*See independent auditors' report.
See notes to required supplementary information.*

Rio Rancho Public School District No. 94
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contribution	\$ 11,740,813	\$ 11,948,649
Contributions in relation to the contractually required contribution	11,740,813	11,948,649
Contribution deficiency (excess)	\$ -	\$ -
Rio Rancho Public School District No. 94 covered-employee payroll	\$ 84,466,280	\$ 85,961,504
Contribution as a percentage of covered-employee payroll	13.90%	13.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Rio Rancho Public School District No. 94 will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 12,001,503	\$ 11,601,785
<u>12,001,503</u>	<u>11,601,785</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 86,353,800	\$ 83,466,079
13.90%	13.90%

*See independent auditors' report.
See notes to required supplementary information.*

**Rio Rancho Public School District No. 94
 Schedule of Employer's Proportionate Share of the Net OPEB Liability of New
 Mexico Retiree Health Care Act Plan
 New Mexico Retiree Health Care Authority (NMRHCA) Plan
 Last 10 Fiscal Years***

	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
Rio Rancho Public School District No. 94's proportion of the net OPEB liability	2.01369%
Rio Rancho Public School District No. 94's proportionate share of the net OPEB liability	\$ 91,253,846
Rio Rancho Public School District No. 94's covered-employee payroll	\$ 85,961,504
Rio Rancho Public School District No. 94's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	106.16%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Rio Rancho Public School District No. 94 will present information for those years for which information is available.

*See independent auditors' report.
 See notes to required supplementary information.*

Rio Rancho Public School District No. 94
Schedule of Employer Contributions
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years*

		As of and for the Year Ended June 30, 2018
Contractually required contributions	\$	1,684,362
Contributions in relation to the contractually required contribution		(1,684,362)
Contribution deficiency (excess)	\$	-
Rio Rancho Public School District No. 94's covered-employee payroll	\$	84,466,280
Contributions as a percentage of covered-employee payroll		2.00%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Rio Rancho Public School District No. 94 will present information for those years for which information is available.

*See independent auditors' report.
See notes to required supplementary information.*

Rio Rancho Public School District No. 94
Notes to Required Supplementary Information
June 30, 2018

New Mexico Educational Retirement Board

Changes of benefit terms.

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

Changes of assumptions.

The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2016 actuarial calculation of the total pension liability on June 12, 2015:

- 1) Lower wage inflation from 4.25% to 3.75%
- 2) Update the mortality tables to incorporate generational improvements
- 3) Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- 4) Maintain in current 3.00% inflation assumption
- 5) Retain net 4.75% real return assumption
- 6) Retain 7.75% nominal return assumption
- 7) No change to COLA assumption of 2.00% per year
- 8) Maintain current payroll growth assumption of 3.50%
- 9) Maintain experience-based rates for members who joined NMERB by June 30, 2010
- 10) Remove population growth assumption for projections
- 11) Lower population growth from .50% to zero (no impact on valuation results)

Assumption changes increased the Education Retirement Board's total pension liability by \$299,084,856 for fiscal year ending June 30, 2016 as a result of the changes of assumptions described above.

New Mexico Retiree Health Care Authority

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at http://nmrhc.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.17.pdf.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at http://nmrhc.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA_5507316_Final_per_Auditor_update_Final_Report_11.21.17.pdf. See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

See independent auditors' report.

Supplementary Information

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Nonmajor Governmental Funds

Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Food Services (21000) – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Cafeteria Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13.

Athletics (22000) – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

Non-Instructional Education Support (23000) - To account for funds paid to the Schools for student activity travel. Accumulated funds are used to replace activity buses. Funding authority is the New Mexico Public Education Department.

Title I IASA (24101) – The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

Entitlement IDEA-B (24106) – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420.

Preschool IDEA-B (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from age three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

Education of Homeless (24113) – To provide tutoring and remedial academic services to homeless children and youth within the District. Funding is by the McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B. The McKinney-Vento Homeless Assistance Act was reauthorized by Congress as Title X, Part C of the *No Child Left Behind Act*, H.R 1 (Public Law 107-110) and became effective July 1, 2002.

Private Schools Share IDEA-B (24115) - Under 34 CFR § 300.132-300.133, an LEA must spend a proportionate amount of their IDEA-B Basic Entitlement and, if applicable, Preschool sub-grant funds for special education and related services (“equitable participation services”) to students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district served by the LEA. The private schools must be nonprofit institutions. Children aged three through five are considered to be parentally-placed private school children with disabilities, only if they are enrolled in a private school that meets the definition of elementary school in 34 CFR §300.13. New Mexico State law defines an elementary school as “a public school providing instruction for grades kindergarten through eight, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through six” 22-1-3(A) NMSA 1978.

Leadership – Voc. Ed. (24139) – To support areas with high percentages of Career Technical Education students, or areas with high numbers of career Technical Education students and provide career-technical education services that address identified needs within the State of New Mexico. The authority for creation of this fund is the New Mexico Public Education Department.

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

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

Carl D Perkins Cluster (24171 – Carl Perkins Special Projects) (24174 – Carl Perkins Secondary) (24175 – Carl Perkins Secondary – PY Unique Obligations) (24176 – Carl Perkins Secondary – Redistribution) - The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

Title IV – Student Support and Academic Achievement Program (24189) – The objective of this grant is to support well-rounded educational opportunities, safe and healthy students and effective use of technology. The Every Student Succeeds Act (ESSA) was signed into law in December 2015. It reauthorized the Elementary and Secondary Education Act in 1965 (ESSA). Newly authorized under subpart 1 of Title IV, Part A of the ESEA is the Student Support and Academic Enrichment (SSAE) program.

Substance Abuse Prevention DOH (25138) – To prevent, reduce, or delay the onset of substance abuse through the implementation of the Strategic Prevention Framework (SPF). Implement a comprehensive data driven strategic plan that includes environmental, host and agent prevention strategies, that will impact intervening variables associated with the selected population level indicator. Authority for creation of this fund is Public Health Service Act, Title XIX, Part B, Subpart II,; as amended, Public Law 106-310, Public Law 106-310, 42 U.S.C 300x.

Title XIX Medicaid 3/21 years (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208,104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

Indian Education Formula Grant (25184) – To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606.

Elementary School Counseling (25215) – To provide funding to LEAs to establish or expand elementary and secondary school counseling programs, with special consideration given to applicants that can: Demonstrate the greatest need for counseling services in the schools to be served or propose the most innovative and promising approaches, and show the greatest potential for replication and dissemination. The authority for creation of this fund is the New Mexico Public Education Department.

Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

AmeriCorps (25232) - The purpose of this grant is to assist schools in meeting four goals: 1) getting things done by providing services with direct and demonstrable results; 2) strengthen communities and uniting individuals of different backgrounds in a common effort to improve their communities; 3) encourage responsibility through service and civic education and 4) expand opportunities in return for devoting a year of their lives to national service. Americorps members may receive education awards for qualified postsecondary educational expenses or to pay off qualified student loans. Authority for creation of this fund is the National and Community Service Act of 1990, as amended.

Education Jobs Fund (25255) – Under the American Recovery and Reinvestment Act of 2009 (ARRA) these funds provide assistance to States to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

LANL Foundation (26113) – Educational enrichment grant in support of The Renaissance Program. The authority for creation of this fund is the New Mexico Public Education Department.

Intel Foundation (26116) – To account for a grant received from Intel Corporation – New Mexico for an educational project. The authority for creation of this fund is the New Mexico Public Education Department.

Golden Apple Foundation (26163) – To provide opportunities for academic enrichment and to encourage positive change in New Mexico classrooms. The authority for creation of this fund is the New Mexico Public Education Department.

Rio Rancho Education Foundation (26171) – The objective of this program is to provide monies for various types of educational projects (sensory cameras to study local wildlife, calculators for students to conduct fine arts mathematics, etc.) that will improve an existing community need, problem, or issue. This fund is awarded directly to the school district by the Rio Rancho Education Foundation. Authority for the creation of this fund is the New Mexico Public Education Department.

A+ for Education (26179) – Grant from BP America that recognizes innovative energy education programs in the classroom. Awarded to Rio Rancho Middle School to purchase materials and supplies to implement the program entitled “Students-As-Teachers: An Energy Resource Project”. Authority for the creation of this fund is the New Mexico Public Education Department.

CNM Foundation (26207) – Making Money Work Grant from Central New Mexico Community College for classroom enhancement for the FIN1010 course. The funds are to be used for classroom supplies, curriculum materials, software, guest speakers, field trips, conferences, and starting a school snack bar or school store. Authority for the creation of this fund is the New Mexico Public Education Department.

Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

Dual Credit Instructional Materials HB2 (27103) - SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. The authority for creation of this fund is the New Mexico Public Education Department.

2012 GO Bond Student Library (27107) – To account for funds provided for the purpose of acquiring library books, equipment, and library resources for public school and state-supported school libraries statewide. Authority for the creation of this fund is the New Mexico Public Education Department.

New Mexico Reads to Lead K-3 Reading Initiative (27114) – This fund is to account for funds received to provide children to acquire a firm foundation in literacy and are not only prepared for future academic success, but will possess a lifelong love of reading. New Mexico's early reading initiative, New Mexico Reads to Lead, provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. The New Mexico Reads to Lead! Initiative funds a reading K–3 Formative Assessment System provided to districts at no cost. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators. Authority for the creation of this fund is the New Mexico Public Education Department.

Teacher Recruitment Support Initiative (27128) – To fund teacher recruitment efforts such as signing bonuses for new teachers, covering the costs of travel to a recruiting/hiring event, updates to recruitment pages on district websites, or the cost of placing advertisements in newspapers or external websites.

Pre-K Initiative (27149) – To account for monies received from the State of New Mexico to be used to provide direct services to children in Pre-Kindergarten programs. Authority for the creation of this fund is the New Mexico Public Education Department.

Indian Education Act (27150) – To account for funds received from Annual Legislative Appropriation from Penny Bird- Indian Ed. Laws of 2005.

Kindergarten – Three Plus (27166) - Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

2013 School Bus (27178) – To account for an award to purchase or replace school buses. The authority for creation of this fund is the New Mexico Public Education Department.

Rio Rancho Public School District No. 94
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (Continued)

ASSIST Tobacco DOH (28122) – To account for monies received from the State of New Mexico to be used for the implementation of prevention and intervention programs for student use of tobacco, including professional development for teachers. Funding was provided by the New Mexico State Department of Health. Authority for creation of this fund is in the New Mexico Public Education Department’s School District Policies and Procedures Manual.

GRADS - Instruction (28190) – To assist in the cost for caps and gowns for students who are graduating. Authority for the creation of this fund is the New Mexico Public Education Department.

Grad Plus (28203) – To account for a program as an instructional component for teenage parents to be used for summer case management and GRADS case management period. Special Revenue fund established by the local school board.

Private Direct Grants (29102) – To provide additional classroom time at Rio Rancho High Schools for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.

City/County Grants (29107) – To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support a nutrition-focused event for the school. Funding is provided by Sandoval County and the City of Rio Rancho (NM Public Education Department, PSAB, Supp 3).

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for acquisition and construction of major facilities other than those financed by proprietary funds and trust funds.

Special Capital Outlay (31300) – To account for resources received by revenue generated local sources for the purpose of remodeling and improvements on existing structures. Funding authority is the New Mexico Public Education Department.

Special Capital Outlay State (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects. Funding authority is the New Mexico Public Education Department.

Capital Improvements SB-9 (31700) – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Food Services 21000	Athletics 22000	Non- Instructional Education Support 23000	Title I IASA 24101
Assets				
Current Assets				
Cash and cash equivalents	\$ 613,429	\$ 74,497	\$ 252,524	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	68,687	-	-	665,662
Other	-	-	5,292	-
Inventory	114,513	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 796,629	\$ 74,497	\$ 257,816	\$ 665,662
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 393,609	\$ -	\$ 1,327	\$ 8,565
Accrued payroll	4,680	-	67,868	271,195
Due to other governments	-	-	-	-
Due to other funds	-	-	-	385,902
Total liabilities	398,289	-	69,195	665,662
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable				
Inventory	114,513	-	-	-
Spendable				
Restricted for:				
Food services	283,827	-	-	-
Extracurricular activities	-	74,497	-	-
Education	-	-	188,621	-
Capital acquisitions and improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	398,340	74,497	188,621	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 796,629	\$ 74,497	\$ 257,816	\$ 665,662

See independent auditors' report.

Special Revenue

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schools Share IDEA-B 24115	Leadership - Voc. Ed. 24139	Title III-A 24153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,392,690	11,049	14,973	-	922	14,333
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,392,690</u>	<u>\$ 11,049</u>	<u>\$ 14,973</u>	<u>\$ -</u>	<u>\$ 922</u>	<u>\$ 14,333</u>
\$ 22,199	\$ -	\$ -	\$ -	\$ -	\$ -
465,679	1,175	-	-	-	-
-	-	-	-	-	-
904,812	9,874	14,973	-	922	14,333
<u>1,392,690</u>	<u>11,049</u>	<u>14,973</u>	<u>-</u>	<u>922</u>	<u>14,333</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,392,690</u>	<u>\$ 11,049</u>	<u>\$ 14,973</u>	<u>\$ -</u>	<u>\$ 922</u>	<u>\$ 14,333</u>

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Teacher/ Principal Training & Recruiting 24154	Carl Perkins Special Projects 24171	Carl Perkins Secondary 24174	Carl D Perkins Secondary - PY Unliq. Obligations 24175
Assets				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	287,066	9,521	22,307	4,197
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 287,066	\$ 9,521	\$ 22,307	\$ 4,197
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 7,359	\$ -	\$ 644	\$ 4,197
Accrued payroll	31,909	8,802	-	-
Due to other governments	-	-	-	-
Due to other funds	247,798	719	21,663	-
Total liabilities	287,066	9,521	22,307	4,197
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 287,066	\$ 9,521	\$ 22,307	\$ 4,197

See independent auditors' report.

Special Revenue					
Carl Perkins Secondary - Redistribution 24176	Title IV - Student Support and Academic Achievement 24189	Substance Abuse Prevention DOH 25138	Title XIX Medicaid 3/21 Years 25153	Indian Education Formula Grant 25184	Elementary School Counseling 25215
\$ -	\$ -	\$ -	\$ 2,325,374	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,874	14,886	-	115,513	26,159	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,874</u>	<u>\$ 14,886</u>	<u>\$ -</u>	<u>\$ 2,440,887</u>	<u>\$ 26,159</u>	<u>\$ -</u>
\$ 15	\$ -	\$ -	\$ 4,125	\$ 158	\$ -
-	-	-	95,612	4,703	-
-	-	-	-	656	-
1,859	14,886	-	-	20,642	-
<u>1,874</u>	<u>14,886</u>	<u>-</u>	<u>99,737</u>	<u>26,159</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,341,150	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,341,150	-	-
<u>\$ 1,874</u>	<u>\$ 14,886</u>	<u>\$ -</u>	<u>\$ 2,440,887</u>	<u>\$ 26,159</u>	<u>\$ -</u>

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	AmeriCorps 25232	Education Jobs Fund 25255	LANL Foundation 26113	Intel Foundation 26116
Assets				
Current Assets				
Cash and cash equivalents	\$ 3	\$ 1	\$ 1,577	\$ 1,021
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 3	\$ 1	\$ 1,577	\$ 1,021
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other governments	3	1	-	-
Due to other funds	-	-	-	-
Total liabilities	3	1	-	-
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	1,577	1,021
Capital acquisitions and improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	-	-	1,577	1,021
Total liabilities, deferred inflows of resources, and fund balances	\$ 3	\$ 1	\$ 1,577	\$ 1,021

See independent auditors' report.

Special Revenue

Golden Apple Foundation 26163	Rio Rancho Education Foundation 26171	A+ for Education 26179	CNM Foundation 26207	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107
\$ 335	\$ 14,081	\$ 39	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,628	10,441
-	-	-	-	-	-
-	-	-	-	-	-
\$ 335	\$ 14,081	\$ 39	\$ -	\$ 4,628	\$ 10,441
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,628	10,441
-	-	-	-	4,628	10,441
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
335	14,081	39	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
335	14,081	39	-	-	-
\$ 335	\$ 14,081	\$ 39	\$ -	\$ 4,628	\$ 10,441

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	New Mexico Reads to Lead K-3 Reading Initiative 27114	Teacher Recruitment Support Initiative 27128	Pre-K Initiative 27149	Indian Education Act 27150
Assets				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	31,969	12,781	478,128	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	250
Total assets	\$ 31,969	\$ 12,781	\$ 478,128	\$ 250
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	22,614	-	184,917	-
Due to other governments	-	-	-	-
Due to other funds	9,355	12,781	293,211	250
Total liabilities	31,969	12,781	478,128	250
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 31,969	\$ 12,781	\$ 478,128	\$ 250

See independent auditors' report.

Special Revenue

Kindergarten- Three Plus 27166	2013 School Bus 27178	ASSIST Tobacco DOH 28122	GRADS - Instruction 28190	Grad Plus 28203	Private Direct Grants 29102
\$ -	\$ 2	\$ 1	\$ -	\$ 2,135	\$ 134,059
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,207	-	-
<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 3,207</u>	<u>\$ 2,135</u>	<u>\$ 134,059</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,340
-	-	-	402	-	2,379
-	-	-	-	-	-
-	-	-	2,805	-	-
-	-	-	3,207	-	8,719
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2	1	-	2,135	125,340
-	-	-	-	-	-
-	-	-	-	-	-
-	2	1	-	2,135	125,340
<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 3,207</u>	<u>\$ 2,135</u>	<u>\$ 134,059</u>

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	City/County Grants 29107	Special Capital Outlay 31300	Special Capital Outlay State 31400	Capital Improvements SB-9 31700	
Assets					
Current Assets					
Cash and cash equivalents	\$ 22,182	\$ 7,315	\$ 40	\$ 1,681,022	
Investments	-	-	-	684,275	
Receivables:					
Property taxes	-	-	-	280,649	
Due from other governments	-	-	-	737,469	
Other	-	-	-	-	
Inventory	-	-	-	309,130	
Due from other funds	-	-	-	-	
Total assets	\$ 22,182	\$ 7,315	\$ 40	\$ 3,692,545	
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 5,142	\$ -	\$ 415	\$ 311,792	
Accrued payroll	9,394	-	-	-	
Due to other governments	-	-	-	-	
Due to other funds	-	-	-	737,468	
Total liabilities	14,536	-	415	1,049,260	
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	-	229,026	
Total deferred inflows of resources	-	-	-	229,026	
Fund balances					
Nonspendable					
Inventory	-	-	-	309,130	
Spendable					
Restricted for:					
Food services	-	-	-	-	
Extracurricular activities	-	-	-	-	
Education	7,646	-	-	-	
Capital acquisitions and improvements	-	7,315	-	2,105,129	
Unassigned (deficit)	-	-	(375)	-	
Total fund balances	7,646	7,315	(375)	2,414,259	
Total liabilities, deferred inflows of resources, and fund balances	\$ 22,182	\$ 7,315	\$ 40	\$ 3,692,545	

See independent auditors' report.

Total Nonmajor Governmental Funds	
<hr/>	
\$	5,129,637
	684,275
	280,649
	3,925,255
	5,292
	423,643
	3,457
	<hr/>
\$	<u>10,452,208</u>
<hr/>	
\$	765,887
	1,171,329
	660
	2,709,322
	<hr/>
	<u>4,647,198</u>
<hr/>	
	229,026
	<hr/>
	<u>229,026</u>
<hr/>	
	423,643
	283,827
	74,497
	2,681,948
	2,112,444
	(375)
	<hr/>
	<u>5,575,984</u>
<hr/>	
\$	<u>10,452,208</u>

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			
	Food Services 21000	Athletics 22000	Non- Instructional Education Support 23000	Title I IASA 24101
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	3,837,624	-	-	1,551,811
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	2,862,855	189,894	1,644,441	-
Investment income	-	-	-	-
Miscellaneous	-	31,893	-	-
Total revenues	6,700,479	221,787	1,644,441	1,551,811
Expenditures				
Current:				
Instruction	-	184,960	1,788,721	1,486,882
Support services	-	-	-	64,929
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	6,338,865	-	-	-
Capital outlay	-	-	-	-
Total expenditures	6,338,865	184,960	1,788,721	1,551,811
Excess (deficiency) of revenues over expenditures	361,614	36,827	(144,280)	-
Other financing sources (uses)				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	361,614	36,827	(144,280)	-
Fund balances - beginning	36,726	37,670	332,901	-
Fund balances - ending	\$ 398,340	\$ 74,497	\$ 188,621	\$ -

See independent auditors' report.

Special Revenue

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	Education of Homeless 24113	Private Schools Share IDEA-B 24115	Leadership - Voc. Ed. 24139	Title III-A 24153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,096,492	41,972	24,367	10,840	42,013	24,233
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,096,492	41,972	24,367	10,840	42,013	24,233
2,751,533	40,450	-	-	40,031	23,767
344,959	1,522	19,030	10,840	1,982	466
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,337	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,096,492	41,972	24,367	10,840	42,013	24,233
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			
	Teacher/ Principal Training & Recruiting 24154	Carl Perkins Special Projects 24171	Carl Perkins Secondary 24174	Carl D Perkins Secondary - PY Unliq. Obligations 24175
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	604,452	47,171	90,141	20,470
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	604,452	47,171	90,141	20,470
Expenditures				
Current:				
Instruction	561,685	45,400	86,261	20,470
Support services	42,767	1,771	3,880	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	604,452	47,171	90,141	20,470
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

Special Revenue					
Carl Perkins Secondary - Redistribution 24176	Title IV - Student Support and Academic Enrichment 24189	Substance Abuse Prevention DOH 25138	Title XIX Medicaid 3/21 Years 25153	Indian Education Formula Grant 25184	Elementary School Counseling 25215
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,027	16,217	-	-	-	-
-	-	-	2,146,331	143,378	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,027	16,217	-	2,146,331	143,378	-
11,975	15,630	-	30,975	104,819	-
2,052	587	-	1,186,829	38,559	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	69,364	-	-
-	-	-	-	-	-
-	-	-	6,950	-	-
14,027	16,217	-	1,294,118	143,378	-
-	-	-	852,213	-	-
-	-	(7,121)	-	-	(91)
-	-	(7,121)	-	-	(91)
-	-	(7,121)	852,213	-	(91)
-	-	7,121	1,488,937	-	91
\$ -	\$ -	\$ -	\$ 2,341,150	\$ -	\$ -

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

Special Revenue

	AmeriCorps 25232	Education Jobs Fund 25255	LANL Foundation 26113	Intel Foundation 26116
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
Instruction	-	-	-	14,566
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	14,566
Excess (deficiency) of revenues over expenditures	-	-	-	(14,566)
Other financing sources (uses)				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	(14,566)
Fund balances - beginning	-	-	1,577	15,587
Fund balances - ending	\$ -	\$ -	\$ 1,577	\$ 1,021

See independent auditors' report.

Special Revenue

Golden Apple Foundation 26163	Rio Rancho Education Foundation 26171	A+ for Education 26179	CNM Foundation 26207	Dual Credit Instructional Materials HB2 27103	2012 GO Bond Student Library 27107
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	14,080	-	-	-	-
3,000	-	-	-	28,055	92,167
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	14,080	-	-	28,055	92,167
2,676	4,538	-	374	27,720	-
-	-	-	-	-	92,167
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,676	4,538	-	374	27,720	92,167
324	9,542	-	(374)	335	-
-	-	-	-	-	-
-	-	-	-	-	-
324	9,542	-	(374)	335	-
11	4,539	39	374	(335)	-
\$ 335	\$ 14,081	\$ 39	\$ -	\$ -	\$ -

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			
	New Mexico Reads to Lead K-3 Reading Initiative 27114	Teacher Recruitment Support Initiative 27128	Pre-K Initiative 27149	Indian Education Act 27150
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	252,403	12,781	1,442,921	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	252,403	12,781	1,442,921	-
Expenditures				
Current:				
Instruction	256,302	-	1,380,530	-
Support services	-	-	-	-
Central services	-	12,781	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	62,391	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	256,302	12,781	1,442,921	-
Excess (deficiency) of revenues over expenditures	(3,899)	-	-	-
Other financing sources (uses)				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(3,899)	-	-	-
Fund balances - beginning	3,899	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

Special Revenue

Kindergarten- Three Plus 27166	2013 School Bus 27178	ASSIST Tobacco DOH 28122	GRADS - Instruction 28190	Grad Plus 28203	Private Direct Grants 29102
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
155,255	-	-	2,500	-	65,315
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
155,255	-	-	2,500	-	65,315
109,055	-	-	2,500	-	53,230
10,670	-	-	-	-	71,138
-	-	-	-	-	22,297
-	-	-	-	-	-
35,530	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
155,255	-	-	2,500	-	146,665
-	-	-	-	-	(81,350)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(81,350)
-	2	1	-	2,135	206,690
\$ -	\$ 2	\$ 1	\$ -	\$ 2,135	\$ 125,340

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	City/County Grants 29107	Special Capital Outlay 31300	Special Capital Outlay State 31400	Capital Improvements SB-9 31700
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 4,313,339
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	78,855	-	10,122	737,469
Charges for services	-	-	-	-
Investment income	-	-	-	471
Miscellaneous	-	-	-	-
Total revenues	78,855	-	10,122	5,051,279
Expenditures				
Current:				
Instruction	91,731	-	-	-
Support services	-	-	-	43,207
Central services	-	-	-	-
Operation and maintenance of plant	-	3,051	-	3,893,017
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	29,352	10,497	402,585
Total expenditures	91,731	32,403	10,497	4,338,809
Excess (deficiency) of revenues over expenditures	(12,876)	(32,403)	(375)	712,470
Other financing sources (uses)				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(12,876)	(32,403)	(375)	712,470
Fund balances - beginning	20,522	39,718	-	1,701,789
Fund balances - ending	\$ 7,646	\$ 7,315	\$ (375)	\$ 2,414,259

See independent auditors' report.

Total Nonmajor Governmental Funds	
\$	4,313,339
	9,421,830
	2,289,709
	14,080
	2,880,843
	4,697,190
	471
	31,893
	<u>23,649,355</u>
	9,136,781
	1,937,355
	35,078
	3,896,068
	172,622
	6,338,865
	449,384
	<u>21,966,153</u>
	1,683,202
	<u>(7,212)</u>
	<u>(7,212)</u>
	1,675,990
	3,899,994
	<u>\$ 5,575,984</u>

See independent auditors' report.

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General Fund

Rio Rancho Public School District No. 94
Combining Balance Sheet
General Fund
June 30, 2018

	Operational Fund 11000	Transportation Fund 13000
Assets		
Current assets		
Cash and cash equivalents	\$ 11,334,758	\$ 284,801
Investments	13,000,267	-
Receivables:		
Property taxes receivable	50,568	-
Due from other governments	-	229
Other receivables	133,748	-
Inventory	363,132	-
Due from other funds	2,709,322	-
Total assets	\$ 27,591,795	\$ 285,030
Liabilities, deferred inflows of resources, and fund balances		
Liabilities		
Accounts payable	\$ 490,194	\$ 16,649
Accrued payroll	13,199,927	284,801
Due to other funds	3,457	-
Total liabilities	13,693,578	301,450
Deferred inflows of resources		
Unavailable revenue - property taxes	42,185	-
Total deferred inflows of resources	42,185	-
Fund balances		
Nonspendable		
Inventory	363,132	-
Spendable		
Restricted for:		
Instructional materials	-	-
Committed for:		
Emergency reserves	3,640,037	-
Subsequent year's expenditures	9,852,863	-
Unassigned (deficit)	-	(16,420)
Total fund balances	13,856,032	(16,420)
Total liabilities, deferred inflows of resources, and fund balances	\$ 27,591,795	\$ 285,030

See independent auditors' report.

Instructional Materials Fund 14000		Total
\$ 192,364	\$ 11,811,923	
-	13,000,267	
-	50,568	
28	257	
-	133,748	
-	363,132	
-	2,709,322	
<u>\$ 192,392</u>	<u>\$ 28,069,217</u>	
\$ 13,422	\$ 520,265	
-	13,484,728	
-	3,457	
<u>13,422</u>	<u>14,008,450</u>	
-	42,185	
-	42,185	
-	363,132	
178,970	178,970	
-	3,640,037	
-	9,852,863	
-	(16,420)	
<u>178,970</u>	<u>14,018,582</u>	
<u>\$ 192,392</u>	<u>\$ 28,069,217</u>	

See independent auditors' report.

Rio Rancho Public School District No. 94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2018

	Operational Fund 11000	Transportation Fund 13000
Revenues		
Property taxes	\$ 697,572	\$ -
Intergovernmental revenue:		
Federal flowthrough	423,984	-
State flowthrough	127,363,653	-
Transportation distribution	-	3,204,464
Charges for services	565,694	-
Investment income	62,995	-
Miscellaneous	123,639	-
Total revenues	129,237,537	3,204,464
Expenditures		
Current:		
Instruction	72,017,598	-
Support services	27,836,921	-
Central services	4,507,193	-
Operation and maintenance of plant	14,123,726	-
Student transportation	836,102	3,204,555
Community services operations	8,481	-
Capital outlay	55,014	-
Total expenditures	119,385,035	3,204,555
Excess (deficiency) of revenues over expenditures	9,852,502	(91)
Other financing sources (uses)		
Transfers in	7,212	-
Total other financing sources (uses)	7,212	-
Net change in fund balances	9,859,714	(91)
Fund balances - beginning	3,996,318	(16,329)
Fund balances - ending	\$ 13,856,032	\$ (16,420)

See independent auditors' report.

Instructional Materials Fund 14000	Total
\$ -	\$ 697,572
-	423,984
546,151	127,909,804
-	3,204,464
-	565,694
-	62,995
-	123,639
546,151	132,988,152
635,620	72,653,218
-	27,836,921
-	4,507,193
-	14,123,726
-	4,040,657
-	8,481
-	55,014
635,620	123,225,210
(89,469)	9,762,942
-	7,212
-	7,212
(89,469)	9,770,154
268,439	4,248,428
\$ 178,970	\$ 14,018,582

See independent auditors' report.

Rio Rancho Public School District No. 94
Operational Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
Revenues				
Property taxes	\$ 663,617	\$ 663,617	\$ 698,792	\$ 35,175
Intergovernmental revenue:				
Federal flowthrough	130,000	148,528	423,984	275,456
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	124,708,352	126,470,065	127,442,649	972,584
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	358,750	358,750	565,594	206,844
Investment income	82,000	82,000	62,995	(19,005)
Miscellaneous	-	-	123,639	123,639
Total revenues	125,942,719	127,722,960	129,317,653	1,594,693
Expenditures				
Current:				
Instruction	77,622,773	79,782,929	72,341,921	7,441,008
Support services	27,905,946	30,648,565	27,875,584	2,772,981
Central services	4,612,684	4,612,684	4,511,709	100,975
Operation and maintenance of plant	15,053,968	15,210,317	14,151,927	1,058,390
Student transportation	1,699,619	1,699,619	836,102	863,517
Community services operations	20,013	20,013	8,481	11,532
Capital outlay	27,716	27,716	27,716	-
Total expenditures	126,942,719	132,001,843	119,753,440	12,248,403
Excess (deficiency) of revenues over expenditures	(1,000,000)	(4,278,883)	9,564,213	13,843,096
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	1,000,000	4,278,883	-	(4,278,883)
Transfers in	-	-	7,212	7,212
Transfers (out)	-	-	-	-
Total other financing sources (uses)	1,000,000	4,278,883	7,212	(4,271,671)
Net change in fund balances	-	-	9,571,425	9,571,425
Fund balances - beginning of year	-	-	4,271,723	4,271,723
Fund balances - end of year	\$ -	\$ -	\$ 13,843,148	\$ 13,843,148
Net change in fund balances (Budget Basis)				\$ 9,571,425
Adjustments to revenues for changes in state revenues and property taxes				(80,116)
Adjustments to expenditures for materials, other charges, and accrued payroll				368,405
Net change in fund balances (GAAP Basis)				\$ 9,859,714

See independent auditors' report.

Rio Rancho Public School District No. 94
Transportation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	3,115,654	3,204,235	3,204,235	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	3,115,654	3,204,235	3,204,235	-
Expenditures				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	3,115,654	3,115,654	3,115,654	-
Community services operations	-	-	-	-
Capital outlay	-	88,581	88,581	-
Total expenditures	3,115,654	3,204,235	3,204,235	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balances (Budget Basis)				\$ -
Adjustments to revenues for state grants receivable				229
Adjustments to expenditures for transportation expenditures and accrued payroll				(320)
Net change in fund balances (GAAP Basis)				\$ (91)

See independent auditors' report.

Rio Rancho Public School District No. 94
Instructional Materials Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local grants	-	-	-	-
State flowthrough	477,616	540,801	546,249	5,448
State direct	-	-	-	-
Combined state/local	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	477,616	540,801	546,249	5,448
Expenditures				
Current:				
Instruction	477,616	809,114	622,198	186,916
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	477,616	809,114	622,198	186,916
Excess (deficiency) of revenues over expenditures	-	(268,313)	(75,949)	192,364
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	268,313	-	(268,313)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	268,313	-	(268,313)
Net change in fund balances	-	-	(75,949)	(75,949)
Fund balances - beginning of year	-	-	268,313	268,313
Fund balances - end of year	\$ -	\$ -	\$ 192,364	\$ 192,364
Net change in fund balances (Budget Basis)				\$ (75,949)
Adjustments to revenues for state grants receivable				(98)
Adjustments to expenditures for instructional materials expenditures				(13,422)
Net change in fund balances (GAAP Basis)				\$ (89,469)

See independent auditors' report.

Supporting Schedules

Rio Rancho Public School District No. 94
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Colinas Del Norte Elementary	\$ 14,613	\$ 50,095	\$ 47,875	\$ 16,833
Enchanted Hills Elementary	29,393	40,958	43,814	26,537
Ernest Stapleton Elementary	52,959	105,874	100,360	58,473
Martin Luther King, Jr. Elementary	17,460	87,058	77,331	27,187
Maggie Cordova Elementary	21,244	60,568	71,296	10,516
Puesta Del Sol Elementary	30,707	21,168	17,991	33,884
Rio Rancho Elementary	17,270	55,643	53,313	19,600
Vista Grande Elementary	7,828	51,876	49,826	9,878
Sandia Vista Elementary	31,742	92,693	86,402	38,033
Cielo Azul Elementary	50,406	85,416	77,296	58,526
Eagle Ridge Middle School	24,492	99,526	94,083	29,935
Lincoln Middle School	52,939	124,340	122,975	54,304
Mountain View Middle School	26,906	98,214	96,926	28,194
Rio Rancho Middle School	53,744	123,691	105,599	71,836
Cleveland High School	457,511	1,143,662	1,031,460	569,713
Cyber Academy	3,714	7,850	5,989	5,575
Independence High School	21,266	9,125	5,735	24,656
Sub-Total	\$ 914,194	\$ 2,257,757	\$ 2,088,271	\$ 1,083,680

See independent auditors' report.

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Sub-Total	\$ 914,194	\$ 2,257,757	\$ 2,088,271	\$ 1,083,680
Rio Rancho High School	162,390	824,381	792,037	194,734
Shining Stars Preschool	16,959	51,859	51,110	17,708
Fine Arts	20,175	33,315	28,910	24,580
Sheakley Account	(9,128)	6,920	-	(2,208)
NAPAC Account	4,004	5,240	3,964	5,280
Rio Rancho CTECC Account	104,470	82,960	67,767	119,663
Total	\$ 1,213,064	\$ 3,262,432	\$ 3,032,059	\$ 1,443,437

See independent auditors' report.

Rio Rancho Public School District No. 94
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2018

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number
Bank of Albuquerque			
	FN AB9823	7/1/2028	31417G4H6
	FNA 2017-M10 AV2	7/25/2024	3136AXVB8
	FHMS K023 A2	8/5/2022	3137AWQH1
	FHMS KF17 A	8/25/2022	3137BPW54
	FNR 2010-126 PC	11/25/2025	31398SAF0
<hr/>			
Total Bank of Albuquerque			
<hr/>			
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank of Oklahoma, Oklahoma City, OK			
NM Bank and Trust			
	Kendall Kane & Will Cntys Ill Go Ref Sch Bds	2/1/2034	488764XE6
	Lakewood Wash. Water District WTR Rev Bonds	12/1/2028	512714DP8
	Neosho Cnty Kans Uni Sch Dist Go Ref Bds	9/1/2029	640575GM2
	North Texas Water Dist Upper E Rev Bds	6/1/2029	662842JK0
	Peoria Ill Pub Bldg Commn Sch Rev Bonds	12/1/2025	71323MDN1
<hr/>			
Total NM Bank and Trust			
<hr/>			
Name and location of safekeeper for above pledged collateral: Suntrust Bank Safekeeping Department, Atlanta, GA, 30302			
US Bank			
	Letter of Credit	11/1/2018	LOC No: 525676
	Letter of Credit	12/26/2018	LOC No: 524639
<hr/>			
Total US Bank			
<hr/>			
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank of Cincinnati, 221 East Fourth Street, Cincinnati, OH 45202			
<hr/>			
Total Pledged Collateral			
<hr/>			

See independent auditors' report.

Fair Market	
Value	
June 30, 2018	
\$	3,822,519
	677,792
	1,214,830
	2,182,058
	126,275
	<u>8,023,474</u>

	1,113,130
	1,014,964
	105,497
	2,055,760
	1,282,352
	<u>5,571,703</u>

	42,000,000
	2,000,000
	<u>44,000,000</u>

\$ 57,595,177

See independent auditors' report.

Rio Rancho Public School District No. 94
Schedule of Deposit and Investment Accounts
June 30, 2018

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit
Bank of Albuquerque			
Enchanted Hills Elementary	Checking	\$ 26,701	\$ -
Rio Rancho High School	Checking	206,973	-
Capital Account	Checking	8,050,352	-
Total Bank of Albuquerque		8,284,026	-
Bank of America			
Rio Rancho Elementary	Checking	20,409	-
Total Bank of America		20,409	-
New Mexico Bank & Trust			
CDARS	Investment	4,015,726	-
CD (Original Maturity 9/28/18)	Cash Equivalent	4,014,994	-
CDARS	Investment	5,091,741	-
CD (Original Maturity 10/26/18)	Investment	5,000,000	-
Total New Mexico Bank & Trust		18,122,461	-
Nusenda Credit Union			
Cielo Azul Elementary	Checking	58,714	-
Sandia Vista Elementary	Checking	38,033	-
Total Nusenda Credit Union		96,747	-
Raymond James & Associates			
Investment	Investment	2,069,517	-
Total Raymond James & Associates		2,069,517	-
State Treasurer's Office			
Local Government Investment Pool	Investment	12,582	-
Total State Treasurer's Office		12,582	-
US Bank			
General Account Interest bearing	Checking	824,852	-
Capital Account	Checking	8,654,000	-
Capital Account MMS	Money Market	15,704,099	-
CDARS	Investment	8,000,000	-
CDARS	Investment	12,093,705	-
Payroll Clearing	Checking	3,461,202	280,931
Nutritional Account	Checking	612,413	194,507
Federal Account	Checking	311,223	532,449
Operational Account	Checking	2,908,654	13,652,510

See independent auditors' report.

Outstanding Checks	Book Balance
\$ 164	\$ 26,537
12,239	194,734
-	8,050,352
12,403	8,271,623
<hr/>	
809	19,600
809	19,600
<hr/>	
-	4,015,726
-	4,014,994
-	5,091,741
-	5,000,000
-	18,122,461
<hr/>	
188	58,526
-	38,033
188	96,559
<hr/>	
-	2,069,517
-	2,069,517
<hr/>	
-	12,582
-	12,582
<hr/>	
824,852	-
-	8,654,000
-	15,704,099
-	8,000,000
-	12,093,705
3,461,202	280,931
3,664	803,256
501,611	342,061
10,666,000	5,895,164

See independent auditors' report.

Rio Rancho Public School District No. 94
Schedule of Deposit and Investment Accounts
June 30, 2018

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit
US Bank (Continued)			
Operational Account MMS	Money Market	\$ 566,359	\$ -
Insured Cash Sweep	Investment	13,000,000	267
Sheakley Account	Checking	17,792	-
Cleveland High School	Checking	645,010	-
Eagle Ridge Middle School	Checking	30,136	-
Ernest Stapleton Elementary	Checking	59,258	-
Fine Arts Academy	Checking	24,836	-
Independence High School	Checking	24,656	-
Lincoln Middle School	Checking	54,712	-
Maggie Cordova Elementary	Checking	10,703	-
Native American PAC	Checking	5,280	-
Puesta Del Sol Elementary	Checking	33,890	-
Secondary Learning Center (CTECC)	Checking	120,975	-
Rio Rancho Cyber Academy	Checking	5,575	-
Rio Rancho Middle School	Checking	72,085	-
Shining Stars Preschool	Checking	17,869	-
Vista Grande Elementary	Checking	9,925	-
Total US Bank		67,269,209	14,660,664
Washington Federal			
Martin Luther King Jr Elementary	Checking	27,187	-
Total Washington Federal		27,187	-
Wells Fargo Bank			
Operational Account	Checking	57,369	-
Colinas Del Norte Elementary	Checking	16,833	-
Mountain View Middle School	Checking	28,194	-
Total Wells Fargo Bank		102,396	-
Total deposits and investments		\$ 96,004,534	\$ 14,660,664

Deposits and investments per Statement of Net Position:
Cash and cash equivalents
Restricted cash and cash equivalents
Investments
Statement of Fiduciary Assets and Liabilities Agency Funds

Total deposits and investments

See independent auditors' report.

Outstanding Checks	Book Balance
\$ -	\$ 566,359
-	13,000,267
17,792	-
75,297	569,713
201	29,935
786	58,472
256	24,580
-	24,656
408	54,304
187	10,516
-	5,280
6	33,884
1,312	119,663
-	5,575
249	71,836
161	17,708
46	9,879
15,554,030	66,375,843
-	27,187
-	27,187
-	57,369
-	16,833
-	28,194
-	102,396
\$ 15,567,430	\$ 95,097,768
	\$ 32,930,084
	11,440,709
	49,283,538
	1,443,437
	\$ 95,097,768

See independent auditors' report.

Rio Rancho Public School District No. 94
Cash Reconciliation
June 30, 2018

	Operational Fund 11000	Transporation Fund 13000	Instructional Materials Fund 14000	Food Services Fund 21000
PED Cash, June 30, 2017	\$ 4,278,883	\$ -	\$ 268,313	\$ 880,358
Add:				
2017-18 receipts	129,317,652	3,204,235	546,250	6,534,230
Total cash available	133,596,535	3,204,235	814,563	7,414,588
Less:				
2017-18 expenditures	(119,765,377)	(3,204,235)	(622,199)	(6,805,839)
Other reconciling items	4,778	-	-	-
Cash, June 30, 2018	\$ 13,835,936	\$ -	\$ 192,364	\$ 608,749
Add / Less:				
Repayment of loans	\$ 7,212	\$ -	\$ -	\$ -
Loans from other funds	-	-	-	-
Loans to other funds	(2,708,050)	-	-	-
Held checks	13,199,927	284,801	-	4,680
Cash and investments per financial statements	\$ 24,335,025	\$ 284,801	\$ 192,364	\$ 613,429

See independent auditors' report.

Athletics Fund 22000	Non- Instructional Support 23000	Federal Flowthrough Fund 24000	Federal Direct Fund 25000	Local Grants Fund 26000	State Flowthrough Fund 27000
\$ 37,670	\$ 339,920	\$ (1,633,123)	\$ 1,351,867	\$ 22,127	\$ (417,940)
221,786	1,642,530	4,969,717	2,291,579	17,080	1,869,349
259,456	1,982,450	3,336,594	3,643,446	39,207	1,451,409
(184,959)	(1,797,793)	(5,731,921)	(1,439,314)	(22,152)	(1,987,146)
-	-	98	709	(40)	(2,456)
<u>\$ 74,497</u>	<u>\$ 184,657</u>	<u>\$ (2,395,229)</u>	<u>\$ 2,204,841</u>	<u>\$ 17,015</u>	<u>\$ (538,193)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,616,469	20,642	-	330,666
-	-	-	-	-	-
-	67,867	778,760	99,895	38	207,529
<u>\$ 74,497</u>	<u>\$ 252,524</u>	<u>\$ -</u>	<u>\$ 2,325,378</u>	<u>\$ 17,053</u>	<u>\$ 2</u>

See independent auditors' report.

Rio Rancho Public School District No. 94
Cash Reconciliation
June 30, 2018

	State Direct Fund 28000	Local/State 29000	Bond Building Fund 31100	Capital Outlay Fund 31200
PED Cash, June 30, 2017	\$ 88,017	\$ 231,745	\$ 45,492,128	\$ -
Add:				
2017-18 receipts	2,500	144,170	15,537,409	-
Total cash available	90,517	375,915	61,029,537	-
Less:				
2017-18 expenditures	(88,500)	(231,444)	(16,969,043)	-
Other reconciling items	(3,089)	-	-	-
Cash, June 30, 2018	\$ (1,072)	\$ 144,471	\$ 44,060,494	\$ -
Add / Less:				
Repayment of loans	\$ -	\$ -	\$ -	\$ -
Loans from other funds	2,805	-	-	-
Loans to other funds	-	-	-	-
Held checks	403	11,770	-	-
Cash and investments per financial statements	\$ 2,136	\$ 156,241	\$ 44,060,494	\$ -

See independent auditors' report.

	Spec. Cap. Outlay- State Fund 31300	Spec. Cap. Outlay- State Fund 31400	Cap. Improve. SB-9 Fund 31700	Debt Service Fund 41000	Total
\$	39,718	\$ (468,141)	\$ 1,764,507	\$ 19,085,030	\$ 71,361,079
	-	478,263	4,321,181	18,957,632	190,055,563
	39,718	10,122	6,085,688	38,042,662	261,416,642
	(32,403)	(10,082)	(4,457,859)	(19,074,927)	(182,425,193)
	-	-	-	-	-
\$	7,315	\$ 40	\$ 1,627,829	\$ 18,967,735	\$ 78,991,449
\$	-	\$ -	\$ -	\$ -	\$ 7,212
	-	-	737,468	-	2,708,050
	-	-	-	-	(2,708,050)
	-	-	-	-	14,655,670
\$	7,315	\$ 40	\$ 2,365,297	\$ 18,967,735	\$ 93,654,331

See independent auditors' report.

Rio Rancho Public School District No. 94
Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations
June 30, 2018

Project	Agency	Grant #	Effective Date	Reversion Date
Plan, Design & Construct I.H.S entry	DFA	16A2215	08/08/16	06/30/20
Plan, Design & Construct C.H.S entry	DFA	16A2216	08/08/16	06/30/20
Grand Totals				

See independent auditors' report.

	Original Amount	Arts in Public Places	Net Amount	Expenditures to Date	Remaining
\$	70,000	\$ -	\$ 70,000	\$ -	\$ 70,000
	100,000	-	100,000	-	100,000
\$	170,000	\$ -	\$ 170,000	\$ -	\$ 170,000

See independent auditors' report.

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Compliance Section

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

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of Rio Rancho Public School District No. 94 (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in the internal control, described in the accompanying schedules of findings and questioned costs as item FS 2018-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items FS 2015-005, NM 2016-001, NM 2017-002, and NM 2018-001.

District's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
November 13, 2018

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Federal Financial Assistance

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for the Major Federal Program

We have audited Rio Rancho Public School District No. 94's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
November 13, 2018

Rio Rancho Public School District No. 94
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Pass through Number	Federal C.F.D.A. Number	Expenditures	Funds Provided to Subrecipients	Noncash Assistance
<u>U.S. Department of Education</u>					
Passed through New Mexico Public Education Department					
Title I Grants to Local Education Agencies	24101	84.010	\$ 1,551,811	\$ -	\$ -
Special Education Cluster (IDEA)					
Special Ed-Grants to States (IDEA, Part B)	(1) 24106	84.027	3,096,492	-	-
Special Ed-Preschool Grants (IDEA Preschool)	(1) 24109	84.173	41,972	-	-
Special Education-Grants to States (IDEA, Part B) -Private School Share	(1) 24115	84.027	10,840	-	-
Total Special Education Cluster (IDEA)			3,149,304	-	-
Education for Homeless Children and Youth	24113	84.1960	24,367	-	-
Career and Tech Ed-Basic Grants to States - Leadership - Voc Ed	24139	84.054	42,013	-	-
English Language Acquisition State Grants	24153	84.365A	24,233	-	-
Supporting Effective Instruction State Grant	24154	84.367A	604,452	-	-
Career and Technical Education-Basic Grants to States - Special Projects	24171	84.0480	47,171	-	-
Career and Tech Ed-Basic Grants to States - Secondary - Current Year	24174	84.0480	90,141	-	-
Career and Tech Ed-Basic Grants to States - Secondary - Prior Year	24175	84.048	20,470	-	-
Career and Tech Ed-Basic Grants to States - Secondary Redistribution	24176	84.0480	14,027	-	-
Title IV - Student Support and Academic Enrichment Program	24189	84.424A	16,217	-	-
Indian Education Grants to Local Educational Agencies	25184	84.060A	143,378	-	-
Total US Department of Education			5,727,584	-	-
<u>Department of Agriculture</u>					
Direct programs					
Schools and Roads - Grants to States	11000	10.665	117,327	-	-
Passed through New Mexico Public Education Department					
Child Nutrition Cluster					
School Breakfast/National School Lunch Program	(2) 21000	10.553/ * 10.555	6,098,107	-	240,758
Total Child Nutrition Cluster			6,098,107	-	240,758
Total Department of Agriculture			6,215,434	-	240,758
Total Expenditures of Federal Awards			\$ 11,943,018	\$ -	\$ 240,758

* Major program

() Cluster

See independent auditors' report.

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal grant activity of Rio Rancho Public School District No. 94 ("District") and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements except the Department of Agriculture awards that are presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Loans

The District did not expend federal awards related to loans or loan guarantees during the year.

10% de minimus Indirect Cost Rate

The District did not elect to use the allowed 10% indirect cost rate.

Federally Funded Insurance

The District has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 11,943,018
Total expenditures funded by other sources	171,128,512
<hr/>	<hr/>
Total expenditures	\$183,071,530

See independent auditors' report.

Rio Rancho Public School District No. 94
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards:

- | 1. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | |
|--|-------------------------|-----------------|-----------------|-------------------------|--|
| 2. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | None noted | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted | | | | |
| 4. Identification of major programs: | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">10.553 & 10.555</td> <td style="text-align: center;">Child Nutrition Cluster</td> </tr> </tbody> </table> | CFDA
Number | Federal Program | 10.553 & 10.555 | Child Nutrition Cluster | |
| CFDA
Number | Federal Program | | | | |
| 10.553 & 10.555 | Child Nutrition Cluster | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 6. Auditee qualified as low-risk auditee? | Yes | | | | |

**Rio Rancho Public School District No. 94
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

FS 2018-001 Internal Controls over Accounts Payable – (Significant Deficiency)

Condition: The District's Accounts Payable listing and balance were overstated by \$1,401,524.

Criteria: Generally Accepted Accounting Principles (GAAP) state that revenue and expense recognition is recognized in the period in which the expense is incurred.

Effect: Accounts Payable and Expenditures were overstated. Preparing an accurate accounts payable subledger is essential to District operation and management decisions. Incorrect preparation of the accounts payable could lead to misstating the balances and the related expenditures in the proper periods.

Cause: This was the first year that the District's process has included credit card transactions in the accounts payable list at the transaction level. Previously, these transactions were flagged on the credit card statement and the total of items identified was included in the listing. As such, the District did not identify duplicated credit card transactions during their review of the accounts payable listing before it was approved to be posted for accrual purposes of the District's financial statements.

Auditors' Recommendation: We recommend that the District thoroughly review their accounts payable listings in comparison to supporting statements and documentation before they are approved for posting to their financial statements. Review procedures could include a search for duplicate values to ensure that all balances are correct.

Views of Responsible officials and Planned Corrective Action: The District will continue to review all account payable listings and ensure that the amounts provided for the accrual are not overstated or duplicated. The individuals responsible for this task will be the Finance Coordinator who supervises Accounts Payable and the Director of Budgeting. This will be implemented immediately for the 2018-2019 school year audit.

**Rio Rancho Public School District No. 94
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS

FS 2015-005 Monitoring of Grant Expenses - (Repeated/Modified) (Other noncompliance)

Condition: In the list of federal funds below, certain expenditures were submitted for reimbursement to Public Education Department, but were disallowed and not paid to the District. The total of disallowed costs was \$16,216.

Nonmajor Funds			
24106	Entitlement IDEA-B	\$	13,808
24109	Preschool IDEA-B		258
24154	Teacher/Principal Training & Recruitment		1,797
24189	Student Support Academic Achievement Title IV		353
Total disallowed federal expenditures		\$	16,216

The District has procedures in place to review the expenditures related to the grant program prior to requesting reimbursement. Due to the large volume of transactions in the grant program, the District has difficulty eliminating all costs that don't meet the program's allowability criteria.

Criteria: According to New Mexico Manual of Procedures for Public School Accounting and Budgeting (PSAB) Supplement 4- Federal and State Grants: those districts receiving federal and state grants that are awarded by NMPED must have a proper financial reporting system in place in order to receive and expend funds in accordance with certain mandated standards including but not limited to:

- Fiscal control and accounting procedures that are sufficient to prepare required reports pertaining to grants;
- Accurate, current and complete disclosure of the financial results of each grant program;
- Accounting records that identify source (by CFDA number and grantor agency);
- Effective control and accountability for all grants, property and other assets;
- Source documentation such as receipts, canceled checks, paid bills, payroll records, time and effort records, contract and sub grant award documents must be readily available and support accounting records;
- Cash management procedures to minimize the time elapsing between expenditure of funds and requests for reimbursements.
- Process for determining reasonableness, allowability, and allocability of grant costs in accordance with appropriate OMB Circulars, EDGAR, and New Mexico Public Education Department regulations, and the terms of the grant agreements.

Effect: General Fund resources were used to cover expenditures planned to be paid by the federal program.

**Rio Rancho Public School District No. 94
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

FS 2015-005 Monitoring of Grant Expenses - (Repeated/Modified) (Other noncompliance) (Continued)

Cause: Program managers and directors did not adequately review expenses that are being coded to certain reimbursement basis grants and therefore had allowed items to be expensed which are considered unallowable.

Auditors' Recommendations: We recommend the District conduct a District wide training on monitoring and oversight of reimbursable grants.

Views of Responsible Officials and Planned Corrective Action: The District will continue to work with programs managers to ensure that only allowable expenditures are submitted to PED for reimbursement. Grant and Program Managers are directly responsible for ensuring that allowable expenditures only are submitted for reimbursements. Correction will be implemented by December 31, 2018.

NM 2016-001 Cash Appropriations in Excess of Available Cash Balances – (Repeated/Modified) (Other noncompliance)

Condition: The below fund displayed cash appropriations in excess of available cash balances.

	Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in excess of available
Private Direct Grants	211,104	211,099	\$ (5)
City/County Grants	20,681	20,645	(36)

The District is reviewing budgets weekly to address the above budget issues. The District improved from the prior year as the amount of cash appropriated in excess of available cash balances was only in one fund and for a smaller dollar amount.

Criteria: Section 2.2.2.10. (P) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Effect: The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the District incurring debt to pay for current year budgeted expenditures.

Rio Rancho Public School District No. 94
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

NM 2016-001 Cash Appropriations in Excess of Available Cash Balances – (Repeated/Modified) (Other noncompliance) (Continued)

Cause: The cash appropriation in excess of the beginning year cash and accounts receivable was not identified by the District.

Auditors' Recommendation: Greater attention should be given throughout the year to the cash balances actually available and budget adjustments in order to cover budgeted expenditures in excess of budgeted revenues, which include proper monitoring of year end cash balances and any necessary budget transfers throughout the year.

Views of Responsible Officials and Planned Corrective Action: The District has followed the procedure developed to monitor estimated cash appropriations compared to actual cash balances. However, these two funds had minor clerical errors. Therefore, the District will continue to monitor estimated cash appropriations compared to actual cash balances and adjust the budget accordingly. The Director of Budget and Accounting and the Grants Specialist will continue working together to ensure that appropriations do not exceed available cash balances. This will be corrected by June 30, 2019.

NM 2017-002 Internal Controls over Suspended and Debarred Vendors – (Repeated/Modified) (Finding that does not rise to the level of significant deficiency)

Condition: The District did not have procedures in place to review for suspended or debarred vendors for purchase of between \$25,000 and \$60,000 using federal funds for the first half of the 2018 fiscal year. The District implemented procedures in January of 2018 to resolve this finding.

Criteria: Per 2 CFR 200.303(a), an entity must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the entity is managing the Federal awards in compliance with statutes, regulations, and the terms and conditions of the award. These statutes and regulations require compliance with 2 CFR 200.213 and Executive Orders 12549 and 12689, which restrict awards, sub awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Effect: The District could contract with a prohibited party for covered transactions.

Cause: Policies and procedures were not implemented in the first half of the fiscal year by the District to verify that parties paid under federal programs were not suspended or debarred for transactions between \$25,000 and \$60,000.

Auditors' Recommendation: The District should put in place a written policies and procedures to vet parties paid with federal funds at the start of each grant period. The individuals responsible for this task should be made aware of the compliance requirement and be trained in the District's related policy and procedures.

**Rio Rancho Public School District No. 94
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

**NM 2017-002 Internal Controls over Suspended and Debarred Vendors – (Repeated/Modified)
(Finding that does not rise to the level of significant deficiency) (Continued)**

Views of Responsible Officials and Planned Corrective Action: The District will put in place written policies and procedures to vet parties paid with federal funds at the start of each grant period. The individuals responsible for this task will be the Federal Program Coordinators and will be made aware of the compliance requirement and be trained in the District's related policy and procedures. As noted above, corrective action has already been taken.

NM 2018-001 Internal Controls over Budgetary Expenditures – (Other noncompliance)

Condition: During the FY2018, the District expended more monies than was budgeted for in the Capital Improvements SB-9 (Local) fund in the amount of \$46 for the Support Services function.

Criteria: NMAC 6.20.2.10 state that all District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

Effect: The internal controls established by adherence to budgets has been compromised, and excess spending could result and has resulted in noncompliance with state requirements.

Cause: The District did not properly submit a budget adjustment for the function in which actual expenses were greater than final budget at the end of the fiscal year.

Auditors' Recommendation: We recommend that the District monitor its budgets closely and prepare budget adjustments as necessary throughout the year.

Views of Responsible Officials and Planned Corrective Action: Management has been monitoring the expenditures by function and the function in question that went over budget was due to collection fees charged by Sandoval County came after the deadline to submit BARs to PED. The Executive Director and Director of Budgeting will be responsible for monitoring these expenditures going forward. This findings will be resolved by June 30, 2019.

**Rio Rancho Public School District No. 94
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

SECTION IV – FEDERAL AWARDS FINDINGS

None noted.

SECTION V – PRIOR YEAR AUDIT FINDINGS

FS 2011-003 Activity Accounts – Internal Controls over Cash Transactions – (Resolved)

FS 2015-002 Stale Dated Checks - (Resolved)

FS 2015-005 Monitoring of Grant Expenses - (Repeated/Modified)

NM 2016-001 Cash Appropriations in Excess of Available Cash Balances – (Repeat/Modified)

NM 2017-001 Removal of Students from the Regulatory Adjusted Cohort – (Resolved)

NM 2017-002 Internal Controls over Suspended and Debarred Vendors – (Repeat/Modified)

Rio Rancho Public School District No. 94
Other Disclosures
June 30, 2018

EXIT CONFERENCE

An exit conference was held on November 12, 2018. In attendance were the following:

Rio Rancho Public School District No. 94

Dr. V. Sue Cleveland, Superintendent
Michael Baker, Chief Operating Officer
Carl Leppelman, Chief Academic Officer
Randy Evans, Executive Director of Finance
Ramon Montano, Board President
Wynne Coleman, Board Member
Arlene Manzanares, Director of Budget and Accounting
Heather Gabaldon, Controller
Amy Rogers, Finance Analyst
Connie Peterson, Audit Committee Member

Carr, Riggs & Ingram, LLC

Alan D. Bowers, Jr., CPA, Partner
Eric Spurlin, CPA, Manager

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Rio Rancho Public School District No. 94 from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption notices or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption notices or other notices to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each respective series of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments, with respect to the Bonds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities depository). In that event, Bond certificates will be printed and delivered to bond holders.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District and the Financial Advisor believe to be reliable, but none of the District, the Financial Advisor or the Underwriters take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for whom the Direct or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be

exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Resolution and summarized under "The Bonds" in this Official Statement.

APPENDIX D

FORM OF BOND COUNSELS' OPINION

[LETTERHEAD OF VIRTUE & NAJJAR, PC]

September 26, 2019

Rio Rancho Public School District No. 94
500 Laser Road, NE
Rio Rancho, NM 87124

\$15,000,000
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94
GENERAL OBLIGATION SCHOOL BONDS
SERIES 2019

We have acted as Bond Counsel to the Rio Rancho Public School District No. 94, County of Sandoval, State of New Mexico (“Issuer”), in connection with the issuance of its General Obligation School Bonds, Series 2019, (the “Bonds”), in the aggregate principal amount of \$15,000,000. The Bonds are being issued pursuant to the Constitution and laws of the State of New Mexico, including Sections 6-15-1 through 6-15-28, NMSA 1978 and Sections 22-18-1 through 22-18-13, NMSA 1978, an election held on August 30, 2016 for the purpose of authorizing the issuance of the Bonds, (the “Election”), and pursuant to a resolution adopted by the Board of Directors of the Issuer on July 22, 2019, (the “Authorizing and Delegation Resolution”), authorizing the issuance of the Bonds and delegating to a pricing officer the authority to determine the final terms of the Bonds within certain parameters, and a pricing certificate setting forth the final terms of the Bonds dated September 12, 2019.

We have examined the transcript of proceedings, (the “Transcript”), relating to the issuance of the Bonds, and those portions of the Constitution and laws of the State of New Mexico considered by us to be relevant to this opinion. As to all questions of fact material to the opinions set forth herein, we have relied upon representations of the Issuer contained in the Authorizing and Delegation Resolution and Transcript and other documents furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination, we are of the opinion that, under existing laws, regulations, rulings, and judicial decisions as of the date hereof, subject to the provisions of federal bankruptcy law and other laws affecting creditors’ rights, and further subject to the exercise of judicial discretion in accordance with general principles of equity, and the assumptions, qualifications, and limitations set forth in this opinion:

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, and are to be paid from the proceeds of the levy of ad valorem taxes on all taxable property within the geographical district of the Issuer.

2. Assuming continuing compliance by the Issuer with the requirements of the Internal Revenue Code of 1986, as amended, (the “Code”), with the covenants regarding the use, expenditure, and investment of the proceeds of the Bonds, and assuming the accuracy of other representations of the Issuer, and except as discussed below, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decision existing on the date of this opinion. Failure by the Issuer to comply with its representations and covenants, or the requirements of the Code, may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

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

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences resulting from the ownership, carrying, or disposition of the Bonds, or from the receipt of interest on the Bonds. We express no opinion with respect to the provisions of the Authorizing and Delegation Resolution and the Bonds concerning indemnification, provisions requiring that amendments be in writing, or payment of attorneys’ fees.

This opinion letter is limited to matters expressly stated herein, and no opinion is inferred or may be implied beyond those opinions and matters expressly stated herein.

We express no opinion as to, or the effect or applicability of, any laws other than the laws of the State of New Mexico and the laws of the United States of America. The opinions expressed herein are based only on the laws in effect as of the date hereof, and in all respects are subject to and may be limited by future legislation, as well as developing case law and binding agency guidance. We undertake no obligation to update or modify this opinion for any future events or occurrences, including, but not limited to, determining or confirming continuing compliance by the Issuer with the requirements of the Code.

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.

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 results.

We understand that this opinion is being relied upon by the addressees hereof, and we consent to such reliance, but this opinion may not be delivered to or relied upon by any other person or entity without our written consent.

Very Truly Yours,

VIRTUE & NAJJAR, PC

APPENDIX E

MUNICIPAL BOND INSURANCE POLICY - SPECIMEN



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100