OFFICIAL STATEMENT DATED MAY 1, 2018

ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
Bernalillo and Sandoval Counties, New Mexico

$110,000,000 - General Obligation School Building Bonds, Series 2018 (the "Bonds")

NEW ISSUE
Book-Entry Only

Moody's Rating: Aa2 underlying (Negative Outlook)
S & P Rating: AA(Stable)

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

THE BONDS: The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry only form, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of Bonds 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, 2019. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Registrar/Paying Agent. Disbursements of such payments to DTC Participants are the responsibility of DTC. See "The Book-Entry-Only System" in Appendix C. BOKF, N.A., Albuquerque, New Mexico, or its successor is the Registrar/Paying Agent for the Bonds.

OPTIONAL REDEMPTION: The Bonds are subject to redemption prior to maturity as provided herein.

SECURITY: The Bonds are general obligations of the District, payable out of general (ad valorem) property taxes which are required to be levied against all taxable property in the District without limitation as to rate or amount.

BOND AND TAX OPINION: In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants in the documents relating to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes, and the interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. Bond Counsel is further of the opinion that the Bonds and the income from the Bonds are exempt from all taxation by the State of New Mexico (the "State") or any political subdivision of the State. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds. Sutin, Thayer & Brown, APC is serving as Special Disclosure Counsel to the District.

DELIVERY: When, as and if issued, through DTC's facilities, on or about June 6, 2018 (the "Date of Delivery").

DATED DATE: Date of Delivery.

DUE DATE: August 1, as shown on the following page.

J.P. Morgan

STIFEL BAIRD BofA Merrill Lynch

Albuquerque Municipal School District No. 12

GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2018				
Maturing (August 1)	Principal	Interest Rate	Yield	Cusip# 013595
2019	$8,500,000	5.00%	1.86%	VF7
2020	2,000,000	5.00%	2.00%	VG5
2021	2,000,000	5.00%	2.14%	VH3
2022	1,000,000	5.00%	2.25%	VJ9
2023	6,700,000	5.00%	2.33%	VK6
2024	6,700,000	5.00%	2.44%	VL4
2025	6,700,000	5.00%	2.53%	VM2
2026	6,700,000	5.00%	2.61%	VN0
2027	6,700,000	5.00%	2.68%	VP5
2028	6,700,000	5.00%	2.73%	VQ3
2029	6,700,000	5.00%	2.81%	VR1
2030	6,700,000	5.00%	2.87%	VS9
2031	6,100,000	5.00%	2.92%	VT7
2032	6,100,000	5.00%	2.97%	VU4
2033	6,100,000	5.00%	3.03%	VV2
2034	6,100,000	5.00%	3.09%	VW0
2035	6,100,000	5.00%	3.14%	VX8
2036	6,100,000	5.00%	3.17%	VY6
2037	6,300,000	3.50%	3.65%	VZ3

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ISSUER

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Chief Operations Officer: Scott Elder
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A Few Words About Official Statements

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

MARKET STABILIZATION

In connection with this Official Statement, the Underwriters may over-allot or effect transactions which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are 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 District and other reliable sources have provided information for this Official Statement, with the goal of providing disclosure to investors which meets legal requirements.

Sutin, Thayer & Browne, APC is serving as special disclosure counsel to the District, has assisted in the preparation of the Official Statement, has reviewed its contents, and has participated in conferences with representatives of the District, Financial Advisor, Bond Counsel, the Underwriters, and Underwriters' Counsel to issue disclosure counsel opinion. 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 and special disclosure counsel for services rendered in connection with the issuance of the Bonds is contingent 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 by reference 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:

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Attn: Tami Coleman

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Attn: Erik Harrigan

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Albuquerque Municipal School District No. 12
Bernalillo and Sandoval Counties, New Mexico

$110,000,000 – General Obligation School Building Bonds, Series 2018

INTRODUCTION

Thank you for your interest in learning more about the $110,000,000 Albuquerque Municipal School District No. 12 (the "District") General Obligation School Building Bonds, Series 2018 (the "Series 2018 Bonds" or the "Bonds"). This Official Statement will tell you about the Bonds, the resolution authorizing the Bonds adopted by the Board of Education (the "Board") of the District on March 21, 2018 and the pricing certificate setting forth certain terms of the Bonds pursuant to such resolution (collectively, the "Bond Resolution") their security and the risks involved in an investment in the Bonds.

Although the District has approved this Official Statement, it 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 encompasses almost all of Bernalillo County and a portion of Sandoval County (the "Counties"). Both Counties are centrally located in New Mexico. The District's boundaries encompass all of the City of Albuquerque and the Villages of Tijeras, Los Ranchos and Corrales. The District's 2017 assessed valuation is $16,388,834,729. The District had an enrollment of 84,484 students for the 2017-2018 school year based on the 40th day count. There are 56 charter schools operating within the District's boundaries with 15,528 students attending in the 2017-18 school year based on the 40th day count. See "THE DISTRICT."

Security

The Bonds are general obligations of the District and paid from ad valorem taxes that are levied against all taxable property within the District without limitation as to rate or amount. Neither the State nor the Counties have any responsibility to pay the debt service on the Bonds.

Plan of Finance

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

The Bonds represent $110 million of $200 million in bonds authorized by voters at an election held on February 2, 2016. After the issuance of the Bonds $15 million in bonds authorized by the voters at such election will remain unissued.

Limited Role of Auditors

This document presents information from District records and other sources including a portion of the audited financial statements of the District for the year ended June 30, 2017, contained in Appendix B.

CliftonLarsonAllen, LLP, the District's independent auditor, has not been engaged to perform and has not performed, since the date of the report included herein, any procedures on the financial statements addressed in that report. It also has not performed any procedures relating to this Official Statement.

Selected Debt Ratios

2017 Assessed Valuation	$16,388,834,729
2017 Actual Valuation [1]	$60,110,601,570
District General Obligation Debt Outstanding (including the Bonds & Notes)	$677,790,000
District Net General Obligation Debt	$644,608,429
Estimated Direct & Overlapping G/O Debt	$1,478,166,768
District Net Debt as a % of	
Assessed Valuation	3.93%
Estimated Actual Valuation	1.07%
Direct & Overlapping Debt as % of	
Assessed Valuation	9.02%
Estimated Actual Valuation	2.46%
Estimate Population [2]	676,685
District Net Debt Per Capita	$952.60
Direct & Overlapping Debt Per Capita	$2,184.42

1) - Actual valuation is computed by adding the exemptions to the assessed valution and multiplying by three.
2) Source: the District

THE BONDS

New Mexico law enables the District to issue the Bonds pursuant to Section 6-15-3 through Section 6-15-22, NMSA, 1978. The New Mexico Attorney General will provide an approval as to the form and legality with respect to the Bonds as required under Section 22-18-9 NMSA.

General Terms and Description of the Bonds

The Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside front cover of this Official Statement. All Bonds are fully registered in denominations of $5,000 or integral multiples thereof in conformance with the Constitution and laws of the State and pursuant to the Bond Resolution. The Bonds will be issued as book-entry-only obligations and bond payments are made 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.

Bond Registrar and Paying Agent

BOKF, N.A., Albuquerque, New Mexico will serve as Registrar and Paying Agent for the Bonds. 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.

Optional Prior Redemption

The Bonds maturing on or after August 1, 2029 may be redeemed prior to their scheduled maturities on August 1, 2028, 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 30 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 those Bonds, and their owners' only right will be to receive payment of the redemption price upon surrender of those Bonds to the Registrar.

Record Date

The Record Date for the Bonds with respect to any interest payment date is the 15th day of the month (whether or not a business day) immediately preceding the interest payment date. The person in whose name any Bond is registered on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding any transfer or exchange thereof subsequent to such Record Date and prior to such interest payment date.

Transfers and Exchanges

Registered Bond owners may surrender and transfer their Bonds, in person or by duly authorized attorney, at the office of the Paying Agent and Registrar. They must complete an approved transfer form and pay any taxes or governmental charges which apply to the transfer. As explained on the following page, while DTC is the securities depository for the Bonds, it will be the sole registered owner of the Bonds.

Defeasance

The Bonds may be defeased prior to the maturity as provided by State law, including particularly Section 6-15-22 NMSA 1978.

SECURITY AND REMEDIES

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

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

Limitations of Remedies

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may need 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 2018 Bonds**
Par amount	$110,000,000.00
Net Premium	15,974,417.00
Total	**$125,974,417.00**

Uses	
Deposit to Project Fund	$110,000,000.00
Costs of Issuance (other than Underwriters' Discount)	394,750.00
Underwriters' Discount	315,737.55
Deposit to Debt Service Fund	15,263,929.45
Total	**$125,974,417.00**

NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

The New Mexico legislature amended NMSA 1978, Section 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 the school district indicates that it will not make the payment by the date on which it is due, the New Mexico Department of Finance and Administration ("DFA") shall forward the amount in immediately available funds necessary to make the payment due on the bonds to the paying agent from the current fiscal year's undistributed State Equalization Guarantee ("SEG") distribution to that school district and, if not otherwise repaid by the school district from other legally available funds, withhold the distributions from the school district until the amount has been recouped by the DFA, provided that, if the amount of the undistributed SEG distribution in the current fiscal year is less than the payment due on the bond, the DFA shall:

(1) forward in immediately available funds to the paying agent an amount equal to the total amount of the school district's undistributed SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold all distributions to the school district for the remainder of the fiscal year; and

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

This provision applies to all New Mexico school districts.

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

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

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 reflects the State of New Mexico's recent rating downgrade and outlook.

The Moody's rating for the New Mexico School District Enhancement Program is Aa2 (negative outlook).

By request, Moody's will assign the Aa2 rating to school district bonds upon verification of a requirement in the authorizing bond resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program.

DEBT AND OTHER FINANCIAL OBLIGATIONS

Article IX, Section 11 of the New Mexico Constitution limits the powers of a district to incur general obligation debt extending beyond the fiscal year. A district can incur such debt for the purpose of erecting, remodeling, making additions to and furnishing school buildings or purchasing or improving school grounds, to purchase computer software and hardware for student use in public schools, to provide 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 such 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 issuance of refunding bonds is not subject to the 6% debt limitation and is not subject to a vote of the qualified electors of the district.

The assessed valuation of taxable property within the District is $16,388,834,729 for tax year 2017, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division. Generally, the maximum general obligation indebtedness of the District may not exceed 6% of the assessed valuation or $983,330,084.

After the Bonds are issued, the ratio of total net outstanding general obligation debt of the District to the 2017 assessed valuation is summarized below:

2017 Assessed Valuation	$16,388,834,729
2017 Actual Valuation [1]	$60,110,601,570
Total Bonded Debt Outstanding (Including the Bonds & Notes)	$677,790,000
Less Estimated Debt Service Fund Balance [2,3]	33,181,571
NET DEBT	$644,608,429
Ratio of Estimated Net Debt to 2017 Assessed Valuation:	3.93%
Ratio of Estimated Net Debt to 2017 Actual Valuation:	1.07%
Per Capita Net Bonded Debt:	$952.60
Est. Population [3]:	676,685

1) - Actual valuation is computed by adding the exemptions to the assessed valution and multiplying by three.

2) - As of 4/2/2018, the debt service cash balance for the Bonds and Notes was $33,181,571. The amount attributable to principal reduction is 65%

3) Source: The District.

Outstanding Debt

The District has issued debt ("Outstanding Debt") in the past for various capital improvements and has never defaulted in the payment of any of its debt or other obligations. Listed below is the District's total general obligation debt outstanding including the Bonds.

	Original Amount Issued	Final Maturity	Principal Outstanding	
Series 2004 QZAB	$4,625,000	08/01/20	$4,625,000	(1)
Series 2006 QZAB	7,160,000	08/01/20	7,160,000	(1)
Series 2009A	124,700,000	08/01/22	17,000,000	
Series 2009C - QSCBs	14,300,000	08/01/24	14,300,000	
Series 2009D Ref	16,800,000	08/01/18	3,260,000	
Series 2010A	85,410,000	08/01/21	37,750,000	
Series 2010B - QSCBs	32,690,000	08/01/27	32,690,000	
Series 2010C - BABs	31,900,000	08/01/24	31,900,000	
Series 2012 Ref	39,670,000	08/01/21	19,570,000	
Series 2013A	43,400,000	08/01/29	29,000,000	
Series 2014 - ETNs	15,000,000	08/01/19	4,500,000	
Series 2014A	75,000,000	08/01/29	64,900,000	
Series 2014B Ref	94,305,000	08/01/23	81,450,000	
Series 2015	70,000,000	08/01/30	65,600,000	
Series 2017	100,000,000	08/01/33	91,100,000	
Series 2017 - ETNs	15,000,000	08/01/21	14,850,000	
Series 2017A	48,135,000	08/01/22	48,135,000	
The Bonds	110,000,000	08/01/37	110,000,000	
	$928,095,000		$677,790,000	

1) An irrevocable escrow account has been established to pay the principal in 2020 for the Series 2004 General Obligation Qualified Zone Academy Bonds ("QZABs") of $4,625,000 and Series 2006 QZABs of $7,160,000. The District makes semi-annual payments of $111,255 and $199,641, respectively, for the 2004 and 2006 QZABs.

Note: The District has a Lease Purchase Arrangement outstanding with the New Mexico Finance Authority ("NMFA") in the amount of $2,338,151 for the purchase of a building facility occupied by DATA Charter School which receives annual appropriations from the State. The District has entered into a sublease agreement with DATA Charter School whereby the proceeds from the sublease with DATA Charter School will be used by the District to pay the lease purchase payments to NMFA. This outstanding loan with NMFA is not considered general obligation debt.

Debt Service Requirements by Maturity

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

	Current G/O Bonds Requirements [1]			Series 2018 - G/O Bonds			Total G/O Bonds Requirements		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	$44,050,000	$12,098,633	$56,148,633				$44,050,000	$12,098,633	$56,148,633
2019	42,470,000	22,272,366	64,742,366	$8,500,000	$6,231,340	$14,731,340	50,970,000	28,503,706	79,473,706
2020	45,940,000	20,542,866	66,482,866	2,000,000	4,980,500	6,980,500	47,940,000	25,523,366	73,463,366
2021	47,850,000	17,824,075	65,674,075	2,000,000	4,880,500	6,880,500	49,850,000	22,704,575	72,554,575
2022	51,385,000	15,808,400	67,193,400	1,000,000	4,780,500	5,780,500	52,385,000	20,588,900	72,973,900
2023	43,670,000	13,343,150	57,013,150	6,700,000	4,730,500	11,430,500	50,370,000	18,073,650	68,443,650
2024	40,550,000	11,560,650	52,110,650	6,700,000	4,395,500	11,095,500	47,250,000	15,956,150	63,206,150
2025	33,500,000	9,986,050	43,486,050	6,700,000	4,060,500	10,760,500	40,200,000	14,046,550	54,246,550
2026	36,000,000	8,433,550	44,433,550	6,700,000	3,725,500	10,425,500	42,700,000	12,159,050	54,859,050
2027	37,190,000	6,789,550	43,979,550	6,700,000	3,390,500	10,090,500	43,890,000	10,180,050	54,070,050
2028	34,825,000	5,086,000	39,911,000	6,700,000	3,055,500	9,755,500	41,525,000	8,141,500	49,666,500
2029	34,825,000	3,551,000	38,376,000	6,700,000	2,720,500	9,420,500	41,525,000	6,271,500	47,796,500
2030	20,500,000	2,016,000	22,516,000	6,700,000	2,385,500	9,085,500	27,200,000	4,401,500	31,601,500
2031	8,000,000	1,116,000	9,116,000	6,100,000	2,050,500	8,150,500	14,100,000	3,166,500	17,266,500
2032	8,000,000	716,000	8,716,000	6,100,000	1,745,500	7,845,500	14,100,000	2,461,500	16,561,500
2033	7,900,000	316,000	8,216,000	6,100,000	1,440,500	7,540,500	14,000,000	1,756,500	15,756,500
2034				6,100,000	1,135,500	7,235,500	6,100,000	1,135,500	7,235,500
2035				6,100,000	830,500	6,930,500	6,100,000	830,500	6,930,500
2036				6,100,000	525,500	6,625,500	6,100,000	525,500	6,625,500
2037				6,300,000	220,500	6,520,500	6,300,000	220,500	6,520,500
Total	**$536,655,000**	**$151,460,290**	**$688,115,290**	**$110,000,000**	**$57,285,340**	**$167,285,340**	**$646,655,000**	**$208,745,631**	**$855,400,631**

1) Principal in 2020 excludes Series 2004 General Obligation Qualified Zone Academy Bonds ("QZABs") of $4,625,000 and Series 2006 QZABs of $7,160,000 for which an irrevocable escrow account has been established. The District makes semi-annual payments of $111,255 and $199,641, respectively, for the 2004 and 2006 QZABs which in part includes gross interest cost, and is included in the Total Debt Service Requirements. The District issued its 2010B Taxable Qualified School Construction Bonds and its 2010C Taxable Build America Bonds for which interest is subsidized by the IRS.

	Series 2014 - G/O Ed Tech Notes			Series 2017 - G/O Ed Tech Notes			Total ETN Requirements		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	$2,250,000	$78,750	$2,328,750	$3,750,000	$371,250	$4,121,250	$6,000,000	$450,000	$6,450,000
2019	2,250,000	90,000	2,340,000	3,750,000	555,000	4,305,000	6,000,000	645,000	6,645,000
2020				3,750,000	367,500	4,117,500	3,750,000	367,500	4,117,500
2021				3,600,000	180,000	3,780,000	3,600,000	180,000	3,780,000
Total	**$4,500,000**	**$168,750**	**$4,668,750**	**$14,850,000**	**$1,473,750**	**$16,323,750**	**$19,350,000**	**$1,642,500**	**$20,992,500**

The Budget Control Act of 2011 has had an impact on the cash flow from federal funds. Sequestration reductions went into effect March 1, 2013. The 2018 sequestration percentage is 6.6%. Overall the District does not anticipate that sequestration will have a material impact on debt service cash flows.

Authorized but Unissued Bonds

After this issuance, the District will have $15,000,000 of authorized but unissued general obligation bonds remaining from an election held on February 2, 2016. The District anticipates the issuance of the remaining amount in early-to-mid 2019.

Statement of Estimated Direct and Overlapping Debt

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

Entity	2017 Assessed Value	G/O Debt Outstanding [1]	Percent Applicable	Amount
State of New Mexico	$57,173,515,395	$475,735,000	28.67%	$136,369,825
City of Albuquerque	13,251,141,812	433,601,000	100.00%	433,601,000
Bernalillo County	16,116,114,678	107,510,000	98.34%	105,720,969
Sandoval County	3,477,523,540	13,850,000	2.09%	288,970
Central New Mexico Community College	18,611,631,378	90,340,000	88.06%	79,550,648
Village of Los Ranchos	265,317,446	2,665,000	100.00%	2,665,000
Albuquerque Metropolitan Arroyo Flood Control Authority	15,264,359,979	42,125,000	100.00%	42,125,000
S. Sandoval County AFCA	2,607,410,222	19,088,480	0.29%	55,357
Albuquerque MSD #12	16,388,834,729	677,790,000	100.00%	677,790,000
Total Direct & Overlapping Debt				**$1,478,166,768**

Ratio of Estimated Direct & Overlapping Debt to 2017 Assessed Valuation:	9.02%
Ratio of Estimated Direct & Overlapping Debt to 2017 Actual Valuation [2]:	2.46%
Per Capita Direct & Overlapping Debt:	$2,184.42

1) As of 3/28/2018.

2) Actual valuation is computed by adding the exemptions to the assessed valution and multiplying by three.

Source: Bernalillo and Sandoval County Assessor's Office and individual entities.

TAX BASE

Analysis of Assessed Valuation

Assessed Valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33-1/3% is legally subject to ad valorem taxes. After deduction of certain personal exemptions, the 2017 assessed valuation is $16,388,834,729. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor. The actual value of certain property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of Assessed Valuation follows.

	2013	2014	2015	2016	2017
Assessments					
Value of Land	$ 5,952,979,105	$5,998,412,077	$ 6,074,923,232	$ 6,096,679,421	$ 6,223,307,391
Improvements	11,309,860,160	11,586,717,135	11,879,356,387	12,310,560,860	12,774,759,956
Personal Property	410,972,559	423,964,859	439,684,411	456,199,122	479,171,815
Mobile Homes	48,070,176	47,500,004	45,914,324	46,375,126	46,287,592
Livestock	1,048,857	1,001,787	1,689,431	1,292,204	1,226,533
Assessor's Total Valuation	**$ 17,722,930,857**	**$ 18,057,595,862**	**$ 18,441,567,785**	**$ 18,911,106,733**	**$ 19,524,753,287**
Less Exemptions					
Head of Family	$ 198,649,431	$198,923,200	$ 202,130,886	$ 201,459,476	$ 200,772,466
Veterans	271,467,283	279,185,992	293,349,048	305,793,498	107,534,253
Other	2,967,147,829	2,970,475,406	3,057,255,810	3,057,094,284	3,339,725,742
Total Exemptions	**$ 3,437,264,543**	**$ 3,448,584,598**	**$ 3,552,735,744**	**$ 3,564,347,258**	**$ 3,648,032,461**
Assessors Net Valuation	$ 14,285,666,314	$ 14,609,011,264	$ 14,888,832,041	$ 15,346,759,475	$ 15,876,440,639
Centrally Assessed	471,532,736	486,445,306	485,801,905	502,727,065	512,394,090
Total Assessed Valuation	**$ 14,757,199,050**	**$ 15,095,456,570**	**$ 15,374,633,946**	**$ 15,849,486,540**	**$ 16,388,834,729**

	2013	2014	2015	2016	2017
Residential	$ 10,933,360,182	$ 11,248,957,181	$ 11,545,459,995	$ 12,007,217,036	$ 12,529,082,860
Non-Residential	3,823,838,868	3,846,499,389	3,829,173,951	3,842,269,504	3,859,751,869
Total	**$ 14,757,199,050**	**$ 15,095,456,570**	**$ 15,374,633,946**	**$ 15,849,486,540**	**$ 16,388,834,729**

Cross County Assessed Valuation

	2013	2014	2015	2016	2017
Bernalillo County	$ 14,413,800,252	$ 14,743,206,829	$ 15,025,763,997	$ 15,495,589,301	$ 16,015,432,218
Sandoval County [1]	343,398,798	352,249,741	348,869,949	353,897,239	373,402,511
Total	**$ 14,757,199,050**	**$ 15,095,456,570**	**$ 15,374,633,946**	**$ 15,849,486,540**	**$ 16,388,834,729**

1) Portion of Corrales located in Sandoval County (2A-In Corrales & 2AC - Albuquerque/Corrales).

Source: Bernalillo and Sandoval Counties Assessor's Offices.

History of Assessed Valuation

Listed below is a 5-year history of assessed valuation for the District compared with Bernalillo County and Sandoval County. The tax base of the District has increased 11.06% since 2013 compared with a 9.75% increase for Bernalillo County and a 4.74% increase for Sandoval County.

Tax Year	District AV	% Change Over Previous Year	Bernalillo County AV	% Change Over Previous Year	Sandoval County AV	% Change Over Previous Year
2013	$14,757,199,050	0.76%	$14,504,259,537	0.76%	$3,181,176,419	0.03%
2014	15,095,456,570	2.29%	14,835,047,140	2.28%	3,207,733,623	0.83%
2015	15,374,633,946	1.85%	15,119,077,244	1.91%	3,225,666,344	0.56%
2016	15,849,486,540	3.09%	15,592,904,243	3.13%	3,302,617,578	2.39%
2017	16,388,834,729	3.40%	15,918,189,100	2.09%	3,331,905,200	0.89%

Source: Bernalillo and Sandoval Counties Assessor's Offices.

Major Taxpayers

As highlighted in the table below, the ten largest taxpayers in the District for tax year 2017 have a combined assessed valuation of $428,724,884 which represents 2.62% of the District's total 2017 assessed valuation.

Taxpayer	Business	2017 AV	% of Total A.V.
Public Service Co. of New Mexico	Electric Utility	$218,778,124	1.33%
QWest Communications	Telecommunications	45,914,080	0.28%
Gas Company of New Mexico	Gas Utility	41,793,719	0.26%
Comcast	Cable Provider	33,780,329	0.21%
Verizon	Wireless Communications	21,813,098	0.13%
Southwest Airlines	Airline	16,215,651	0.10%
AT&T	Telecommunications	15,441,237	0.09%
BN&SF	Railroad	13,773,028	0.08%
GCC Rio Grande	Concrete Supplier	12,190,151	0.07%
T-Mobile	Wireless Communications	9,025,467	0.06%
Top Ten Centrally and Locally Assessed Values		**$428,724,884**	**2.62%**

Source: Bernalillo County Assessor's Office.

School Tax Rates

The following table summarizes the historical school tax levies on residential and non-residential property within the District since the 2013 tax year (2013-14 fiscal year). In February 2016, voters re-authorized the Public School Buildings Act levy (the "HB33" levy) at $3.838 for residential property for property tax years 2016 through 2021. On February 5, 2013, voters authorized the Public School Capital Improvements Tax Levy (the "Two Mill Levy") for property tax years 2013 through 2018. It is anticipated the District will call an election in 2019 to reauthorize the Two Mill Levy.

	Operational		Two Mill Levy		HB 33 Levy		Debt Service [1]			Total	
Tax Year	Residential	Non-Residential	Residential	Non-Residential	Residential	Non-Residential	GO Bonds	Ed Tech Notes	Combined Debt Service	Residential	Non-Residential
2017	$0.266	$0.500	$1.821	$2.000	$3.787	$4.344	$4.101	$0.384	$4.485	$10.359	$11.329
2016	0.270	0.500	1.940	2.000	3.838	4.344	4.061	0.378	4.439	10.487	11.283
2015	0.275	0.500	1.982	2.000	3.838	4.344	4.089	0.347	4.436	10.531	11.280
2014	0.276	0.500	1.983	2.000	3.841	4.344	3.787	0.644	4.431	10.531	11.275
2013	0.278	0.500	2.000	2.000	3.874	4.344	3.883	0.430	4.313	10.465	11.157

(1) The debt service tax rate is the same for residential and non-residential property.

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 status on residential property in Bernalillo County for tax year 2017 and the previous four years. A high level of taxation may impact the District's ability to repay the Bonds.

Within 20 Mill Limit for General Purposes

Total Levy	2013	2014	2015	2016	2017
State of New Mexico	$0.000	$0.000	$0.000	$0.000	$0.000
Bernalillo County	7.320	7.254	7.245	7.286	7.198
City of Albuquerque	6.544	6.494	6.493	6.339	6.241
AMAFCA [1]	0.179	0.177	0.177	0.173	0.171
Albuquerque MSD # 12	0.278	0.276	0.275	0.270	0.266
Total	**$14.321**	**$14.201**	**$14.190**	**$14.068**	**$13.876**

Over 20 Mill Limit - Interest, Principal, Judgment, etc.

State of New Mexico	$1.360	$1.360	$1.360	$1.360	$1.360
Bernalillo County	1.259	1.277	1.476	1.275	1.265
City of Albuquerque	4.976	4.976	4.976	4.976	4.976
AMAFCA [1]	0.675	0.675	0.675	0.675	0.675
Albuquerque MSD #12	10.187	10.255	10.256	10.217	10.186
UNM Hospital	6.400	6.342	6.334	6.198	6.400
Central New Mexico Community College	3.392	3.377	3.381	3.776	3.789
Total	**$28.249**	**$28.262**	**$28.458**	**$28.477**	**$28.651**

TOTAL LEVY

	2013	2014	2015	2016	2017
State of New Mexico	$1.360	$1.360	$1.360	$1.360	$1.360
Bernalillo County	8.579	8.531	8.721	8.561	8.463
City of Albuquerque	11.520	11.470	11.469	11.315	11.217
AMAFCA [1]	0.854	0.852	0.852	0.848	0.846
Albuquerque MSD #12	10.465	10.531	10.531	10.487	10.452
UNM Hospital	6.400	6.342	6.334	6.198	6.400
Central New Mexico Community College	3.392	3.377	3.381	3.776	3.789
Total Residential	**$42.570**	**$42.463**	**$42.648**	**$42.545**	**$42.527**
Total Non-Residential	**$45.995**	**$46.132**	**$46.336**	**$46.788**	**$47.985**
Village of Corrales [2]					
Residential	$31.255	$30.911	31.393	31.966	27.329
Non-Residential	$38.361	$37.864	39.126	39.797	34.941
Village of Los Ranchos					
Residential	$31.195	$31.141	$31.327	$31.382	$31.464
Non-Residential	$35.475	$35.612	$35.816	$36.268	$36.313
Village of Tijeras					
Residential	$31.055	$30.996	$31.168	$31.250	$31.335
Non-Residential	$36.700	$36.837	$37.041	$37.493	$37.538

(1) Albuquerque Metropolitan Arroyo Flood Control Authority.

(2) Sandoval County.

Source: New Mexico Department of Finance & Administration.

Yield Control Limitation

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

Developments Limiting Residential Property Tax Increases

Section 7-36-21.2 NMSA 1978 annual residential property valuation increases are limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply:

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year;
3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
4. When a change occurs in the zoning or use of the property; and
5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978.

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

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

Tax Collections

General (ad valorem) taxes 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 installment 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 each county treasurer collects taxes are presented below:

Bernalillo County

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
2017	17/18	$685,569,620	$398,985,560	58.20%	$398,985,560	58.20%
2016	16/17	663,107,919	642,661,947	96.92%	652,818,342	98.45%
2015	15/16	641,680,120	621,125,053	96.80%	636,030,335	99.12%
2014	14/15	626,867,177	606,258,064	96.71%	625,118,199	99.72%
2013	13/14	613,831,380	593,530,750	96.69%	612,260,314	99.74%

1) Current collections through June 30 of each year.

2) As of February 2018.

Source: Bernalillo County Treasurer's Office.

Sandoval County

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
2017	17/18	$114,699,654	$67,303,009	58.68%	$67,303,009	58.68%
2016	16/17	124,318,657	120,420,512	96.86%	122,360,494	98.42%
2015	15/16	119,044,771	115,023,384	96.62%	117,783,053	98.94%
2014	14/15	115,903,449	111,651,378	96.33%	115,287,645	99.47%
2013	13/14	115,598,061	110,756,348	95.81%	115,126,924	99.59%

1) Current collections through June 30 of each year.

2) As of February 2018.

Source: Sandoval County Treasurer's Office.

Interest on Delinquent Taxes

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

Penalty for Delinquent Taxes

Pursuant to Section 7-38-50 NMSA 1978, if property taxes become delinquent, a penalty of one percent (1%) of the delinquent tax for each month, or any portion of a month, they remain unpaid shall be imposed, but the total penalty shall not exceed five percent (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 an intent to defraud by the property owner, fifty percent (50%) of the property tax due or fifty dollars ($50.00), whichever is greater, shall be added as a penalty.

Remedies Available for Non-Payment of Taxes

Pursuant to Section 7-38-47 NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on 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 Section 7-38-65 NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to Section 7-38-53 NMSA 1978, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property for 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 the school-age children residing within its boundaries.

Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover 1,200 square miles with an estimated population of 676,685.

The District is the 34th largest school district in the country and the largest school district in the State with over 100,012 public school students in the area, including those who attend charter schools. The District operates 140 school sites - 88 elementary schools, 27 middle schools, one K-8 school, 13 high schools and 11 schools of choice. In addition, there are 29 District authorized charter schools and 27 State authorized charter schools for a total of 56 charter schools within the District. The District's educational program also includes vocational, technical and occupational training. In addition, the District is responsible for the educational instruction of students in the following institutions: Bernalillo County Detention Center; Bernalillo County Juvenile Detention Center; Family School and Hogares Youth Home. The District employs over 12,000 FTE employees and is one of the largest employers in the Albuquerque MSA.

See sections "INTRODUCTORY SECTION – Letter of Transmittal" (page iii-1) and "FINANCIAL SECTION – Management's Discussion and Analysis" (page vii – 1) of the District's June 30, 2017 Audited Financial Statements in Appendix B hereto for additional information regarding the District.

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 Board of Education of the District (the "Board"), subject to regulations of PED, develops educational policies for the District. The Board employs a superintendent of schools, delegates administrative and supervisory functions to the superintendent, fixes the superintendent's salary, has the capacity to sue and be sued, contracts, leases, purchases and sells property for the District, acquires and disposes of all property, provides for the repair and maintenance of the District's property, and adopts regulations pertaining to the administration of all powers or duties of the Board. Members serve without compensation for four-year terms of office and are elected in non-partisan elections held every two years on the first Tuesday in February. The current District Board members are:

Dr. David Peercy, President
Term expires December 31, 2021

Lorenzo Garcia, Vice President
Term expires December 31, 2021

Yolanda Montoya-Cordova, Secretary
Term expires December 31, 2019

Peggy Muller- Aragón, Member
Term expires December 31, 2019

Barbara Petersen, Member
Term expires December 31, 2019

Candelaria Patterson, Member
Term expires December 31, 2021

Elizabeth Armijo, Member
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 is:

Raquel Reedy, Superintendent. The Superintendent is the Chief Executive Officer of the District. The duties of the Superintendent are defined in statute and the New Mexico Regulatory Code. On August 31, 2015, Raquel Reedy was named Acting Superintendent and on April 20, 2016, she was confirmed as the Superintendent. As the Superintendent, Ms. Reedy's primary responsibilities include: academic standards, professional development, school accountability and assessment, instructional and District technology, extended learning, quality assurance, higher education partnership and state department statewide partnership. Other responsibilities include development of District-wide processes and measures to accomplish District goals and oversight responsibilities for all elementary schools, secondary education, school improvement, student career pathways, educational options including charter and privately managed schools, student equity, the improvement of student graduation and student dropout rates, special populations, health/mental health, and character education. Ms. Reedy's professional experience includes Associate Superintendent for Elementary Education, Associate Superintendent for Cluster System, Cluster Leader Principal, Elementary School Principal, Human Resources Personnel Specialist and Elementary School Teacher. Ms. Reedy holds a Master's in Education from Harvard University and a Bachelor of Arts Degree in Education from the University of Texas Austin.

Scott Elder, Chief Operations Officer. Scott Elder was selected in April 2017 to serve as the District's Chief Operations Officer ("COO") after serving 9 months as Interim COO. A 26-year APS veteran, Mr. Elder has been both a teacher and a principal. His experiences have been primarily in Title I schools, working with the most at-risk populations in the city. His schools have shown consistent growth and progress. Mr. Elder, utilizing School Improvement Grant funding and community resources, guided Highland High School to raise its graduation rate 17% in 4 years. He has run a highly rated alternative school and helped start APS' Early College Academy. Mr. Elder holds Bachelor of Arts in Political Science and Spanish as well as a Master of Arts in Secondary Education. He has completed a Masters of Business Administration at the Anderson School of Management at the University of New Mexico in 2017.

Tami Coleman, Chief Financial Officer. In June 2016, Tami Coleman was named Chief Financial Officer after serving 10 months in the interim position. Ms. Coleman began with the District in January 2007 and has over 25 years of New Mexico public school administrative and financial experience. Ms. Coleman holds a Bachelor of Science Degree in Accounting from National American University in Albuquerque, New Mexico, and a Level II New Mexico School Business Official's License. As the Chief Financial Officer, she is a member of the Superintendent's Cabinet and Leadership teams. The Chief Financial Officer manages the finances of the District and oversees the business units which handle the financial activity of the school District. Ms. Coleman is an active member of the New Mexico Association of School Business Officials (NMASBO), and served a 2-year term as President in 2009/10 and 2010/11.

Insurance

The District is registered with the State of New Mexico Insurance Commission (the "Commission") as a self-insured entity for workers' compensation, property and liability coverage. However, the District has purchased excess coverage policies that cover losses over $650,000, $250,000 and $350,000 for workers' compensation, property and liability, respectively. In order to self-insure, the Commission requires that the District restrict its cash balance in an amount equal to the estimated workers' compensation claim liability, excluding incurred but not reported claims. The District is self-insured for group health and offers other employee related benefits through several providers. The District is not responsible for charter school liability.

Intergovernmental Agreements

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

School Property

Currently, the District operates and maintains a variety of facilities in meeting its obligations to provide an educational program for the school-aged children residing within its boundaries. The District operates 140 school sites – 88 elementary schools, 27 middle schools, 13 high schools, one K-8 school, and 11 schools of choice. The District owns vacant land held for future school sites.

Student Enrollment

The District's student enrollment is based on the 40th day count for the current and previous four years is detailed below.

	2013-14	2014-15	2015-16	2016-17	2017-2018
Elementary School	45,587	45,509	44,760	43,738	42,794
Middle School	19,030	18,771	18,396	18,209	18,018
High School	23,938	24,049	23,718	23,958	23,672
Total	88,555	88,329	86,874	85,905	84,484
APS & State Authorized Charter Schools	12,726	15,456	16,845	15,321	15,528
Total Students in the APS Area	**101,281**	**103,785**	**103,719**	**101,226**	**100,012**

Source: Albuquerque Municipal School District No. 12.

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 the judicial process, and are subject to legislative changes as well. As a result, the District cannot anticipate with certainty all of the factors which may influence the financing of its future activities. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District.

Recent Legislative Action

The New Mexico State Legislature passed House Bill 98, Local Election Act, in February 2018, which the Governor signed on March 7, 2018. This Bill made several changes to local elections, special local elections, ballot questions, and qualifications of candidates. In the past, school districts were able to hold their elections in February of odd numbered years. This Bill changes regular local elections to be held in November of odd numbered years. The Bill also provides for bond election procedures, imposing a tax under the Public School Capital Improvements Act (SB-9) and imposing a tax under the Public School Buildings Act (HB-33) be held in accordance with the Local Election Act. However, the Bill does allow for a special election concerning bond elections and imposing the above mentioned taxes to be held in February using only mail-in ballots.

This newly enacted legislation, which is effective on July 1, 2018, does not align with the State Tax Code and School District mill levy dates for imposing and collecting taxes. Holding the mill levy election in November, rather than February, creates problems for receiving tax money. A November election will not permit receipt of taxes the following January, unlike the situation when the mill levy election occurs in February. An election in February 2019, if approved by the voters, would result in property tax revenue being disbursed to the schools in January 2020. An election in November 2019 will result in the school district not receiving mill levy revenue until January 2021, leaving a one year gap in revenue for the school district. The District plans on holding a special, mail-in ballot election in February 2019 to re-authorize the Public School Capital Improvements Act (SB-9) 2% mill levy revenue.

See “LITIGATION” for a discussion of current litigation that could impact the funding of education in the state.

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 by the PED.

- Pursuant to instruction by the PED, the District must submit an operating 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. Upon written approval of the state superintendent [secretary], the date for the submission of the operating budget may be extended to a later date fixed by the state superintendent (Section 22-8-6).
- Before May 31 of each year, the District Board must hold a public hearing to fix the estimated budget for the next school year.
- Before June 20 of each year, the District must submit a balanced budget to the PED.
- On or before July 1 of each year, the PED must approve and certify an approved operating budget for use by the District Board.

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

Sources of Revenue for General Fund

The General Fund is the primary operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. The sources of revenue for the District's General Fund are:

Local Revenues - Local revenues are a minor source of revenue to the District composed, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each $1,000 of net taxable value of taxable property. Other sources of local revenues include interest income earned on the District's investments, rentals and sale of property. In fiscal year 2017, the District received $15,740,593 from local sources.

Federal Revenues - Another minor source of annual revenue for the District's General Fund is derived from 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 2017, the District received $104,420 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the SEG payments described below. During fiscal year 2017, the District received $607,601,318 from state sources. Such payments represented approximately 97% of actual fiscal year 2017 General Fund revenues.

State Equalization Guarantee

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

1. Educational program units that reflect the different costs of identified programs;
2. Training and experience units that attempt to provide additional funds so that districts may hire and retain better educated and more experienced instructional staff; and
3. Size adjustment units that recognize local school and community needs, economies of scale, types of students, marginal costs 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 June 1 of the previous fiscal year through May 31 of the fiscal year for which the SEG payment is being computed. In the event that a district receives more SEG funds than its entitlement, the district must make a refund to the State's general fund.

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

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

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

State Equalization Guarantee budgeted amount to the District for the current and previous four fiscal years are as follows:

School Year	Program Unit Value	Number of Program Units	Fund Amount (less credits)
2017 - 2018	$4,053.55	153,375.34	$617,767,284
2016 - 2017	4,040.24	156,824.18	629,702,140
2015 - 2016	4,027.75	157,684.19	631,317,804
2014 - 2015	4,005.75	159,341.78	634,569,794
2013 - 2014	3,817.55	161,840.66	614,087,079

Source: New Mexico Public Education Department (PED).

PED receives Federal mineral-leasing funds from which it makes annual allocations to the District for purchasing instructional materials. In fiscal year 2016-2017, the District received $3,843,022 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 2016-2017, the District received $18,164,041 for transportation purposes.

Statement of Net Position

Below is a five-year history of the Statement of Net Position for the District excluding component units (consisting of Charter Schools and APS Foundation). The complete independent audit report for the fiscal year ending June 30, 2017 and the last four fiscal years can be downloaded from the District's website using the following link: http://www.aps.edu/departments/accounting.

	FYE 6/30/13 Total	FYE 6/30/14 Total	FYE 6/30/15 Total	FYE 6/30/16 Total	FYE 6/30/17 Total
Assets					
Current Assets:					
Cash and cash equivalents	$ 121,108,227	$ 123,339,650	$ 139,052,915	$ 135,335,137	$ 80,365,860
Restricted cash and cash equivalents	74,548,813	92,172,438	99,820,477	100,900,318	218,010,324
Receivables	31,583,530	44,263,602	34,566,736	38,357,384	39,411,443
Prepaid expenses	50,000	261,894	261,894	256,894	256,894
Inventory	3,389,715	3,112,842	3,744,290	4,599,604	4,476,733
Total current assets	230,680,285	263,150,426	277,446,312	279,449,337	342,521,254
Noncurrent Assets:					
Restricted cash and cash equivalents	174,551,527	176,392,814	194,321,755	186,303,171	199,871,975
Restricted receivables	21,820,103	18,931,205	18,851,364	24,906,392	-
Bond issuance costs	1,767,925	-	-	-	-
Total noncurrent assets	198,139,555	195,324,019	213,173,119	211,209,563	199,871,975
Capital Assets:					
Land	53,293,112	54,495,320	54,495,320	54,495,320	54,495,320
Construction in progress	149,634,002	106,857,230	150,378,449	98,556,267	181,901,191
Land improvements	129,146,582	143,106,757	155,236,571	172,817,864	185,952,416
Buildings and building improvements	1,605,839,631	1,716,254,327	1,775,491,628	1,953,430,489	1,983,856,015
Furniture, fixtures and equipment	77,844,657	73,429,625	77,709,980	81,104,350	77,224,264
Intangibles	15,889,216	15,889,216	15,889,216	15,889,216	15,889,216
Accumulated Depreciation	(752,964,464)	(817,430,323)	(883,879,954)	(954,773,716)	(1,026,510,356)
Total capital assets	1,278,682,736	1,292,602,152	1,345,321,210	1,421,519,790	1,472,808,066
Total Assets	1,707,502,576	1,751,076,597	1,835,940,641	1,912,178,690	2,015,201,295
Deferred Outflows of Resources	-	-	67,255,320	106,287,495	177,840,625
Total Assets & Deferred Outflows of Resources	$ 1,707,502,576	$ 1,751,076,597	$ 1,903,195,961	$ 2,018,466,185	$ 2,193,041,920
Liabilities					
Current Liabilities:					
Accounts payable	$ 3,747,565	$ 2,859,719	$ 2,881,689	$ 3,567,200	$ 1,729,745
Accrued expenses	50,902,767	65,996,716	71,581,311	73,253,132	73,554,498
Unearned revenue	35,725	-	-	-	-
Accrued interest	8,301,433	7,650,172	8,284,774	8,793,085	10,537,033
Insurance reserves, IBNR claims	15,740,988	13,338,872	13,894,293	14,323,322	14,215,478
Current portion of compensated absences	1,294,764	1,325,835	1,330,440	1,285,715	1,225,232
Current portion of long-term obligations	49,934,267	52,824,180	62,634,228	56,986,351	60,432,739
Liabilities payable from restricted assets	7,103,391	11,874,515	15,703,164	13,655,733	12,307,158
Total current liabilities	137,060,900	155,870,009	176,309,899	171,864,538	174,001,883
Noncurrent Liabilities:					
Compensated absences	2,589,529	2,651,670	2,660,880	2,571,816	2,450,833
Net OPEB obligation	316,763	463,279	590,446	690,431	707,324
Net Pension Liability	-	-	970,374,781	1,102,500,678	1,234,274,713
Debt due in more than one year	478,901,539	474,601,525	516,636,020	536,758,444	604,928,713
Long-Term portion of claims payable	14,035,702	13,896,455	15,133,027	16,811,005	18,445,275
Total noncurrent liabilities	495,843,533	491,612,929	1,505,395,154	1,659,332,374	1,860,806,858
Total Liabilities	632,904,433	647,482,938	1,681,705,053	1,831,196,912	2,034,808,741
Deferred Inflows of Resources	-	146,131	112,570,193	32,011,015	14,761,823
Net Position					
Invested in capital assets, net of related debt	770,843,356	775,698,668	782,968,740	859,039,509	867,225,870
Restricted for Debt Service	67,283,741	74,991,507	80,148,875	77,580,168	89,826,600
Restricted for Capital Projects	148,446,159	164,507,956	167,549,187	148,564,776	165,780,958
Restricted for Other Purposes	-	29,786,001	28,515,998	29,826,253	35,429,590
Unrestricted	88,024,887	58,463,396	(950,262,085)	(959,752,448)	(1,014,791,662)
Total Net Position	1,074,598,143	1,103,447,528	108,920,715	155,258,258	143,471,356
Total Liabilities, Deferred Inflows & Net Position	$ 1,707,502,576	$ 1,751,076,597	$ 1,903,195,961	$ 2,018,466,185	$ 2,193,041,920

Source: The figures have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. The audited financial statements for the fiscal year ended June 30, 2017 are attached as Appendix B.

Statement of Activities

Below is a five-year history of the Statement of Activities for the District excluding component units (consisting of Charter Schools and APS Foundation). The complete independent audit report for the fiscal year ending June 30, 2017 and the last four fiscal years can be downloaded from the District's website using the following link: http://www.aps.edu/departments/accounting.

	FYE 6/30/13	FYE 6/30/14	FYE 6/30/15	FYE 6/30/16	FYE 6/30/17
Primary Government	Total	Total	Total	Total	Total
Instruction	$ (350,160,459)	$ (353,795,945)	$ (371,401,269)	$ (376,888,089)	$ (394,319,734)
Student support services	(61,972,833)	(63,381,407)	(63,155,172)	(70,252,212)	(61,826,566)
Instruction support services	(20,699,390)	(21,117,189)	(22,069,003)	(21,461,299)	(20,497,167)
General administration	(5,225,441)	(5,162,278)	(2,920,103)	(6,636,856)	(8,498,667)
School administration	(10,584,548)	(19,477,963)	(22,114,154)	(20,793,661)	(23,746,720)
Central services	(66,636,396)	(82,144,477)	(84,021,164)	(81,077,966)	(82,176,283)
Operation & maintenance of plant	(59,903,766)	(64,352,488)	(66,784,283)	(68,320,885)	(69,167,979)
Student transportation	469,295	281,119	2,769,793	(1,284)	(3,722,962)
Other support services	(724,660)	(35,657)	(305,734)	(1,634,180)	(30,772)
Food services	4,171,728	4,945,126	3,834,575	5,394,243	4,061,183
Community services	(3,766)	(10,392)	(2,328)	(13,574)	(1,202)
Facilities, supplies & materials	(52,737,152)	(42,324,626)	(40,959,325)	(6,281,782)	(14,836,287)
Interest on long-term obligations	(20,175,749)	(18,163,588)	(28,026,387)	(20,507,608)	(21,976,681)
Depreciation - unallocated	(65,518,044)	(69,582,812)	(74,668,977)	(75,448,578)	(82,908,128)
Total primary governmental activities	(709,701,181)	(734,322,577)	(769,823,531)	(743,923,731)	(779,647,965)
General Revenues:					
Property taxes - general purposes	4,804,381	5,042,088	5,004,666	4,945,097	5,153,110
Property taxes - debt service	62,214,506	64,235,532	66,776,126	66,492,940	70,294,859
Property taxes - capital projects	83,689,294	78,540,408	83,111,765	81,570,171	80,989,947
State Equalization Guarantee	590,190,332	612,562,319	634,994,929	632,937,742	607,601,318
Interest & investment earnings	611,473	659,624	779,939	622,891	1,400,436
Miscellaneous	1,406,139	3,899,916	3,796,389	3,692,433	2,421,393
Total general revenues	742,916,125	764,939,887	794,463,814	790,261,274	767,861,063
Change in net position	33,214,944	30,617,310	24,640,283	46,337,543	(11,786,902)
Net position, beginning of year	958,458,132	1,074,598,143	1,103,447,528	108,920,715	155,258,258
Prior period adjustments	-	(1,767,925)	(1,019,167,096) *	- *	-
Net position, beginning of year - restated	958,458,132	1,072,830,218	84,280,432	108,920,715	155,258,258
Net position, end of year	$ 991,673,076	$ 1,103,447,528	$ 108,920,715	$ 155,258,258	$ 143,471,356

Source: The figures have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. The audited financial statements for the fiscal year ended June 30, 2017 are attached as Appendix B.

** During the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date an Amendment of GASB Statement No. 68 by recognizing its net pension liability related to its pension plan. See "Employee Retirement Plan and Other Post-Employment Benefits" herein.*

Balance Sheet – General Fund

Below is a five-year history of the Balance Sheet for the General Fund for the District. The complete independent audit report for the fiscal year ending June 30, 2017 and the last four fiscal years can be downloaded from the District's website using the following link: http://www.aps.edu/departments/accounting.

	FYE 6/30/13 Total	FYE 6/30/14 Total	FYE 6/30/15 Total	FYE 6/30/16 Total	FYE 6/30/17 Total
Assets					
Cash and equivalents	$ 60,609,940	$ 70,377,199	$ 93,126,831	$ 94,186,300	$ 100,196,593
Property taxes receivable	536,067	619,943	612,401	439,057	414,484
Other receivables	471,083	2,289,052	497,159	487,159	612,237
Due from other funds	26,491,708	37,330,027	28,894,359	38,669,513	22,985,110
Prepaid items	50,000	50,000	50,000	50,000	50,000
Inventory - supplies	1,889,539	1,816,418	1,816,095	2,028,442	2,585,911
Total Assets	$ 90,048,337	$ 112,482,639	$ 124,996,845	$ 135,860,471	$ 126,844,335
Liabilities					
Accounts Payable	$ 3,750,081	$ 2,859,719	$ 2,580,407	$ 3,029,993	$ 1,729,745
Accrued Expenses	50,886,621	65,996,716	71,581,311	73,253,132	73,554,498
Other accrued liabilities	118,757	-	254,766	468,136	409,571
Total Liabilities	54,755,459	68,856,435	74,416,484	76,751,261	75,693,814
Deferred Inflows of Resources	476,315	567,413	553,372	310,739	290,634
Fund Balance					
Non-spendable	1,939,539	1,866,418	1,866,095	2,078,442	2,635,911
Assigned - subsequent year	29,000,000	41,000,000	41,000,000	54,836,063	46,300,000
Unassigned	3,877,024	192,373	7,160,894	1,883,966	1,923,976
Total Fund Balance	34,816,563	43,058,791	50,026,989	58,798,471	50,859,887
Total Liabilities, Deferred Inflows of Resources & Fund Balance	$ 90,048,337	$ 112,482,639	$ 124,996,845	$ 135,860,471	$ 126,844,335

Source: The figures have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. The audited financial statements for the fiscal year ended June 30, 2017 are attached as Appendix B.

Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund

Below is a five-year history of the Statement of Revenues & Expenditures & Changes in Fund Balances (General Fund only) for the District. The complete independent audit report for the fiscal year ending June 30, 2017 and the last four fiscal years can be downloaded from the District's website using the following link: http://www.aps.edu/departments/accounting.

	FYE 6/30/13 Total	FYE 6/30/14 Total	FYE 6/30/15 Total	FYE 6/30/16 Total	FYE 6/30/17 Total
Revenues:					
Local sources	$ 4,900,276	$ 4,950,990	$ 5,018,707	$ 5,187,730	$ 5,173,215
State sources	596,022,953	613,416,010	635,987,410	632,937,742	607,601,318
Federal grants	2,673,973	2,171,665	2,023,945	142,519	104,420
Miscellaneous	3,671,922	7,932,928	5,972,284	8,261,580	10,153,720
In-Kind PSCOC Contributions	-	-	-	28,256,242	-
Interest	80,200	164,183	192,708	164,998	413,658
Total revenues	607,349,324	628,635,776	649,195,054	674,950,811	623,446,331
Expenditures:					
Instruction	394,982,575	407,451,738	419,115,703	413,495,158	414,766,832
Student support services	53,948,630	59,627,790	61,914,549	66,593,352	60,534,518
Instruction support services	20,821,769	21,003,685	22,240,801	21,414,377	19,908,781
General administration	4,347,378	4,395,687	4,648,909	1,967,533	2,853,896
School administration	32,111,399	33,938,325	36,341,958	34,516,945	35,603,159
Central services	16,678,775	17,693,149	18,796,522	19,154,750	18,841,969
Operation & maintenance of plant	76,968,864	75,202,823	77,441,810	77,435,681	75,526,637
Student transportation	226,808	261,480	616,393	1,226,869	3,183,399
Other support services	724,660	35,657	391,241	1,634,180	30,772
Food services	656,538	689,798	404,607	314,058	-
Community services	3,766	2,392	2,328	3,614	1,202
Capital Outlay	91,055	91,024	312,035	28,384,488	133,826
Total expenditures	601,562,217	620,393,548	642,226,856	666,141,005	631,384,991
Other Financing Sources					
Transfers	-	-	-	(38,324)	72
Total other financing sources (uses)	-	-	-	(38,324)	72
Excess Revenues over Expenditures	5,787,107	8,242,228	6,968,198	8,771,482	(7,938,588)
Fund balance, beginning of year	29,029,456	34,816,563	43,058,791	50,026,989	58,798,471
Fund balance, end of year	$ 34,816,563	$ 43,058,791	$ 50,026,989	$ 58,798,471	$ 50,859,883

Sources: The figures have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. The audited financial statements for the fiscal year ended June 30, 2017 are attached as Appendix B.

Debt Service Funds

The Bernalillo and Sandoval County treasurers collect debt service funds sufficient to retire bonded debt as it becomes due and payable. Such funds are distributed to the District and accounted for separately from operating funds. The District is allowed to borrow all District funds if the collections are insufficient but such borrowings must be repaid from tax collections. Debt service funds may not be used for general operating purposes.

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Property sales are recorded when the parties are bound by the terms of the contract, all consideration (including adequate cash) has been exchanged and all conditions precedent to closing have been performed. Until a sale has been recorded, revenues are deferred and payments received are reflected as escrow deposits.

Under the requirements of GASB 54, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the District's General Fund operations), which include funds that were not required to be presented as major, but were presented at the discretion of management.

1. Debt Service Fund – This fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.
2. Bond Building Capital Projects Fund – This fund is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.
3. Special Revenue Funds – This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
4. Capital Projects Funds – This fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.
5. Pupil Transportation Fund – This fund is used to account for the SEG payment, received from PED, which is used to pay for the costs associated with transporting school age children.
6. Instructional Materials Fund – This fund is used to account for the monies received from PED for the purposes of purchasing instructional materials used in the education of students.
7. Food Service Fund – This fund is to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.
8. IASA Title I Fund – This fund is to provide compensatory education services to educationally deprived school children (including private school pupils) in low-income areas. (P.L. 103-382)
9. IDEA-B Entitlement Fund – This fund is used to account for federal resources administered by the PED to provide for special educational needs of handicap 6-21 year olds. (PL 94-142 & PL 99-457)
10. Capital Improvements HB33 Fund – This fund is to account for the costs relating to erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided through property taxes as authorized by the Public School Buildings Act (22-26-1 to 22-26-9, NMSA 1978).
11. Capital Improvements SB9 Fund – This fund is to account for erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving public school grounds or any combination thereof as identified by the local school board. Pursuant to the formula set forth in NMSA 1978 Section 22-25-9, the PED may pay additional sums to the District. Payment to the District by the PED is subject to the availability of funds.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District as an agent for individuals, private organizations or other governments. Agency Funds are custodial in nature (assets = liabilities) and do not present results of operations or have a measurement focus. These funds relate primarily to the activities of individual schools. While these funds are under the supervision of the District and enhance the District's educational programs, they are funds of the individual schools and/or their student bodies and are not available for use by the District.

Investments

See Note 2 of the District's June 30, 2017 Audited Financial Statements attached hereto as Appendix B for information regarding the District's investments and depository accounts. The District only invests in securities permitted under NMSA 1978 Section 6-10-10.

The District implemented a new investment program during the 2017 fiscal year. The program focuses on the District's need for cash liquidity, while enhancing the return on the use of the District's idle cash. The investment strategy uses a dual approach, with long-term investments made in U.S. Treasuries with staggered maturity dates of 1 to 3 years from the date of purchase. The second part invests cash on a short-term basis with the State Treasurer's Office, Local Government Investment Pool (LGIP). The District's total cash balance, as of June 30, 2017, was distributed between U.S. Treasuries at 40%, LGIP at 25%, and 35% on-demand collateralized bank deposits.

Employee Retirement Plan and Other Post-Employment Benefits

The District employs approximately 12,090 permanent employees as of June 30, 2017 of which 6,961 (57.5%) are certified educational staff (teachers/counselors/librarians/nurses) and 1,803 (14.9%) are classroom educational assistants for a total of 8,764 (72.4%) certified direct classroom employees.

In addition to the following discussion, Notes 11 and 12 of the District's June 30, 2017 Audited Financial Statements attached hereto as Appendix B provides additional information regarding the District's pension and other post-employment benefit plans.

ERB Pension Plan:

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

Contributions:

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning $20,000 or less contributed 7.90% and employees earning more than $20,000 contributed 10.10% of their gross annual salary. For fiscal years ending June 30, 2015, 2016 & 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. Contributions to the pension plan from the District were $67,128,146 for the year ended June 30, 2017.

Pension Liabilities:

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, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of $1,234,274,713 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 17.15120%; 17.02108% was its proportion measured as of June 30, 2015. For the year ended June 30, 2017, the District recognized pension expense of $16,639,946.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which addresses accounting and financial reporting for pensions that are provided to employees of state and local government employers through pension plans that are administered through trusts and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. According to Statement No. 68, the School District, as a contributor to ERB, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing, multi-employer plan with ERB.

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

current and future retirees which are tied to the future funded ratios of the Fund, and made certain other clarifying and technical changes.

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

Pension Plan Statistics

Following is a 5-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
2013	$299,657,530	$248,785,187	$10,358,058,861
2014	362,462,537	268,693,991	11,442,171,449
2015	395,129,621	292,822,396	11,497,723,115
2016	396,988,557	293,847,970	11,532,837,951
2017	395,843,795	292,809,008	12,509,355,910

Source: New Mexico Educational Retirement Board, Financial Report.

Post-Employment Benefits

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) (the "RHCA") issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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

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

employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were $9,648,020, $9,710,885, and $9,582,946 respectively, which equal the required contributions for each year.

The District believes it does not have any liability should the plan be underfunded. In the future, the District's on-going contribution percentage may be increased.

TAX MATTERS

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants made by the District, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. Bond Counsel is further of the opinion that the Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State. Bond Counsel will express no opinion regarding other federal or New Mexico income tax consequences resulting from the receipt or accrual of interest on the Bonds. A form of Bond Counsel Opinion is attached to this document as Appendix D.

The opinion on federal tax matters will be based on and will assume continuous compliance with certain covenants of the District to be contained in the transcript of proceedings and that are intended to evidence and assure that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not and will not independently verify the accuracy of any of the certifications and representations made by the District.

The Code prescribes a number of qualifications that must be met and conditions that must be satisfied in order for the interest on state and local government obligations such as the Bonds to be and remain excluded from gross income for federal income tax purposes. Some of these provisions, including provisions for the rebate by the issuer of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income taxes. The District covenants 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.

Under the Code, the exclusion of interest from gross income for federal income tax purposes can result in certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including among them financial institutions, insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax exempt obligations. The applicability and extent of those or other tax consequences will depend upon the particular tax status or other items of income and expense of the owners of the Bonds. Bond Counsel expresses no opinion regarding such consequences.

Internal Revenue Service Audit Program

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedure. None of the District, the Financial Advisor, Underwriters, Underwriters' Counsel, Special Disclosure Counsel or Bond Counsel is obligated to defend the tax-exempt status of the Bonds. However, the District has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income, except to the extent described above, for the owners thereof for federal income tax purposes. None of the District, the Financial Advisor, Underwriters' Counsel, Special Disclosure Counsel or Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

Original Issue Discount

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

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 lawsuits ask for a declaratory judgment and injunctive relief requiring the adoption of a school finance system to remedy these violations. Neither lawsuit asks for a specific award of damages. No final decisions have been reached in these cases and it is premature to assess what effect, if any, these lawsuits might have on the State's school finance system.

RATINGS

Moody's Investors Service and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, have given the Bonds underlying ratings of Aa2 Underlying and AA, respectively. In addition, Moody's Investors Service has assigned a "Negative Outlook" rating to the Bonds based on the New Mexico School District Enhancement Program. S&P Investor Services has a assigned "Stable" Outlook. These ratings reflect only the views of such rating agencies, 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.

UNDERWRITING

J.P. Morgan Securities LLC, Stifel, Nicolaus & Company, Incorporated, Robert W. Baird & Co. Inc., and Merrill Lynch, Pierce Fenner & Smith, Incorporated (together, the "Underwriters") have agreed to purchase the Bonds from the District pursuant to a Bond Purchase Agreement for the Bonds, dated May 1, 2018 at a price of $125,658,679.45, representing the par amount of the Bonds, plus a net reoffering premium of $15,974,417.00, and less an Underwriters' discount of $315,737.55. The foregoing Bond Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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 opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, approving the legality of the Bonds and relating to the tax-exempt status of the Bonds will be furnished upon issuance of the Bonds. The form of opinion of Bond Counsel is attached hereto as Appendix D. Certain legal matters will be passed upon by Sutin Thayer & Browne, APC, as Special Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP.

CONTINUING DISCLOSURE UNDERTAKING

For the benefit of bondholders and to enable a broker, dealer or municipal securities dealer to comply with requirements of Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission, the District has undertaken to provide to the Municipal Securities Rulemaking Board (the "MSRB") MSRB's Electronic Municipal Market Access ("EMMA"), its audited financial statements and certain financial and operating information and notices of certain enumerated events. The District will provide financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," "THE DISTRICT – Student Enrollment," "FINANCES OF THE EDUCATIONAL PROGRAM-State Equalization Guarantee," "Statement of Net Position", "Statement of Activities", "Balance Sheet-General Fund" and "Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund." The District will update and provide this information no later than March 31 of each year, commencing March 31, 2019, for the fiscal year ending on the preceding June 30. A draft of the Continuing Disclosure Undertaking is attached hereto as Appendix E.

Any or all of such information may be incorporated by reference from other documents, as permitted by the Rule. The annual 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, unaudited financial statements must be provided as part of the annual financial information, and audited financial statements when and if audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting principles and state law requirements, as in effect from time to time. (See Note 1 of the District's audited

financial statements included as Appendix B for a description of the accounting principles currently followed in the preparation of the District's audited annual financial statements.)

If the District changes its fiscal year, it may change the date by which it must provide its annual financial information to a date no later than six months after the end of its new fiscal year. In addition, the District shall provide to EMMA timely notice of any failure to provide required annual financial information on or before the filing date.

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; and 16) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

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 in Appendix E.

Limitations and Amendments

The District may amend its undertaking from time to time without consent of the Bondholders, if the District delivers to EMMA an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect compliance of the undertaking and the District with the Rule (except that no opinion of counsel shall be required with respect to a change in the date by which the annual financial and operating information must be reported resulting from a change in the District's fiscal year). The undertaking will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, the undertaking, or any provision thereof, will be null and void in the event the District delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require the undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds.

Any failure of the District to provide the annual financial information or any material event notice does not constitute an Event of Default with respect to the Bonds, and an action seeking to compel performance of the undertaking shall be the sole remedy in the event the District fails to comply with the undertaking.

For the past five years, the District has complied in all material respects with its existing continuing disclosure agreements in accordance with SEC Rule 15c2-12. The District notes that the otherwise timely filings of the 2016 and 2014 audited financial statements and the 2014 annual continuing disclosure report were not linked to all of the then outstanding CUSIP numbers without filing a notice of late filing with respect to those CUSIPs. The District has implemented procedures to assure compliance with its continuing disclosure agreements.

DISCLOSURE CERTIFICATE

The final certificates included in the transcript of legal proceedings will include the following: At closing the President of the Board, the Superintendent of Schools and the Chief Financial Officer will sign a certificate stating, after reasonable investigation, that to the best of their 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 their knowledge, threatened in any way contesting the completeness or accuracy of this Preliminary Official Statement or the Final Official Statement, (b) this Preliminary Official Statement or the Final Official Statement, as they pertain 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 this Preliminary Official Statement or the date of the Final Official Statement, which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representation concerning the pricing information contained in the Final Official Statement.

ADDITIONAL MATTERS

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

A LAST WORD

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

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

/s/ Dr. David Peercy
President, Board of Education

/s/ Yolanda Montoya-Cordova
Secretary, Board of Education

APPENDIX A

ECONOMIC & DEMOGRAPHIC INFORMATION

General

The District includes 97.7% of Bernalillo County and 2.3% of Sandoval County based on assessed valuation. The District is geographically situated in the center of the State of New Mexico. The District's boundaries encompass all of the City of Albuquerque and the Villages of Tijeras, Los Ranchos de Albuquerque and Corrales. The District covers 1,200 square miles and serves over 100,012 students including charter schools from an estimated population of over 675,000. The District is crossed by Interstate Highways 25 and 40 and is served by the Burlington Northern and Santa Fe Railroad and the Albuquerque Sunport International Airport. The District is also bisected by the Rio Grande, which provides irrigation that continues to support agriculture despite increased urbanization.

The area within the District is part of the Albuquerque Metropolitan Statistical Area ("MSA"). The Albuquerque MSA was redefined in January 1993 to include the Counties of Bernalillo, Sandoval, Torrance and Valencia. The Albuquerque MSA represents the largest commercial and industrial center in the State of New Mexico.

Albuquerque lies at the center of the New Mexico Technology Corridor, a concentration of high-tech private companies and government institutions along the Rio Grande. The city is home to a number of attendant contracting companies, Sandia National Laboratories and Kirtland Air Force Base. It is also home to University of New Mexico, National American University, Trinity Southwest University and the Central New Mexico Community College.

Because of its accessibility and tourist facilities, the area is the gateway for tourism in New Mexico as well as an attraction in its own right. The District includes the historic "Old Town" of Albuquerque, the Sandia Peak ski area, the Sandia Tramway, a number of nationally recognized museums and the Cibola National Forest. Other attractions include the Albuquerque International Balloon Fiesta, the National Hispanic Cultural Center, the Gathering of Nations, and the Expo New Mexico. There are also several Indian pueblos within easy driving distance that draw many tourists because of their historical significance, cultural beauty and Indian arts.

Population

The following chart sets forth historical and projected population data for Albuquerque MSA and the State.

Census Year	Albuquerque MSA	State of New Mexico
1970	373,812	1,017,055
1980	515,776	1,303,143
1990	589,131	1,515,069
2000	729,648	1,819,046
2010	887,077	2,059,179
2018[(1)]	914,476	2,081,363
2023[(2)]	928,921	2,101,278
Projected Growth 2017-2022 [(2)]	*1.58%*	*1.14%*

Source: U.S. Census Bureau: State and County QuickFacts.

1) Estimates. Source: Spotlight, April 2018.

2) Projected. Source: Spotlight, April 2018.

Age Distribution

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

	Percent of Population		
Age Group	Albuquerque MSA	New Mexico	United States
0 - 17	22.70%	23.90%	22.80%
18 - 24	9.06%	9.80%	9.80%
25 - 34	13.93%	13.30%	13.40%
35 - 44	12.75%	11.87%	12.60%
45 - 54	12.30%	11.90%	13.10%
55 and Older	29.26%	29.23%	28.30%

Source: Spotlight, April 2018.

Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by Environics Analytics. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance. During the period shown in the following chart, the estimated median household income level for Albuquerque MSA compares favorably with the United States and has been consistently higher than the State level.

Effective Buying Income Group	Albuquerque MSA	New Mexico	United States
Under $25,000	24.89%	27.27%	20.37%
$25,000 - $34,999	10.07%	10.65%	9.21%
$35,000 - $49,999	13.28%	13.71%	12.87%
$50,000 - $74,999	17.71%	16.84%	17.09%
$75,000 & Over	34.05%	31.51%	40.46%
2013 Est. Median Household Income	$48,494	$43,273	$49,297
2014 Est. Median Household Income	$44,391	$44,292	$51,579
2015 Est. Median Household Income	$48,234	$45,633	$53,706
2016 Est. Median Household Income	$48,792	$45,445	$55,551
2017 Est. Median Household Income	$50,160	$47,043	$57,462
2018 Est. Median Household Income	$52,172	$48,044	$60,133

Source: Spotlight, April 2018.

Gross Receipts

The following table shows the total reported gross receipts generated (both in retail trade only and in total) in Bernalillo and Sandoval counties and the State of New Mexico. For the purposes of this table, gross receipts means the total amount of money received from selling property in the State of New Mexico, from leasing property employed in the State and from performing services in the State. Gross receipts includes, among other things, food sales and services such as legal and medical services.

Total Reported Gross Receipts Tax

Fiscal Year	Bernalillo County (000's) Retail	Bernalillo County (000's) Total	Sandoval County (000's) Retail	Sandoval County (000's) Total	State of New Mexico (000's) Retail	State of New Mexico (000's) Total
2013	$7,966,069,520	$32,177,603,512	$658,770,730	$2,380,080,637	$24,239,671,094	$108,060,633,566
2014	7,905,375,913	32,072,875,986	609,814,818	2,228,067,638	24,395,913,091	107,584,699,938
2015	9,079,529,699	36,644,382,216	772,296,981	2,710,403,930	27,481,308,472	119,726,977,705
2016	7,806,237,958	30,580,482,994	660,379,314	2,273,283,147	22,518,102,315	96,183,909,032
2017	7,835,203,261	30,920,849,094	637,620,925	2,236,644,128	22,390,695,699	95,100,482,944

Source: New Mexico Taxation & Revenue Department.

Employment

The following table, derived from information supplied by the New Mexico Department of Workforce Solutions, presents information on employment within the Albuquerque MSA, the State and United States, for the periods indicated. The annual unemployment figures indicate average rates for the entire year and does not reflect monthly or seasonal trends.

Year [1]	Albuquerque MSA Labor Force	Albuquerque MSA %Unemployed	State of New Mexico Labor Force	State of New Mexico %Unemployed	United States %Unemployed
2018 [2]	432,506	5.00%	934,178	5.80%	4.40%
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%
2009	404,223	7.80%	940,352	7.50%	9.30%
2008	407,340	4.60%	944,548	4.50%	5.80%

1) - Numbers are annual averages.

2) - Data for the month of February 2018. Numbers are Preliminary

Source: U.S. Bureau of Labor Statistics, April 2018

Non-Agricultural Wage and Salary Employment by Major Sector

The New Mexico Department of Workforce Solutions publishes reports of non-agricultural wages and salary employment according to the North American Industry Classification System ("NAICS"). Detailed below is the report for Albuquerque MSA.

Bernalillo County	2012	2013	2014	2015	2016	2017[1]
Total Private	245,591	247,921	251,698	255,604	254,327	260,043
Accommodation and Food Services	29,804	30,563	31,816	32,738	32,226	33,154
Administrative and Waste Services	20,554	20,929	20,571	20,039	19,129	19,653
Agriculture, Forestry, Fishing & Hunting	148	150	164	185	199	213
Arts, Entertainment, and Recreation	3,658	3,747	3,727	3,990	3,581	4,139
Construction	16,292	16,794	17,211	17,377	17,585	18,338
Educational Services	4,553	4,516	4,779	4,874	4,848	4,866
Finance and Insurance	9,542	10,064	10,441	10,784	10,862	11,065
Health Care and Social Assistance	43,374	44,268	45,574	47,059	48,446	48,877
Information	7,206	6,994	6,867	7,243	6,664	7,404
Management of Companies and Enterprises	3,170	3,162	3,182	3,329	3,478	3,450
Manufacturing	12,609	12,443	12,331	12,428	12,479	12,588
Mining	169	174	119	99	89	115
Other Services, Ex. Public Admin	9,060	8,634	8,714	8,586	8,465	8,800
Professional and Technical Services	27,123	26,787	27,358	27,554	27,821	28,230
Real Estate and Rental and Leasing	4,700	4,677	4,538	4,616	4,647	4,687
Retail Trade	35,156	35,735	35,895	36,211	35,497	36,017
Transportation and Warehousing	6,830	6,868	6,740	6,818	6,719	6,847
Utilities	682	780	795	789	821	849
Wholesale Trade	10,959	10,636	10,878	10,886	10,771	10,750
Government	63,554	63,539	62,912	63,348	64,788	64,528
Total	**309,145**	**311,460**	**314,610**	**318,952**	**319,115**	**324,571**

(1) Data as of Third Quarter of 2017

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

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

Major Employers

The following are the largest employers located in the Albuquerque MSA:

Employer	Business	# of Employees
Albuquerque Public Schools	Education	14,810
Kirtland Air Force Base*	Government	10,125
Sandia National Labs	Science-Based Technology and Research	9,852
Presbyterian	Healthcare	7,310
UNM Hospital	Healthcare	6,021
City of Albuquerque	Government	5,500
State of New Mexico	Government	4,950
University of New Mexico	Education	4,210
Lovelace Health Systems	Healthcare	4,000
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

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

Source: Albuquerque Economic Development, Data as of April 2018

APPENDIX B

AUDITED FINANCIAL STATEMENTS – JUNE 30, 2017

NOTICE
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
Bernalillo and Sandoval Counties, New Mexico

$110,000,000* - General Obligation School Building Bonds, Series 2018 (the "Bonds")

Preliminary Official Statement, subject to completion,
Dated April 23, 2018

The Preliminary Official Statement, dated April 23, 2018 (the "Preliminary Official Statement") relating to the above described Series 2018 Bonds (the "Bonds") of the Albuquerque Municipal School District No. 12 (the "Issuer" or the "District"), has been posted on the internet as a matter of convenience. Paper copies of the Preliminary Official Statement are available from the Issuer by contacting the lead underwriter J.P. Morgan Securities LLC (303) 244-3384 or RBC Capital Markets, LLC, at (505) 872-5999. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat 11.0). Although this format should replicate the Preliminary Official Statement available from the Issuer, its appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat 11.0 may cause the Preliminary Official Statement that you view or print to differ in format from the Preliminary Official Statement.

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

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

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

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

<u>Preliminary Official Statement dated April 23, 2018</u>

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 23, 2018

ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
Bernalillo and Sandoval Counties, New Mexico

$110,000,000* - General Obligation School Building Bonds, Series 2018 (the "Bonds")

NEW ISSUE
Book-Entry Only

Moody's Rating: Applied for
S & P Rating: Applied for

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

THE BONDS: The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry only form, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of Bonds 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, 2019. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Registrar/Paying Agent. Disbursements of such payments to DTC Participants are the responsibility of DTC. See "The Book-Entry-Only System" in Appendix C. BOKF, N.A., Albuquerque, New Mexico, or its successor is the Registrar/Paying Agent for the Bonds.

OPTIONAL REDEMPTION: The Bonds are subject to redemption prior to maturity as provided herein.

SECURITY: The Bonds are general obligations of the District, payable out of general (ad valorem) property taxes which are required to be levied against all taxable property in the District without limitation as to rate or amount.

BOND AND TAX OPINION: In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants in the documents relating to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes, and the interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. Bond Counsel is further of the opinion that the Bonds and the income from the Bonds are exempt from all taxation by the State of New Mexico (the "State") or any political subdivision of the State. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds. Sutin, Thayer & Brown, APC is serving as Special Disclosure Counsel to the District.

DELIVERY: When, as and if issued, through DTC's facilities, on or about June 6, 2018 (the "Date of Delivery").

DATED DATE: Date of Delivery.

DUE DATE: August 1, as shown on the following page.

J.P. Morgan

STIFEL BAIRD BofA Merrill Lynch

Preliminary, subject to change.

Albuquerque Municipal School District No. 12

GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2018*

Maturing (August 1)	Principal	Interest Rate	Yield	Cusip**# 013595
2019	$4,500,000			
2020	2,000,000			
2021	2,000,000			
2022	1,000,000			
2023	6,700,000			
2024	6,700,000			
2025	6,700,000			
2026	6,700,000			
2027	6,700,000			
2028	6,700,000			
2029	6,700,000			
2030	6,700,000			
2031	6,700,000			
2032	6,700,000			
2033	6,700,000			
2034	6,700,000			
2035	6,700,000			
2036	6,700,000			
2037	6,700,000			

* - *Preliminary, subject to change.*

** - CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Issuer, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

ISSUER

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Bernalillo County, New Mexico
P.O. Box 25704 (87125)
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Member: Elizabeth Armijo

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Chief Operations Officer: Scott Elder
Chief Financial Officer: Tami Coleman

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333 S. Hope Street, Suite 2310
Los Angeles, California 90071
(213) 345 - 9575

A Few Words About Official Statements

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

MARKET STABILIZATION

In connection with this Official Statement, the Underwriters may over-allot or effect transactions which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are 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 District and other reliable sources have provided information for this Official Statement, with the goal of providing disclosure to investors which meets legal requirements.

Sutin, Thayer & Browne, APC is serving as special disclosure counsel to the District, has assisted in the preparation of the Official Statement, has reviewed its contents, and has participated in conferences with representatives of the District, Financial Advisor, Bond Counsel, the Underwriters, and Underwriters' Counsel to issue disclosure counsel opinion. 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 and special disclosure counsel for services rendered in connection with the issuance of the Bonds is contingent 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 by reference 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
Albuquerque Municipal School District
P.O. Box 25704 (87125)
6400 Uptown Blvd. NE, 6E
Albuquerque, New Mexico 87110
Attn: Tami Coleman

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

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Albuquerque Municipal School District No. 12
Bernalillo and Sandoval Counties, New Mexico

$110,000,000* – General Obligation School Building Bonds, Series 2018

INTRODUCTION

Thank you for your interest in learning more about the $110,000,000* Albuquerque Municipal School District No. 12 (the "District") General Obligation School Building Bonds, Series 2018 (the "Series 2018 Bonds" or the "Bonds"). This Official Statement will tell you about the Bonds, the resolution authorizing the Bonds adopted by the Board of Education (the "Board") of the District on March 21, 2018 and the pricing certificate setting forth certain terms of the Bonds pursuant to such resolution (collectively, the "Bond Resolution") their security and the risks involved in an investment in the Bonds.

Although the District has approved this Official Statement, it 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 encompasses almost all of Bernalillo County and a portion of Sandoval County (the "Counties"). Both Counties are centrally located in New Mexico. The District's boundaries encompass all of the City of Albuquerque and the Villages of Tijeras, Los Ranchos and Corrales. The District's 2017 assessed valuation is $16,388,834,729. The District had an enrollment of 84,484 students for the 2017-2018 school year based on the 40th day count. There are 56 charter schools operating within the District's boundaries with 15,528 students attending in the 2017-18 school year based on the 40th day count. See "THE DISTRICT."

Security

The Bonds are general obligations of the District and paid from ad valorem taxes that are levied against all taxable property within the District without limitation as to rate or amount. Neither the State nor the Counties have any responsibility to pay the debt service on the Bonds.

Plan of Finance

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

The Bonds represent $110* million of $200 million in bonds authorized by voters at an election held on February 2, 2016. After the issuance of the Bonds $15* million in bonds authorized by the voters at such election will remain unissued.

Limited Role of Auditors

This document presents information from District records and other sources including a portion of the audited financial statements of the District for the year ended June 30, 2017, contained in Appendix B.

CliftonLarsonAllen, LLP, the District's independent auditor, has not been engaged to perform and has not performed, since the date of the report included herein, any procedures on the financial statements addressed in that report. It also has not performed any procedures relating to this Official Statement.

** Preliminary, subject to change.*

Selected Debt Ratios

2017 Assessed Valuation	$16,388,834,729
2017 Actual Valuation [(1)]	$60,110,601,570
District General Obligation Debt Outstanding (including the Bonds & Notes)	$677,790,000
District Net General Obligation Debt	$644,608,429 *
Estimated Direct & Overlapping G/O Debt	$1,478,166,768
District Net Debt as a % of	
Assessed Valuation	3.93%
Estimated Actual Valuation	1.07%
Direct & Overlapping Debt as % of	
Assessed Valuation	9.02%
Estimated Actual Valuation	2.46%
Estimate Population [(2)]	676,685
District Net Debt Per Capita	$952.60
Direct & Overlapping Debt Per Capita	$2,184.42

**Preliminary, subject to change.*

1) - Actual valuation is computed by adding the exemptions to the assessed valution and multiplying by three.

2) Source: the District

THE BONDS

New Mexico law enables the District to issue the Bonds pursuant to Section 6-15-311 through Section 6-15-22, NMSA, 1978. The New Mexico Attorney General will provide an approval as to the form and legality with respect to the Bonds as required under Section 22-18-9 NMSA.

General Terms and Description of the Bonds

The Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside front cover of this Official Statement. All Bonds are fully registered in denominations of $5,000 or integral multiples thereof in conformance with the Constitution and laws of the State and pursuant to the Bond Resolution. The Bonds will be issued as book-entry-only obligations and bond payments are made 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.

Bond Registrar and Paying Agent

BOKF, N.A., Albuquerque, New Mexico will serve as Registrar and Paying Agent for the Bonds. 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.

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[*] *Preliminary, subject to change.*

Optional Prior Redemption

The Bonds maturing on or after August 1, 2029* may be redeemed prior to their scheduled maturities on August 1, 2028*, 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 30 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 those Bonds, and their owners' only right will be to receive payment of the redemption price upon surrender of those Bonds to the Registrar.

Record Date

The Record Date for the Bonds with respect to any interest payment date is the 15th day of the month (whether or not a business day) immediately preceding the interest payment date. The person in whose name any Bond is registered on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding any transfer or exchange thereof subsequent to such Record Date and prior to such interest payment date.

Transfers and Exchanges

Registered Bond owners may surrender and transfer their Bonds, in person or by duly authorized attorney, at the office of the Paying Agent and Registrar. They must complete an approved transfer form and pay any taxes or governmental charges which apply to the transfer. As explained on the following page, while DTC is the securities depository for the Bonds, it will be the sole registered owner of the Bonds.

**Preliminary, subject to change.*

Defeasance

The Bonds may be defeased prior to the maturity as provided by State law, including particularly Section 6-15-22 NMSA 1978.

SECURITY AND REMEDIES

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

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

Limitations of Remedies

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may need 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 2018 Bonds**
Par amount	
Net Premium	
Total	

Uses	
Deposit to Project Fund	
Costs of Issuance (other than Underwriters' Discount)	
Underwriters' Discount	
Total	

NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

The New Mexico legislature amended NMSA 1978, Section 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 the school district indicates that it will not make the payment by the date on which it is due, the New Mexico Department of Finance and Administration ("DFA") shall forward the amount in immediately available funds necessary to make the payment due on the bonds to the paying agent from the current fiscal year's undistributed State Equalization Guarantee ("SEG") distribution to that school district and, if not otherwise repaid by the school district from other legally available funds, withhold the distributions from the school district until the amount has been recouped by the DFA, provided that, if the amount of the undistributed SEG distribution in the current fiscal year is less than the payment due on the bond, the DFA shall:

(1) forward in immediately available funds to the paying agent an amount equal to the total amount of the school district's undistributed SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold all distributions to the school district for the remainder of the fiscal year; and

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

This provision applies to all New Mexico school districts.

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

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

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 reflects the State of New Mexico's recent rating downgrade and outlook.

The Moody's rating for the New Mexico School District Enhancement Program is Aa2 (negative outlook).

By request, Moody's will assign the Aa2 rating to school district bonds upon verification of a requirement in the authorizing bond resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program.

DEBT AND OTHER FINANCIAL OBLIGATIONS

Article IX, Section 11 of the New Mexico Constitution limits the powers of a district to incur general obligation debt extending beyond the fiscal year. A district can incur such debt for the purpose of erecting, remodeling, making additions to and furnishing school buildings or purchasing or improving school grounds, to purchase computer software and hardware for student use in public schools, to provide 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 such 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 issuance of refunding bonds is not subject to the 6% debt limitation and is not subject to a vote of the qualified electors of the district.

The assessed valuation of taxable property within the District is $16,388,834,729 for tax year 2017, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division. Generally, the maximum general obligation indebtedness of the District may not exceed 6% of the assessed valuation or $983,330,084.

After the Bonds are issued, the ratio of total net outstanding general obligation debt of the District to the 2017 assessed valuation is summarized below:

2017 Assessed Valuation	$16,388,834,729
2017 Actual Valuation [1]	$60,110,601,570
Total Bonded Debt Outstanding (Including the Bonds & Notes)	$677,790,000
Less Estimated Debt Service Fund Balance [2,3]	33,181,571
NET DEBT	$644,608,429
Ratio of Estimated Net Debt to 2017 Assessed Valuation:	3.93%
Ratio of Estimated Net Debt to 2017 Actual Valuation:	1.07%
Per Capita Net Bonded Debt:	$952.60
Est. Population [3]:	676,685

1) - Actual valuation is computed by adding the exemptions to the assessed valution and multiplying by three.

2) - As of 4/2/2018, the debt service cash balance for the Bonds and Notes was $33,181,571. The amount attributable to principal reduction is 65%

3) Source: The District.

*Preliminary, subject to change.

Outstanding Debt

The District has issued debt ("Outstanding Debt") in the past for various capital improvements and has never defaulted in the payment of any of its debt or other obligations. Listed below is the District's total general obligation debt outstanding including the Bonds.

	Original Amount Issued	Final Maturity	Principal Outstanding	
Series 2004 QZAB	$4,625,000	08/01/20	$4,625,000	(1)
Series 2006 QZAB	7,160,000	08/01/20	7,160,000	(1)
Series 2009A	124,700,000	08/01/22	17,000,000	
Series 2009C - QSCBs	14,300,000	08/01/24	14,300,000	
Series 2009D Ref	16,800,000	08/01/18	3,260,000	
Series 2010A	85,410,000	08/01/21	37,750,000	
Series 2010B - QSCBs	32,690,000	08/01/27	32,690,000	
Series 2010C - BABs	31,900,000	08/01/24	31,900,000	
Series 2012 Ref	39,670,000	08/01/21	19,570,000	
Series 2013A	43,400,000	08/01/29	29,000,000	
Series 2014 - ETNs	15,000,000	08/01/19	4,500,000	
Series 2014A	75,000,000	08/01/29	64,900,000	
Series 2014B Ref	94,305,000	08/01/23	81,450,000	
Series 2015	70,000,000	08/01/30	65,600,000	
Series 2017	100,000,000	08/01/33	91,100,000	
Series 2017 - ETNs	15,000,000	08/01/21	14,850,000	
Series 2017A	48,135,000	08/01/22	48,135,000	
The Bonds (2)	110,000,000	08/01/37	110,000,000	
	$928,095,000		$677,790,000	

1) An irrevocable escrow account has been established to pay the principal in 2020 for the Series 2004 General Obligation Qualified Zone Academy Bonds ("QZABs") of $4,625,000 and Series 2006 QZABs of $7,160,000. The District makes semi-annual payments of $111,255 and $199,641, respectively, for the 2004 and 2006 QZABs.

2) Preliminary, subject to change.

Note: The District has a Lease Purchase Arrangement outstanding with the New Mexico Finance Authority ("NMFA") in the amount of $2,338,151 for the purchase of a building facility occupied by DATA Charter School which receives annual appropriations from the State. The District has entered into a sublease agreement with DATA Charter School whereby the proceeds from the sublease with DATA Charter School will be used by the District to pay the lease purchase payments to NMFA. This outstanding loan with NMFA is not considered general obligation debt.

Debt Service Requirements by Maturity

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

	Current G/O Bonds Requirements [1]			Series 2018 - G/O Bonds*			Total G/O Bonds Requirements*			Principal	
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Outstanding	Cumulative
2018	$44,050,000	$12,098,633	$56,148,633				$44,050,000	$12,098,633	$56,148,633	$44,050,000	6.81%
2019	42,470,000	22,272,366	64,742,366	$4,500,000	$5,706,250	$10,206,250	46,970,000	27,978,616	74,948,616	46,970,000	14.08%
2020	45,940,000	20,542,866	66,482,866	2,000,000	4,747,500	6,747,500	47,940,000	25,290,366	73,230,366	47,940,000	21.49%
2021	47,850,000	17,824,075	65,674,075	2,000,000	4,657,500	6,657,500	49,850,000	22,481,575	72,331,575	49,850,000	29.20%
2022	51,385,000	15,808,400	67,193,400	1,000,000	4,567,500	5,567,500	52,385,000	20,375,900	72,760,900	52,385,000	37.30%
2023	43,670,000	13,343,150	57,013,150	6,700,000	4,522,500	11,222,500	50,370,000	17,865,650	68,235,650	50,370,000	45.09%
2024	40,550,000	11,560,650	52,110,650	6,700,000	4,221,000	10,921,000	47,250,000	15,781,650	63,031,650	47,250,000	52.40%
2025	33,500,000	9,986,050	43,486,050	6,700,000	3,919,500	10,619,500	40,200,000	13,905,550	54,105,550	40,200,000	58.61%
2026	36,000,000	8,433,550	44,433,550	6,700,000	3,618,000	10,318,000	42,700,000	12,051,550	54,751,550	42,700,000	65.21%
2027	37,190,000	6,789,550	43,979,550	6,700,000	3,316,500	10,016,500	43,890,000	10,106,050	53,996,050	43,890,000	72.00%
2028	34,825,000	5,086,000	39,911,000	6,700,000	3,015,000	9,715,000	41,525,000	8,101,000	49,626,000	41,525,000	78.42%
2029	34,825,000	3,551,000	38,376,000	6,700,000	2,713,500	9,413,500	41,525,000	6,264,500	47,789,500	41,525,000	84.85%
2030	20,500,000	2,016,000	22,516,000	6,700,000	2,412,000	9,112,000	27,200,000	4,428,000	31,628,000	27,200,000	89.05%
2031	8,000,000	1,116,000	9,116,000	6,700,000	2,110,500	8,810,500	14,700,000	3,226,500	17,926,500	14,700,000	91.32%
2032	8,000,000	716,000	8,716,000	6,700,000	1,809,000	8,509,000	14,700,000	2,525,000	17,225,000	14,700,000	93.60%
2033	7,900,000	316,000	8,216,000	6,700,000	1,507,500	8,207,500	14,600,000	1,823,500	16,423,500	14,600,000	95.86%
2034				6,700,000	1,206,000	7,906,000	6,700,000	1,206,000	7,906,000	6,700,000	96.89%
2035				6,700,000	904,500	7,604,500	6,700,000	904,500	7,604,500	6,700,000	97.93%
2036				6,700,000	603,000	7,303,000	6,700,000	603,000	7,303,000	6,700,000	98.96%
2037				6,700,000	301,500	7,001,500	6,700,000	301,500	7,001,500	6,700,000	100.00%
Total	**$536,655,000**	**$151,460,290**	**$688,115,290**	**$110,000,000**	**$55,858,750**	**$165,858,750**	**$646,655,000**	**$207,319,040**	**$853,974,040**	**$646,655,000**	

**Preliminary, subject to change.*

1) Principal in 2020 excludes Series 2004 General Obligation Qualified Zone Academy Bonds ("QZABs") of $4,625,000 and Series 2006 QZABs of $7,160,000 for which an irrevocable escrow account has been established. The District makes semi-annual payments of $111,255 and $199,641, respectively, for the 2004 and 2006 QZABs which in part includes gross interest cost, and is included in the Total Debt Service Requirements. The District issued its 2010B Taxable Qualified School Construction Bonds and its 2010C Taxable Build America Bonds for which interest is subsidized by the IRS.

	Series 2014 - G/O Ed Tech Notes			Series 2017 - G/O Ed Tech Notes			Total ETN Requirements			Principal	
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Retired	Cumulative
2018	$2,250,000	$78,750	$2,328,750	$3,750,000	$371,250	$4,121,250	$6,000,000	$450,000	$6,450,000	6,000,000	31.01%
2019	2,250,000	90,000	2,340,000	3,750,000	555,000	4,305,000	6,000,000	645,000	6,645,000	6,000,000	62.02%
2020				3,750,000	367,500	4,117,500	3,750,000	367,500	4,117,500	3,750,000	81.40%
2021				3,600,000	180,000	3,780,000	3,600,000	180,000	3,780,000	3,600,000	100.00%
Total	**$4,500,000**	**$168,750**	**$4,668,750**	**$14,850,000**	**$1,473,750**	**$16,323,750**	**$19,350,000**	**$1,642,500**	**$20,992,500**	**$19,350,000**	

The Budget Control Act of 2011 has had an impact on the cash flow from federal funds. Sequestration reductions went into effect March 1, 2013. The 2018 sequestration percentage is 6.6%. Overall the District does not anticipate that sequestration will have a material impact on debt service cash flows.

Authorized but Unissued Bonds

After this issuance, the District will have $15,000,000* of authorized but unissued general obligation bonds remaining from an election held on February 2, 2016. The District anticipates the issuance of the remaining amount in early-to-mid 2019.

**Preliminary, subject to change.*

Statement of Estimated Direct and Overlapping Debt

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

Entity	2017 Assessed Value	G/O Debt Outstanding [1]	Percent Applicable	Amount
State of New Mexico	$57,173,515,395	$475,735,000	28.67%	$136,369,825
City of Albuquerque	13,251,141,812	433,601,000	100.00%	433,601,000
Bernalillo County	16,116,114,678	107,510,000	98.34%	105,720,969
Sandoval County	3,477,523,540	13,850,000	2.09%	288,970
Central New Mexico Community College	18,611,631,378	90,340,000	88.06%	79,550,648
Village of Los Ranchos	265,317,446	2,665,000	100.00%	2,665,000
Albuquerque Metropolitan Arroyo Flood Control Authority	15,264,359,979	42,125,000	100.00%	42,125,000
S. Sandoval County AFCA	2,607,410,222	19,088,480	0.29%	55,357
Albuquerque MSD #12	16,388,834,729	677,790,000 [3]	100.00%	677,790,000 [3]
Total Direct & Overlapping Debt				**$1,478,166,768**

Ratio of Estimated Direct & Overlapping Debt to 2017 Assessed Valuation:	9.02%
Ratio of Estimated Direct & Overlapping Debt to 2017 Actual Valuation [2]:	2.46%
Per Capita Direct & Overlapping Debt:	$2,184.42

1) As of 3/28/2018.

2) Actual valuation is computed by adding the exemptions to the assessed valution and multiplying by three.

Source: Bernalillo and Sandoval County Assessor's Office and individual entities.

3) Preliminary, subject to change

TAX BASE

Analysis of Assessed Valuation

Assessed Valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33-1/3% is legally subject to ad valorem taxes. After deduction of certain personal exemptions, the 2017 assessed valuation is $16,388,834,729. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor. The actual value of certain property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of Assessed Valuation follows.

	2013	2014	2015	2016	2017
Assessments					
Value of Land	$ 5,952,979,105	$5,998,412,077	$ 6,074,923,232	$ 6,096,679,421	$ 6,223,307,391
Improvements	11,309,860,160	11,586,717,135	11,879,356,387	12,310,560,860	12,774,759,956
Personal Property	410,972,559	423,964,859	439,684,411	456,199,122	479,171,815
Mobile Homes	48,070,176	47,500,004	45,914,324	46,375,126	46,287,592
Livestock	1,048,857	1,001,787	1,689,431	1,292,204	1,226,533
Assessor's Total Valuation	**$ 17,722,930,857**	**$ 18,057,595,862**	**$ 18,441,567,785**	**$ 18,911,106,733**	**$ 19,524,753,287**
Less Exemptions					
Head of Family	$ 198,649,431	$198,923,200	$ 202,130,886	$ 201,459,476	$ 200,772,466
Veterans	271,467,283	279,185,992	293,349,048	305,793,498	107,534,253
Other	2,967,147,829	2,970,475,406	3,057,255,810	3,057,094,284	3,339,725,742
Total Exemptions	**$ 3,437,264,543**	**$ 3,448,584,598**	**$ 3,552,735,744**	**$ 3,564,347,258**	**$ 3,648,032,461**
Assessors Net Valuation	$ 14,285,666,314	$ 14,609,011,264	$ 14,888,832,041	$ 15,346,759,475	$ 15,876,440,639
Centrally Assessed	471,532,736	486,445,306	485,801,905	502,727,065	512,394,090
Total Assessed Valuation	**$ 14,757,199,050**	**$ 15,095,456,570**	**$ 15,374,633,946**	**$ 15,849,486,540**	**$ 16,388,834,729**

	2013	2014	2015	2016	2017
Residential	$ 10,933,360,182	$ 11,248,957,181	$ 11,545,459,995	$ 12,007,217,036	$ 12,529,082,860
Non-Residential	3,823,838,868	3,846,499,389	3,829,173,951	3,842,269,504	3,859,751,869
Total	**$ 14,757,199,050**	**$ 15,095,456,570**	**$ 15,374,633,946**	**$ 15,849,486,540**	**$ 16,388,834,729**

Cross County Assessed Valuation

	2013	2014	2015	2016	2017
Bernalillo County	$ 14,413,800,252	$ 14,743,206,829	$ 15,025,763,997	$ 15,495,589,301	$ 16,015,432,218
Sandoval County [1]	343,398,798	352,249,741	348,869,949	353,897,239	373,402,511
Total	**$ 14,757,199,050**	**$ 15,095,456,570**	**$ 15,374,633,946**	**$ 15,849,486,540**	**$ 16,388,834,729**

1) Portion of Corrales located in Sandoval County (2A-In Corrales & 2AC - Albuquerque/Corrales).

Source: Bernalillo and Sandoval Counties Assessor's Offices.

History of Assessed Valuation

Listed below is a 5-year history of assessed valuation for the District compared with Bernalillo County and Sandoval County. The tax base of the District has increased 11.06% since 2013 compared with a 9.75% increase for Bernalillo County and a 4.74% increase for Sandoval County.

Tax Year	District AV	% Change Over Previous Year	Bernalillo County AV	% Change Over Previous Year	Sandoval County AV	% Change Over Previous Year
2013	$14,757,199,050	0.76%	$14,504,259,537	0.76%	$3,181,176,419	0.03%
2014	15,095,456,570	2.29%	14,835,047,140	2.28%	3,207,733,623	0.83%
2015	15,374,633,946	1.85%	15,119,077,244	1.91%	3,225,666,344	0.56%
2016	15,849,486,540	3.09%	15,592,904,243	3.13%	3,302,617,578	2.39%
2017	16,388,834,729	3.40%	15,918,189,100	2.09%	3,331,905,200	0.89%

Source: Bernalillo and Sandoval Counties Assessor's Offices.

Major Taxpayers

As highlighted in the table below, the ten largest taxpayers in the District for tax year 2017 have a combined assessed valuation of $428,724,884 which represents 2.62% of the District's total 2017 assessed valuation.

Taxpayer	Business	2017 AV	% of Total A.V.
Public Service Co. of New Mexico	Electric Utility	$218,778,124	1.33%
QWest Communications	Telecommunications	45,914,080	0.28%
Gas Company of New Mexico	Gas Utility	41,793,719	0.26%
Comcast	Cable Provider	33,780,329	0.21%
Verizon	Wireless Communications	21,813,098	0.13%
Southwest Airlines	Airline	16,215,651	0.10%
AT&T	Telecommunications	15,441,237	0.09%
BN&SF	Railroad	13,773,028	0.08%
GCC Rio Grande	Concrete Supplier	12,190,151	0.07%
T-Mobile	Wireless Communications	9,025,467	0.06%
Top Ten Centrally and Locally Assessed Values		**$428,724,884**	**2.62%**

Source: Bernalillo County Assessor's Office.

School Tax Rates

The following table summarizes the historical school tax levies on residential and non-residential property within the District since the 2013 tax year (2013-14 fiscal year). In February 2016, voters re-authorized the Public School Buildings Act levy (the "HB33" levy) at $3.838 for residential property for property tax years 2016 through 2021. On February 5, 2013, voters authorized the Public School Capital Improvements Tax Levy (the "Two Mill Levy") for property tax years 2013 through 2018. It is anticipated the District will call an election in 2019 to reauthorize the Two Mill Levy.

	Operational		Two Mill Levy		HB 33 Levy		Debt Service [1]			Total	
Tax Year	Residential	Non-Residential	Residential	Non-Residential	Residential	Non-Residential	GO Bonds	Ed Tech Notes	Combined Debt Service	Residential	Non-Residential
2017	$0.266	$0.500	$1.821	$2.000	$3.787	$4.344	$4.101	$0.384	$4.485	$10.359	$11.329
2016	0.270	0.500	1.940	2.000	3.838	4.344	4.061	0.378	4.439	10.487	11.283
2015	0.275	0.500	1.982	2.000	3.838	4.344	4.089	0.347	4.436	10.531	11.280
2014	0.276	0.500	1.983	2.000	3.841	4.344	3.787	0.644	4.431	10.531	11.275
2013	0.278	0.500	2.000	2.000	3.874	4.344	3.883	0.430	4.313	10.465	11.157

(1) The debt service tax rate is the same for residential and non-residential property.

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 status on residential property in Bernalillo County for tax year 2017 and the previous four years. A high level of taxation may impact the District's ability to repay the Bonds.

Within 20 Mill Limit for General Purposes

Total Levy	2013	2014	2015	2016	2017
State of New Mexico	$0.000	$0.000	$0.000	$0.000	$0.000
Bernalillo County	7.320	7.254	7.245	7.286	7.198
City of Albuquerque	6.544	6.494	6.493	6.339	6.241
AMAFCA [1]	0.179	0.177	0.177	0.173	0.171
Albuquerque MSD # 12	0.278	0.276	0.275	0.270	0.266
Total	**$14.321**	**$14.201**	**$14.190**	**$14.068**	**$13.876**

Over 20 Mill Limit - Interest, Principal, Judgment, etc.

State of New Mexico	$1.360	$1.360	$1.360	$1.360	$1.360
Bernalillo County	1.259	1.277	1.476	1.275	1.265
City of Albuquerque	4.976	4.976	4.976	4.976	4.976
AMAFCA [1]	0.675	0.675	0.675	0.675	0.675
Albuquerque MSD #12	10.187	10.255	10.256	10.217	10.186
UNM Hospital	6.400	6.342	6.334	6.198	6.400
Central New Mexico Community College	3.392	3.377	3.381	3.776	3.789
Total	**$28.249**	**$28.262**	**$28.458**	**$28.477**	**$28.651**

TOTAL LEVY

	2013	2014	2015	2016	2017
State of New Mexico	$1.360	$1.360	$1.360	$1.360	$1.360
Bernalillo County	8.579	8.531	8.721	8.561	8.463
City of Albuquerque	11.520	11.470	11.469	11.315	11.217
AMAFCA [1]	0.854	0.852	0.852	0.848	0.846
Albuquerque MSD #12	10.465	10.531	10.531	10.487	10.452
UNM Hospital	6.400	6.342	6.334	6.198	6.400
Central New Mexico Community College	3.392	3.377	3.381	3.776	3.789
Total Residential	**$42.570**	**$42.463**	**$42.648**	**$42.545**	**$42.527**
Total Non-Residential	**$45.995**	**$46.132**	**$46.336**	**$46.788**	**$47.985**
Village of Corrales [2]					
Residential	$31.255	$30.911	31.393	31.966	27.329
Non-Residential	$38.361	$37.864	39.126	39.797	34.941
Village of Los Ranchos					
Residential	$31.195	$31.141	$31.327	$31.382	$31.464
Non-Residential	$35.475	$35.612	$35.816	$36.268	$36.313
Village of Tijeras					
Residential	$31.055	$30.996	$31.168	$31.250	$31.335
Non-Residential	$36.700	$36.837	$37.041	$37.493	$37.538

(1) Albuquerque Metropolitan Arroyo Flood Control Authority.

(2) Sandoval County.

Source: New Mexico Department of Finance & Administration.

Yield Control Limitation

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

Developments Limiting Residential Property Tax Increases

Section 7-36-21.2 NMSA 1978 annual residential property valuation increases are limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply:

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year;
3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
4. When a change occurs in the zoning or use of the property; and
5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978.

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

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

Tax Collections

General (ad valorem) taxes 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 installment 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 each county treasurer collects taxes are presented below:

Bernalillo County

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
2017	17/18	$685,569,620	$398,985,560	58.20%	$398,985,560	58.20%
2016	16/17	663,107,919	642,661,947	96.92%	652,818,342	98.45%
2015	15/16	641,680,120	621,125,053	96.80%	636,030,335	99.12%
2014	14/15	626,867,177	606,258,064	96.71%	625,118,199	99.72%
2013	13/14	613,831,380	593,530,750	96.69%	612,260,314	99.74%

1) Current collections through June 30 of each year.

2) As of February 2018.

Source: Bernalillo County Treasurer's Office.

Sandoval County

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
2017	17/18	$114,699,654	$67,303,009	58.68%	$67,303,009	58.68%
2016	16/17	124,318,657	120,420,512	96.86%	122,360,494	98.42%
2015	15/16	119,044,771	115,023,384	96.62%	117,783,053	98.94%
2014	14/15	115,903,449	111,651,378	96.33%	115,287,645	99.47%
2013	13/14	115,598,061	110,756,348	95.81%	115,126,924	99.59%

1) Current collections through June 30 of each year.

2) As of February 2018.

Source: Sandoval County Treasurer's Office.

Interest on Delinquent Taxes

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

Penalty for Delinquent Taxes

Pursuant to Section 7-38-50 NMSA 1978, if property taxes become delinquent, a penalty of one percent (1%) of the delinquent tax for each month, or any portion of a month, they remain unpaid shall be imposed, but the total penalty shall not exceed five percent (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 an intent to defraud by the property owner, fifty percent (50%) of the property tax due or fifty dollars ($50.00), whichever is greater, shall be added as a penalty.

Remedies Available for Non-Payment of Taxes

Pursuant to Section 7-38-47 NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on 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 Section 7-38-65 NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to Section 7-38-53 NMSA 1978, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property for 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 the school-age children residing within its boundaries.

Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover 1,200 square miles with an estimated population of 676,685.

The District is the 34th largest school district in the country and the largest school district in the State with over 100,012 public school students in the area, including those who attend charter schools. The District operates 140 school sites - 88 elementary schools, 27 middle schools, one K-8 school, 13 high schools and 11 schools of choice. In addition, there are 29 District authorized charter schools and 27 State authorized charter schools for a total of 56 charter schools within the District. The District's educational program also includes vocational, technical and occupational training. In addition, the District is responsible for the educational instruction of students in the following institutions: Bernalillo County Detention Center; Bernalillo County Juvenile Detention Center; Family School and Hogares Youth Home. The District employs over 12,000 FTE employees and is one of the largest employers in the Albuquerque MSA.

See sections "INTRODUCTORY SECTION – Letter of Transmittal" (page iii-1) and "FINANCIAL SECTION – Management's Discussion and Analysis" (page vii – 1) of the District's June 30, 2017 Audited Financial Statements in Appendix B hereto for additional information regarding the District.

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 Board of Education of the District (the "Board"), subject to regulations of PED, develops educational policies for the District. The Board employs a superintendent of schools, delegates administrative and supervisory functions to the superintendent, fixes the superintendent's salary, has the capacity to sue and be sued, contracts, leases, purchases and sells property for the District, acquires and disposes of all property, provides for the repair and maintenance of the District's property, and adopts regulations pertaining to the administration of all powers or duties of the Board. Members serve without compensation for four-year terms of office and are elected in non-partisan elections held every two years on the first Tuesday in February. The current District Board members are:

Dr. David Peercy, President
Term expires March 1, 2021

Lorenzo Garcia, Vice President
Term expires March 1, 2021

Yolanda Montoya-Cordova, Secretary
Term expires March 1, 2019

Peggy Muller- Aragón, Member
Term expires March 1, 2019

Barbara Petersen, Member
Term expires March 1, 2019

Candelaria Patterson, Member
Term expires March 1, 2021

Elizabeth Armijo, Member
Term expires March 1, 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 is:

Raquel Reedy, Superintendent. The Superintendent is the Chief Executive Officer of the District. The duties of the Superintendent are defined in statute and the New Mexico Regulatory Code. On August 31, 2015, Raquel Reedy was named Acting Superintendent and on April 20, 2016, she was confirmed as the Superintendent. As the Superintendent, Ms. Reedy's primary responsibilities include: academic standards, professional development, school accountability and assessment, instructional and District technology, extended learning, quality assurance, higher education partnership and state department statewide partnership. Other responsibilities include development of District-wide processes and measures to accomplish District goals and oversight responsibilities for all elementary schools, secondary education, school improvement, student career pathways, educational options including charter and privately managed schools, student equity, the improvement of student graduation and student dropout rates, special populations, health/mental health, and character education. Ms. Reedy's professional experience includes Associate Superintendent for Elementary Education, Associate Superintendent for Cluster System, Cluster Leader Principal, Elementary School Principal, Human Resources Personnel Specialist and Elementary School Teacher. Ms. Reedy holds a Master's in Education from Harvard University and a Bachelor of Arts Degree in Education from the University of Texas Austin.

Scott Elder, Chief Operations Officer. Scott Elder was selected in April 2017 to serve as the District's Chief Operations Officer ("COO") after serving 9 months as Interim COO. A 26-year APS veteran, Mr. Elder has been both a teacher and a principal. His experiences have been primarily in Title I schools, working with the most at-risk populations in the city. His schools have shown consistent growth and progress. Mr. Elder, utilizing School Improvement Grant funding and community resources, guided Highland High School to raise its graduation rate 17% in 4 years. He has run a highly rated alternative school and helped start APS' Early College Academy. Mr. Elder holds Bachelor of Arts in Political Science and Spanish as well as a Master of Arts in Secondary Education. He has completed a Masters of Business Administration at the Anderson School of Management at the University of New Mexico in 2017.

Tami Coleman, Chief Financial Officer. In June 2016, Tami Coleman was named Chief Financial Officer after serving 10 months in the interim position. Ms. Coleman began with the District in January 2007 and has over 25 years of New Mexico public school administrative and financial experience. Ms. Coleman holds a Bachelor of Science Degree in Accounting from National American University in Albuquerque, New Mexico, and a Level II New Mexico School Business Official's License. As the Chief Financial Officer, she is a member of the Superintendent's Cabinet and Leadership teams. The Chief Financial Officer manages the finances of the District and oversees the business units which handle the financial activity of the school District. Ms. Coleman is an active member of the New Mexico Association of School Business Officials (NMASBO), and served a 2-year term as President in 2009/10 and 2010/11.

Insurance

The District is registered with the State of New Mexico Insurance Commission (the "Commission") as a self-insured entity for workers' compensation, property and liability coverage. However, the District has purchased excess coverage policies that cover losses over $650,000, $250,000 and $350,000 for workers' compensation, property and liability, respectively. In order to self-insure, the Commission requires that the District restrict its cash balance in an amount equal to the estimated workers' compensation claim liability, excluding incurred but not reported claims. The District is self-insured for group health and offers other employee related benefits through several providers. The District is not responsible for charter school liability.

Intergovernmental Agreements

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

School Property

Currently, the District operates and maintains a variety of facilities in meeting its obligations to provide an educational program for the school-aged children residing within its boundaries. The District operates 140 school sites – 88 elementary schools, 27 middle schools, 13 high schools, one K-8 school, and 11 schools of choice. The District owns vacant land held for future school sites.

Student Enrollment

The District's student enrollment is based on the 40th day count for the current and previous four years is detailed below.

	2013-14	2014-15	2015-16	2016-17	2017-2018
Elementary School	45,587	45,509	44,760	43,738	42,794
Middle School	19,030	18,771	18,396	18,209	18,018
High School	23,938	24,049	23,718	23,958	23,672
Total	88,555	88,329	86,874	85,905	84,484
APS & State Authorized Charter Schools	12,726	15,456	16,845	15,321	15,528
Total Students in the APS Area	**101,281**	**103,785**	**103,719**	**101,226**	**100,012**

Source: Albuquerque Municipal School District No. 12.

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 the judicial process, and are subject to legislative changes as well. As a result, the District cannot anticipate with certainty all of the factors which may influence the financing of its future activities. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District.

Recent Legislative Action

The New Mexico State Legislature passed House Bill 98, Local Election Act, in February 2018, which the Governor signed on March 7, 2018. This Bill made several changes to local elections, special local elections, ballot questions, and qualifications of candidates. In the past, school districts were able to hold their elections in February of odd numbered years. This Bill changes regular local elections to be held in November of odd numbered years. The Bill also provides for bond election procedures, imposing a tax under the Public School Capital Improvements Act (SB-9) and imposing a tax under the Public School Buildings Act (HB-33) be held in accordance with the Local Election Act. However, the Bill does allow for a special election concerning bond elections and imposing the above mentioned taxes to be held in February using only mail-in ballots.

This newly enacted legislation, which is effective on July 1, 2018, does not align with the State Tax Code and School District mill levy dates for imposing and collecting taxes. Holding the mill levy election in November, rather than February, creates problems for receiving tax money. A November election will not permit receipt of taxes the following January, unlike the situation when the mill levy election occurs in February. An election in February 2019, if approved by the voters, would result in property tax revenue being disbursed to the schools in January 2020. An election in November 2019 will result in the school district not receiving mill levy revenue until January 2021, leaving a one year gap in revenue for the school district. The District plans on holding a special, mail-in ballot election in February 2019 to re-authorize the Public School Capital Improvements Act (SB-9) 2% mill levy revenue.

See “LITIGATION” for a discussion of current litigation that could impact the funding of education in the state.

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 by the PED.

- Pursuant to instruction by the PED, the District must submit an operating 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. Upon written approval of the state superintendent [secretary], the date for the submission of the operating budget may be extended to a later date fixed by the state superintendent (Section 22-8-6).
- Before May 31 of each year, the District Board must hold a public hearing to fix the estimated budget for the next school year.
- Before June 20 of each year, the District must submit a balanced budget to the PED.
- On or before July 1 of each year, the PED must approve and certify an approved operating budget for use by the District Board.

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

Sources of Revenue for General Fund

The General Fund is the primary operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. The sources of revenue for the District's General Fund are:

Local Revenues - Local revenues are a minor source of revenue to the District composed, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each $1,000 of net taxable value of taxable property. Other sources of local revenues include interest income earned on the District's investments, rentals and sale of property. In fiscal year 2017, the District received $15,740,593 from local sources.

Federal Revenues - Another minor source of annual revenue for the District's General Fund is derived from 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 2017, the District received $104,420 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the SEG payments described below. During fiscal year 2017, the District received $607,601,318 from state sources. Such payments represented approximately 97% of actual fiscal year 2017 General Fund revenues.

State Equalization Guarantee

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

1. Educational program units that reflect the different costs of identified programs;
2. Training and experience units that attempt to provide additional funds so that districts may hire and retain better educated and more experienced instructional staff; and
3. Size adjustment units that recognize local school and community needs, economies of scale, types of students, marginal costs 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 June 1 of the previous fiscal year through May 31 of the fiscal year for which the SEG payment is being computed. In the event that a district receives more SEG funds than its entitlement, the district must make a refund to the State's general fund.

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

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

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

State Equalization Guarantee budgeted amount to the District for the current and previous four fiscal years are as follows:

School Year	Program Unit Value	Number of Program Units	Fund Amount (less credits)
2017 - 2018	$4,053.55	153,375.34	$617,767,284
2016 - 2017	4,040.24	156,824.18	629,702,140
2015 - 2016	4,027.75	157,684.19	631,317,804
2014 - 2015	4,005.75	159,341.78	634,569,794
2013 - 2014	3,817.55	161,840.66	614,087,079

Source: New Mexico Public Education Department (PED).

PED receives Federal mineral-leasing funds from which it makes annual allocations to the District for purchasing instructional materials. In fiscal year 2016-2017, the District received $3,843,022 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 2016-2017, the District received $18,164,041 for transportation purposes.

Statement of Net Position

Below is a five-year history of the Statement of Net Position for the District excluding component units (consisting of Charter Schools and APS Foundation). The complete independent audit report for the fiscal year ending June 30, 2017 and the last four fiscal years can be downloaded from the District's website using the following link: http://www.aps.edu/departments/accounting.

	FYE 6/30/13 Total	FYE 6/30/14 Total	FYE 6/30/15 Total	FYE 6/30/16 Total	FYE 6/30/17 Total
Assets					
Current Assets:					
Cash and cash equivalents	$ 121,108,227	$ 123,339,650	$ 139,052,915	$ 135,335,137	$ 80,365,860
Restricted cash and cash equivalents	74,548,813	92,172,438	99,820,477	100,900,318	218,010,324
Receivables	31,583,530	44,263,602	34,566,736	38,357,384	39,411,443
Prepaid expenses	50,000	261,894	261,894	256,894	256,894
Inventory	3,389,715	3,112,842	3,744,290	4,599,604	4,476,733
Total current assets	230,680,285	263,150,426	277,446,312	279,449,337	342,521,254
Noncurrent Assets:					
Restricted cash and cash equivalents	174,551,527	176,392,814	194,321,755	186,303,171	199,871,975
Restricted receivables	21,820,103	18,931,205	18,851,364	24,906,392	-
Bond issuance costs	1,767,925	-	-	-	-
Total noncurrent assets	198,139,555	195,324,019	213,173,119	211,209,563	199,871,975
Capital Assets:					
Land	53,293,112	54,495,320	54,495,320	54,495,320	54,495,320
Construction in progress	149,634,002	106,857,230	150,378,449	98,556,267	181,901,191
Land improvements	129,146,582	143,106,757	155,236,571	172,817,864	185,952,416
Buildings and building improvements	1,605,839,631	1,716,254,327	1,775,491,628	1,953,430,489	1,983,856,015
Furniture, fixtures and equipment	77,844,657	73,429,625	77,709,980	81,104,350	77,224,264
Intangibles	15,889,216	15,889,216	15,889,216	15,889,216	15,889,216
Accumulated Depreciation	(752,964,464)	(817,430,323)	(883,879,954)	(954,773,716)	(1,026,510,356)
Total capital assets	1,278,682,736	1,292,602,152	1,345,321,210	1,421,519,790	1,472,808,066
Total Assets	1,707,502,576	1,751,076,597	1,835,940,641	1,912,178,690	2,015,201,295
Deferred Outflows of Resources	-	-	67,255,320	106,287,495	177,840,625
Total Assets & Deferred Outflows of Resources	$ 1,707,502,576	$ 1,751,076,597	$ 1,903,195,961	$ 2,018,466,185	$ 2,193,041,920
Liabilities					
Current Liabilities:					
Accounts payable	$ 3,747,565	$ 2,859,719	$ 2,881,689	$ 3,567,200	$ 1,729,745
Accrued expenses	50,902,767	65,996,716	71,581,311	73,253,132	73,554,498
Unearned revenue	35,725	-	-	-	-
Accrued interest	8,301,433	7,650,172	8,284,774	8,793,085	10,537,033
Insurance reserves, IBNR claims	15,740,988	13,338,872	13,894,293	14,323,322	14,215,478
Current portion of compensated absences	1,294,764	1,325,835	1,330,440	1,285,715	1,225,232
Current portion of long-term obligations	49,934,267	52,824,180	62,634,228	56,986,351	60,432,739
Liabilities payable from restricted assets	7,103,391	11,874,515	15,703,164	13,655,733	12,307,158
Total current liabilities	137,060,900	155,870,009	176,309,899	171,864,538	174,001,883
Noncurrent Liabilities:					
Compensated absences	2,589,529	2,651,670	2,660,880	2,571,816	2,450,833
Net OPEB obligation	316,763	463,279	590,446	690,431	707,324
Net Pension Liability	-	-	970,374,781	1,102,500,678	1,234,274,713
Debt due in more than one year	478,901,539	474,601,525	516,636,020	536,758,444	604,928,713
Long-Term portion of claims payable	14,035,702	13,896,455	15,133,027	16,811,005	18,445,275
Total noncurrent liabilities	495,843,533	491,612,929	1,505,395,154	1,659,332,374	1,860,806,858
Total Liabilities	632,904,433	647,482,938	1,681,705,053	1,831,196,912	2,034,808,741
Deferred Inflows of Resources	-	146,131	112,570,193	32,011,015	14,761,823
Net Position					
Invested in capital assets, net of related debt	770,843,356	775,698,668	782,968,740	859,039,509	867,225,870
Restricted for Debt Service	67,283,741	74,991,507	80,148,875	77,580,168	89,826,600
Restricted for Capital Projects	148,446,159	164,507,956	167,549,187	148,564,776	165,780,958
Restricted for Other Purposes	-	29,786,001	28,515,998	29,826,253	35,429,590
Unrestricted	88,024,887	58,463,396	(950,262,085)	(959,752,448)	(1,014,791,662)
Total Net Position	1,074,598,143	1,103,447,528	108,920,715	155,258,258	143,471,356
Total Liabilities, Deferred Inflows & Net Position	$ 1,707,502,576	$ 1,751,076,597	$ 1,903,195,961	$ 2,018,466,185	$ 2,193,041,920

Source: The figures have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. The audited financial statements for the fiscal year ended June 30, 2017 are attached as Appendix B.

Statement of Activities

Below is a five-year history of the Statement of Activities for the District excluding component units (consisting of Charter Schools and APS Foundation). The complete independent audit report for the fiscal year ending June 30, 2017 and the last four fiscal years can be downloaded from the District's website using the following link: http://www.aps.edu/departments/accounting.

	FYE 6/30/13	FYE 6/30/14	FYE 6/30/15	FYE 6/30/16	FYE 6/30/17
Primary Government	Total	Total	Total	Total	Total
Instruction	$ (350,160,459)	$ (353,795,945)	$ (371,401,269)	$ (376,888,089)	$ (394,319,734)
Student support services	(61,972,833)	(63,381,407)	(63,155,172)	(70,252,212)	(61,826,566)
Instruction support services	(20,699,390)	(21,117,189)	(22,069,003)	(21,461,299)	(20,497,167)
General administration	(5,225,441)	(5,162,278)	(2,920,103)	(6,636,856)	(8,498,667)
School administration	(10,584,548)	(19,477,963)	(22,114,154)	(20,793,661)	(23,746,720)
Central services	(66,636,396)	(82,144,477)	(84,021,164)	(81,077,966)	(82,176,283)
Operation & maintenance of plant	(59,903,766)	(64,352,488)	(66,784,283)	(68,320,885)	(69,167,979)
Student transportation	469,295	281,119	2,769,793	(1,284)	(3,722,962)
Other support services	(724,660)	(35,657)	(305,734)	(1,634,180)	(30,772)
Food services	4,171,728	4,945,126	3,834,575	5,394,243	4,061,183
Community services	(3,766)	(10,392)	(2,328)	(13,574)	(1,202)
Facilities, supplies & materials	(52,737,152)	(42,324,626)	(40,959,325)	(6,281,782)	(14,836,287)
Interest on long-term obligations	(20,175,749)	(18,163,588)	(28,026,387)	(20,507,608)	(21,976,681)
Depreciation - unallocated	(65,518,044)	(69,582,812)	(74,668,977)	(75,448,578)	(82,908,128)
Total primary governmental activities	(709,701,181)	(734,322,577)	(769,823,531)	(743,923,731)	(779,647,965)
General Revenues:					
Property taxes - general purposes	4,804,381	5,042,088	5,004,666	4,945,097	5,153,110
Property taxes - debt service	62,214,506	64,235,532	66,776,126	66,492,940	70,294,859
Property taxes - capital projects	83,689,294	78,540,408	83,111,765	81,570,171	80,989,947
State Equalization Guarantee	590,190,332	612,562,319	634,994,929	632,937,742	607,601,318
Interest & investment earnings	611,473	659,624	779,939	622,891	1,400,436
Miscellaneous	1,406,139	3,899,916	3,796,389	3,692,433	2,421,393
Total general revenues	742,916,125	764,939,887	794,463,814	790,261,274	767,861,063
Change in net position	33,214,944	30,617,310	24,640,283	46,337,543	(11,786,902)
Net position, beginning of year	958,458,132	1,074,598,143	1,103,447,528	108,920,715	155,258,258
Prior period adjustments	-	(1,767,925)	(1,019,167,096) *	- *	-
Net position, beginning of year - restated	958,458,132	1,072,830,218	84,280,432	108,920,715	155,258,258
Net position, end of year	$ 991,673,076	$ 1,103,447,528	$ 108,920,715	$ 155,258,258	$ 143,471,356

Source: The figures have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. The audited financial statements for the fiscal year ended June 30, 2017 are attached as Appendix B.

** During the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date an Amendment of GASB Statement No. 68 by recognizing its net pension liability related to its pension plan. See "Employee Retirement Plan and Other Post-Employment Benefits" herein.*

Balance Sheet – General Fund

Below is a five-year history of the Balance Sheet for the General Fund for the District. The complete independent audit report for the fiscal year ending June 30, 2017 and the last four fiscal years can be downloaded from the District's website using the following link: http://www.aps.edu/departments/accounting.

	FYE 6/30/13 Total	FYE 6/30/14 Total	FYE 6/30/15 Total	FYE 6/30/16 Total	FYE 6/30/17 Total
Assets					
Cash and equivalents	$ 60,609,940	$ 70,377,199	$ 93,126,831	$ 94,186,300	$ 100,196,593
Property taxes receivable	536,067	619,943	612,401	439,057	414,484
Other receivables	471,083	2,289,052	497,159	487,159	612,237
Due from other funds	26,491,708	37,330,027	28,894,359	38,669,513	22,985,110
Prepaid items	50,000	50,000	50,000	50,000	50,000
Inventory - supplies	1,889,539	1,816,418	1,816,095	2,028,442	2,585,911
Total Assets	$ 90,048,337	$ 112,482,639	$ 124,996,845	$ 135,860,471	$ 126,844,335
Liabilities					
Accounts Payable	$ 3,750,081	$ 2,859,719	$ 2,580,407	$ 3,029,993	$ 1,729,745
Accrued Expenses	50,886,621	65,996,716	71,581,311	73,253,132	73,554,498
Other accrued liabilities	118,757	-	254,766	468,136	409,571
Total Liabilities	54,755,459	68,856,435	74,416,484	76,751,261	75,693,814
Deferred Inflows of Resources	476,315	567,413	553,372	310,739	290,634
Fund Balance					
Non-spendable	1,939,539	1,866,418	1,866,095	2,078,442	2,635,911
Assigned - subsequent year	29,000,000	41,000,000	41,000,000	54,836,063	46,300,000
Unassigned	3,877,024	192,373	7,160,894	1,883,966	1,923,976
Total Fund Balance	34,816,563	43,058,791	50,026,989	58,798,471	50,859,887
Total Liabilities, Deferred Inflows of Resources & Fund Balance	$ 90,048,337	$ 112,482,639	$ 124,996,845	$ 135,860,471	$ 126,844,335

Source: The figures have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. The audited financial statements for the fiscal year ended June 30, 2017 are attached as Appendix B.

Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund

Below is a five-year history of the Statement of Revenues & Expenditures & Changes in Fund Balances (General Fund only) for the District. The complete independent audit report for the fiscal year ending June 30, 2017 and the last four fiscal years can be downloaded from the District's website using the following link: http://www.aps.edu/departments/accounting.

	FYE 6/30/13 Total	FYE 6/30/14 Total	FYE 6/30/15 Total	FYE 6/30/16 Total	FYE 6/30/17 Total
Revenues:					
Local sources	$ 4,900,276	$ 4,950,990	$ 5,018,707	$ 5,187,730	$ 5,173,215
State sources	596,022,953	613,416,010	635,987,410	632,937,742	607,601,318
Federal grants	2,673,973	2,171,665	2,023,945	142,519	104,420
Miscellaneous	3,671,922	7,932,928	5,972,284	8,261,580	10,153,720
In-Kind PSCOC Contributions	-	-	-	28,256,242	-
Interest	80,200	164,183	192,708	164,998	413,658
Total revenues	607,349,324	628,635,776	649,195,054	674,950,811	623,446,331
Expenditures:					
Instruction	394,982,575	407,451,738	419,115,703	413,495,158	414,766,832
Student support services	53,948,630	59,627,790	61,914,549	66,593,352	60,534,518
Instruction support services	20,821,769	21,003,685	22,240,801	21,414,377	19,908,781
General administration	4,347,378	4,395,687	4,648,909	1,967,533	2,853,896
School administration	32,111,399	33,938,325	36,341,958	34,516,945	35,603,159
Central services	16,678,775	17,693,149	18,796,522	19,154,750	18,841,969
Operation & maintenance of plant	76,968,864	75,202,823	77,441,810	77,435,681	75,526,637
Student transportation	226,808	261,480	616,393	1,226,869	3,183,399
Other support services	724,660	35,657	391,241	1,634,180	30,772
Food services	656,538	689,798	404,607	314,058	-
Community services	3,766	2,392	2,328	3,614	1,202
Capital Outlay	91,055	91,024	312,035	28,384,488	133,826
Total expenditures	601,562,217	620,393,548	642,226,856	666,141,005	631,384,991
Other Financing Sources					
Transfers	-	-	-	(38,324)	72
Total other financing sources (uses)	-	-	-	(38,324)	72
Excess Revenues over Expenditures	5,787,107	8,242,228	6,968,198	8,771,482	(7,938,588)
Fund balance, beginning of year	29,029,456	34,816,563	43,058,791	50,026,989	58,798,471
Fund balance, end of year	$ 34,816,563	$ 43,058,791	$ 50,026,989	$ 58,798,471	$ 50,859,883

Sources: The figures have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. The audited financial statements for the fiscal year ended June 30, 2017 are attached as Appendix B.

Debt Service Funds

The Bernalillo and Sandoval County treasurers collect debt service funds sufficient to retire bonded debt as it becomes due and payable. Such funds are distributed to the District and accounted for separately from operating funds. The District is allowed to borrow all District funds if the collections are insufficient but such borrowings must be repaid from tax collections. Debt service funds may not be used for general operating purposes.

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Property sales are recorded when the parties are bound by the terms of the contract, all consideration (including adequate cash) has been exchanged and all conditions precedent to closing have been performed. Until a sale has been recorded, revenues are deferred and payments received are reflected as escrow deposits.

Under the requirements of GASB 54, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the District's General Fund operations), which include funds that were not required to be presented as major, but were presented at the discretion of management.

1. Debt Service Fund – This fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.
2. Bond Building Capital Projects Fund – This fund is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.
3. Special Revenue Funds – This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
4. Capital Projects Funds – This fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.
5. Pupil Transportation Fund – This fund is used to account for the SEG payment, received from PED, which is used to pay for the costs associated with transporting school age children.
6. Instructional Materials Fund – This fund is used to account for the monies received from PED for the purposes of purchasing instructional materials used in the education of students.
7. Food Service Fund – This fund is to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.
8. IASA Title I Fund – This fund is to provide compensatory education services to educationally deprived school children (including private school pupils) in low-income areas. (P.L. 103-382)
9. IDEA-B Entitlement Fund – This fund is used to account for federal resources administered by the PED to provide for special educational needs of handicap 6-21 year olds. (PL 94-142 & PL 99-457)
10. Capital Improvements HB33 Fund – This fund is to account for the costs relating to erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided through property taxes as authorized by the Public School Buildings Act (22-26-1 to 22-26-9, NMSA 1978).
11. Capital Improvements SB9 Fund – This fund is to account for erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving public school grounds or any combination thereof as identified by the local school board. Pursuant to the formula set forth in NMSA 1978 Section 22-25-9, the PED may pay additional sums to the District. Payment to the District by the PED is subject to the availability of funds.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District as an agent for individuals, private organizations or other governments. Agency Funds are custodial in nature (assets = liabilities) and do not present results of operations or have a measurement focus. These funds relate primarily to the activities of individual schools. While these funds are under the supervision of the District and enhance the District's educational programs, they are funds of the individual schools and/or their student bodies and are not available for use by the District.

Investments

See Note 2 of the District's June 30, 2017 Audited Financial Statements attached hereto as Appendix B for information regarding the District's investments and depository accounts. The District only invests in securities permitted under NMSA 1978 Section 6-10-10.

The District implemented a new investment program during the 2017 fiscal year. The program focuses on the District's need for cash liquidity, while enhancing the return on the use of the District's idle cash. The investment strategy uses a dual approach, with long-term investments made in U.S. Treasuries with staggered maturity dates of 1 to 3 years from the date of purchase. The second part invests cash on a short-term basis with the State Treasurer's Office, Local Government Investment Pool (LGIP). The District's total cash balance, as of June 30, 2017, was distributed between U.S. Treasuries at 40%, LGIP at 25%, and 35% on-demand collateralized bank deposits.

Employee Retirement Plan and Other Post-Employment Benefits

The District employs approximately 12,090 permanent employees as of June 30, 2017 of which 6,961 (57.5%) are certified educational staff (teachers/counselors/librarians/nurses) and 1,803 (14.9%) are classroom educational assistants for a total of 8,764 (72.4%) certified direct classroom employees.

In addition to the following discussion, Notes 11 and 12 of the District's June 30, 2017 Audited Financial Statements attached hereto as Appendix B provides additional information regarding the District's pension and other post-employment benefit plans.

ERB Pension Plan:

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

Contributions:

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning $20,000 or less contributed 7.90% and employees earning more than $20,000 contributed 10.10% of their gross annual salary. For fiscal years ending June 30, 2015, 2016 & 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. Contributions to the pension plan from the District were $67,128,146 for the year ended June 30, 2017.

Pension Liabilities:

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, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of $1,234,274,713 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 17.15120%; 17.02108% was its proportion measured as of June 30, 2015. For the year ended June 30, 2017, the District recognized pension expense of $16,639,946.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which addresses accounting and financial reporting for pensions that are provided to employees of state and local government employers through pension plans that are administered through trusts and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. According to Statement No. 68, the School District, as a contributor to ERB, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing, multi-employer plan with ERB.

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

current and future retirees which are tied to the future funded ratios of the Fund, and made certain other clarifying and technical changes.

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

Pension Plan Statistics

Following is a 5-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
2013	$299,657,530	$248,785,187	$10,358,058,861
2014	362,462,537	268,693,991	11,442,171,449
2015	395,129,621	292,822,396	11,497,723,115
2016	396,988,557	293,847,970	11,532,837,951
2017	395,843,795	292,809,008	12,509,355,910

Source: New Mexico Educational Retirement Board, Financial Report.

Post-Employment Benefits

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) (the "RHCA") issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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

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

employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were $9,648,020, $9,710,885, and $9,582,946 respectively, which equal the required contributions for each year.

The District believes it does not have any liability should the plan be underfunded. In the future, the District's on-going contribution percentage may be increased.

TAX MATTERS

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants made by the District, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. Bond Counsel is further of the opinion that the Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State. Bond Counsel will express no opinion regarding other federal or New Mexico income tax consequences resulting from the receipt or accrual of interest on the Bonds. A form of Bond Counsel Opinion is attached to this document as Appendix D.

The opinion on federal tax matters will be based on and will assume continuous compliance with certain covenants of the District to be contained in the transcript of proceedings and that are intended to evidence and assure that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not and will not independently verify the accuracy of any of the certifications and representations made by the District.

The Code prescribes a number of qualifications that must be met and conditions that must be satisfied in order for the interest on state and local government obligations such as the Bonds to be and remain excluded from gross income for federal income tax purposes. Some of these provisions, including provisions for the rebate by the issuer of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income taxes. The District covenants 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.

Under the Code, the exclusion of interest from gross income for federal income tax purposes can result in certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including among them financial institutions, insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax exempt obligations. The applicability and extent of those or other tax consequences will depend upon the particular tax status or other items of income and expense of the owners of the Bonds. Bond Counsel expresses no opinion regarding such consequences.

Internal Revenue Service Audit Program

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedure. None of the District, the Financial Advisor, Underwriters, Underwriters' Counsel, Special Disclosure Counsel or Bond Counsel is obligated to defend the tax-exempt status of the Bonds. However, the District has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income, except to the extent described above, for the owners thereof for federal income tax purposes. None of the District, the Financial Advisor, Underwriters' Counsel, Special Disclosure Counsel or Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

Original Issue Discount

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

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 lawsuits ask for a declaratory judgment and injunctive relief requiring the adoption of a school finance system to remedy these violations. Neither lawsuit asks for a specific award of damages. No final decisions have been reached in these cases and it is premature to assess what effect, if any, these lawsuits might have on the State's school finance system.

RATINGS

Moody's Investors Service and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, have given the Bonds underlying ratings of _____ and _____, respectively. In addition, Moody's Investors Service has assigned a "_____Outlook" rating to the Bonds based on the New Mexico School District Enhancement Program. These ratings reflect only the views of such rating agencies, 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.

UNDERWRITING

J.P. Morgan Securities LLC, Stifel, Nicolaus & Company, Incorporated, Robert W. Baird & Co. Inc., and Merrill Lynch, Pierce Fenner & Smith, Incorporated (together, the "Underwriters") have agreed to purchase the Bonds from the District pursuant to a Bond Purchase Agreement for the Bonds, dated _____ at a price of $_____, representing the par amount of the Bonds, [plus/less] a net reoffering [premium/discount] of $_____, and less an Underwriters' discount of $_____). The foregoing Bond Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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 opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, approving the legality of the Bonds and relating to the tax-exempt status of the Bonds will be furnished upon issuance of the Bonds. The form of opinion of Bond Counsel is attached hereto as Appendix D. Certain legal matters will be passed upon by Sutin Thayer & Browne, APC, as Special Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP.

CONTINUING DISCLOSURE UNDERTAKING

For the benefit of bondholders and to enable a broker, dealer or municipal securities dealer to comply with requirements of Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission, the District has undertaken to provide to the Municipal Securities Rulemaking Board (the "MSRB") MSRB's Electronic Municipal Market Access ("EMMA"), its audited financial statements and certain financial and operating information and notices of certain enumerated events. The District will provide financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," "THE DISTRICT – Student Enrollment," "FINANCES OF THE EDUCATIONAL PROGRAM-State Equalization Guarantee," "Statement of Net Position", "Statement of Activities", "Balance Sheet-General Fund" and "Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund." The District will update and provide this information no later than March 31 of each year, commencing March 31, 2019, for the fiscal year ending on the preceding June 30. A draft of the Continuing Disclosure Undertaking is attached hereto as Appendix E.

Any or all of such information may be incorporated by reference from other documents, as permitted by the Rule. The annual 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, unaudited financial statements must be provided as part of the annual financial information, and audited financial statements when and if audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting principles and state law requirements, as in effect from time to time. (See Note 1 of the District's audited

financial statements included as Appendix B for a description of the accounting principles currently followed in the preparation of the District's audited annual financial statements.)

If the District changes its fiscal year, it may change the date by which it must provide its annual financial information to a date no later than six months after the end of its new fiscal year. In addition, the District shall provide to EMMA timely notice of any failure to provide required annual financial information on or before the filing date.

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; and 16) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

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 in Appendix E.

Limitations and Amendments

The District may amend its undertaking from time to time without consent of the Bondholders, if the District delivers to EMMA an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect compliance of the undertaking and the District with the Rule (except that no opinion of counsel shall be required with respect to a change in the date by which the annual financial and operating information must be reported resulting from a change in the District's fiscal year). The undertaking will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, the undertaking, or any provision thereof, will be null and void in the event the District delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require the undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds.

Any failure of the District to provide the annual financial information or any material event notice does not constitute an Event of Default with respect to the Bonds, and an action seeking to compel performance of the undertaking shall be the sole remedy in the event the District fails to comply with the undertaking.

For the past five years, the District has complied in all material respects with its existing continuing disclosure agreements in accordance with SEC Rule 15c2-12. The District notes that the otherwise timely filings of the 2016 and 2014 audited financial statements and the 2014 annual continuing disclosure report were not linked to all of the then outstanding CUSIP numbers without filing a notice of late filing with respect to those CUSIPs. The District has implemented procedures to assure compliance with its continuing disclosure agreements.

DISCLOSURE CERTIFICATE

The final certificates included in the transcript of legal proceedings will include the following: At closing the President of the Board, the Superintendent of Schools and the Chief Financial Officer will sign a certificate stating, after reasonable investigation, that to the best of their 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 their knowledge, threatened in any way contesting the completeness or accuracy of this Preliminary Official Statement or the Final Official Statement, (b) this Preliminary Official Statement or the Final Official Statement, as they pertain 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 this Preliminary Official Statement or the date of the Final Official Statement, which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representation concerning the pricing information contained in the Final Official Statement.

ADDITIONAL MATTERS

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

A LAST WORD

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

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

/s/_____
President, Board of Education

/s/_____
Secretary, Board of Education

APPENDIX A

ECONOMIC & DEMOGRAPHIC INFORMATION

General

The District includes 97.7% of Bernalillo County and 2.3% of Sandoval County based on assessed valuation. The District is geographically situated in the center of the State of New Mexico. The District's boundaries encompass all of the City of Albuquerque and the Villages of Tijeras, Los Ranchos de Albuquerque and Corrales. The District covers 1,200 square miles and serves over 100,012 students including charter schools from an estimated population of over 675,000. The District is crossed by Interstate Highways 25 and 40 and is served by the Burlington Northern and Santa Fe Railroad and the Albuquerque Sunport International Airport. The District is also bisected by the Rio Grande, which provides irrigation that continues to support agriculture despite increased urbanization.

The area within the District is part of the Albuquerque Metropolitan Statistical Area ("MSA"). The Albuquerque MSA was redefined in January 1993 to include the Counties of Bernalillo, Sandoval, Torrance and Valencia. The Albuquerque MSA represents the largest commercial and industrial center in the State of New Mexico.

Albuquerque lies at the center of the New Mexico Technology Corridor, a concentration of high-tech private companies and government institutions along the Rio Grande. The city is home to a number of attendant contracting companies, Sandia National Laboratories and Kirtland Air Force Base. It is also home to University of New Mexico, National American University, Trinity Southwest University and the Central New Mexico Community College.

Because of its accessibility and tourist facilities, the area is the gateway for tourism in New Mexico as well as an attraction in its own right. The District includes the historic "Old Town" of Albuquerque, the Sandia Peak ski area, the Sandia Tramway, a number of nationally recognized museums and the Cibola National Forest. Other attractions include the Albuquerque International Balloon Fiesta, the National Hispanic Cultural Center, the Gathering of Nations, and the Expo New Mexico. There are also several Indian pueblos within easy driving distance that draw many tourists because of their historical significance, cultural beauty and Indian arts.

Population

The following chart sets forth historical and projected population data for Albuquerque MSA and the State.

Census Year	Albuquerque MSA	State of New Mexico
1970	373,812	1,017,055
1980	515,776	1,303,143
1990	589,131	1,515,069
2000	729,648	1,819,046
2010	887,077	2,059,179
2018(1)	914,476	2,081,363
2023(2)	928,921	2,101,278
Projected Growth 2017-2022 (2)	*1.58%*	*1.14%*

Source: U.S. Census Bureau: State and County QuickFacts.

1) Estimates. Source: Spotlight, April 2018.

2) Projected. Source: Spotlight, April 2018.

Age Distribution

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

	Percent of Population		
Age Group	Albuquerque MSA	New Mexico	United States
0 - 17	22.70%	23.90%	22.80%
18 - 24	9.06%	9.80%	9.80%
25 - 34	13.93%	13.30%	13.40%
35 - 44	12.75%	11.87%	12.60%
45 - 54	12.30%	11.90%	13.10%
55 and Older	29.26%	29.23%	28.30%

Source: Spotlight, April 2018.

Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by Environics Analytics. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance. During the period shown in the following chart, the estimated median household income level for Albuquerque MSA compares favorably with the United States and has been consistently higher than the State level.

Effective Buying Income Group	Albuquerque MSA	New Mexico	United States
Under $25,000	24.89%	27.27%	20.37%
$25,000 - $34,999	10.07%	10.65%	9.21%
$35,000 - $49,999	13.28%	13.71%	12.87%
$50,000 - $74,999	17.71%	16.84%	17.09%
$75,000 & Over	34.05%	31.51%	40.46%
2013 Est. Median Household Income	$48,494	$43,273	$49,297
2014 Est. Median Household Income	$44,391	$44,292	$51,579
2015 Est. Median Household Income	$48,234	$45,633	$53,706
2016 Est. Median Household Income	$48,792	$45,445	$55,551
2017 Est. Median Household Income	$50,160	$47,043	$57,462
2018 Est. Median Household Income	$52,172	$48,044	$60,133

Source: Spotlight, April 2018.

Gross Receipts

The following table shows the total reported gross receipts generated (both in retail trade only and in total) in Bernalillo and Sandoval counties and the State of New Mexico. For the purposes of this table, gross receipts means the total amount of money received from selling property in the State of New Mexico, from leasing property employed in the State and from performing services in the State. Gross receipts includes, among other things, food sales and services such as legal and medical services.

Total Reported Gross Receipts Tax

Fiscal Year	Bernalillo County (000's) Retail	Bernalillo County (000's) Total	Sandoval County (000's) Retail	Sandoval County (000's) Total	State of New Mexico (000's) Retail	State of New Mexico (000's) Total
2013	$7,966,069,520	$32,177,603,512	$658,770,730	$2,380,080,637	$24,239,671,094	$108,060,633,566
2014	7,905,375,913	32,072,875,986	609,814,818	2,228,067,638	24,395,913,091	107,584,699,938
2015	9,079,529,699	36,644,382,216	772,296,981	2,710,403,930	27,481,308,472	119,726,977,705
2016	7,806,237,958	30,580,482,994	660,379,314	2,273,283,147	22,518,102,315	96,183,909,032
2017	7,835,203,261	30,920,849,094	637,620,925	2,236,644,128	22,390,695,699	95,100,482,944

Source: New Mexico Taxation & Revenue Department.

Employment

The following table, derived from information supplied by the New Mexico Department of Workforce Solutions, presents information on employment within the Albuquerque MSA, the State and United States, for the periods indicated. The annual unemployment figures indicate average rates for the entire year and does not reflect monthly or seasonal trends.

Year [1]	Albuquerque MSA Labor Force	Albuquerque MSA %Unemployed	State of New Mexico Labor Force	State of New Mexico %Unemployed	United States %Unemployed
2018 [2]	432,506	5.00%	934,178	5.80%	4.40%
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%
2009	404,223	7.80%	940,352	7.50%	9.30%
2008	407,340	4.60%	944,548	4.50%	5.80%

1) - Numbers are annual averages.

2) - Data for the month of February 2018. Numbers are Preliminary

Source: U.S. Bureau of Labor Statistics, April 2018

Non-Agricultural Wage and Salary Employment by Major Sector

The New Mexico Department of Workforce Solutions publishes reports of non-agricultural wages and salary employment according to the North American Industry Classification System ("NAICS"). Detailed below is the report for Albuquerque MSA.

Bernalillo County	2012	2013	2014	2015	2016	2017[1]
Total Private	245,591	247,921	251,698	255,604	254,327	260,043
Accommodation and Food Services	29,804	30,563	31,816	32,738	32,226	33,154
Administrative and Waste Services	20,554	20,929	20,571	20,039	19,129	19,653
Agriculture, Forestry, Fishing & Hunting	148	150	164	185	199	213
Arts, Entertainment, and Recreation	3,658	3,747	3,727	3,990	3,581	4,139
Construction	16,292	16,794	17,211	17,377	17,585	18,338
Educational Services	4,553	4,516	4,779	4,874	4,848	4,866
Finance and Insurance	9,542	10,064	10,441	10,784	10,862	11,065
Health Care and Social Assistance	43,374	44,268	45,574	47,059	48,446	48,877
Information	7,206	6,994	6,867	7,243	6,664	7,404
Management of Companies and Enterprises	3,170	3,162	3,182	3,329	3,478	3,450
Manufacturing	12,609	12,443	12,331	12,428	12,479	12,588
Mining	169	174	119	99	89	115
Other Services, Ex. Public Admin	9,060	8,634	8,714	8,586	8,465	8,800
Professional and Technical Services	27,123	26,787	27,358	27,554	27,821	28,230
Real Estate and Rental and Leasing	4,700	4,677	4,538	4,616	4,647	4,687
Retail Trade	35,156	35,735	35,895	36,211	35,497	36,017
Transportation and Warehousing	6,830	6,868	6,740	6,818	6,719	6,847
Utilities	682	780	795	789	821	849
Wholesale Trade	10,959	10,636	10,878	10,886	10,771	10,750
Government	63,554	63,539	62,912	63,348	64,788	64,528
Total	**309,145**	**311,460**	**314,610**	**318,952**	**319,115**	**324,571**

(1) Data as of Third Quarter of 2017

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

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

Major Employers

The following are the largest employers located in the Albuquerque MSA:

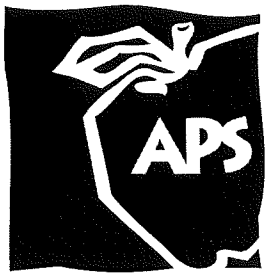
Employer	Business	# of Employees
Albuquerque Public Schools	Education	14,810
Kirtland Air Force Base*	Government	10,125
Sandia National Labs	Science-Based Technology and Research	9,852
Presbyterian	Healthcare	7,310
UNM Hospital	Healthcare	6,021
City of Albuquerque	Government	5,500
State of New Mexico	Government	4,950
University of New Mexico	Education	4,210
Lovelace Health Systems	Healthcare	4,000
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

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

Source: Albuquerque Economic Development, Data as of April 2018

APPENDIX B

AUDITED FINANCIAL STATEMENTS – JUNE 30, 2017



State of New Mexico

Albuquerque Municipal School District No. 12

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

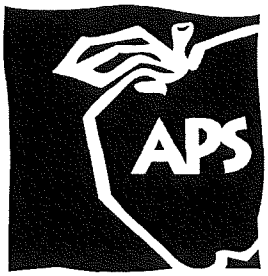
Prepared by:

The Finance Department of Albuquerque Public Schools

6400 Uptown Blvd. NE, Suite 300E

Albuquerque, New Mexico 87110

www.aps.edu



State of New Mexico

Albuquerque Municipal School District No. 12

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017

Volume I

STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
Comprehensive Annual Financial Report
Year Ended June 30, 2017

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INTRODUCTORY SECTION

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Albuquerque Public Schools

New Mexico

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30,2016

Executive Director/CEO

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Albuquerque Public Schools

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.

CERTIFICATE OF EXCELLENCE
IN FINANCIAL REPORTING

Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE, RSBA
Executive Director

ALBUQUERQUE PUBLIC SCHOOLS
Chief Business Office

Raquel Reedy
SUPERINTENDENT

Tami j. Coleman
CHIEF FINANCIAL OFFICER

November 14, 2017

To the Board of Education and the Citizens of Albuquerque:

The Comprehensive Annual Financial Report (CAFR) of Albuquerque Municipal School District No. 12 (District) for the fiscal year ending June 30, 2017 is submitted for your review. This report was prepared through an effort by the District's Accounting Office and the Independent Audit firm of CliftonLarsonAllen, LLP. The CAFR includes the unmodified opinion of our Independent Auditor. To the best of our knowledge, the enclosed data is accurate in all material respects. The information is reported in a manner designed to fairly present the financial position and the results of operations for the district as a whole as well as the various funds and account groups of the District. The CAFR for the year ending June 30, 2017, is prepared in conformance with Generally Accepted Accounting Principles (GAAP), in conformance with the standards of financial reporting established by the Governmental Accounting Standards Board (GASB) and In conformance with the Office of the State Auditor Rule 2.2.2 NMAC. The Albuquerque Public Schools is presented along with 27 component units, consisting of 20 Charter Schools, 6 Charter School Foundations, and the Albuquerque Public Schools Foundation.

Management has provided a narrative Introduction, overview, and analysis to accompany the basic financial statement in the form of the Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The MD&A can be found immediately following the Independent Auditor's Report.

In addition to the standard distribution to governing entities and rating services, this report will be made available to the public after final approval by the Office of the State Auditor through the APS web site at http://www.aps.edu/finance/accounting. All efforts are intended to encourage public interest and create a greater awareness of the District's financial operations.

About the Albuquerque Public Schools

APS is New Mexico's largest school district, serving nearly a third of the state's students and 34th largest in the country. Albuquerque Public Schools provides educational services to over 83,400 students in kindergarten through 12th grade, while 21 district-authorized charter schools service approximately 5,991 students. The District consists of 143 school sites. 88 elementary schools serve students in the kindergarten through fifth grade; 2 school serving kindergarten through eighth grade, 28 middle schools serve students in sixth through eighth grades; 14 high schools serve students in grades nine through 12. There are also 11 alternative schools that offer specialized services throughout the Albuquerque area.

Student achievement is the driving force behind Albuquerque Public Schools, and instruction is at the center of the District's services. More than 6,000 certified teachers and almost 1,800 educational assistants provide classroom instruction to students in kindergarten through 12th grade Approximately 17 percent (14,328) of the District's students receive special education services based on disability, and 6.5 percent (5,403) of all students based on giftedness; and 69.9% qualify for free or reduced-price meals.

The District includes 98.3% of Bernalillo County and 2.3% of Sandoval County based on assessed valuation and is geographically situated in the center of the State of New Mexico. The school district's boundaries encompass all of the City of Albuquerque and the Villages of Tijeras, Los Ranchos de Albuquerque and Corrales. The District covers 1,230 square miles and serves about 89,478 students from an estimated population of 911,171. The District is crossed by Interstate Highways 25 and 40 and is served by the Burlington North and Santa Fe Railroad and the Sunport International Airport. The District is also bisected by the Rio Grande, which provides irrigation that continues to support agriculture despite increased urbanization.

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.

Over the past 5 years the Albuquerque area has seen a significant drop in its general population. The impact to Albuquerque Public Schools has been a loss of nearly 600-700 students peryear. In the 2017 fiscal year, the impact was even more significant with a decrease of over 1,200 students. A ten year period of student counts is illustrated by the following table.

Year	Albuquerque Public Schools	Charter Schools	Total
2007-2008	88,010	6,499	94,509
2008-2009	87,392	6,740	94,132
2009-2010	87,710	6,955	94,665
2010-2011	88,035	6,792	94,827
2011-2012	88,372	5,220	93,592
2012-2013	87,597	5,024	92,621
2013-2014	87,169	5,054	92,223
2014-2015	86,468	5,140	91,608
2015-2016	85,794	5,650	91,444
2016-2017	84,575	6,014	90,589

Enrollment data is based upon the prior year's 80/120 day average enrollment from the State Equalization Guarantee Funding Formula.

In February 2016, the community approved a three year, $200 million, General Obligation Bond authorization for school capital outlay projects. Among the projects presented to the public were additional classroom space, education/programmatic support, Title IX updates, health and safety code compliance, facility renewal, and education equipment refresh. This election was approved with a 70% approval rate.

Additional property tax levies, approved by local voters, include property tax levies under SB9 for maintenance of schools and school technology, and HB33 for construction projects. The current SB9 levy was approved by voters in February 2013 for a six-year period and is expected to provide approximately $168 million over the course of the authorization. The just-expired HB33 levy was approved by voters in February 2010, and was projected to provide approximately $391 million over the 6-year period of authorization. The new/current HB33 Levy was approved in February 2016 and is projected to provide approximately $375 million. In 2008, the New Mexico State Legislature passed legislation requiring public school districts to include capital improvements funding for locally-chartered or state-chartered charter schools located within the District. The charter school must provide the necessary information to the school district for inclusion in the resolution that identifies the capital improvements of the charter school for which the proposed revenue will be used. The effective date of the

resolution was July 1, 2009, and as a result of voter approval, charter schools within the APS District share the HB33 and SB9 tax levy proceeds on a per-student, pro-rata basis.

General Obligation Bond proceeds as well as funding provided through the Public Schools Capital Outlay Council (PSCOC), Public Schools Facility Authority (PSFA), and direct legislative appropriations are used to expand and improve District infrastructure through the building of new schools and adding to existing schools to address the growth and shift of the student population. In an effort to keep its facilities as up to date as possible, the District employs the services of a professional master planning firm to help develop its district wide Capital Master Plan. This plan was updated in 2016 in accordance with requirements issued by PSCOC/PSFA.

Budget Process

The budget adopted by the Board of Education for the fiscal year 2017 provided for a budget that was both fiscally sound and built through a collaborative process that involved staff and community. For a fifth consecutive year, funding for public school support increased despite declining energy prices. Revenue distributed through the State Equalization Guarantee Funding Formula (SEG) increased .4% or $10.7 million statewide over fiscal year 2017.

Albuquerque Public Schools receives approximately 25% of the revenue distributed through the SEG. Funding in fiscal year 2017 would have normally resulted in an increase of nearly $2.7 million, but instead was tempered by a drop in student enrollment and the training & experience index in the formula. As a result, the district's SEG revenue decreased by $3.2 million. Because there was great uncertainty around state revenue, it was anticipated that a mid-year reduction of at least 1.2% to SEG was probable and needed to be planned for during the budget process.

When all aspects were taken into account, the administration was faced with a budget shortfall of $9.5 million, of which $7.6 million was planned as a set aside in case of further reductions. The shortfall was addressed through various actions, including a reorganization and consolidation of services and downsizing in certain areas. The budget assumed $5 million of reserves would be used to fill the gap between projected revenues and expenditures.

The New Mexico State Legislature met in special session in October, 2016, to address the statewide budget deficit. The state equalization guarantee for public schools support was reduced by $37.8 million. The effect of that reduction was to reduce the District's 2016-2017 state equalization guarantee appropriation by $9.5 million. The New Mexico State Legislature additionally reduced appropriations to both the Transportation Fund and the Instructional Material Fund. The effect of that reduction was to reduce District's 2016-2017 transportation appropriation by $2.3 million, and the instructional material appropriation by $1.3 million. The total reduction to District's 2016-2017 operational budget was $13.1 million. The reductions in State appropriations were largely absorbed by the $7.6 million set aside and by drawing down the General Fund balance.

Budget Preparation:
Despite funding challenges, the 2017 budget reflects the priorities of the board, administration, unions and others committed to accomplishing long term goals and objectives of the district. These goals reflect the district's determination to make progress in achieving greater levels of excellence in academic achievement driven by a sustainable financial model. The annual budget development process allows the district decision makers to align budget choices to the desired outcomes through a collaborative process.

The proposed budget is presented to the Board in a public meeting for formal adoption. Pursuant to 22-8-10 NMSA 1978, the local school board sets budget priorities and the Public Education Department must approve final school district budgets.

Budgetary Control: The objective of budgetary controls is to assure compliance with the provisions of State Statute, the New Mexico Administrative Code and Board policy. In addition, budgetary controls ensure that funding appropriated by the Board meets intended goals. The level of budgetary controls (that is the level by which expenditures cannot exceed the appropriated amount) is carried down to the function level within each individual fund.

The district maintains an encumbrance accounting process as one technique to control budgets. In addition, the accounting system prevents expenditures from exceeding budget at the object code level. Budget Office management continually reviews detailed budget to expenditure reports for budget maintenance. Quarterly reporting to the Board is provided at public meetings and becomes a part of the Board's permanent, public record. These reports are public documents and are open to public inspection.

The Organization of the District

The Albuquerque Board of Education (Board) is a seven-member, elected, public body representative of seven election districts within the District's boundaries. Each Board member is elected to a four-year term. Their authority and duties are defined in the Constitution of the State of New Mexico, State Statute section 22-5-1 to 22-5-16, NMSA, 1978 and in the related sections of the New Mexico Administrative Code (NMAC) relating to Public Schools. In general, the Board acts to set District policy, set budgets, hire a Superintendent and act upon recommendations made by the Superintendent.

The Board membership as of June 30, 2017 is as follows:

Board Member	Term Begin Date	Term End Date	Board Position
David E. Percy *	2009	2021	President
Lorenzo L. Garcia *	2009	2021	Vice-President
Analee Maestas*	2011	2019	Secretary
Candelaria Patterson	2017	2021	Member
Peggy Muller-Aragon	2015	2019	Member
Barbara Petersen	2015	2019	Member
Elizabeth Armijo	2017	2021	Member

*Note - * denotes Board members serving multiple terms*

The superintendent is the chief executive officer of the district with duties defined in statute and the New Mexico Regulatory Code. Raquel Reedy, who began her career as a special education teacher more than four decades ago, has served as the Albuquerque Public Schools superintendent for two years. As superintendent, Ms. Reedy's primary responsibilities include: academic standards, professional development, school accountability and assessment, instructional and district technology, extended learning, quality assurance, higher education partnership and state department statewide partnership. Other responsibilities include development of district-wide processes and measures to accomplish district goals and oversight responsibilities for all elementary schools, secondary education, school improvement, student career pathways, educational options including charter and privately managed schools, student equity, the improvement of student graduation and student dropout rates, special populations, health/mental health, and character education.

Ms. Reedy began her career as a teacher of the visually impaired in Boston in 1974. She started with APS in 1977 as a special education teacher. After an eight-year stint as a personnel specialist in the APS Human Resources Department, she served as an elementary school principal and associate superintendent for elementary education before being named superintendent. She holds a master's degree in education from Harvard University and a bachelor's degree in elementary education from the University of Texas at Austin.

In June 2016, Ms. Tami Coleman was named Chief Financial Officer after serving 10 months in the interim position. Ms. Coleman began with the District in January 2007 and has over 25 years of New Mexico public school administrative and financial experience. Ms. Coleman holds a Bachelor of Science Degree in Accounting from National American University in Albuquerque, New Mexico and a Level II New Mexico School Business Official's License. As the chief financial officer, she is a member of the Superintendent's Cabinet and Leadership teams. The chief financial officer manages the finances of the district and oversees the business units which handle the financial activity of the school district. Ms. Coleman is an active member of the New Mexico Association of School Business Officials (NMASBO), and served a 2-year term as President in 2009/10 and 2010/11.

Scott Elder, Chief Operations Officer, is a third-generation New Mexican. He has worked for Albuquerque Public Schools since 1991 when he began his career teaching ESL at Highland High School. He has served as a principal at McKinley Middle School, Career Enrichment Center and Early College Academy, Highland High School, and Sandia High School. He holds Bachelors of Arts in Political Science and Spanish as well as a Masters of Secondary Education. He also holds a Masters of Business Administration from the Anderson School of Management at the University of New Mexico. He is deeply committed to providing a safe and inclusive learning environment for all public school students.

Employee Relations

During the 2016/2017 year, the District had approximately 12,000 full time, part time and substitute employees including approximately 6,000 state certified teachers. New Mexico teachers are paid according to a legislatively established three tiered licensure system. The purpose of the three tiered licensure system is to raise minimum salaries for teachers in an attempt to provide parity with other competitive employment sectors. The three tiered salary schedule will also reward teachers for higher levels of experience and education.

FISCAL YEAR	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Average Teacher Salary	$45,274	$44,474	$44,399	$46,797	$46,824
% of Increase	-0.74%	-1.77%	-.17%	5.4%	.06%
Average Years of Experience	9.96	10.01	9.76	10.33	10.33

Source: PED Online Stat Books

The table above shows the trend of average salaries for the past 5 years. Salaries in 2017 remained relatively the same, as did the years of teaching experience.

Salary Schedules in the Albuquerque Public School District are considered to be competitive with those of neighboring Districts. Employee compensation packages give credit for increasing levels of education and length of service within each salary classification. In addition, the District pays for 60%-80% of employee health, life and dental benefit policies.

The Albuquerque Public Schools has maintained and reaffirmed a labor agreement with the representative of its certified employees' bargaining unit, the ATF-Albuquerque Teachers Federation. The agreement for fiscal year

2017-2018 was ratified by all parties on August 16, 2017, and will remain in full force and effect through June 30, 2018. The following is a summary of each of the organizations that represent APS employees:

Teachers Union: The Albuquerque Teachers Federation (ATF) is the professional union that represents all licensed teachers, counselors, librarians and support and related services personnel in the Albuquerque Public Schools. ATF represents 6,899 employees. ATF is a union of educator professionals, representing teachers and professional support staff in all matters.

School Police: The Educational Police Officers Association represents the Districts police officers and security personnel. Approximately 130 employees are represented by this Association.

Food Service Staff (CWA Local 7011): The Communication Workers of America represents all regular food service employees such as cooks, bakers, assistant cooks and bakers, food service aides, and general helpers, excluding cafeteria managers, supervisors, and clerical employees. There are 505 employees represented by this Union.

M&O (CWA M&O Local 7070): Communication Workers of America also represents employees such as maintenance, custodial, and warehouse workers. Supervisors, secretarial and confidential employees are excluded from the bargaining unit. There are 797 employees represented by this Union.

Educational Assistants: The Albuquerque Educational Assistants Association is affiliated with the Albuquerque Teachers Federation. This union represents educational assistants, community support liaisons and campus security assistants, and represents approximately 1,800 members.

Secretarial/Clerical: The Albuquerque Secretarial/Clerical Association represents secretaries and clerical staff that are paid on that specific salary schedule defined in the negotiated agreement. This union represents approximately 461 members.

Services Provided

Facilities, Design, and Construction; Maintenance and Operations; Graphics Enterprise Services; and the District's Informational Technology Data Center and various educational support units are located at the Albuquerque Public Schools Lincoln Complex. The Central Administration and Instructional Support offices are located in the Alice and Bruce King Educational Complex. Offices for the Special Educational support staff and students will be constructed at the Aztec Complex and Teacher Training facilities are being constructed at the Montgomery Complex.

APS Student Transportation Services oversees 11 bus contractors and our own operation that transports over 41,000 of the district's children each day to over 142 locations. During the 2016-2017 school year, APS used 400 contract buses and 70 additional spare buses. The department saw a 13.5% reduction by PED which equated to a $2.3 million dollar cut to transporting students. This is in addition to over 60 buses that need to be replace per State Statute that PED has elected to not replace. Collectively, APS buses travel over 6 million miles annually. School transportation is provided throughout the regular school year and during the summer for extended school year programs. In addition, transportation is provided for various school-sponsored activities. Providing transportation services involves a number of planning tasks. For general transportation, the department establishes bus stop locations and times, studies hazardous walk zones, and determines the limits of walk zones (1 mile for elementary, 1.5 for middle and 2 miles for high schools). Coordinating transportation for special education students involves determining the type of bus needed. Transportation to activities involves planning on-time transportation for athletics, field trips, etc. The department also reviews routes on a regular basis to determine the most efficient/economical routes.

Student Transportation Department continues to experience greater demands for service. Student ridership has stabilized but funding has still not returned to previous levels, while the cost of providing the service continues to increase. Efficiencies have been realized, but at the expense of quality service to students. APS is transporting a higher volume of students with fewer buses which in turn makes for a longer travel time on a bus for both regular and special needs students. In addition, APS contractors are experiencing challenges in acquiring financing in order to purchase new equipment required by the PED and currently contractors are experiencing difficulty in hiring qualified drivers.

APS Food and Nutrition Services provides breakfast and lunch to APS students, teachers and staff, in addition After School Snacks, At Risk Dinner programs , Fresh Fruits & Vegetable Program, and Summer Feeding are provided both for APS and contracts services to non-profit agencies and charter schools. Food and Nutrition employees 700 staff who are trained in food safety/sanitation and/or required certification based on job duties. Special nutritional concerns are addressed by registered staff dietitian. Applications for the Free and Reduced Lunches are processed by this department.

The Special Education Department provides programs, support and technical assistance to schools with gifted students and students with disabilities. In addition, this Department provides direct services to students and is responsible for managing district responses to legal, regulatory, and budgetary matters.

Athletic and other activity programs are provided to students whose interest and desire for extracurricular experiences may lie beyond the pure academic realm. Athletics and activities sanctioned and governed by the New Mexico Activities Association are offered in grades 6-12 in the Albuquerque Public Schools. In conjunction with other local governmental and local non-profit entities, the Albuquerque Public Schools also supports community youth activities by allowing the use of school district facilities at a nominal cost to the using group.

Economic Conditions and Outlook

Decreasing revenues due to plummeting state energy prices and other state revenue challenges continue to create uncertainty in funding for public education. APS will continue to experience budgetary pressures as long as revenues remain unstable and the district continues to experience declining enrollment.

The work to identify additional areas of opportunity will continue in FY17 and beyond. The district has plans to create some competitive options to resize its infrastructure, further streamline operations and create additional opportunities to attract students outside the district.

The positive influence of defense related industries located in the District is a historical fact; however, economic diversification has increased in recent years. A mainstay to the Albuquerque area has been the Sandia National Laboratories. The mission of Sandia has been changed to include non-defense research. Sandia National Laboratories is becoming a national research laboratory rather than a nuclear research facility. Sandia has entered into a number of joint research projects with private industry and has placed a major emphasis on the transfer of technology to benefit existing industries and to spawn new ones. It is hoped that this greater diversification in the role of the laboratory will also further the diversification of the area economy.

In addition, Albuquerque's success in this arena is directly tied to Kirtland Air Force Base and the Air Force Research Laboratory's Space Vehicles Directorate. The program's mission is to develop and transition high pay-off space technologies supporting the warfighter while leveraging commercial, civil and other government capabilities to ensure America's advantage. The Space Vehicles Directorate serves as the Air Force's "Center of Excellence" for space research and development. *(Source: Albuquerque Economic Development, www.abq.org)*

In the private sector, Albuquerque has experienced a period of employment growth from technology industries

such as aviation & aerospace, solar technology & renewable energy, microsystems & nanotechnology, semiconductors & electronics, and directed energy & optics. Notable technology companies investing and growing in the Albuquerque MSA include Honeywell Aerospace, UniRac, NanoPore, Intel, Skorpios Technologies, Inc., SUMCO and Boeing Directed Energy Systems. A future business in the Albuquerque MSA is Facebook, who will be opening a new office in the area. Western Albuquerque Land Holdings LLC (WAHL, formerly SunCal Corporation) recently received approval for a Level A Master Plan (Santolina) constituting a 13,851 acre area of land located on the western edge of Albuquerque. This plan will consist of 37,930 residential units built out over the next 40-50 years. WAHL will continue to be the biggest player in urban growth over the next decade.

Because of its accessibility and culturally unique tourist facilities, the area is the gateway for tourism in New Mexico as well as an attraction in its own right. The District includes the historic "Old Town" of Albuquerque, the Sandia Peak ski area, the Sandia Tramway, a number of nationally recognized museums, and the Cibola National Forest. Other attractions include the Albuquerque International Balloon Fiesta, the National Hispanic Cultural Center, North America's biggest powwow-the Gathering of Nations, and the Expo New Mexico. There are also several Indian pueblos within easy driving distance that draw many tourists because of their historical significance, cultural beauty and Native American arts.

Financial Planning

District policies and procedures are in place that require the chief financial officerto manage the district's finances and take appropriate action to ensure operational fund cash balance of at least five-percent (5%) of the current year's budgeted operating expenditures for any given fiscal year.

The Capital Master Planning Department works very closely with the Chief Financial Officer which ensures all long term planning is done with full cooperation and collaboration of the Finance Department. The services of master planning consultants and financial advisors are used to help ensure full coordination of resources and needs of the District.

Relevant Financial Policies

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are reasonably protected from waste, theft, abuse or loss. Internal controls also ensure that accounting data is adequately collected and compiled to allow for the preparation of accounting reports in accordance with generally accepted accounting principles. Capital assets are identified at the time of purchase, confirmed upon delivery and inventoried on a yearly basis. The Accounts Payable Department assures that purchases are properly received and documented prior to payment. Issues related to the adequacy of internal controls are reviewed and changed as necessary, and policies and procedures are in place to guide staff through their daily business routines. In addition, the PED (Public Education Department) publishes and maintains a New Mexico Manual of Procedures for Public School Accounting and Budgeting. This manual serves as a comprehensive guide for finance staff in their daily duties.

Major Initiatives and Events - Fiscal Year 2016/2017

Academic Master Plan, The Supt's Big 5 and Learning Zones

During the 2016-2017 school year, after months of meetings, forums and discussions with input from hundreds of people from across the district, Albuquerque Public Schools developed an Academic Master Plan with three goals:

- Goal 1: Early Literacy - Early learning begins at home, is nurtured in supportive classrooms as children develop language and number skills, and grows as students become adept at using these skills in a variety of ways.
- Goal 2: Career and College Readiness - All students will graduate - without the need for remediation- having the skills, attitudes and characteristics to prepare them for post-secondary education, careers and life in an ever-evolving global community.
- Goal 3: Developing the Whole Child - Students develop physically, mentally, emotionally, socially and intellectually in safe and welcoming environments that remove barriers to learning, embrace individuality and connect to their community.

The goals were expanded to include two more district priorities: Attendance and Community and Parent Engagement. These became known as the Supt's Big 5.

Beginning in the 2017-18 school year, the implementation phase of the Academic Master Place is taking place, in part through the creation of four smaller, geographic Learning Zones (LZs for short), each designed to meet the unique needs of its community through support, resources and professional learning. Each LZ is assigned an associate superintendent along with support staff who are on hand to support the schools and provide needed services on a daily basis. They'll help with training, instruction, data collection and interpretation, technology, testing, special education and more.

The LZs take a vertical approach to education. APS is looking at schools less as levels - elementary versus middle versus high - and more as a continuum of education that begins as preschoolers start learning their ABCs and ends with seniors walking across a stage to pick up their diploma.

Schools in each LZ will learn from and support each other, too. One way they'll do this is by conducting monthly "rounds" at schools in each LZ. Similar to hospital rounds made by doctors, school rounds involve colleagues - in this case associate superintendents and neighboring principals - making visits to provide feedback. The rounds have been very effective, resulting in enhanced dialogue and collaboration among feeder school communities.

The district also is implementing a School Attendance Performance Framework in order to better identify the needs of schools and to replicate innovative attendance promotion strategies in the district.

Educational Facilities and Equipment in the APS Community

The APS 2011 - 16 Capital Strategy is complete. It consisted of approximately $1 billion in voter-approved capital investments over 6 years and was a transitional strategy that saw emphasis shift from completely new facilities in new areas of the district to renewing existing facilities and infrastructure. All the projects/initiatives were funded with taxpayer supported general obligation bonds and mill levies in 2010 and 2013 elections.

The lingering economic recession continues to see APS CMP as a prominent economic player in the local economy with CMP projects/initiatives acquiring an even larger market share due to stagnation in regional commercial and public construction activities since 2011.

The new APS CMP Capital strategy (2017 - 22) was formulated (assessments carried out from January to October 2015) by carrying out a full district assessment and evaluation of its Capital, IT and Facility needs. The current strategy focuses on renewing existing facilities and infrastructure. There continues to be great emphasis on educational technology (hardware/software/infrastructure) as a component of the CMP (6% to 24% over the last 10 years, projected to increase to around 30% by 2022). All the projects/initiatives are funded with taxpayer supported general obligation bonds and mill levies. Funding will be over two voter approved elections, the first of

which was approved by taxpayers in February 2016 ($200 million General Obligation Bonds passed by 70% approval and $375 million in HB Mill Levy passed by 65% approval). The second election is currently scheduled for February 2019.

Highlights for the current phase of this Capital Strategy include:

- $100 million for Instructional Technology
- $60 million to address Title IX Equity issues and for the provision of physical education facilities in an equitable manner to all genders.
- $58 million flowing directly to both District and State-approved charter schools.
- Continuation of renovation and replacement of schools that are 50 years or older
- « School security
- ® ADA compliance

Some Major Completed projects since 2016 include:

® Atrisco Elementary School: Re-roof and Classroom block Replacement at a cost of $9.8 million.
® Aztec Special Education Center: New facility
® District Intensive Support, Diagnostic, andEvaluation Center for Special Needs at a cost of $7.6 million.

- Marie Hughes Elementary School total school replacement: Total re-buildof the schoolat a cost of $21.9 million.
- Mountain View Elementary School total school replacement: Total re-build of the school at a cost of $21.7 million.
- Wherry Elementary School total school replacement: Total re-build of the school at a cost of $16.2 million.
- Desert Willow Family School completion of final phase: Phase 2 of Master Plan as Expansion of K-8 School at a cost of $3.5 million.
- Valley High School Title IV PE/Gym Renovation: Demolish Building "S" and Construct New PE facility at a cost of $7.1 million.
- Coyote Willow Family School West Side: A new west side family School to Accommodate 320 K-8 Students at a cost of $10.3 million.

Some Major Ongoing projects include:

- Jackson Middle School: New Kitchen, Cafeteria, Drama Building and Old Wing Replacement and Renovation at a cost of $12.3 million with a Projected Completion Date of fall 2018.
- Manzano High School: New PE/Gym Complex and Demolish of existing Gym Facilities at a cost of $14.8 million with a Projected Completion Date of summer 2018.
- Albuquerque High School: New Commons, Café, and Music Classrooms at a cost of $12 million with a Projected Completion of December 2017.
- The Berna Facio Teacher & Professional Development Facility: A 47,000 square foot Facility with teacher and professional training spaces to address programmatic and flexible training objectives for 8,000 certified staff (teachers/EA's/Substitutes), and 4,000 non-certified professional/technical staff within the APS district/system at a cost of $21.7 million scheduled to open fall 2018.

New Schools:

- A new NW K-8 identical to the George I Sanchez PreK-8 serving 1420 students at a cost of $51 million and scheduled to open in fall 2018.

Educational Informational technology

- APS will dedicate $100 million from the CMP 17-22 on educational IT.

Other Educational Equipment

- Furniture Replacement - $ 5 million from the CMP 17-22 for school furniture replacement
- School Security - $5.6 million
- ADA Compliance - $3 million
- Career Technology Vocational Education Equipment (CTE) - $750,000

On February 2, 2010 voters approved a $616 million bond issue and mill levy with a focus on refurbishing and rebuilding old schools, most of which are more than 40 years old. All projects undertaken by this funding are either completed or close to completion, and all obligations have been fulfilled.

A Two Mill levy (SB9) and General Obligation Bond election was passed in 2013 with a 79% majority authorizing $368 million, most of which is going directly to facility maintenance, brick and mortar construction/design and Educational Technology. $200 million has been authorized by the General Obligation Bond and $168 million by the Two Mill Levy. The next election for SB9 will be held in February 2019.

A new Capital Strategy was assessed and begun in 2016 with the passage of a $200 million General Obligation Bonds which was passed by 70% approval, and a $375 million in HB Mill Levy which was passed by 65% approval. The next election will be February 2019. The main focus of this new CMP Strategy is to continue to renew, refurbish and rebuild old schools and provide new educational and instructional technology. There is also an extra emphasis on Title IX, Gender Equity in physical education facilities, energy and water efficiency, school security and ADA compliance.

The APS Capital Master Plan continues to provide facilities for charter schools. New facilities were completed for South Valley Academy, Montessori of the Rio Grande, and Robert F. Kennedy Charter School. A Performing Arts Charter school and a Digital Arts and Vocational Skills Charter Schools are currently under design and are funded for construction. Approximately $58 million in HB33 Mill Levy funding is projected to flow to all APS District and State-approved charter schools over the next 6 years; this affects 50+ charter schools.

Accounting and Financial Information

This written analysis and the accompanying financial report will indicate that Albuquerque Public Schools is in sound financial health. Indicators such as Aal bond rating (Moody's Investor Services), AA long term rating (Standard & Poor's), balanced budgets, significant cash balances and strong budgetary management contribute to and are indicators of a positive financial direction and strong, stable management. This is further explained in the Management Discussion and Analysis.

Independent Audit

State Statute requires the independent audit of public schools on an annual basis. The audits are defined and governed by regulations issued by the New Mexico Office of the State Auditor (NMAC 8.1). Regulations require that a large public entity cannot contract with an auditor for more than six consecutive years. This audit is our sixth, and final, year with CliftonLarsonAllen, LLP. The hiring and contracting of the Independent Auditor is made in accordance with the State of New Mexico Procurement Code Chapter 13, NMSA 1978, State Auditor regulations and Albuquerque Public Schools Board Policy. The scope of the audit is designed to meet the state and federal requirements set forth in the State Auditor's regulations. In addition, the District includes district-authorized charter schools in its audit and financial statements as component units.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Albuquerque Public Schools for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that APS's current Comprehensive Annual Financial Report ("CAFR") continues to meet the Governmental Finance Officer's Association's (GFOA's) Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

Albuquerque Public Schools received the Association of School Business Officials International's (ASBO) Certificate of Excellence in Financial Reporting award for having met or exceeded the program's high standards for financial reporting and accountability. The District was recognized for its Comprehensive Annual Financial Report for the fiscal year ending 2016. This award confirms the school business office's commitment to financial accountability and transparency. Recognition through the COE program can help strengthen a district's presentation for bond issuance statements and promotes a high level of financial reporting.

In addition, we believe that APS's 2017 CAFR will also meet the requirements of the Certificate of Excellence in Financial Reporting offered by the Association of School Business Officials International, and will submit the document for their continued certification.

The preparation and publication of this CAFR could not have been possible without the assistance, participation and cooperation of the entire Finance Division staff. Special notes of appreciation are extended to the District Controller, Ben Lubkeman, and Senior Accountant, Mark Turnbull, for their efforts in providing and preparing the information used for this CAFR. A note of appreciation is also made to the other departments of the District for their willingness to participate in providing information for this report.

In Closing

We are pleased to present the APS Comprehensive Annual Financial Report for the fiscal year ending June 30, 2017. The Albuquerque Public Schools' community deserves the highest quality instruction, outstanding academic programs, and comprehensive student development supports to prepare our city's youth for the challenges they will face in an increasingly complex and diverse world. Equally important, the Albuquerque Public Schools' community deserves relevant financial information and sound fiscal controls that will result in greater accountability to its taxpayers, legislators and government entities that serve the needs of its students. APS will endeavor to meet both goals.

Sincerely,

Tami J. Coleman
Chief Financial Officer

STATE OF NEW MEXICO

ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12

JUNE 30, 2017

Official Roster

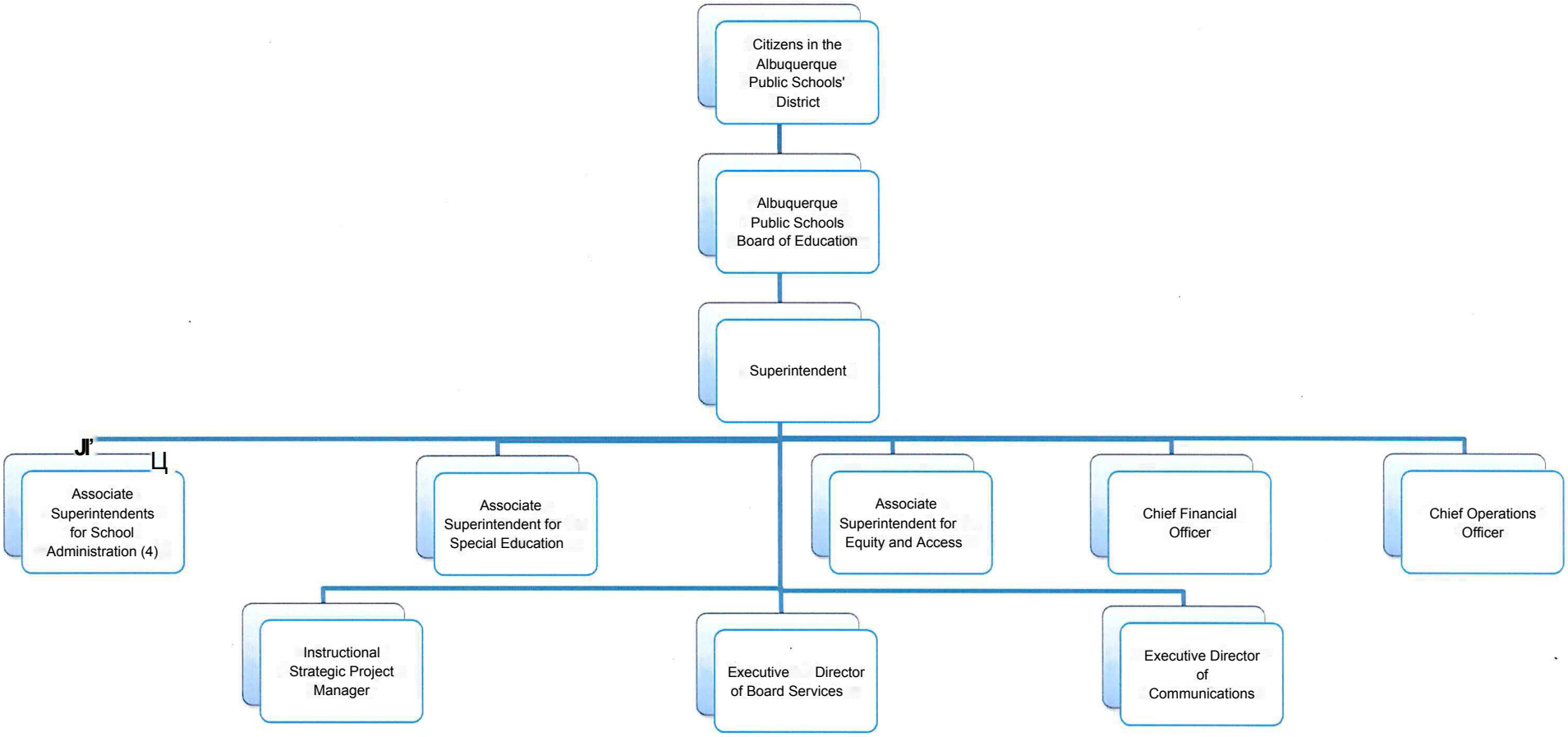
Board Of Education

Dr. David E. Peercy	District 7	President
Lorenzo L. Garcia	District 3	Vice President
Dr. Analee Maestas	District 1	Secretary
Peggy Muller-Aragòn	District 2	Member
Barbara Petersen	District 4	Member
Candelaria Patterson	District 5	Member
Elizabeth Armijo	District 6	Member

School Officials

Raquel Reedy	Superintendent
Scott Elder	Chief Operations Officer
Tami Coleman	Chief Financial Officer

Albuquerque Public Schools



FINANCIAL SECTION

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

State of New Mexico
Albuquerque Municipal School District No. 12
Board of Education and
Mr. Timothy Keller, New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Albuquerque Municipal School District No. 12 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of the governmental activities of each discretely presented component unit, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining financial statements as of and for the year ended June 30, 2017, as listed in the table of contents. We have also audited each fund and the aggregate remaining fund information and the respective budgetary comparisons of each of the following discretely presented component units: Albuquerque Charter Academy, Christine Duncan's Heritage Academy, Corrales International School, Digital Arts & Technology Academy, Gordon Berneli Charter School, La Academia de Esperanza, Los Puentes Charter School, Native American Community Academy, New Mexico International School, Public Academy for Performing Arts, Robert F Kennedy High School, Siembra Leadership Academy and The Bataan Military Academy, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of each discretely presented component unit as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund and the aggregate remaining fund information and the respective budgetary comparisons of each of the following discretely presented component units: Albuquerque Charter Academy, Christine Duncan's Heritage Academy, Corrales International School, Digital Arts & Technology Academy, Gordon Berneli Charter School, La Academia de Esperanza, Los Puentes Charter School, Native American Community Academy, New Mexico International School, Public Academy for Performing Arts, Robert F Kennedy High School, Siembra Leadership Academy and The Bataan Military Academy, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vii-1 through vii-23 and the Schedule of Funding Progress on page 98 and the Schedules of Proportionate Share of the Net Pension Liability/Contributions starting on page 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

State of New Mexico
Albuquerque Municipal School District No. 12
Board of Education and
Mr. Timothy Keller, New Mexico State Auditor

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* introductory and statistical sections, and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 14, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District'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 District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 14, 2017

The following management's discussion and analysis provides an overview of the financial activities of the Albuquerque Municipal School District No. 12 (hereinafter referred to as "Albuquerque Public Schools, or "APS", or "District") for the fiscal year ended June 30, 2017. The document is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the School District's financial activity, (c) identify changes in the School District's financial position, (d) identify any material deviations from the financial plan (approved budget), and (e) identify financial issues or concerns. Please read it in conjunction with the School District's financial statements, which begin following this analysis.

Management's Discussion and Analysis is a required part of the School District's and the discretely presented component unit's financial reporting and is an objective and easily readable discussion of the School District's financial activities. The reader will see two statements, a Statement of Net Position and a Statement of Activities. These statements provide the overall view of the financial activities of the School District. This discussion and analysis will provide a review of the School District's overall financial activities, using the full accrual basis of accounting, for the year ending June 30, 2017. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the School District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphic information.

This annual report consists of a series of detailed, audited financial statements, supplementary information and the notes to those statements. Albuquerque Public Schools Finance Department staff prepared these statements and the accompanying supplementary information. Also included is the Independent Auditors' Report, Independent Auditors' 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 on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance, and the Schedule of Findings and Questioned Costs.

Financial Highlights

The Albuquerque Public Schools District is the 34th largest school district in the United States and the largest school district in New Mexico. Of the total student membership of 331,197 in the State of New Mexico, 89,685 or 27% attend the Albuquerque Public Schools and its local charter schools. The School District encompasses the majority of Bernalillo County and a small section of Sandoval County. There are 142 school sites within the School District; 88 Elementary Schools, 27 middle Schools, two K through 8 schools, 14 high schools and 11 alternative schools. In addition there are 20 charter schools chartered by the Albuquerque Public Schools Board of Education.

The School District is responsible for elementary and secondary education within its geographical borders. The voters elect the members of the District's governing board which is financially accountable for the District by approving the District's budget, levying taxes, if necessary, and approving any debt issuances.

Twenty-two District-authorized charter schools are responsible for providing elementary and secondary education within the District. Each charter school is managed independently by its own governing board. The Albuquerque School District is liable for any operating deficits (to date the charter schools have not experienced any material operating deficits). The charter schools are presented as discretely presented component units in the District's Financial Statements.

All charter school operating revenues are passed through the school district to the charter schools located within the school district. Two percent of the charter school revenues are retained by the school district for administration purposes. Because the revenues are passed through the school district to the charter schools, the GASB Codification requires that the APS charter schools be treated as "component units" and included within the scope of the School District's Independent Audit and financial statements.

The New Mexico State Legislature met in special session in October, 2016, to address the statewide budget deficit. The state equalization guarantee for public schools support was reduced by $37,800,000. The effect of that reduction was to reduce the District's 2016-2017 state equalization guarantee appropriation by $9,580,500. The New Mexico State Legislature additionally reduced appropriations to both the Transportation Fund and the Instructional Material Fund. The effect of that reduction was to reduce District's 2016-2017 transportation appropriation by $1,830,000, and the instructional material appropriation by $1,270,000. The total reduction to District's 2016-2017 operational budget was $12,680,500. The reductions in State appropriations were largely absorbed by using a contingency set aside for this type of occurrence of $7.6 million created by cost cutting measures planned during the budget development cycle, and additional cost cutting measures mid-year.

Additionally, the New Mexico State Legislature met in its 2017 regular session in January. Early in the session, SB114 was enacted a reduction to school district cash balances of $46 million (which was transferred to the State) of which $12.5 million came from the District's balances. Actual reduction to the District's general fund cash balances was $6.6 million with the remainder coming from cost cutting measures. The Governor vetoed over $3 billion from the General Appropriations Act, including over $700 million in general fund appropriations, none of which affected public education operational funding. These actions led to a special legislative session being held in late May that ultimately reversed these vetoes and used state capital funding to balance the budget. The District's administration had initially planned for a 2% reduction in State Equalization Guarantee (SEG), but changed direction when the Public Education Department announced an increase in SEG of 0.3%. Ultimately, the decision was made to build the District's budget based on flat revenue, allowing the District's administration to set aside $6.6 million in operational funds as a contingency in case of further reductions.

The Albuquerque Public School District maintains a strong Moody's Aal rating and Standard and Poor's (S&P) AA rating. These ratings reflect the highest ratings given to a school district in New Mexico and compare favorably with the City of Albuquerque (Moody's Aal; S&P AAA) and Bernalillo County (Moody's AAA; S&P AAA). The School District also was given a "good" financial management rating from Standard and Poor's.

The *Statement of Net Position* shows the School District's total assets as of June 30, 2017 totaled $2,015,201,295 including cash and investment assets of $498,248,159. High levels of cash and investment assets are in place to fund ongoing and planned school facility construction projects, and to support the District's self-insured components of Risk Management. As of June 30, 2017 the School District's self-insurance reserve fund (which pertains to estimated liabilities) totaled $32,660,753. Liabilities at June 30, 2017 for health, dental and vision are stated at 90% confidence level plus 15% to provide for claims fluctuation margin in the event of catastrophic claims. Liability balances for worker's compensation and property and liability are stated at 90% confidence level.

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

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

Each of the government-wide financial statements relates to functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are all related to public education.

The government-wide financial statements can be found on pages 1-2 of this report.

Governmental Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are divided into three categories: governmental funds, internal service funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. The Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position (Exhibit B-1) and the Reconciliation of the Statement of Revenues/Expenditures and Changes in Fund Balances of

Governmental Funds to the Statement of Activities (Exhibit B-2) provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 10 individual major governmental funds and numerous non-major governmental funds. In the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances, separate columns are presented for the major governmental funds while the non-major funds are combined and presented in a single column. Individual account data for each of the District's bonds is presented in Note 8 of the Notes to the Financial Statements. The non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The District adopts an annual budget for its governmental and internal funds type. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with the budget. The governmental fund financial statements for the major funds can be found on pages 5-9 of this report.

Internal Service Fund: The District created an internal service fund in fiscal year 2007 for the purpose of providing increased visibility, recording and tracking of transactions related to medical and dental health plans, workers' compensation, property and liability insurances and claims. In prior years these transactions were reported within the Operational Fund. The Insurance Fund was created at June 30, 2007 with the transfer of related cash balances and liability reserves. The activity for the 2016-2017 Fiscal Year is recorded in the Internal Service Fund, and can be seen in the statements on pages 17-19.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found on page 20 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 21 of this report.

Combining and Individual Fund Schedules and Statements. The combining schedules and statements showing the individual capital accounts and other non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund schedules and statements can be found starting on page 129 of this report.

Government-Wide Financial Statements

Statement of Net Position (Excluding Component Units)

This statement shows that as of June 30, 2017, the School District (excluding charter schools and the Albuquerque Public Schools Foundation) has total net position of $143,471,356 as compared to net position of $155,258,258, as of June 30, 2016. The School District had $504,029,187 in cash, investments and other current assets on hand as of June 30, 2017, and accounts payable/current liabilities and current long-term debt of $174,001,883. Cash and investment assets increased by $75,709,533 (17.9%) while Other Current Assets decreased by $957,708 (-14.2%). The increase in cash is mostly due to the bond sále completed in January 2017. The $51,288,276 increase in Capital Assets net of depreciation is mostly due to completion of major construction projects. Long Term Liabilities increased $201,474,484, mainly due to an increase of $131,691,313 in the recognition of the District's share of the ERB net pension liability, in the

amount of $1,234,274,713, as required by GASB 68. Restricted net position increased from $255,971,197 to $291,037,148, mainly due to the increase in capital projects and debt service, which is directly related to the increase in cash due to the bond sale. Unrestricted net position deficit increased from $(959,752,448) to $(1,014,791,662), mostly as a result of the aforementioned increase in the recognition of the District's share of the ERB net pension liability.

Statement of Net Position	**30-Jun-17**	**30-Jun-16**
Assets		
Cash Assets	$ 298,376,184	$ 422,538,626
Investments	199,871,975	-
Other Current Assets	5,781,028	6,738,736
Restricted Receivables	38,364,042	61,381,538
Capital Assets	2,499,318,422	2,376,293,506
Depreciation	(1,026,510,356)	(954,773,716)
Total Assets	2,015,201,295	1,912,178,690
Deferred Outflows of Resources	177,840,625	106,287,495
Liabilities		
Accounts Payable	2,139,316	3,567,200
Other Current Liabilities	85,316,763	83,331,932
Insurance Reserves	14,215,478	14,323,322
Current Portion/Long Term Debt	60,432,739	56,986,351
Liabilities Payable from Restricted Assets	11,897,587	13,655,733
Long Term Liabilities	1,860,806,858	1,659,332,374
Total Liabilities	2,034,808,741	1,831,196,912
Deferred Inflows of Resources	14,761,823	32,011,015
Net Position		
Net Investment in Capital Assets	867,225,870	859,039,509
Restricted for:		
Instructional materials	1,522,492	2,647,533
Food Service	23,100,213	20,192,801
Pupil Transportation	-	-
Restricted by Grantor	9,483,343	5,423,852
Athletic Program	1,323,542	1,562,067
Debt Service	89,826,600	77,580,168
Capital Projects	165,780,958	148,564,776
Unrestricted	(1,014,791,662)	(959,752,448)
Total Net Position	$ 143,471,356	$ 155,258,258

The Statement of Activities is prepared using the full accrual method of accounting. This report complements the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ended June 30, 2017. In the fiscal year ended June 30, 2017, net position decreased by $11,786,902 as opposed to the increase of $46,337,543 in the previous year. This increase is mostly due to a mid-year reduction in SEG funding and an increase in the amount of pension expense recognized in 2017.

Revenues	2017	2016
Program Revenue		
Charges for Services	$ 54,499,756	$ 49,110,457
Operating Grants and Contributions	130,571,089	132,813,359
Capital Grants and Contributions	35,719,195	50,193,543
Total Program Revenue	220,790,040	232,117,359
General Revenue		
Taxes-General, Debt Service, Capital Projects	156,437,916	153,008,208
State Aid not Restricted to Specific Purposes	607,601,318	632,937,742
Interest and Earnings in Investments	1,388,212	622,891
Gain/loss on Disposal of Capital Assets	12,224	111,370
Miscellaneous	2,421,393	3,581,063
Total General Revenue	767,861,063	790,261,274
Total Revenue	988,651,103	1,022,378,633
Program Expenses		
Instruction	460,341,970	438,004,346
Support services:		
Students	74,511,300	77,115,571
Instruction	20,497,167	21,461,299
General Administration	8,498,667	6,636,856
School Administration	42,450,668	42,969,075
Central Services	114,187,273	113,705,059
Operation & Maintenance of Plant	69,167,979	68,320,885
Student Transportation	21,887,003	19,907,994
Other Support Services	30,772	1,634,180
Food Services Operation	33,423,713	33,840,740
Community Services	1,202	13,574
Facilities, Supplies & Materials	48,773,872	54,697,531
Interest on Long-term Debt	23,758,291	22,285,402
Depreciation - unallocated	82,908,128	75,448,578
Total Program Expenses	1,000,438,005	976,041,090
Changes in Net Position	(11,786,902)	46,337,543
Net Position Beginning	155,258,258	108,920,715
Net Position Ending	$ 143,471,356	$ 155,258,258

Fund Financial Statements

Statement of Revenues and Expenditures and Changes in Fund Balances

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances guides the reader to a meaningful overall view of the District's revenues, expenditures, and fund balance and changes to the fund balance. This report also shows the revenue and expenditure activities of each major fund and the total of all "other" Governmental Funds. Total revenues from State, Local and Federal sources were $945,186,907. With the addition of $1,234,502 in Interest Income, total revenues increased to $946,421,409. Other Financing Sources (Bond Activities) added $129,120,789 resulting in current resources for the year of $1,075,542,198. Total expenditures for the School District were $1,018,341,649. The total ending Fund Balance, $406,537,626 is an increase of $57,200,549 from the prior year.

Multi-Year District Revenues and Expenditures

Total revenues for FY 2017 decreased $9.7 million compared to FY 2016 mostly due to a mid-year reduction in SEG funding.

Year	Total Revenues[1]	% Increase (Decrease)	Total Expenditures[1]	% Increase (Decrease)
2016/2017	1,075,542,198	-0.16%	1,018,341,649	-4.45%
2015/2016	1,077,236,970	1.06%	1,065,752,511	2.07%
2014/2015	1,065,947,796	8.24%	1,044,157,921	7.69%
2013/2014	984,837,379	4.09%	969,593,117	2.77%
2012/2013	946,149,736	6.47%	943,480,494	4.08%

revenues include proceeds from general obligation bonds sales in each respective year. Cash carryovers are excluded and expenditures include capital outlay.

The Budget

The State of New Mexico school budget process is defined under New Mexico State Statutes (Section 22-8, *Public School Finance)* and the New Mexico Administrative Code (Section 6.20.2 *Governing Budgeting and Accounting for New Mexico Public Schools and School Districts).* During the 2009/2010 fiscal year, APS moved from a site-based to a district-based budgeting process. Schools are provided funding based on a formula that is driven by student enrollment. Schools are also provided with additional "discretionary" funding based on their level of at risk factors (free lunch participation, mobility, English language learners). School principals then work with their staff and site councils to develop a detailed site budget.

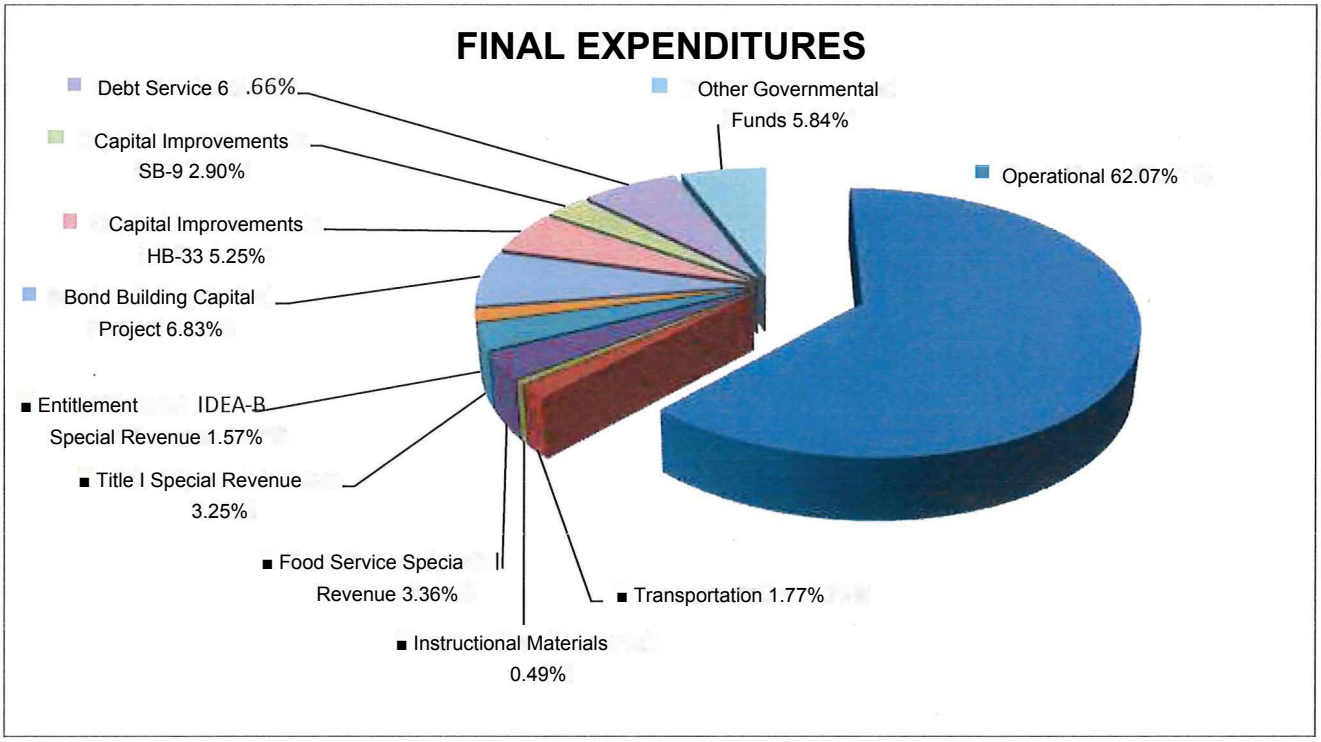
GASB 34 does not require a combining statement presenting the overall District result of the budget for each year; however, all major budgetary funds are required by the New Mexico State Auditor to be reported as separate statements.

The District had 75 active major and non-major funds at June 30, 2017. The 10 major budgetary funds in these reports are:

Operational Fund	IDEA-B
Pupil Transportation	Bond Building
Instructional Materials	Capital Improvements HB-33
Food Service	Capital Improvements SB-9
Title I - I ASA	Debt Service

In addition, 60 active, non-major Special Revenue Funds, and 4 non-major Capital Projects funds and 1 non-major Educational Technology Debt Service fund are also reported for their budgetary performance.

The following graphic shows the fiscal relationship of the major funds and the combined non-major funds presented on a budgetary basis.



The Operational Fund Final Expenditures represent 62.07% of the total expended dollar amount. This fund provides the salary and benefits for the significant majority of the Instructional, Instructional Support and School Support, Maintenance and Administrative staff as well as classroom materials, special education consulting staff and fixed utility costs. Revenue from this fund is substantially derived through the statewide funding formula in the form of State Equalization Guarantee, which is appropriated for education by the State Legislature. The Operational Fund is discussed later in the *Management Discussion and Analysis.*

Major Funds-Analysis of Budgetary Fund Balances

Major Funds - Analysis of Budgetary Fund Balances

Fund Description	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Variance
Operational	$ 49,870,436	$ 59,576,739	$(9,706,303)
Instructional Materials	1,522,492	2,665,889	(1,143,397)
Food Service Special Revenue	23,080,390	19,525,631	3,554,759
Bond Building Capital Project	70,424,402	40,057,599	30,366,803
Capital Improvements HB-33	81,642,903	81,300,870	342,033
Capital Improvements SB-9	49,538,196	49,472,876	65,320
Debt Service	76,095,898	66,155,310	9,940,588
Total	$352,174,717	$318,754,914	$33,419,803

The overall budgetary fund balances of these major funds have increased by $33.4 million. The decreases in the Operational and Instructional Funds are from the mid-year reduction in SEG funding. The increase in Food Services Department reflects cost cutting associated with centralizing all the District Food Services operations in one location. The Bond Building and Debt Service Fund have increased due to the bond sale in January 2017.

The Operational Fund

The Operational Fund is the School District's largest fund. Because the Operational Fund budget for the period ending June 30, 2017 was $679,581,952, the significant impact of this fund on School District Operations must be kept in context.

The Operational Fund is predominately funded by revenues from the State Equalization Guarantee (SEG) formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administrative staff. The Operational Fund also provides the predominant funding for athletics. State public school support funding for school district operations decreased by 2.7% for the year ended June 30, 2017. As shown in the *Operational Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget,* the Operational Fund began the year with an initial expenditure budget of $698,538,202 and had a final budget of $679,581,952. This decrease was primarily due to the mid-year budget reductions imposed by State legislation.

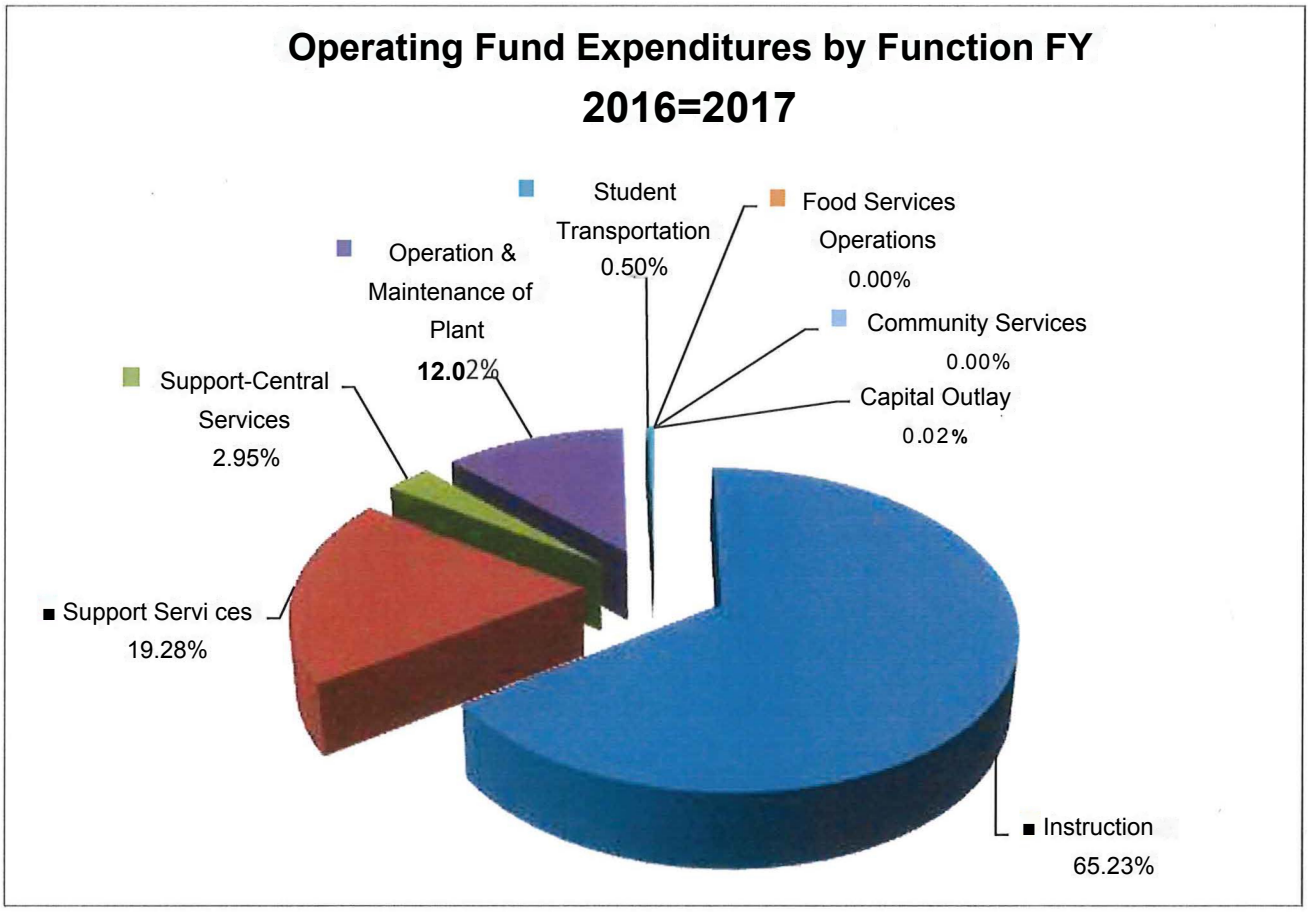
Because of the student growth experienced by the School District, an emphasis placed on schools by the New Mexico Legislature, and because the State Equalization Guarantee Formula is based upon student populations, the Operational Fund had historically realized increases in revenues, up until FY 2010-2011. Operational fund revenue has declined due to the recent recession. However, adding to the decline in revenue, in FY11 a policy decision was made by the State Legislature and supported by a newly elected Governor to funnel an unprecedented amount of funding outside of the statewide funding formula directly to the Public Education Department for discretionary distribution to New Mexico school districts. This trend has continued through FY17. Revenues through the funding formula have marginally increased beginning FY 2012-2013 as economic conditions have improved as seen in the following table.

Operational Fund Revenues (Including ARRA Stabilization Funds)

Year	Revenues	% Change
2016/2017	$ 626,164,530	-3.60%
2015/2016	649,428,090	-0.20%
2014/2015	650,992,041	3.90%
2013/2014	626,748,263	3.20%
2012/2013	607,350,045	1.50%

Because the Operational Fund is the main fund whose expenditures are significantly related to the educational process, $635,870,908 was expended in the year ending June 30, 2017. The most significant expenditure was for the function noted as "Instruction". This expenditure was $414,782,584 or 65.2% of all Operational Fund expenditures. Expenditures included in this function are Regular Education teachers, Special Education teachers, Early Childhood Education teachers and educational assistants, staff benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services. In addition, $80,449,579 or 12.7% was expended from the "Support Services-Students" and "Support Services-Instruction". The expenditures in these two functions are directly in support of classroom and school activities. Charges to these functions include the related expenditures for librarians, nurses, social workers, counselors and special education support staff. Less than 1% of the Operational budget was used for general administration, 5.6% was used for school administration, and 3% was used for Central Services which includes Business Support, Warehouse Support, and Informational Technology.

The following discussion on the Operational Fund budget relates to functional expenditures for the year ending June 30, 2017 for the Operational Fund. Instruction for APS represents 65.2% of all Operational Fund expenditures and compares favorably with the state-wide ratio for Instruction of 60%.



FY 2016-2017 Operational Fund Revenues and Expenditures

	Original vs. Final Budget				Actual vs. Final Budget				
	Origina l Budget	Final Budget	Variance	V%	Actual	Variance	V%		
Revenues $	643,702,139	$ 621,654,540	$22,047,599	3.4%	$ 626,164,530	$ 4,509,990	0.7%		
Expenditures by function								% Expenditu	% State Average
1000-Instruction	441,776,351	435,295,598	6,480,753	1.5%	414,782,584	20,513,014	4.7%	65.23%	" 60%
2100-Support-Students	73,753,505	68,957,618	4,795,887	6.5%	60,533,214	8,424,404	12.2%	9.52%	10%
2200- Support -Instruction	24,846,381	23,953,824	892,557	3.6%	19,916,365	4,037,459	16.9%	3.13%	3%
2300-Support-Admin-General	6,563,758	6,484,759	78,999	1.2%	5,747,209	737,550	11.4%	0.90%	2%
2400-Support-Admin-School	37,135,461	36,423,985	711,476	1.9%	35,612,273	811,712	2.2%	5.60%	6%
2500- Support- Central Services	21,838,338	21,147,820	690,518	3.2%	18,751,511	2,396,309	11.3%	2.95%	4%
2600-Operation & Maintenance	89,746,147	84,630,287	5,115,860	5.7%	76,411,396	8,218,891	9.7%	12.02%	13%
2700- Pupil Transportation [3]	679,931	679,931	-	0.0%	3,200,556	(2,520,625)	-370.7%	0.50%	0%
2900- Non Operating [4]	1,866,775	1,866,775	-	0.0%	780,772	1,086,003	58.2%	0.12%	0%
3100- Food Services Operations[5]	200,000	-	200,000	100.0%	-	-	0.0%	0.00%	0%
3200- Community Services	7,500	7,500	-	0.0%	1,202	6,298	84.0%	0.00%	0%
3140-Capital Outlay	124,055	133,855	(9,800)	-7.9%	133,826	29	0.0%	0.02%	1%
Total $	698,538,202	$ 679,581,952	$ 18,956,250	2.7%	$635,870,908	$ 43,711,044	6%	100%	100%

[1]Percentage of expenditures to total expenditures.

[2]Source PED Statistical Data, New M exico Financial Statistics - Budgeted Expenditures 2013-2017.

[3] Operational fund expenditure for pupil transportation only

[4] Non-Operating includes emergency reserve and legal settlement budgets. Expenditures are generally not incurred

[5] Operating costs not normally incurred by this fund within this function.

Variance between Original and Final Budget

The Original approved budget included an estimate of what the cash balance would be at the end of the prior fiscal year. When the actual cash balance was determined, the budget was adjusted for the difference. In the fiscal year ending 2017, the decrease to the Operational Fund final budget was $3 million.

Variance between Final Budget and Actual Expenditures

The percentage variances between the District's Operational Fund final budget and actual expenditures in fiscal year 2017 are due to a couple of factors. First, $41 million of the $44 million variance is for cash reserves not intended to be spent. Secondly, expenditure levels across all budgetary functions were lower because of savings from vacancies, health benefit costs and non-personnel expenditures.

	2015-2016		2016-2017	
	APS	Statewide	APS	Statewide
Functional Expenditures[1,2]				
1000-Direct Instruction	$ 413,525,269	$ 1,707,805,778	S 414,782,584	$ 1,709,298,700
2100-Support-Students	66,592,336	271,532,966	60,533,214	280,004,845
2200-Support-Instructional	21,425,738	77,384,529	19,916,365	79,024,436
2300-General Admin	4,540,602	56,262,241	5,747,209	61,556,970
2400-School Admin	34,522,526	180,586,692	35,612,273	180,922,508
2500-Central Services	19,450,807	95,840,294	18,751,511	100,610,013
2600-Oper/Maintenance Plant	77,834,132	373,250,565	76,411,396	381,458,182
2700-Pupil Transportation	1,208,906	4,719,613	3,200,556	6,497,230
2900-Non-Operating	944,171	33,142,083	780,772	8,038,947
3100-Food Services	314,187	3,409,618	-	3,166,890
3300-Community Services	3,775	2,449,840	1,202	1,185,180
4000-Capital Outlay	128,246	7,977,681	133,826	17,155,562
Total	$ 640,490,695	$ 2,814,361,900	S 635,870,908	$ 2,828,919,463
Functional Ratios				
1000-Di rect Instruction	64.56%	60.68%	65.23%	60.42%
2100-Support-Students	10.40%	9.65%	9.52%	9.90%
2200-Support-I nstructi ona 1	3.35%	2.75%	3.13%	2.79%
2300-General Admin	0.71%	2.00%	0.90%	2.18%
2400-School Admin	5.39%	6.42%	5.60%	6.40%
2500-Central Services	3.04%	3.41%	2.95%	3.56%
2600-Oper/Maintenance Plant	12.15%	13.26%	12.02%	13.48%
2700-Pupii Transportation	0.19%	0.17%	0.50%	0.23%
2900-Non-Operating	0.15%	1.18%	0.12%	0.28%
3100-Food Services	0.05%	0.12%	0.00%	0.11%
3300-Community Services	0.00%	0.09%	0.00%	0.04%
4000-Capital Outlay	0.02%	0.28%	0.02%	0.61%
Total	100.00%	100.00%	100.00%	100.00%

[1]Albuquerque expenses are actual; taken from APS audited financial statements, Non-GAAP Budgetary B

[2]Statewide expenses are taken from PED statistical information;2014-2015 and 2015-2016 data are act

Support services for students and instruction represents 12.7% of Operational Fund expenditures and accounts for expenditures for program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs. General Administration and Central Services represents the overhead support for the entire operations of the School District; these programs combined represent 3.9% of the total Operational Fund. Central Services includes Business support, Technology, and Warehousing Services. Maintenance and Operations account for 12% of the Operational Fund expenditures. Included in the Maintenance and Operations expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and school custodial supplies. Additional support for maintenance projects comes from the voter approved Two-Mill Levy Fund (SB-9). The SB-9 fund is a critical and integral fiscal component of the School

District's Maintenance program. The Operational Fund also supports expenditures for school athletics and summer school in the Instruction function.

Administrative Costs

To allow the reader to compare the performance of the Albuquerque Public Schools with the performance of all school districts within the State of New Mexico, additional statistical information concerning state wide performance has been added to the above budget tables. In addition, the following table compares the Operational Fund costs associated with General Administration and Central Services to those of the state wide average. This information shows that the School District's expenditure in these functions is lower than the state wide average. The information used for this data is from Public Education Department FY 2016-17 budget for the period ending June 30, 2017.

Comparative Administrative Costs 2016-17

School District	General Administration	School Administration	Central Services	Total
APS 2016-2017	0.90%	5.60%	2.95%	9.45%
State Average 2016-2017	2.18%	6.40%	3.56%	12.13%

Source: PED Statistical Information, 2016-2017 Budget

Self-Insurance Benefits and Reserve Funds

Sections 22-29-1 thru 10, NMSA, mandate that school districts and charter schools are to be included in the New Mexico Public Schools Insurance Authority (NMPSIA). The statutory language also allows school districts in excess of 60,000 students to be "waived" from participation in Insurance Authority programs. As a result, the School District funds and administers its own employee benefit and risk management programs as a self-insured program. Flowever, the charter schools are included in the NMPSIA program.

Because of an interest in providing lower cost insurance to school employees state-wide, an independent study was conducted to determine the feasibility of combining the APS programs with the Insurance Authority programs. The independent study, commissioned by APS and the Insurance Authority, was completed in January 2007 and concluded that the inclusion of APS into the Insurance Authority would lead to significant cost increases to the Insurance Authority, APS and a large number of APS employees.

As part of the self-insurance program, the School District maintains reserve funds for Medical, Dental and Vision Benefits, Risk and Workers Compensation based upon periodic actuarial studies. The School District considers these funds to be "restricted" and the funds are accounted for within an Internal Service Fund. At year-end, the balances for the self-insurance reserves were as follows:

Fund	Reserve	Level
Health, Dental & Vision Benefits	$ 8,167,000	90%+
Workers Compensation	13,973,473	90%
Property/Liability	10,520,280	90%

Liabilities at June 30, 2017 for health, dental and vision are stated at 90% confidence level plus 15% to provide for claims fluctuation margin in the event of catastrophic claims. Liability balances for worker's compensation and liability and property are stated at 90% confidence level.

A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, a 70% confidence level means that the actuary believes funding will be sufficient in seven years out often.

These reserves were carried forward into the 2017/2018 fiscal year and are deemed sufficient to meet requirements. The 2018 medical plan projects an estimated 4.8% increase in overall premiums will be needed to maintain current levels of coverage. The District has decided to off-set this increase through plan design changes, as opposed to increasing employee premiums.

The District plans to provide additional support for lower paid employees for recruitment and retention purposes by increasing the district share of premiums to 80% for employees earning less than $34,500 and 70% for employees earning between $34,500 and $39,999. At the current contribution rates, this would shift $1.536 million from employees to the District.

The District's medical plan will continue offering employees value-based medical and prescription drug plan options, and a three-tiered network plan from Presbyterian Health Plan and Blue Cross Blue Shield of New Mexico. The goal of offering a three-tiered network plan is to encourage employees to become better educated about their health care options and encourage the use of value-based providers. In addition, New Mexico Health Connections continues to offer the low cost option of an exclusive provider organization.

The District's prescription drug plan will introduce the SaveOn program to capture manufacturer assistance funds for select specialty medications. The District's dental plan will implement minimal increases to deductibles and coinsurance to offset increased expense. There is no change to the vision plans offered by the District for plan year 2018.

Capital Assets

GASB 34 requires public entities to depreciate capital assets. Utilization of depreciation concepts by public entities allows the reader to know if the entity is replacing its assets at a rate in which they are being used. The Albuquerque Public Schools utilizes a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

Historically and in accordance with prior State Statute, State Regulations and School Board Policy, all assets with a value in excess of $1,000 were capitalized. Effective July 1, 2006, this amount was increased to $5,000 by State Statute. The District continued to capitalize all assets with a value in excess of $1,000 through June 30, 2010. All assets on the books as of July 1, 2010 with a cost between $1,000 and $5,000 will remain on the District's inventory list and continue to be subject to depreciation rules for the life of the asset. Effective July 1, 2012 the district began capitalizing only equipment with a value in excess of $5,000 in accordance with state statute. In addition, effective July 1, 2010, the District began tracking all computers regardless of value in response to a State Auditor directive that all computer hard drives be certified as "sanitized" or destroyed prior to disposal.

As of June 30, 2017, the District's capital assets had a book value of $1,472,808,066 after depreciation, which includes total accumulated depreciation of $1,026,510,358. Note 7, in the Notes to the Financial Statements, gives more detail of the changes in capital assets for the year-ended June 30, 2017.

Due to fluctuations in student enrollment and certain aging facilities, the School District has taken a planned and focused approach towards investing in equipment and building new facilities as well as adding to and maintaining existing facilities. These efforts are evidenced by the substantial and continuous investment in the Capital Master Plan.

The following table displays a two-year history of year-end balances for the School District's investment in all capital assets:

Capital Asset Type	June 30, 2017	June 30, 2016
Land and Land Improvements	$ 240,447,736	$ 227,313,184
Buildings & Building Improvements	1,983,856,015	1,953,430,489
Furniture, Fixtures and Equipment	60,183,521	62,707,620
Intangibles	15,889,216	15,889,216
Buses	4,125,239	2,987,311
Vehicles	12,915,504	15,409,419
Construction in Progress	181,901,191	98,556,267
Total Capital Assets	2,499,318,422	2,376,293,506
Less Accumulated Depreciation	(1,026,510,356)	(954,773,716)
Capital Assets-Net	$ 1,472,808,066	$ 1,421,519,790

In the fiscal year ending June 30, 2017, the *Statement of Revenues, Expenditures and Changes in Fund Balances* included capital outlay additions of $135,509,859. This amount included expenditures of $64,326,221 from the proceeds of the Bond Building Fund; $32,965,147 was expended from the FIB-33 fund for capital improvements and $12,525,760 was expended from SB-9 Local funds. All three of these funds are authorized by local election. Also, $14,168,045 was expended from non-major funds. The Transportation Fund included $667,599 of capital outlay in-kind expenditures and the Operational Fund had capital outlay expenditures of $133,826 and $10,723,260 of capital outlay in-kind expenditures. Total capital asset additions include the following:

Capital Outlay	$ 135,509,858
Assets Charged to Other Functions	1,093,593
Total Capital Asset Additions	$ 136,603,451

General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the powers of a school district to incur general obligation debt beyond a school year. The School District can incur such debt for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of the debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the School District. In accordance with the assessed valuation limitation calculation, APS long term debt may not exceed $950,969,192.

To this point, the District has not maintained a level of indebtedness to the maximum extent allowed. However, due to the need to add additional facilities to address fluctuations of the district's student population, upgrade and expand existing facilities, provide for the growing demand for technology in education and the shift to digital curricula, and to leverage additional funds available from Public School Capital Outlay, the voters approved a three year $200 million dollar bond authorization on February 2, 2016.

On January 11, 2017 the District sold $115 million in General Obligation bonds. The bonds represent $75 million of a $200 million authorization approved by voters in February 2016 and $40 million final installment of a $200 million authorization approved by voters in February 2013. This funding will be used for capital projects and technology needs throughout the District. The District plans to sell the remaining $125 million from the 2016 authorization in spring of 2018.

The School District maintained a Moody's Aal rating and an S&P AA rating for the January 2017 bond sale. Effective July 1, 2003, School District bonds are also permitted to carry the *enhanced* State of New Mexico bond rating of Aa2. This action was authorized in Senate Bill 847. The effect of this bill will be to reduce the risk to bond holders and, as a consequence, reduce the interest costs to the taxpayer.

The School District has never defaulted on any of its debt or other obligations. Listed below is the School District's total general obligation debt as of June 30, 2017.

Series	Original Amount Issued	Maturity	Principal Outstanding
2004 QZAB	$ 4,625,000	8/1/2020	$ 778,783
2006 QZAB	7,160,000	8/1/2020	1,397,486
2009-A GOB	124,700,000	8/1/2022	73,600,000
2009-C QSCB	14,300,000	8/1/2024	14,300,000
2009-D GOB Refunding	16,800,000	8/1/2018	6,505,000
2010-A GOB	85,410,000	8/1/2021	46,750,000
2010-B QSCB	32,690,000	8/1/2027	32,690,000
2010-C BAB	31,900,000	8/1/2024	31,900,000
2012 GOB Refunding	39,670,000	8/1/2021	25,045,000
2012 Education Technology Notes	13,000,000	8/1/2017	1,950,000
2013-A GOB	43,400,000	8/1/2029	30,000,000
2014-A GOB	75,000,000	8/1/2029	66,200,000
2014-B GOB Refunding	94,305,000	8/1/2023	94,305,000
2014 Education Technology Notes	15,000,000	8/1/2019	8,000,000
2015 GOB	70,000,000	8/1/2030	66,300,000
2017 GOB	100,000,000	8/1/2033	100,000,000
2017 Education Technology Notes	15,000,000	8/1/2030	15,000,000
Total	$ 782,960,000		$ 614,721,269

For additional information on long term debt, please see Note 8.

The District recommends the *Official Statement* dated December 7, 2016, to a reader wishing to know more about the District's long term debt and district demographics. This Official Statement may be obtained on our website at http://www.aps.edu/finance/accounting/official-bond-statements, or by contacting the School District's Financial Advisor:

RBC Capital Markets
6301 Uptown Blvd. NE, Suite 110
Albuquerque, NM 87110

In addition to the sale of General Obligation Bonds, the School District is eligible to receive awards from the Public Schools Capital Outlay Council (PSCOC) in accordance with Senate Bill 513, Chapter 147 Section 10(b) NMSA. The impact of these various awards is discussed throughout this *Management Discussion and Analysis.*

Charter Schools

Because the operations of the charter schools are not material to the overall financial performance of the Albuquerque Public Schools, charter schools are only included in this section of the analysis. Charter school organization and management is set forth under Sections 22.8B.1 through 15, NMSA. This section of the law allows for charter schools to be formed and funded within an existing school district under specific criteria. The Albuquerque Board of Education is responsible for the review and approval of charter school applications; however, a denial of an application allows for an appeal process to the Public Education Department. Each charter school is governed by a governing body identified in the charter. The charter school governing body is responsible for the operation of the charter school including "preparation of a budget, contracting for services and personnel matters."

Because of the complexity of the rules and accounting requirements of Public Education Department, many charter schools encounter varying degrees of difficulty and challenges. The Albuquerque Public Schools, the New Mexico Coalition of Charter Schools, and the New Mexico Association of School Business Officials are all working to provide support and training for these schools.

The following table lists all Charter Schools active during the fiscal year ending June 30, 2017 and the summary of their fiscal performance. This information is summarized for each school on the *Combined Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds* (GAAP), The stated fund balance is the final, adjusted, fund balance for all governmental funds as of June 30, 2017. The statement shows the performance of each individual school's combined governmental funds on a GAAP basis.

Charter School Name	Year Chartered	Grades	End-of-Year Student Count	FY 16-17 Total Revenue	FY 16-17 Total Expenditures	Total Final EOY Fund Balance
21st Century Public Academy	2000	5-8	253	$ 2,246,459	$ 2,254,555	$ 851,698
Albuquerque Charter Academy	2004	9-12	288	$ 3,294,185	$ 3,424,923	$ 777,664
Albuquerque Talent Development Academy	2007	9-12	177	$ 2,134,493	$ 1,968,237	$ 458,933
Alice King Community School	2006	K-5	410	$ 4,049,441	$ 3,845,798	$ 512,950
Christine Duncan's Heritage Academy	2006	K-8	274	$ 3,419,556	$ 2,941,883	$ 912,906
Corrales International Charter School	2008	K-12	260	$ 2,848,472	$ 2,585,485	$ 484,950
Digital Arts & Technology Academy	2002	9-12	307	$ 3,227,410	$ 3,328,912	$ 501,686
East Mountain High School	1999	9-12	362	$ 3,870,674	$ 3,919,945	$ 877,510
El Camino Real Academy	2002	K-12	295	$ 4,178,239	$ 4,080,816	$ 209,127
Gordon Berneli Charter School	2008	9-12	395	$ 3,426,830	$ 3,010,634	$ 1,489,158
La Academia de Esperanza	2001	6-12	328	$ 5,140,611	$ 4,602,162	$ 2,947,722
Los Puentes Charter School	2002	7-12	189	$ 2,725,607	$ 2,826,330	$ 406,620
Montessori of the Rio Grande	2004	PreK-6	216	$ 2,079,632	$ 2,156,129	$ 175,204
Mountain Mahogany Community School	2005	K-8	203	$ 1,896,971	$ 1,969,380	$ 634,807
Native American Community Academy	2006	6-12	400	$ 5,587,741	$ 5,503,116	$ 782,951
New Mexico International School	2010	K-5	224	$ 1,915,018	$ 1,640,427	$ 545,255
Nuestros Valores Charter School	2001	9-12	138	$ 2,047,826	$ 2,017,040	$ 530,949
Public Academy for Performing Arts	2001	6-12	380	$ 3,744,949	$ 4,042,562	$ 229,608
Robert F Kennedy High School	2001	6-12	312	$ 4,077,823	$ 4,123,808	$ 169,989
Siembra Leadership Academy	2015	9-12	29	$ 810,889	$ 85,513	$ 139,600
South Valley Academy	2000	6-12	612	$ 6,497,282	$ 6,794,880	$ 1,222,137
The Bataan Military Academy	2006	9-12	0	$ 1,020	$ 90,047	$ -

One of the more significant challenges facing charter schools is the quality of the existing charter school facilities. The State of New Mexico has mandated that charter schools occupy public facilities by the 2015 school year. Policy discussions are ongoing with regard to how that mandate will be funded and implemented. The deadline has been extended at least once from its original deadline. Included in the options for charter schools is the lease purchase financing of school facilities. The constitutional prohibition on lease purchase financing was removed by the voters as a result of the general election on November 7, 2006. It is anticipated that further legislative definition of this capital project financing tool will take place during future legislative sessions. All of the District's authorized charter schools are included in the district's comprehensive Capital Master Plan. The District has invested more dollars for capital outlay for its district authorized charter schools than any other authorizer in the state. To date, the district has allocated more than $34 million providing permanent facilities for South Valley Academy, Montessori of the Rio Grande, and the Digital Arts and Technology Academy. Construction is currently underway at Robert F. Kennedy Charter School and plans are being finalized to repurpose an existing APS facility for the Public Academy for the Performing Arts. In addition, the district is collaborating with CNM to provide a permanent building for the Native American Charter Academy on the CNM campus.

APS Education Foundation

The Albuquerque Public Schools Education Foundation is a 501(c)(3) charitable organization established in 1995 that raises private support for academic programs within the district. In addition to providing help to the approximately 86,000 schoolchildren and 12,000 staff members of the district, the Foundation serves as a fiscal agent for a variety of programs. In 2009, the Foundation established the Florizon Campaign, a fundraising effort aimed at providing financial supplements to Fine Arts, Literacy, Science/Technology/Engineering/Math (STEM) and Middle School/High School Activities programs operated by the district. Through this campaign, the Foundation has raised more than $1,000,000 in cash, in-kind donations, and pledges. The Foundation's financial statements are included with the District's financial statements as a discretely presented component unit.

Agency Funds

School sites, as fiscal agents, maintain and monitor special funds on behalf of the school activity groups. These agency funds maintained by the schools are intended to benefit a specific activity or interest and are generally raised by students for student use. The total of the funds district-wide is $6,416,344, including both funds held by schools, $6,412,716, and funds held by the District, $3,628, on behalf of six schools whose activity funds are managed using the District financial system and District bank accounts.

While each school site is the fiscal agent and responsible for the administration of the agency funds, the use of these funds is in accordance with School District Policy and Public Education Department Regulations. The management of these funds is directed by the school principal and the funds are also subject to annual review by the District's Activity Fund Support Department.

Future Trends

The Economy and Public School Funding: In New Mexico, the general operation of school districts is principally funded by the State through an allocation formula known as the State Equalization Guarantee (SEG). State legislators convene annually and determine the amount of funds to be allocated within the State for educational purposes. The principal resources to the State that are available for allocation include the Gross Receipts Tax and the Severance Tax (a tax on extracted natural resources).

The international economic crisis that began in 2008 has significantly impacted New Mexico. Over time, the Gross Receipts Tax had proven itself to be a reliable source of State and local revenue due to sustained economic growth since New Mexico's economy has consistently expanded from year to year for well over fifty years. New Mexico's current economic crisis has ended that growth and the Gross Receipts Tax has contracted in the last year.

The Severance Tax, however, is more volatile because it is more closely tied to the global pricing of natural resources such as oil and natural gas. Increased demand for oil and natural gas resources has had a positive effect on state revenues, which have shown a marginal increase over the past couple of years. It is important to note that, although revenue has increased, the appropriation to fund public schools through the state-wide funding formula is still below 2008 levels.

State Equalization Guarantee Funding History

The following table indicates the statewide funding of SEG along with the amount allocated to the District for the past five years.

Fiscal Year	Statewide[1]	APS District[1]
2016/2017	2,482,924,779	607,601,318
2015/2016	2,463,144,924	632,937,742
2014/2015	2,513,098,953	634,994,929
2013/2014	2,351,604,563	612,562,319
2012/2013	2,274,438,900	590,190,332

[1] Amounts shown in dollars.

Operational funding of public schools for the previous two fiscal years marginally improved as the economic climate slowly improved. However, the unprecedented mid-year reduction in state funding as previously discussed, led to the decrease in this fiscal year's funding. Some of the difference in the annual rates of growth is attributable to formula factors applied in deriving the allocation to each district. For example, if a school district's student population grows at a rate that is different than the anticipated statewide growth, then that district's SEG would reflect the difference caused by the underlying change in student population ratio. Additional formula factors address the additional cost of providing for students with disabilities, bilingual education, and programs to address students at risk of dropping out. Another significant formula factor is the Training and Experience index, which recognizes the education and experience level of instructional staff and the costs associated with attracting and retaining a qualified instructional workforce.

As noted earlier, beginning in FY11, a policy decision was made by the New Mexico State Legislature and supported by a newly elected Governor to funnel an unprecedented amount of funding outside of the statewide funding formula directly to the Public Education Department for discretionary distribution. As this trend continues, there is growing concern of disproportionate per-pupii funding across New Mexico's 89 school districts and 100 charter schools. This issue compounds the fact that per-pupil funding is still below 2009 levels.

The Albuquerque Public Schools has taken a proactive approach for addressing the effects of reduced funding by undertaking a sustainability study in an attempt to become more strategic, effective and efficient with its resources. In FY14, four 2-hour study sessions were held with the Board of Education. The impetus for the development of the study is as follows:

« APS has experienced declining enrollment for four consecutive years.
* There have been too many piecemeal approaches to balancing the budget.
« Budget solutions often included employees contributing towards balancing the budget through furlough actions and shortening of contracts for teachers.
• The precipitous decline in revenue throughout the recession has forced the district to be reactionary and did not provide enough planning time during the normal budgeting process.

Key findings of the sustainability study:

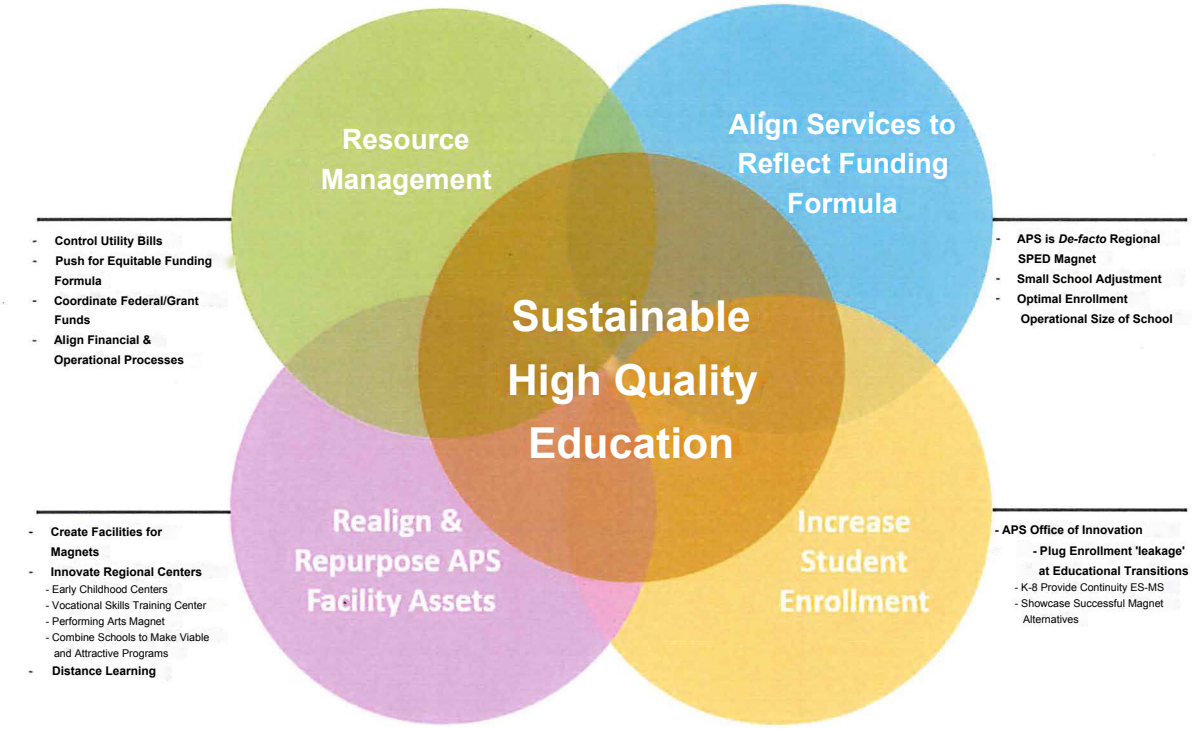
® It is more effective to improve the bottom line by sustaining/growing revenue (as opposed to focusing only on cost controls). At some point the decision must be made to invest and innovate out of a deficit.

- Enrollment is key to improving revenues as funding through the state-wide funding formula is directly linked to student enrollment.

Key *Strategies:*

- Repurpose under-utilized facilities. Consider the option of creating a recurring revenue stream by renting the repurposed facilities to district charter schools currently in the district's capital master plan.
- Retain/gain enrollment by offering more choices and improving the quality of education. Improving the quality of educational experience will be a key factor in attracting and retaining student enrollment.

Areas of Opportunity for Qualitative Restructuring



Comprehensive Approach to Providing a High Quality Education

The district is currently in the process of analyzing data and prioritizing specific projects identified in the sustainability study as having a significant impact on district revenue.

Teacher Salaries: Beginning with FY2004-05 the District began implementing a three year phase in of a state mandated three tier salary schedule for teachers throughout the State. Based on a combination of education and experience, each teacher is placed within one of the three tiers in the plan. The first tier of Level I teachers were funded at a minimum salary of $30,000. In 2005/2006, the legislature funded the increase of the Level Two teacher salary to a minimum of $40,000. Beginning with the 2007-2008 fiscal

year, the minimum salary for a Level 3 teacher was increased to $50,000. It is anticipated that these increases in salaries will attract and retain high quality teaching staff. The Fiscal Year 2016-17 budget provided for 12,160 FTE. In this total, 6,019 FTE teachers were budgeted. The following is a five year summary of average returning teacher salaries.

Year	Average Salary	Experience
2016/2017	$ 47,087	10.3 years
2015/2016	$ 47,226	10.3 years
2014/2015	$ 46,433	9.8 years
2013/2014	$ 45,208	10.0 years
2012/2013	$ 46,129	10.0 years

Local Assessments

General Obligation Bonds: Local property taxes serve as the revenue source for the repayment of general obligation bonds. Because of the growth of both residential and commercial assessed valuation for properties in the Albuquerque School District, the School District has undertaken an aggressive expansion program to add additional classroom space in the District. The following table illustrates the growth of the assessed valuation for the Albuquerque School District.

Valuation Table

Tax Year	Albuquerque PublicSchools
2016	$ 15,849,486,540
2015	$ 15,374,633,946
2014	$ 15,095,456,570
2013	$ 14,757,199,050
2012	$ 14,645,970,276

Source: *Official Statement* Dated December 7, 2016

Because of continued development in both the residential and commercial properties in the School District, it is expected that future assessed valuations will continue to increase. It is also expected that voter support for the Albuquerque Public Schools will continue to be strong and revenues from General Obligation Bond proceeds will continue to be an integral part of the School District *Capital Master Plan.*

On February 2, 2016, voters approved a $200 million bond issue with a focus on refurbishing and rebuilding old schools, most of which are more than 40 years old. All projects approved in 2013-14 school tax funding elections are either completed or started, and all obligations fulfilled or are in the process of being fulfilled. A large focus of the last School Capital Plan was to catch up with growth areas and overcrowded schools. The main focus of the latest plan is to renew, refurbish and rebuild old schools and provide new educational and instructional technology. This plan will also begin to provide some facilities for charter schools.

Contacting the Albuquerque Public Schools

This financial report is designed to provide our community, taxpayers, investors and creditors with an overview of the Albuquerque Public School District's financial condition and to provide accountability for the funds the School District receives. If you have questions about our report or about the operations of the Albuquerque Public School District, please visit our web site at www.aps.edu, or contact:

Tami Coleman
Chief Financial Officer
Albuquerque Public Schools
PO Box 25704
6400 Uptown Blvd. NE., Suite 305E
Albuquerque, NM 87125-0704

BASIC FINANCIAL STATEMENTS

State of New Mexico
Albuquerque Municipal School District No. 12
Statement of Net Position
June 30, 2017

	Governmental Activities	Component Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and cash equivalents	$ 80,365,860	$ 17,151,970
Investments	199,871,975	
Restricted cash and cash equivalents	218,010,324	940,252
Receivables (net of allowance for uncollectibles)	1,047,401	1,728,680
Restricted receivables	38,364,042	-
Prepaid expenses	256,894	171,548
Inventory	4,476,733	-
Total current assets	542,393,229	19,992,450
Noncurrent Assets		
Capital assets (not being depreciated):		
Land	54,495,320	4,462,792
Construction in progress	181,901,191	84,526
Capital assets (net of accumulated depreciation):		
Land improvements	185,952,416	-
Buildings and building improvements	1,983,856,015	28,458,416
Furniture, fixtures and equipment	77,224,264	3,638,060
Intangibles	15,889,216	-
Less: accumulated depreciation	(1,026,510,356)	(7,851,100)
Total Capital assets	1,472,808,066	28,792,694
Total assets	2,015,201,295	48,785,144
DEFERRED OUTFLOWS OF RESOURCES:	177,840,625	17,371,927
Total assets and deferred outflows of resources	$ 2,193,041,920	$ 66,157,071
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable	$ 1,729,745 $	294,078
Accrued expenses	73,554,498	2,692,603
Accrued interest	10,537,033	216,588
Insurance reserves, IBNR claims	14,215,478	-
Due to other governments	409,571	342,850
Current portion of compensated absences	1,225,232	163,731
Current portion of long-term debt	60,432,739	903,056
Liabilities payable from restricted assets	11,897,587	-
Funds held for others	-	-
Total current liabilities	174,001,883	4,612,906
Noncurrent liabilities:		
Compensated absences	2,450,833	-
Net OPEB obligation	707,324	-
Net Pension Liability	1,234,274,713	78,082,740
Debt due in more than one year	604,928,713	21,192,199
Long-Term portion of claims payable	18,445,275	-
Total noncurrent liabilities	1,860,806,858	99,274,939
Total liabilities	2,034,808,741	103,887,845
DEFERRED INFLOWS OF RESOURCES:	14,761,823	3,708,032
NET POSITION		
Net investment in capital assets	867,225,870	4,728,126
Restricted for:		
Instructional materials	1,522,492	-
Food Service	23,100,213	-
Restricted by Grantor	9,483,343	-
Athletic Program	1,323,542	-
Debt service	89,826,600	-
Capital projects	165,780,958	-
Other purposes	-	11,010,878
Unrestricted	(1,014,791,662)	(57,177,810)
Total net position	143,471,356	(41,438,806)
Total liabilities, deferred inflows of resources and net position	$ 2,193,041,920 $	66,157,071

State of New Mexico
Albuquerque Municipal School District No. 12
Albuquerque Public Schools Foundation
Statement of Financial Position
June 30, 2017

ASSETS		
Current assets:		
Cash and cash equivalents	$	2,952,410
Accounts receivable		-
Investments		2,178,151
Certificates of Deposit		432,329
Acrrued interest on investments		3,707
Prepaid expenses		11,995
Total current assets		5,578,592
Noncurrent Assets		
Beneficial Interest In remainder trust - net of current portion		1,956,574
Total assets	$	7,535,166
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$	46,933
Deferred revenue		56,000
Total current liabilities		102,933
Total liabilities		102,933
NET ASSETS		
Unrestricted		2,323,243
Board designated		-
Total unrestricted		2,323,243
Temporarily restricted		3,012,388
Permanently restricted		2,096,602
Total net assets		7,432,233
Total liabilities and net assets	Jf	7,535,166

State of New Mexico
Albuquerque Municipal School District No. 12
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Primary Government	Net (Expense) Revenues and Changes in Net Position: Component Units
Primary Government						
Governmental activities:						
Instruction	$ 460,341,970	$ 1,699,565	$ 64,322,671	$ -	$ (394,319,734)	
Support services:						
Students	74,511,300	11,593,633	1,091,101	-	(61,826,566)	
Instruction	20,497,167	-	-	-	(20,497,167)	
General Administration	8,498,667	-	-	-	(8,498,667)	
School Administration	42,450,668	1,911,937	16,792,011	-	(23,746,720)	
Central Services	114,187,273	32,003,849	7,141	-	(82,176,283)	
Operation & Maint, of Plant	69,167,979	-	-	-	(69,167,979)	
Student Transportation	21,887,003	-	18,164,041	-	(3,722,962)	
Other Support Services	30,772	-	-	-	(30,772)	
Food Services Operation	33,423,713	7,290,772	30,194,124 '	-	4,061,183	
Community Services	1,202	-	-	-	(1,202)	
Facilities, Supplies & Materials	48,773,872	-	-	33,937,585	(14,836,287)	
Interest on long-term debt	23,758,291	-	-	1,781,610	(21,976,681)	
Depreciation - unallocated (a)	82,908,128	-	-	-	(82,908,128)	
Primary Governmental Activities	$ 1,000,438,005	$ 54,499,756	$ 130,571,089 $	35,719,195	(779,647,965)	-
Component Unit Governmental Activities	72,284,650	251,694	13,087,215	712,416	-	(58,233,325)
Total Governmental Activities	$ 1,072,722,655	$ 54,751,450	$ 143,658,304 $	36,431,611	(779,647,965)	(58,233,325)
General Revenues:						
Property taxes:						
Levied for general purposes					5,153,110	-
Levied for debt service					70,294,859	-
Levied for capital projects					80,989,947	5,344,024
State Equalization Guarantee					607,601,318	49,246,848
Interest & Investment Earnings					1,388,212	-
Gain/Loss on disposal of capital assets					12,224	-
Transfers					-	-
Miscellaneous					2,421,393	2,576,501
Total general revenues					767,861,063	57,167,373
Change in net position					(11,786,902)	(1,065,952)
Net position-beginning as previously stated					155,258,258	(39,407,527)
Inclusion of component units					-	(965,327)
Net Position - beginning Restated					155,258,258	(40,372,854)
Net Position - ending					$ 143,471,356 $	(41,438,806)

(a) Excludes direct depreciation expense

State of New Mexico
Albuquerque Municipal School District No. 12
Albuquerque Public Schools Foundation
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND PUBLIC SUPPORT				
Donations and pledges	$ 253,274	$ 859,040	$ - $	1,112,314
In-kind contributions	563,895	-	-	563,895
Special evenuts	288,474	-	-	288,474
Investment income, net of $20,135 in fees	74,053	54,064	10,528	138,645
Change in value of beneficial interest in remainder trust	-	-	31,402	31,402
Other	275,435	-	4,500	279,935
Total revenues, gains and public support	1,455,131	913,104	46,430	2,414,665
Net assets released from restrictions:				
Expiration of time and purpose restrictions	972,860	(972,860)	-	-
EXPENSES				
Program services	1,525,936	-	-	1,525,936
Fundraising	210,487	-	-	210,487
Management and general	441,852	-	-	441,852
Total expenses	2,178,275	-	-	2,178,275
CHANGES IN NET ASSETS	249,716	(59,756)	46,430	236,390
NET ASSETS, BEGINNING OF YEAR,	2,073,527	3,072,144	2,050,172	7,195,843
NET ASSETS, END OF YEAR	$ 2,323,243	$ 3,012,388	$ 2,096,602 $	7,432,233

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

Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Funds				
	Operational 11000	Pupil Transportation 13000	Instructional Materials 14000	Food Service 21000	Title I IASA 24101	IDEA-B Entitlement 24106
ASSETS						
Cash and Cash Equivalents	$ 60,215,503	$ -	$ -	$ -	$ -	$ -
Investments - US Treasuries	39,981,090	-	-	-	-	-
Accounts receivable						
Taxes	414,484	-	-	-	-	-
Interfund receivables	22,985,110	-	-	-	-	-
Other	612,237	-	-	-	-	-
Prepaid expenses & other assets	50,000	-	-	-	-	-
Inventory	2,585,911	-	-	1,890,822	-	-
Restricted cash and cash equivalents	-	-	1,522,492	23,004,378	-	-
Restricted accounts receivable	-	6,725	-	541,529	9,401,143	2,569,787
Total assets	$ 126,844,335	$ 6,725	$ 1,522,492	$ 25,436,729	$ 9,401,143	$ 2,569,787
LIABILITIES						
Accounts payable	$ 1,729,745	$ -	$ -	$ -	$ -	$ -
Accrued expenses	73,554,498	-	-	-	-	-
Interfund payables	-	-	-	-	9,388,059	2,420,290
Due to other governments	409,571	-	-	-	-	-
Liabilities payable from restricted assets	-	6,725	-	445,694	13,084	149,497
Total liabilities	75,693,814	6,725	-	445,694	9,401,143	2,569,787
DEFERRED INFLOWS OF RESOURCES	290,634	-	-	-	-	-
FUND BALANCES						
Non Spendable for						
Inventory	2,585,911	-	-	1,890,822	-	-
Prepaids	50,000	-	-	-	-	-
Restricted for						
Transportation	-	-	-	-	-	-
Instructional materials	-	-	1,522,492	-	-	-
Food Service			...	23,100,213	-	-
Restricted by Grantor	-	-	-	-	-	-
Athletic Program	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Debt Service Fund					-	-
Assigned for Subsequent Year	46,300,000	-	-	-	-	-
Unassigned						
General Fund	1,923,976	-	-	-	-	-
Total fund balances	50,859,887	-	1,522,492	24,991,035	-	-
Total liabilities, deferred inflows of resources, and fund balance	$ 126,844,335	$ 6,725	$ 1,522,492	$ 25,436,729	$ 9,401,143	$ 2,569,787

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

Balance Sheet
Governmental Funds (Continued)
June 30, 2017

	Capital Projects					
	Bond Building 31100	Capital Improvements HB-33 31600	Capital Improvements SB-9 Local 31701	Debt Service 41000	Other Governmental Funds	Primary Government
ASSETS						
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ 60,215,503
Investments - US Treasuries	40,012,200	29,861,700	19,995,310	50,000,000		179,850,300
Accounts receivable						
Taxes	-	-	-	-		414,484
Interfund receivables	-	-	-	-		22,985,110
Other	-	-	-	-	-	612,237
Prepaid expenses & other assets	-	-	-	-	206,894	256,894
Inventory	-	-	-	-	-	4,476,733
Restricted cash and cash equivalents	30,304,089	51,706,712	29,492,883	26,011,363	55,968,407	218,010,324
Restricted accounts receivable	67,804	4,239,744	2,121,940	5,762,776	13,649,685	38,361,133
Total assets	$ 70,384,093	$ 85,808,156	$ 51,610,133	$ 81,774,139	$ 69,824,986	$ 525,182,718
LIABILITIES						
Accounts payable	$ -	$ -	$ - $	-	$ -	$ 1,729,745
Accrued expenses	-	-	-	-	-	73,554,498
Interfund payables	-	-	-	-	11,176,761	22,985,110
Due to other governments	-	-	-	-	-	409,571
Liabilities payable from restricted assets	4,799,304	3,768,361	1,694,016	-	1,020,906	11,897,587
Total liabilities	4,799,304	3,768,361	1,694,016	-	12,197,667	110,576,511
DEFERRED INFLOWS OF RESOURCES	-	2,887,405	1,412,373	3,185,978	292,191	8,068,581
FUND BALANCES						
Non Spendable for						
Inventory	-	-	-	-	-	4,476,733
Prepaids	-	-	-	-	206,894	256,894
Restricted for						
Transportation	-	-	-	-	-	-
Instructional materials	-	-	-	-	-	1,522,492
Food Service	-	-	-	-	-	23,100,213
Restricted by Grantor	-	-	-	-	9,483,343	9,483,343
Athletic Program	-	-	-	-	1,323,542	1,323,542
Capital Projects	65,584,789	79,152,390	48,503,744	-	38,556,546	231,797,469
Debt Service Fund	-	-	-	78,588,161	7,764,803	86,352,964
Assigned for Subsequent Year	-	-	-	-	-	46,300,000
Unassigned						
General Fund	-	-	-	-	-	1,923,976
Total fund balances	65,584,789	79,152,390	48,503,744	78,588,161	57,335,128	406,537,626
Total liabilities, deferred inflows of resources, and fund balance	$ 70,384,093	$ 85,808,156	$ 51,610,133	$ 81,774,139	$ 69,824,986	$ 525,182,718

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

Reconciliation of the Governmental Balance Sheet to the Statement of Net Position
June 30, 2017

Amounts are reported in dollars

	Governmental Funds
Fund balances - total governmental funds	$ 406,537,626
Amounts reported for governmental activities In the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported In the governmental fund balances:	
Cost of capital assets less accumulated depreciation to date	1,472,808,066
Deferred inflows of resources not available to pay for current period expenditures and, therefore, are unavailable in governmental funds:	
Property taxes	8,064,048
Deferred inflows and outflows of resources related to the net pension liability and not reported in the funds.	
Deferred Inflows	(14,757,290)
Deferred Outflows	177,840,625
Internal Service Fund (Net of amounts related to the net pension liability)	7,534,868
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund statements:	
Accrued Interest	(10,537,033)
Net Pension Liability	(1,234,274,713)
Net other postemployment benefit obligation (OPEB)	(707,324)
Accrued Compensated Absences	(3,676,065)
General Obligation Bonds and related Premiumsand Discounts	(665,361,452)
Net position of government activities	$ 143,471,356

State of New Mexico
Albuquerque Municipal School District No. 12

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Special Revenue Funds				
	Operational	Pupil Transportation	Instructional Food Materials Service		Title I IASA	IDEA B Entitlement
	11000	13000	14000 21000		24101	24106
REVENUES						
Property taxes	$ 5,173,215	$ -	$ -	$ -	$ -	$ -
State grants	607,601,318	18,164,041	3,843,022	-	-	-
Federal grants	104,420	-	-	32,813,480	31,808,893	15,800,165
Miscellaneous	10,153,720	-	-	4,644,188	-	-
Interest	413,658	1,733	2,425	19,534	-	-
Total revenues	623,446,331	18,165,774	3,845,447	37,477,202	31,808,893	15,800,165
EXPENDITURES						
Current						
Instruction	414,766,832	-	4,970,488	-	26,269,722	2,116,660
Support Services						
Students	60,534,518	-	-	-	1,940,774	5,836,989
Instruction	19,908,781	-	-	-	551,253	-
General Administration	2,853,896	-	-	1,076,135	812,573	387,419
School Administration	35,603,159	-	-	-	641,417	6,216,412
Central Services	18,841,969	-	-	-	1,587,693	1,146,275
Operation & Maintenance of Plant	75,526,637	-	-	-	5,461	96,410
Student Transportation	3,183,399	18,165,774	-	-	-	-
Other Support Services	30,772	-	-	-	-	-
Food Services Operations	-	-	-	34,173,994	-	-
Community Service	1,202	-	-	-	-	-
Facilities, Supplies and Materials	-	-	■	-	■	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond Issuance costs	-	-	-	-	-	-
Capital outlay	133,826	-	-	-	-	-
Total expenditures	631,384,991	18,165,774	4,970,488	35,250,129	31,808,893	15,800,165
Excess (deficiency) of revenues over (under) expenditures	(7,938,660)	-	(1,125,041)	2,227,073	-	-
Other Financing Sources (Uses)						
Transfers	72	-	-	-	-	-
Bond Issuance premiums	-	-	-	-	-	-
Payments to escrow agents	■	■	■	-	-	-
Debt issuance	-	-	-	-	■	-
Issuance of refunding debt	-	-	-	-	-	-
Total other financing sources (uses)	72	-	-	-	-	-
Net changes in fund balances	(7,938,588)	-	(1,125,041)	2,227,073	-	-
Fund balances - beginning of year	58,798,475	-	2,647,533	22,763,962	-	-
Fund balances - end of year	$ 50,859,887	$ -	$ 1,522,492	$ 24,991,035	$ -	$ -

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds (Continued)
For the Year Ended June 30, 2017

	Capital Projects					
	Bond Building 31100	Capital Improvements HB-33 31600	Capital Improvements SB-9 Local 31701	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
Property taxes	$ -	$ 53,741,470	$ 27,575,334	$ 64,432,616	$ 6,030,219	$ 156,952,854
State grants	-	-	2,955	-	21,249,120	650,860,456
Federal grants	-	-	-	-	29,665,739	110,192,697
Miscellaneous	-	-	-	1,781,610	10,601,382	27,180,900
Interest	252,552	199,816	136,337	136,923	71,524	1,234,502
Total revenues	252,552	53,941,286	27,714,626	66,351,149	67,617,984	946,421,409
EXPENDITURES						
Instruction	-	-	-	-	22,200,341	470,324,043
Support Services						
Students	-	-	-	-	7,660,363	75,972,644
Instruction	-	-	-	-	624,101	21,084,135
General Administration	-	539,019	276,231	645,088	483,483	7,073,844
School Administration	-	-	-	-	1,326,178	43,787,166
Central Services	-	-	-	-	1,342,664	22,918,601
Operation & Maintenance of Plant	-	-	-	-	78,697	75,707,205
Student Transportation	-	-	-	-	180,975	21,530,148
Other Support Services	-	-	-	-	-	30,772
Food Services Operations	-	-	-	-	103,898	34,277,892
Community Service	-	-	-	-	-	1,202
Facilities, Supplies and Materials	7,143,493	18,413,262	16,724,939	-	5,472,367	47,754,061
Debt service						
Principal	-	-	-	45,416,791	5,559,115	50,975,906
Interest	-	-	-	21,610,325	404,028	22,014,353
Bond issuance costs	154,117	-	-	578,389	38,172	770,678
Capital outlay	64,326,221	32,965,147	12,525,760	-	14,168,045	124,118,999
Total expenditures	71,623,831	51,917,428	29,526,930	68,250,593	59,642,427	1,018,341,649
Excess (deficiency) of revenues over (under) expenditures	(71,371,279)	2,023,858	(1,812,304)	(1,899,444)	7,975,557	(71,920,240)
Other Financing Sources (Uses)						
Transfers	-	-	-	-	(72)	-
Bond issuance premiums	-	-	-	12,777,209	1,343,580	14,120,789
Payments to escrow agents	-	-	-	-	-	-
Debt issuance	100,000,000	-	-	-	15,000,000	115,000,000
Issuance of refunding debt	-	-	-	-	-	-
Total other financing sources (uses)	100,000,000	-	-	12,777,209	16,343,508	129,120,789
Net changes in fund balances	28,628,721	2,023,858	(1,812,304)	10,877,765	24,319,065	57,200,549
Fund balances - beginning of year	36,956,068	77,128,532	50,316,048	67,710,396	33,016,063	349,337,077
Fund balances - end of year	$ 65,584,789	$ 79,152,390	$ 48,503,744	$ 78,588,161	$57,335,128	$406,537,626

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities
For the Year Ended June 30, 2017

	Governmental Funds
Net change in fund balances - total governmental funds	$ 57,200,549
Amounts reported for governmental activities in the statement of activities are different because:	
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Amount by which depreciation exceeds capital outlays for the period:	
Depreciation expense	(84,449,484)
Capital outlay additions	125,212,592
Capital contributions (donated capital assets)	11,390,859
Adjustments/Disposal of capital assets	(865,691)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:	
Unavailable revenue related to the property taxes receivable	(514,938)
Internal Service Fund Change in net Position	(3,462,696)
Expenses in the statement of activities that do not consume the current financial resources of governmental funds:	
Decrease in accrued compensated absences	181,466
Net OPEB expense	(16,893)
Net Pension expense	(43,102,062)
The issuance of long-term debt (e.g., bonds, 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 original issue premium	6,528,221
Increase in accrued interest payable	(1,743,938)
Debt service principal payments	50,975,906
Original Issue Premium	(14,120,789)
Debt Proceeds	(115,000,000)
Rounding	(4)
Change in Net Position - Total Governmental Activities	$ (11,786,902)

Operational Fund (11000)
Statement of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ 5,089,588	$ 5,089,588	$ 5,177,683	$ 88,095
State grants	629,702,139	607,654,540	607,641,406	(13,134)
Federal grants	2,318,251	2,318,251	2,692,533	374,282
Miscellaneous	6,412,161	6,412,161	10,248,685	3,836,524
Interest	180,000	180,000	404,223	224,223
Total revenues	643,702,139	621,654,540	626,164,530	4,509,990
EXPENDITURES				
Instruction	441,776,351	435,295,598	414,782,584	20,513,014
Support Services				
Students	73,753,505	68,957,618	60,533,214	8,424,404
Instruction	24,846,381	23,953,824	19,916,365	4,037,459
General Administration	6,563,758	6,484,759	5,747,209	737,550
School Administration	37,135,461	36,423,985	35,612,273	811,712
Central Services	21,838,338	21,147,820	18,751,5.11	2,396,309
Operation & Maintenance of Plant	89,746,147	84,630,287	76,411,396	8,218,891
Student Transportation	679,931	679,931	3,200,556	(2,520,625)
Other Support Services	1,866,775	1,866,775	780,772	1,086,003
Food Services Operations	200,000	-	-	-
Community Services	7,500	7,500	1,202	6,298
Facilities, Supplies & Services	-	-	-	
Debt service			-	
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	124,055	133,855	133,826	29
Total expenditures	698,538,202	679,581,952	635,870,908	43,711,044
Excess (deficiency) of revenues over (under) expenditures	(54,836,063)	(57,927,412)	(9,706,378)	48,221,034
Designated cash	54,836,063	57,927,412	-	(57,927,412)
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	72	72
Debt issuance	-	-	-	-
Total other financing sources (uses)	-	-	72	72
Net changes in fund balances	-	-	(9,706,306)	(9,706,306)
Fund balances - beginning of year	-	-	59,576,742	59,576,742
Fund balances - end of year	$ -	$ -	49,870,436	$ 49,870,436
RECONCILIATION TO GAAP BASIS				
Reversal of PY adjustments to revenue / expenditures			(2,806,710)	
Adjustments to revenues			(2,718,199)	
Adjustments to expenditures			4,485,917	
inventory			2,028,443	
Other financing sources (uses)			^	
Fund balances (GAAP basis)			$ 50.859.887	

Pupil Transportation Fund (13000)
Statement of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
State grants	19,274,423	18,408,311	18,157,359	(250,952)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	1,733	1,733
Total revenues	19,274,423	18,408,311	18,159,092	(249,219)
EXPENDITURES				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	267,585	272,413	-	272,413
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	19,006,838	18,135,898	18,159,092	(23,194)
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Facilities, Supplies & Services	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	19,274,423	18,408,311	18,159,092	249,219
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Designated cash	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers	-	-	-	-
Debt Issuance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes In fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	$ -	$ -	-	$ -

RECONCILIATION TO GAAP BASIS:	
Reversal of PY adjustments to revenue / expenditures	-
CY Adjustments to revenues	6,682
CY Adjustments to expenditures	(6,682)
Inventory	^
Fund balances (GAAP basis)	$ -

State of New Mexico
Albuquerque Municipal School District No. 12
Instructional Materials Fund (14000)
Statement of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
State grants	4,666,425	2,563,731	3,843,022	1,279,291
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	2,425	2,425
Total revenues	4,666,425	2,563,731	3,845,447	1,281,716
EXPENDITURES				
Instruction	6,340,347	5,229,620	4,988,844	240,776
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Facilities, Supplies & Services	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	6,340,347	5,229,620	4,988,844	240,776
Excess (deficiency) of revenues over (under) expenditures	(1,673,922)	(2,665,889)	(1,143,397)	1,522,492
Designated cash	1,673,922	2,665,889	-	(2,665,889)
OTHER FINANCING SOURCES (USES):				
Transfers	-	-	-	-
Debt Issuance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes In fund balances	-	-	(1,143,397)	(1,143,397)
Fund balances - beginning of year	-	-	2,665,889	2,665,889
Fund balances - end of year	$ -	$ -	1,522,492	$ 1,522,492

RECONCILIATION TO GAAP BASIS:	
Reversal of PY adjustments to revenue / expenditures	(18,356)
CY Adjustments to revenues	-
CY Adjustments to expenditures	18,356
Inventory	-
Fund balances (GAAP basis)	$ 1,522,492

State of New Mexico
Albuquerque Municipal School District No. 12
Food Services Fund (21000)
Statement of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ -	$ - $	-	$ -
State grants	-	-	-	-
Federal grants	27,545,000	27,545,000	33,189,435	5,644,435
Miscellaneous	6,307,000	6,307,000	4,807,936	(1,499,064)
Interest	-	-	19,534	19,534
Total revenues	33,852,000	33,852,000	38,016,905	4,164,905
EXPENDITURES				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	1,076,135	1,076,135	1,076,135	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	49,711,887	52,301,495	33,386,010	18,915,485
Community Services	-	-	-	-
Facilities, Supplies & Services	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	50,788,022	53,377,630	34,462,145	18,915,485
Excess (deficiency) of revenues over (under) expenditures	(16,936,022)	(19,525,630)	3,554,760	23,080,390
Designated cash	16,936,022	19,525,630	-	(19,525,630)
OTHER FINANCING SOURCES (USES):				
Transfers	-	-	-	-
Debt issuance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	3,554,760	3,554,760
Fund balances - beginning of year	-	-	19,525,630	19,525,630
Fund balances - end of year	$ -	$ -	23,080,390	$ 23,080,390

RECONCILIATION TO GAAP BASIS:	
Reversal of PY adjustments to revenue / expenditures	667,170
CY Adjustments to revenues	(539,703)
CY Adjustments to expenditures	(787,984)
Inventory	2,571,162
Fund balances (GAAP basis)	$ 24,991,035

State of New Mexico
Albuquerque Municipal School District No. 12
Title I -1 ASA Fund (24101) (101-130)
Statement of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
State grants	-	-	-	-
Federal grants	32,600,649	38,202,383	34,905,678	(3,296,705)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	32,600,649	38,202,383	34,905,678	(3,296,705)
EXPENDITURES				
Instruction	26,506,816	31,924,184	27,786,258	4,137,926
Support Services				
Students	2,190,462	2,255,707	1,940,818	314,889
Instruction	580,058	579,068	551,253	27,815
General Administration	766,598	904,026	812,573	91,453
School Administration	793,159	821,583	641,417	180,166
Central Services	1,748,704	1,702,619	1,587,693	114,926
Operation & Maintenance of Plant	14,852	15,196	5,461	9,735
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Facilities, Supplies & Services	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest				-
Capital outlay	-	-	-	-
Total expenditures	32,600,649	38,202,383	33,325,473	4,876,910
Excess (deficiency) of revenues over (under) expenditures	-	-	1,580,205	1,580,205
Designated cash	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers	-	-	-	-
Debt issuance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	1,580,205	1,580,205
Fund balances - beginning of year	-	-	(10,968,264)	(10,968,264)
Fund balances - end of year	$ -	$ -	(9,388,059)	$ (9,388,059)
RECONCILIATION TO GAAP BASIS:				
Reversal of PY adjustments to revenue / expenditures			10,968,264	
CY Adjustments to revenues			(3,096,785)	
CY Adjustments to expenditures			1,516,580	
Inventory			-	
Fund balances (GAAP basis)			$ -	

IDEA-B Entitlement Fund (24106) (321)
Statement of Revenues, Expenditures, and Changes In Fund Balance
Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property taxes	$ -	$ - $	- $	-
State grants	-	-	-	-
Federal grants	18,341,033	23,543,361	24,090,232	546,871
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	18,341,033	23,543,361	24,090,232	546,871
EXPENDITURES				
Instruction	2,423,238	2,680,738	2,448,027	232,711
Support Services				
Students	5,658,229	8,454,724	5,791,939	2,662,785
Instruction	-	-	-	-
General Administration	454,112	581,760	387,419	194,341
School Administration	8,495,133	10,350,798	6,217,653	4,133,145
Central Services	1,184,942	1,347,937	1,146,275	201,662
Operation & Maintenance of Plant	125,379	127,404	96,410	30,994
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Facilities, Supplies & Services	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	18,341,033	23,543,361	16,087,723	7,455,638
Excess (deficiency) of revenues over (under) expenditures	-	-	8,002,509	8,002,509
Designated cash	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers'	-	-	-	-
Debt issuance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	8,002,509	8,002,509
Fund balances - beginning of year	-	-	(10,422,799)	(10,422,799)
Fund balances - end of year	$ -	-	(2,420,290)	$ (2,420,290)

RECONCILIATION TO GAAP BASIS:

Reversal of PY adjustments to revenue / expenditures	10,422,799
CY Adjustments to revenues	(8,290,067)
CY Adjustments to expenditures	287,558
Inventory	-
Fund balances (GAAP basis)	$ -

State of New Mexico
Albuquerque Municipal School District No. 12

Statement of Net Position
Internal Service Fund
June 30, 2017

	Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets:	
Cash and Cash Equivalents	$ 20,150,357
Investments - US Treasuries	20,021,675
Accounts receivables	20,680
Interest Receivable	2,909
Total current assets	40,195,621
Total assets	40,195,621
Deferred outflows of resources	224,245
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 40,419,866
LIABILITIES, DEFFERED INFLOWS OF RESOURCES AND NET POSITION	
Current liabilities	
Claims Payable	$ 14,215,478
Total current liabilities	14,215,478
Long Term liabilities'	
Long-Term Portion of Claims Payable	18,445,275
Net Pension Liability	1,926,892
Total long term liabilities	20,372,167
Total liabilities	34,587,645
Deferred inflows of resources	37,603
NET POSITION	
Unrestricted net position	5,794,618
Total net position	5,794,618
TOTAL LIABILITIES, DEFFERED INFLOWS OF RESOURCES AND NET POSITION	$ 40,419,866

State of New Mexico

Albuquerque Municipal School District No. 12

Exhibit D-2

Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Year Ending June 30, 2017

	Internal Service Fund
Operating revenues:	
Charges for services	$ 95,693,440
Total operating revenues	95,693,440
Operating expenses:	
Health and medical claims admin.	3,838,498
Health and medical claims	74,280,499
Dental claims admin	207,034
Dental claims	5,594,661
Vision claims admin	33,870
Vision claims	868,515
Worker's compensation claims admin.	131,011
Worker's compensation claims	5,804,065
Property/liability claims admin.	-
Property/liability claims	3,804,790
Compensation and benefits	437,154
General supplies & materials	-
Other Professional / Technical Services	4,309,749
Total operating expenses	99,309,846
Operating income (loss)	(3,616,406)
Non-operating revenue (expenses):	
Interest	153,710
Total non-operating revenues (expenses)	153,710
Change in net position	(3,462,696)
Net position - beginning of year	9,257,314
Total net position - end of year	$ 5,794,618

Exhibit D-3

Statement of Cash Flows
Internal Service Fund
Year Ended June 30,2017

	Internal Service Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from Interfund Services Provided:		
Health Insurance Premiums	$ 72,094,529	
Express Scripts Rebates	2,386,521	
Dental Insurance Premiums	6,160,272	
Vision insurance Premiums	867,300	
Worker's Compensation Premiums	10,012,408	
Property/Liability Premiums	4,172,410	
Total Cash received from Interfund Services Provided		95,693,440
Cash paid to Vendors		
Health and Medical Claims Administration	3,838,498	
Health and Medical Claims	73,932,415	
Dental Claims Administration	207,034	
Dental Claims	5,594,661	
Vision Claims Administration	33,870	
Vision Claims	868,515	
Worker's compensation claims admin.	131,011	
Worker's Compensation Claims (Self Insured)	4,769,439	
Property/Liability Claims (Self Insured)	2,725,775	
Total Cash Paid to Vendors		92,101,218
Other Expenditures		
Compensation and Benefits	410,079	
General Supplies & Materials	-	
Other Professional / Technical Services	4,309,749	
Total Other Expenditures		4,719,828
Net cash provided (used) by operating activities		(1,127,606)
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Interest received	150,801	
Net cash provided (used) by investing activities		150,801
Net increase (decrease) in cash and cash equivalents		(976,805)
Gash and cash equivalents - June 30,2016		41,148,837
Cash and cash equivalents - June 30,2017		$ 40,172,032
Reconciliation of operating income to net cash:		
Operating income (loss)		$ (3,616,406)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Increase in claims liability		1,526,426
Change in receivables		935,299
Change in deferred outflows of resources related to the net pension liability		(44,918)
Change in deferred inflows of resources related to the net pension liability		(10,729)
Change in net pension liability		82,722
Net cash provided (used) by operating activities		$(1,127,606)

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

State of New Mexico

Albuquerque Municipal School District No. 12

Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

	Agency Funds
ASSETS	
Current assets:	
Cash held by various school sites	$ 6,412,716
Cash held by District on behalf of school sites	3,628
Total assets	$ 6,416,344
LIABILITIES	
Current liabilities	
Deposits held in trust for others	$ 6,416,344
Total liabilities	$ 6,416,344

NOTE 1. Summary of Significant Accounting Policies

The financial statements of Albuquerque Municipal School District No. 12, Albuquerque, New Mexico ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Reporting Entity

The District was formed in the late 1800s. The District currently operates with a superintendent and seven elected board members. The District provides educational services to over 86,000 students. The financial statements include all funds that are controlled by, or dependent on, the District. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by general obligations of the District, or the obligation of the District to finance any deficits that may occur. KANW, a public radio station, is included in the reporting entity general fund as a department within the District.

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in the GASB Codification, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The District also has component units, as defined by the GASB Codification, whereby the component units are legally separate organizations. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

KNME-TV is a non-profit television station jointly formed by the District and the University of New Mexico and has a separate governing board from that of the District. KNME-TV provides educational programming to the residents of New Mexico. It is excluded from the reporting entity because the District does not have the ability to exercise influence over daily operations and approve budgets; however, some funding is provided by the District, as well as by the University of New Mexico, private grants, gifts and contributions. The District derives no financial benefit from its relationship with KNME and its only financial burden consists of a $20,000 yearly contribution toward operations and payment of utility costs which amounted to $13,067 during fiscal year 2017. Financial Statements for KNME may be obtained from the Controller's office of the University of New Mexico.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Internal Service Fund is used to account for the operation of the Self-Insurance Management Fund which services the District's departments.

Component Units

The following charter schools were formed under NMSA 22-8A and as such are presented here as discrete component units within the District's financial statements. Certain charter schools have opted to issue separate financial statements as described in Note 19. District management has determined that the Charter Schools are major component units of the District under the GASB Codification, since their operating budgets and charters are presented and approved by the District's board and a financial burden exists upon closure of a school or when the school is in need of financial assistance. In addition, under section 6-5A-1 NMSA 1978, 501(c)(3), component units with gross annual income in excess of $250,000 should be audited; therefore, the APS Foundation is included as a component unit.

21st Century Public Academy
Albuquerque Charter Academy
Albuquerque Talent Development Academy
Alice King Community School
Christine Duncan's Heritage Academy
Corrales International Charter School
Digital Arts & Technnology Academy
East Mountain High School
El Camino Real Academy
Gordon Berneli Charter School
La Academia de Esperanza
Los Puentes Charter School
Montessori of the Rio Grande
Mountain Mahogany Community School
Native American Community Academy
New Mexico International School
Nuestros Valores Charter School
Public Academy for Performing Arts
Robert F. Kennedy High School
Siembra Leadership Academy
South Valley Academy
The Bataan Military Academy*

* Closed as of June 30, 2016

APS Education Foundation

The Albuquerque Public Schools Education Foundation is a 501(c)(3) charitable organization established in 1995, that raises private support for programs within the district. In addition to providing help to the 86,000 school children and 12,000 full time staff members of the district, the Foundation serves as a fiscal agent for a variety of programs. In 2009, the Foundation established the Horizon Campaign, a fundraising effort aimed at providing financial supplements to Classroom Teacher Mini-Grants, Fine Arts, Literacy and Middle School/High School Activities programs operated by the district. The Foundation issues a separate set of financials and a copy can be obtained from the Foundation at 6400 Uptown Blvd. NE, Suite 630 East, Albuquerque, NM 87110.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 such as the collection of cafeteria fees and lost books, etc. and 2) grants and contributions that

are restricted to meeting the operational or capital requirements of a particular function or segment such as in Title I and IDEA-B or state programs such as HB-33 and SB-9. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Those revenues susceptible to accrual are property taxes, state shared taxes, investment income and charges for services. In accordance with GASB Statement 33, estimated property, and other taxes that are not available are called unavailable revenue and shown as a deferred inflow of resources. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditures are recorded as liabilities when they are incurred. Any effect of inter-fund activity has been eliminated from the Government-wide financial statements.

Property taxes are collected by the Bernalillo and Sandoval County Treasurers and remitted to the District. Property tax revenue is recognized at the time of receipt or earlier if accrual criteria are met. The District's accounting policy is to defer property taxes that are not collected within 60 days after fiscal year end since delinquent property taxes are not available to finance current fiscal year District operations. Delinquent property taxes collected in future periods will be recognized as revenue when collected.

Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the revenue is recognized.

Expenditures are recorded when the related fund liability is incurred, except interest on general long-term debt which is recognized when due, and certain compensated absences and claims which are recognized when expected to be liquidated with expendable available financial resources.

Other Financing Sources (Uses): Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of capital assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

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.* 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 period for which the taxes 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. Flowever, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and

similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received.

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general capital assets, and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Fund* accounts for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB #34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund) funds that, with the exception of the Debt Service Fund (41000), were not required to be presented as major but are presented as major funds at the discretion of management:

The *Pupil Transportation Fund* is used to account for the State Equalization, received from the Public Education Department (PED), which is used to pay for the costs associated with transporting school age children.

The *Instructional Materials Fund* is used to account for the monies received from the Public Education Department (PED) for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Food Service Fund* is used to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

The *IASA Title I Fund* is used to provide compensatory education services to educationally deprived school children (including private school pupils) in low-income areas (P.L. 103-382).

The *IDEA-B Entitlement Fund* is used to account for federal resources administered by the Public Education Department to provide for special educational needs of handicapped 6-21 year olds (PL 94-142 & PL 99-457).

The *Bond Building Capital Projects Fund* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

The *Capital Improvements HB33 Fund* is used to account for the costs relating to erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided through property taxes as specified by Article 26 of the Public School Buildings Act (House Bill 33).

The *Capital Improvements SB9 Fund* is used 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).

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest.

Additionally, the government reports the following fund types:

Fiduciary Funds are used to account for assets held by the District as an agent for individuals, private organizations or other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds relate primarily to the activities of individual schools. While these funds are under the supervision of the District and enhance the District's educational programs, they are funds of the individual schools and/or their student bodies and are not available for use by the District.

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the District Wide Financial Statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The *Internal Service Fund* is used to account for the operations of the Self-Insurance Management Fund which services the District's departments on a cost-reimbursement basis. The activity tracked in this Internal Service Fund includes employee health insurance, worker's compensation insurance, and property and liability insurance for the District. All expenses are captured in this fund, and proceeds from employee deductions and budgeted appropriations are coded here as revenue sources. Collections from excess insurance policies are also deposited into this fund, The Internal Service Fund is reported in the Proprietary Funds section of this report. Internal Service Fund operating revenues include employer and employee contributions, non-operating revenue is limited to interest income. Operating expenses include claims and overhead expenses.

The Statement of Net Position and the Statement of Activities were prepared using the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and

liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions."

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Cash, Cash Equivalents and Investments: Policies regarding cash, cash equivalents and investments are approved by the District's Board of Education and are governed by New Mexico statute. Such policies allow deposits or investments in certificates of deposit, savings accounts, over-night repurchase agreements, various obligations of the U.S. Government or its agencies and the New Mexico State Treasurer's Local Government Investment Pool (LGIP). Such deposits and investments must be made through a State or Federally chartered bank or savings and loan association which is insured by the FDIC and which is within the geographic boundaries of the District, or with the New Mexico State Treasurer. 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, which includes investments with the LGIP.

The District's Restricted Cash and Cash Equivalents of $218,010,324 consist of cash balances in all funds except the Operational Fund. This includes Transportation, Instructional Materials, Special Revenue Funds, Capital Outlay and Debt Service.

Collateral Is required for at least 50% of deposits that are not insured by the FDIC, with the exception of repurchase agreements. These are required to have collateral of at least 102%. Obligations that may be pledged as collateral are obligations of the U.S. Government, its agencies, and state and local governments. Collateral is held in safekeeping at depository institutions in the name of the District.

Investments are reported at fair value (FV). Investments are stated at the last reported sales price on a national securities exchange or as priced by a nationally recognized securities pricing service as on the last business day of the fiscal year. Investment income, including changes in the FV of investments, is reported in operations.

For purposes of the Statement of Cash Flows, the internal service fund considers Cash and Investments as highly liquid assets (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund receivables and inter-fund payables.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts, the aging of accounts receivable and historical experience.

The District receives monthly income from a tax levy in Bernalillo and Sandoval Counties. The funds are collected by the County Treasurers and are remitted to the District the following month.

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.

Prepaid Items: The consumption method is used to report prepaid items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventory: Supply inventories are valued at cost and consist of educational supplies, purchased and donated commodities. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at the lower of their estimated fair market value at the date of receipt or current market value.

The food commodities received from the Federal Government (passed through from the State) are recorded as revenues and expenditures as they are consumed. Quantities on hand at year-end are recorded as inventory with an offsetting credit to revenue.

The consumption method is used to report inventories. Purchased inventories are classified as expenditures at the time individual inventory items are used. Reported inventories are classified as non-spendable fund balance which indicates that they do not constitute available expendable resources.

Capital Assets: Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Historically and in accordance with prior State Statute, State Regulations and School Board Policy, all assets with a value in excess of $1,000 were capitalized. Effective July 1, 2006, this amount was increased by state statute to $5,000. The District continued to capitalize all assets with a value in excess of $1,000 through June 30, 2010. Assets on the books as of July 1, 2010 with a cost between $1,000 and $5,000 have remained on the District's inventory list and continue to be subject to depreciation rules for the life of the asset. Effective July 1, 2011 the District began capitalizing only equipment with a value in excess of $5,000 in accordance with state statute. In addition, effective July 1, 2009 the District began tracking all computers regardless of value.

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at their estimated acquisition value at the date of acquisition. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets include land and land improvements, buildings and building improvements, furniture, fixtures, equipment, machinery and vehicles. Capital assets are used in operations and have a useful life of more than one year and a cost exceeding established capitalization thresholds. The school district does not own any infrastructure assets such as roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

Purchased capital assets costing more than $5,000 are recorded at historical cost, including significant ancillary charges necessary to place the asset into its intended location and condition for use. Improvements to land and buildings are capitalized at the higher threshold of $25,000. Donated capital assets valued at more than $5,000 are recorded at the time of acquisition at estimated acquisition value plus ancillary charges.

Capital assets are reported net of accumulated depreciation in the statement of net position. Capital assets that are not being depreciated, such as land, are reported separately for significant amounts. Capital assets are depreciated over their estimated useful lives using the straight-line depreciation method and full-month averaging. No salvage value is allowed for this purpose. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight-line depreciation is used based on the following estimated useful lives:

Computer Equipment and	Business 5 Years	Improvements to Land	20 Years
General Equipment and	Musical 8 Years	Improvements to Bldgs.	20 Years
Vehicles, Trucks, and Trailers	8 Years	Portable School Buildings	25 Years
Furniture, Major Appliances, Large	10 Years	Buildings	40Years

Depreciation was allocated to the various functions based upon originating purchasing source where identifiable. Unallocated depreciation was recorded in the statement of activities.

Unearned Revenues: The District reports unearned revenues on its Statement of Net Position and various fund balance sheets. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Accrued Salaries: Certain employees of the District (primarily school teachers and support staff) work nine months of the 12-month fiscal year. The District disburses payroll to such employees throughout the entire 12-month period. Accordingly, salaries payable included as accrued expenses in the accompanying financial statements include accrued salaries for services performed through June 30, 2017 for these employees. The accrued salaries will be paid within two months after the end of the fiscal year.

Compensated Absences: In the event of termination or retirement, employees may be paid for up to 176 hours of accumulated vacation leave. Accordingly, accumulated vacation leave is recorded as if fully vested. The vested vacation leave payable is calculated using current pay levels and is recorded in the government-wide fund.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. During the year $22,867,013 in interest on long term debt was recorded, including $10,537,033 in accrued interest payable.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District is reporting $177,840,625 related to the pension plan in this category as of June 30, 2017.

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

inflow of resources (revenue) until that time. The District reported deferred inflows that were related to the net pension liability in the amount of $14,757,290 and $4,533 that were related to resources with time restrictions, for a total of $14,761,823 at June 30, 2017.

Fund balance: The difference between assets and liabilities in the governmental fund financial statements are among the most widely and frequently used information in state and local government financial reports.

GASB Statement No. 54 distinguishes fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications:

- Non-spendable - portion of net resources that cannot be spent because of their form or because they must remain intact.
- Restricted - amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed - amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision making authority. Formal Board action, through a resolution creates a commitment.
- Assigned - amounts a government intends to use for a particular purpose. The Board of Education's policy on Fiscal Management delegates the Chief Financial Officer as the administrative position responsible for assigning future fund balance.
- Unassigned - amounts that are not constrained at all will be reported in the general fund.

Operational Fund Cash Balance Procedural Directive

The chief financial officer shall manage the district's finances and take appropriate action to ensure an operational fund cash balance of at least five-percent (5%) of the current year's budgeted operating expenditures for any given fiscal year.

Upon accumulation of the operating fund cash balance of at least five-percent (5%), the operating fund cash balance may only be drawn down below that level under the following circumstances:

a. An unexpected loss of revenue which includes, but is not limited to a mid-year reduction in operational revenues from the New Mexico Legislature and/or the New Mexico Public Education Department which were not included in the final approved budget, or
b. Approval from the Board of Education for a non-budgeted expenditure.
c. Upon approval from the New Mexico Public Education Department through a budget adjustment request. In an emergency, the chief financial officer may spend the operational fund cash balance prior to approval of the budget adjustment request.

Upon receiving any indication that the operating fund cash balance may not equal at least five-percent (5%) at any point within a rolling five-year financial forecast period, the chief financial officer shall immediately report the information to the superintendent and the Board of Education. It shall be the responsibility of the chief financial officer to provide recommendations to the superintendent and the

Board of Education that may assist in accumulating and maintaining the operating fund cash balance as outlined in this procedural directive.

Net Position: The government-wide statements utilize a net position presentation categorized as follows:

Net investment in capital assets - This category reflects the portion of net position associated with capital assets less outstanding capital asset related debt.

Restricted Net Position - For the government-wide statement of net position, net position is reported as restricted when constraints placed on net asset used are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category reflects net position of the District not restricted for any project or other purpose.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The District's restricted fund balances for student instructional materials, pupil transportation and capital projects on Exhibit B-I represent those imposed by law through enabling legislation. When an expenditure is incurred for which committed, assigned, and/or unassigned amounts of funding are available, funds are applied in that respective order.

Inter-fund Transactions: Reciprocal and non-reciprocal transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed. All other inter-fund transactions, except reciprocal and non-reciprocal transactions and reimbursements, are reported as transfers.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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.

Estimates in these financial statements include the District's estimate of useful lives for determining accumulated depreciation and depreciation expense, an estimate of accrued interest, estimates of worker's compensation and health insurance claims and an estimate on property taxes receivable, and an estimate of the District's proportionate share of the ERB net pension liability.

Revenues

Program revenues: In the Statement of Activities, program revenues derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which includes revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9

and HB-33 funding to be used for capital projects.

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 cost.

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 $607,601,318 in state equalization guarantee distributions during the year ended June 30, 2017.

Tax Revenues: The District receives mill levy and ad valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized for governmental purposes when they are assessed and for fund purposes when they are measurable and available. The District records only the portion of the taxes considered to be 'measurable' and 'available'. 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.

Property taxes: An enforceable lien is attached on property as of January 1st. Tax notices are sent to property owners by November 1st of each year, to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects County, City, and School taxes and distributes some to each fund once per month.

Pupil 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 twelve attending public school within the school district. Allocations received from the State for the year ended June 30, 2017 totaled $18,151,800.

Instructional Materials: The New Mexico State Public Education Department (PED) 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, fifty percent is restricted to the requisition of materials listed on the State Board of Education's "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled $3,843,022.

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 1st 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 improvements fund to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school district have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3, NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis. 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.

Allocation of Indirect Expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense not charged to a specific function is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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 State of New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

The District also receives reimbursements under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department. The value of commodities received for the year ended June 30, 2017 was $2,619,356 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture

Commodities Program, CFDA number 10.555. Commodities are recorded as revenues and expenditures in the food service fund.

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.

Budgetary Information

The following procedures are utilized to establish the District budget:

1. Subsequent to January 31, and prior to June 1, the Superintendent submits to the District's Board of Education a proposed budget for the fiscal year which commences on July 1. The budget includes an estimate of revenues and a proposed expenditure plan.
2. The proposed budget is presented at meetings subject to the Open Meetings Act of New Mexico, and the public is invited to comment.
3. The District is required to submit to the State of New Mexico, Public Education Department School Budget & Financial Analysis Unit (SBFAU) a balanced budget for the fiscal year which commences on July 1.
4. Based on criteria set by the SBFAU, the District undergoes either a formal technical review of the proposed budget or a more informal phone review each year. Subsequent to this review, the local Board approves a budget resolution to adopt the proposed budget subject to any technical adjustments by SBFAU. The final budget as approved by SBFAU is provided to the Board for information purposes only.
5. The budget is adjusted throughout the fiscal year based upon changes in programmatic needs. All intra-function transfers (adjustments within a function) of budget amounts are approved by site administrators and, if over $10,000, by control agents. These adjustments are then submitted to the Board of Education for final approval. Inter-function transfers (transfers between functions) include the same level of approvals, but require additional approval by the SBFAU. Budgetary control is at the function level; over-expenditure of a function is not allowed per NMAC 6.20.2.9.A.
6. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with the "Manual of Procedures for Uniform Financial Accounting and Budgeting for School Districts". Budgetary amounts for the Debt Service Fund are based upon the issuance of general obligation bonds.
7. Budgeted amounts are as originally adopted or as amended by the SBFAU.

For budgetary purposes, expenditures include amounts paid in the fiscal year, adjusted for the effects of liabilities paid within ten days of fiscal year-end and unpaid salaries and benefits attributable to services provided during the school year. The Board of Education must approve amendments to the appropriated budget when the budgeted fund balance differs from the actual fund balance at the end of the fiscal year. New Mexico state law prohibits a Governmental Agency from exceeding the appropriated budget.

The Statements of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented with each fund's Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis).

Budgetary comparisons are presented in the balanced presentation format whereby the excess (deficiency) of revenues over expenditures is reflected as Beginning Fuhd Balance for budgetary purposes. The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP); and
2. Generally, expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP). However, budgetary expenditures include amounts for salaries and benefits attributable to services provided during the fiscal year. The non-budgeted accounts and funds primarily consist of the adjustment to record the USDA commodity allocation.

NOTE 2. Cash, Cash Equivalents 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, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts, in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States, or by collateral deposited as security, or by bond given by the financial institution.

Amounts reported as Agency Funds in Exhibit E-I represent amounts held by individual school locations and departments. These funds are used to finance non-curricular activities augmenting but not replacing activities provided through funding provided by the District.

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

The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate.

Cash Reconciliation

Cash Per Government-wide Statement of Net Position:	
Unrestricted cash - Statement of net position	$ 80,365,860
Investments - Statement of net position	199,871,975
Restricted cash - Statement of net position	218,010,324
Total cash & cash equivalents per Government-wide Statement of Net Position	$ 498,248,159
Governmental Funds - Balance Sheet Reconciliation	
Cash and cash equivalents per Exhibit A-I	$ 498,248,159
Internal Service Fund cash and investments	(40,172,032)
Total cash & cash equivalents per Governmental Funds Balance Sheet per Exhibit B-I	$ 458,076,127

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for at least one half of the amount on deposit with institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits. Cash and cash equivalents consists of the following at June 30, 2017:

			Agency Funds	
	Wells Fargo [2]	Bank of America	Various Banks	Total Deposits
Total deposits	$ 155,966,025	$ 21,102,928	S 6,644,434	$ 183,713,387
FDIC coverage	250,000	250,000	6,644,434	7,144,434
Total uninsured public funds	155,716,025	20,852,928	-	176,568,953
Collateral requirement[1]	77,858,013	10,426,464	-	88,284,477
Pledged security	109,079,842	23,822,118	-	132,901,960
Total under (over) collateralized	$ (31,221,830)	$ (13,395,653)	$ -	$ (44,617,483)

[1] Collateral requirement: 50% of uninsured public funds.

[2] Includes $ 3,628 held on behalf of schools whose activity funds are managed using District financial system and bank accounts.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government'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, 2017, $176,568,953 of the District's bank balance of $183,713,387 was exposed to custodial credit risk because it was uninsured and collateral held by pledging bank's trust department was not in the District's name.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the District's investments. The District's investment policy is to attempt to secure a maximum yield of investment earnings to supplement other revenues for the support of the District. The District only invests in securities allowed under Section 6-10-10 NMSA 1978.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2017:

1. U.S. Treasury securities of $199,871,975 are valued using quoted market prices (Level 1 inputs). The original cost basis for these securities was $200,258,007. U.S. Treasury's comprise about 45% of the District's total cash, cash equivalents and investments when measured using the cost basis. Additionally, the securities are rated Aaa by Moody's and AA+ by Standard & Poor's. 57%, or $114,915,325, will mature in less than a year, with the remaining 43%, $84,956,650, maturing within 1 to 5 years.

The District also has funds invested with the State Treasurer's Office, Local Government Investment Pool (LGIP). These investments are considered short-term, so they are measured using the cost basis. LGIP investments comprise 28% of the District's investments at year-end when measured using the cost basis. The remaining 27% is cash deposits held in financial institutions. The District's LGIP investments at June 30, 2017, were $126,100,000. The New Mexico LGIP carries a Moody's AAAm investment rating, with a 58 day WAM (R) and a 106 day WAM (F). LGIP investments are classified as cash equivalents on exhibits A-I and B-I.

NOTE 3. Receivables

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable.

Accounts receivable are shown net of an allowance for doubtful accounts. Trade accounts receivable in excess of 180 days comprise the allowance for doubtful accounts. Restricted Accounts Receivables of $38,361,133 consist of those receivables related to special revenues, amounts due from other governments for special revenue and capital outlay funds, and property tax receivables (except for the operational fund, which is unrestricted).

Receivables as of June 30,2017 are as follows:

Receivables	General	Transportation	Pupil	Food Services	Title I IASA	IDEA-B Entitlement
Property taxes	$ 414,484	$ -	$ -	$ -	$ -	$ -
Intergovernmental grants	-	6,725	541,529	9,401,143	2,569,787	
Other	633,145					
Less allowance for doubtful accounts	(20,908)	-	-	-	-	
Totals by fund	$ 1,026,721	$ 6,725	$ 541,529	$ 9,401,143	$ 2,569,787	

	Bond Building	HB-33 Capital Improvements	SB-9 Capital Improvements	Debt Service	Other Governmental	Total
Property taxes	$ -	$ 4,162,821	$ 2,050,400	$ 4,664,905	$ 436,321	$ 11,728,931
Intergovernmental grants	28,994	22,984	12,489	6,927	13,213,364	25,803,942
Other	38,810	53,939	59,051	1,090,944	-	1,875,889
Less allowance for doubtful accounts	-	-	-	-	-	(20,908)
Totals by fund	$ 67,804	$ 4,239,744	$ 2,121,940	$ 5,762,776	$ 13,649,685	$ 39,387,854

NOTE 4. Inventories

Components of inventory balances are as follows:

Instructional	$	675,897
M&O		1,910,014
Food	Items	1,890,822
Total $ 4,476,733		

NOTE 5. Accrued Expenses

Accrued expenses at June 30, 2017 consist of:

Salaries and benefits payable	$	73,400,218
Other Liabilities		154,280
	$	73,554,498

NOTE 6. Inter-fund Receivables, Payables, and Transfers

Generally, these inter-fund receivables and payables are generated when a fund incurs an expenditure that is waiting for reimbursement from the grantor. The balance represents the amount of cash provided by the General Fund to cover the expense until payment is received. All of these balances are expected to be collected in the subsequent year. Inter-fund transfers generally occur for two reasons; to correct the recording of expenses or revenue and to cover over-expenditures of Special Revenue Funds. Transfers from non-major governmental funds to the operational fund totaled $72 for the year ended June 30, 2017, and related to excess expenditures during the current year paid from operational fund resources.

Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below:

Governmental Activities:		Interfund Receivables	Interfund Payables
Fund #	Major Funds:		
11000	Operational Fund	$ 22,985,110	$ -
24101	Title NASA		(9,388,059)
24106	IDEA-B Entitlement		(2,420,290)
	Nonmajor Funds:		
24109	Preschool IDEA-B		(79,174)
24113	Education Of Homeless		(44,977)
24115	IDEA-B Private School Share		(32,626)
24124	Title I 1003g Grant		(523,979)
24153	English Language Acquisition		(683,942)
24154	Teacher / Principal Training & Recruting		(1,250,987)
24162	Title I School Involvement		(199,171)
24171	Carl D. Perkins Special Projects Current		(9,198)
24174	Carl D. Perkins Secondary Current		(362,893)
24176	Carl D. Perkins Secondary Redistribution		(35,596)
24186	USHHS/CDC School Health		(1,303)
25112	Collaborative Research and Development		(1)
25131	Johnson O'Malley		(39,105)
25173	School Leadership Program		(40,869)
25184	Indian Education Formula Grant		(237,815)
25200	ROTC		(16,620)
25262	RUS-Zunl Project KNME - PBS		(200)
26118	ABEC Job Mentor Instruction		(39,569)
27107	2012 GOB Public Schools Library Award		(10,813)
27114	New Mexico Reads for Lead K-3		(138,375)
27141	Truancy and Dropout Prevention		(68,141)
27149	Pre-K Initiative		(736,257)
27150	Indian Education School District Initiative		(20,625)
27166	Kindergarten Three-Plus		(1,388,091)
27168	After School Enrichment		(36,176)
27189	College Advisor Initiative		(40,470)
27197	Black Student Union		(1,557)
29102	Private Direct Grants (Categorical)		(21,208)
29107	City / County Grants		(463,963)
31400	Special Capital Outlay - State		(2,628,703)
31500	Special Capital Outlay-Federal		(2,024,357)
		$ 22,985,110	$ (22,985,110)

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Balance 6/30/2016	Additions/ Adjustments	Deletions	Transfers	Balance 6/30/2017
Governmental Activities:					
Capital Assets not depreciated:					
Land	$ 54,495,320	$ -	$ -	$ -	$ 54,495,320
Construction in Progress	98,556,267	132,417,236		(49,072,312)	181,901,191
Total Capital Assets, not depreciated	153,051,587	132,417,236	-	(49,072,312)	236,396,511
Capital Assets being depreciated:					
Land Improvements	172,817,864	150,813		12,983,739	185,952,416
Building and Building Improvements	1,953,430,489	-	(5,663,047)	36,088,573	1,983,856,015
Equipment, Furniture and Fixtures	62,707,620	1,991,944	(7,799,477)	-	56,900,087
Intangibles	15,889,216	-	-	-	15,889,216
Buses	2,987,311	1,137,928	-		4,125,239
Vehicles/Heavy Equipment	15,409,419	905,530	(116,011)	-	16,198,938
Total Capital Assets, being depreciated	2,223,241,919	4,186,215	(13,578,535)	49,072,312	2,262,921,911
Less: Accumulated Depreciation					
Land Improvements	(93,133,453)	(5,311,852)	4,968	-	(98,440,337)
Building and Building Improvements	(781,672,079)	(74,517,886)	4,889,408	-	(851,300,557)
Equipment, Furniture and Fixtures	(50,431,357)	(3,825,546)	7,695,103	-	(46,561,800)
Intangibles	(15,889,216)	-	-	-	(15,889,216)
Buses	(280,876)	(356,956)	-		(637,832)
Vehicles/Heavy Equipment	(13,366,735)	(437,244)	123,365	-	(13,680,614)
Total accumulated depreciation	(954,773,716)	(84,449,484)	12,712,844	-	(1,026,510,356)
Total Capital Assets, being depreciated, net	1,268,468,203	(80,263,269)	(865,691)	49,072,312	1,236,411,555
Governmental activities Capital assets, net	$ 1,421,519,790	^52,153,967	S (865,691)	$ -	$ 1,472,808,066

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

Instruction	$ 351,314
Support Services	620,709
Operation and Maintenance of Plant	28,741
Operation of Noninstructional Services	540,592
Unallocated	82,908,128
	$ 84.449.484

NOTE 8. Long-term Debt

During the year ended June 30, 2017 the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017	Current Portion	Long-term Debt
General Obligation Bonds	$ 535,188,060	$ 100,000,000	$ 45,416,791	$ 589,771,269	$48,596,791	$ 541,174,478
Premiums	40,197,337	12,777,209	6,186,420	46,788,126	5,677,843	41,110,283
Subtotal	575,385,397	112,777,209	51,603,211	636,559,395	54,274,634	582,284,761
Education Technology Notes	15,400,000	15,000,000	5,450,000	24,950,000	5,600,000	19,350,000
Premiums	512,132	1,343,580	341,801	1,513,911	447,205	1,066,706
Subtotal	15,912,132	16,343,580	5,791,801	26,463,911	6,047,205	20,416,706
DATA Lease Purchase	2,447,266	-	109,115	2,338,151	110,900	2,227,251
Compensated Absences	3,857,531	3,717,432	3,898,898	3,676,065	1,225,232	2,450,833
Estimated Claims Liability	31,134,327	95,847,150	94,320,724	32,660,753	14,215,478	18,445,275
Net Pension Liability	1,102,500,678	242,031,318	110,257,283	1,234,274,713	-	1,234,274,713
Total	$ 1,731,237,331	$ 470,716,689	$ 265,981,032	$ 1,935,972,988	$75,873,449	$ 1,860,099,539

Compensated absences are paid from the same funds from which the employees are paid, principally from the operational fund. Totals above include current portions and long-term portions.

Bonds are secured by the District's full faith and credit and are general obligations of the District payable from ad valorem taxes to be levied, without limitation as to rate or amount, against all taxable property within the District. Debt service requirements are liquidated as property taxes are received and debt service principal and interest payments become due. They are paid primarily from the General Fund and Debt Service Fund. Interest on all issues is payable semiannually on February 1 and August 1. Principal is payable annually on August 1. The proceeds of the bonds are being used for the purpose of erecting, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds.:

On January 11, 2017 the District sold $115 million in General Obligation Bonds. The bonds represent $75 million of a $200 million authorization approved by voters in February 2016 and $40 million finál installment of a $200 million authorization approved by voters in February 2013. This funding will be used for capital projects and technology needs throughout the District. The $75 million sale was the first installment of the $200 million authorization approved by voters in February 2016. The District plans to sell the remaining $125 million from the February 2016 authorization during the spring of 2018.

DATA Lease Purchase

On August 23, 2013 the District entered into a twenty year $2.7 million financing agreement with the New Mexico Finance Authority for the purchase of property to be used by and leased to Digital Arts & Technology Academy, a New Mexico charter school authorized by the District.

Arbitrage/Yield Reduction

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the United States Treasury at least every five years. The District did not have any arbitrage liability at June 30, 2017.

Bond proceeds may be invested in higher yielding investments only during a temporary period described in Regulation section 1.148-2(e). After expiration of an applicable temporary period, proceeds must be yield restricted.

Long-term debt issued and outstanding at June 30, 2017 is as follows:

Date of Issue Bonds	Original Issue	Amount Outstanding	Interest Rates	Maturity Date
December 29, 2004	$ 4,625,000	$ 778,783	-	8/1/2020
January 17, 2006	7,160,000	1,397,486	-	8/1/2020
May 19, 2009	124,700,000	73,600,000	3.50-5.00%.	8/1/2022
October 20, 2009	14,300,000	14,300,000	1.00%	8/1/2024
November 10, 2009	16,800,000	6,505,000	3.00-5.00%	8/1/2018
September 22, 2010	85,410,000	46,750,000	1.50- 3.00%	8/1/2021
September 22, 2010	32,690,000	32,690,000	4.40- 4.50%	8/1/2027
September 22, 2010	31,900,000	31,900,000	4.00- 4.15%	8/1/2024
August 2, 2012	39,670,000	25,045,000	2.00- 5.00%	8/1/2021
September 24, 2013	43,400,000	30,000,000	2.00-5.00%	8/1/2029
August 5, 2014	75,000,000	66,200,000	2.00-5.00%	8/1/2029
August 5, 2014	94,305,000	94,305,000	5.00%	8/1/2023
October 7, 2015	70,000,000	66,300,000	4.00-5.00%	8/1/2030
January 11, 2017	100,000,000	100,000,000	2.00-5.00%	8/1/2033
Educational Technology Notes				
August 29, 2012	13,000,000	1,950,000	1.00-2.00%	8/1/2017
August 5, 2014	15,000,000	8,000,000	2.00-4.00%	8/1/2019
January 11, 2017	15,000,000	15,000,000	5.00%	8/1/2021
DATA Lease Purchase Loan				
August 23, 2013	2,743,494	2,338,151	0.55-4.70%	6/1/2033

The annual requirements to amortize the long-term debt as of June 30, 2017, including interest payments are as follows:

General Obligation Bonds

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	$ 48,596,791	$ 24,700,072	$ 73,296,863
2019	44,671,791	22,622,275	67,294,066
2020	43,091,791	20,794,075	63,885,866
2021	47,170,896	18,857,825	66,028,721
2022	48,820,000	16,724,238	65,544,238
2023-2027	206,180,000	54,545,250	260,725,250
2028-2032	135,340,000	15,521,775	150,861,775
2033-2037	15,900,000	674,000	16,195,775
Totals	$ 589,771,269	$ 174,439,510	$ 763,832,553

Educational Technology Notes

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	$ 5,600,000	$ 995,042	$ 6,595,042
2019	6,000,000	772,500	6,772,500
2020	6,000,000	506,250	6,506,250
2021	3,750,000	273,750	4,023,750
2022	3,600,000	90,000	3,690,000
Totals	$ 24,950,000	$ 2,637,542	$ 27,587,542

DATA Lease Purchase Loan

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	$ 110,900	$ 95,994	$ 206,894
2019	113,357	93,537	206,894
2020	116,366	90,527	206,893
2021	119,922	86,971	206,893
2022	123,934	82,960	206,894
2023-2027	695,302	339,164	1,034,466
2028-2032	861,076	173,390	1,034,466
2033-2037	197,294	9,599	206,893
Totals	$ 2,338,151	$ 972,141	$ 3,310,292

Compensated Absences-Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During the 2017 fiscal year, compensated absences decreased $181,466 from the prior year accrual. See Note 1 for more details.

Operating Leases - The District leases various equipment under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $2,344,193.

NOTE 9. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied each year on July 1, on the taxable valuation of property located in the District as of the preceding January 1. The taxable valuations for the various classes of property are determined by the Bernalillo and Sandoval Counties Assessors and the State of New Mexico Department of Taxation and Revenue at one-third of assessed valuation. Property in the District for the 2016 tax year had a taxable value of $ 15,849,486,540.

The rate of taxes for operating purposes for all taxing jurisdictions is limited by the State Constitution to 20 mills ($20 per $1,000 assessed valuation) of which the District's House Bill 33 portion, by state regulation, is limited to 15 mills. Taxes are payable in two equal installments due on November 10 and April 10 and become delinquent after 30 days.

	Current Receivables	Deferred Inflows of Resources	Total Receivables
General Fund	$ 123,850	$ 290,634	$ 414,484
Capital Projects	1,913,443	4,299,778	6,213,221
Debt Service	1,627,590	3,473,636	5,101,226
Total	$ 3,664,883	$ 8,064,048	$ 11,728,931

The District records the property taxes received within 60 days after the fiscal year-end as current receivables. The amount recorded as deferred inflows of resources is based on Bernalillo and Sandoval County's property tax assessments for the past ten years that has not been collected as of June 30.

NOTE 10. ERA Pension Plan

General Information about the Pension 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 defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning $20,000 or less contributed 7.90% and employees earning more than $20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning $20,000 or less continued to contribute 7.90% and employees earning more than $20,000 contributed an increased amount of 10.70% of their gross annual salary. The contribution rates remained unchanged during the 2017 fiscal year from the 2016 fiscal year rates. Contributions to the pension plan from the District were $67,128,146 for the year ended June 30, 2017.

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, 2017, the District reported a liability of $1,234,274,713 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 17.15120%; 17.02108% was its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $16,639,946. At June 30, 2017, 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
Differences between expected and actual experience	$ 5,354,741	$ 11,739,510
Changes of assumptions	25,124,886	
Net difference between projected and actual earnings on pension plan investments	73,675,924	
Changes in proportion and differences between District's contributions and proportionate share of contributions	6,556,928	3,017,780
District's contributions subsequent to the measurement date	67,128,146	
Total	$ 177.840.625	$ 14.757.290

$67,128,146 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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,		Amount
2018	$	17,345,609
2019		24,056,272
2020		36,586,710
2021		17,966,597
2022		-
Thereafter		-
Total	$	95,955,188

Actuarial assumptions. **As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 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. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. Specifically, the liabilities measured as of June 30, 2016 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 retirementbenefit if they retire before age 55 and their COLA will be deferred until age 67.**

3. **COLAs for most retirees are reduced until ERB attains a 100% funded status.**

4. **These assumptions were adopted by ERB on June 12, 2015 in conjunction with thesix-year experience study period ending June 30, 2014.**

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

Actuarial Cost Method	**Entry Age Normal**
Amortization Method	**Level Percentage of Payroll**
Remaining Period	**Amortized - closed 30 years from June 30, 2012 to June 30, 2042**
Asset Valuation Method	**5 year smoothed market for funding valuation (fair value for financial valuation)**
Inflation	**3.00%**
Salary Increases	**Composition: 3% inflation, plus .75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service**
Investment Rate of Return	**7.75%**
Retirement Age	**Experience based table of age and service rates**

Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

Rate of Return: The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric expected rates of return for each major asset class included in the Plan's target asset allocation for 2015 and 2016 for 30-year return assumptions are summarized in the following table:

Asset Class	Expected Rate of Return 2015	Expected Rate of Return 2016
Cash	-0.25%	0.00%
Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
MBS	0.25%	0.50%
Core Bonds	0.64%	0.73%
TIPS	0.75%	0.75%
High Yield Bonds	2.55%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds(Unhedged)	-0.50%	-1.00%
Global Bonds(Hedged)	-0.38%	-0.84%
EMD External	2.75%	2.75%
EMD Local Currency	3.25%	3.50%
Large Cap Equities	4.25%	4.25% ,
Small/Mid Cap	4.50%	4.50%
International Equities (Unhedged)	4.75%	4.75%
International Equities (Hedged)	5.14%	5.22%
Emerging International Equities	6.25%	6.00%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	4.50%	4.50%
Real Estate	3.25%	3.25%
Commodities	3.25%	2.50%
Hedge Funds	3.25%	3.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore, the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. 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 presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	5 1.634.768.194	5 1.234.274.713	3 901.978.268

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2016 and 2015 which are publicly available at www.nmerb.ore.

Payables to the pension plan. Payables to ERB as of year-end were approximately $15,859,847.

NOTE 11. Other Post-Employment Benefits (OPEB)

State Retiree Health Care Act:

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4 of 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees who were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were $9,648,020, $9,710,885 and $9,582,946 respectively, which equal the required contributions for each year.

Post-Employment Life Insurance Benefits and Required Supplementary Information:

Plan Description: The District's Postemployment Life Insurance Plan is a single employer defined benefit plan administered by the District that provides Basic Life Insurance to a frozen group of employees who retired prior to July 1, 2000. Insurance benefits are authorized by a resolution from the District's Board of Education. This amount is equal to $1,000, increased by $200 as of each anniversary of employment, subject to a maximum benefit of $4,000. A fully-insured premium rate of $1.830/$1,000 is charged; the retirees make a 100% contribution toward this coverage. The number of retirees covered as of July 1, 2017 was 1,120 and the present value of coverage was $2,435,511.

Optional Life Insurance is offered to retirees who carried Optional Life Insurance as active employees. The fully-insured premium rates are age-banded. Effective January 1, 2014 eligible retirees pay 100% of all life insurance premiums. The number of retirees covered as of July 1, 2017 was 2,076 and retiree

contributions were $863,110. Life insurance benefits are paid through premiums to Standard Life Insurance Company under an indemnity plan. The District's Board is responsible for establishing and amending benefit provisions of the Post Employment Life Insurance Plan.

Annual OPEB Cost and Annual Required Contribution: The major component of the annual OPEB cost is the annual required contribution (ARC). The ARC is the sum of the normal cost and the amortization of the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is amortized over the average life expectancy for the retired population of nine years.

The other components of the annual OPEB cost are one year's interest on the net OPEB obligation (defined below) at the beginning of the year and adjustment to the ARC. The adjustment to the ARC is the discounted present value of the net OPEB obligation at the beginning of the year.

The following tables provide the annual required contribution ("ARC") for the period July 1, 2016 to June 30, 2017 and an estimate of the net OPEB obligation as of June 30, 2017.

Post-Employment Benefit Plan

Annual Required Contribution (ARC)	
Normal Cost	$ -
Interest on Normal Cost	-
Amortization Payment	165,641
Adjustment to ARC	86,092
Interest on Amortization Payment	3,000
Total	$ 254,733
Net OPEB Obligation	
Net OPEB Obligation - Beginning of Year	$ 690,431
ARC	$ 254,733
Interest on net OPEB Obligation	20,713
Adjustment to ARC	(86,092)
Annual OPEB Cost	$ 189,354
Employer Contributions	(172,461)
Increase in Net OPEB Obligation	$ 16,893
Net OPEB Obligation - End of Year	$ 707,324
Percentage of OPEB Cost Contributed	91.08%

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPED Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	$ 189,354	91.08%	$ 707,324
6/30/2016	272,446	63.30%	690,431
6/30/2015	287,685	55.80%	590,446

Methods and Assumptions:

GASB 45 allows the use of one of several actuarial cost methods. These cost methods allocate the OPEB costs differently. The method used in this valuation is the ***Projected Unit Credit Method.*** The valuation results are developed assuming a discount rate of 3% and an amortization period of 9 years. Under GASB 45, the discount rate to be used for the valuation is determined based on the long term investment yield on the investments used to finance the payment of benefits. For this valuation it is assumed that postemployment benefits are paid from general assets which generally consist of short-term investments.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Actuarial calculations of the OPEB plan reflect a long term perspective.

Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation. Post-employment life insurance is funded 100% by retiree participants.

The participation assumption is the assumed percentage of future retirees that participate and enroll in the life insurance plan. The participation assumption used in this valuation is 100%.

Funded Status:

The actuarial accrued liability is the present value of future benefits which is attributable to past service. The unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the actuarial value of plan assets. There are no plan assets. The most recent valuation includes an Actuarial Accrued Liability and unfunded Actuarial Liability of $2,435,511. Amortization of unfunded Actuarial Accrued Liability is a Level Dollar amount and the period used for amortization of unfunded balances is closed. The closed plan is for retired employees. The plan is considered pay-as-you-go.

NOTE 12. Contingent Liabilities

A number of legal claims are presently pending against the District. It is the opinion of the District's management, after consulting with outside legal counsel, that final settlement of these matters will not exceed estimated defense and liability accruals, and will not result in any material adverse effect on the financial position of the District.

The District receives revenues from various Federal and State grant programs, which are subject to review and approval as to allowable expenditures by the respective grantor agencies. Any settlements or expenditures arising from a final review are recognized in the period agreed upon by the agency and the District.

Commitments:

Albuquerque Public Schools contracts with outside vendors for construction and renovation of various facilities. At June 30, 2017, commitments and encumbrances outstanding for capital projects totaled $67,341,705.

NOTE 13. Risk Management

The District is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. The District established a self-insurance fund to conduct these risks and administers its own employee benefit and risk management programs as a self-insured program. The District purchases specific excess insurance. There is a self-insured retention (per occurrence) of $650,000 for workers compensation, $350,000 for liability and $250,000 for property. The District is subject to tort immunities. School board errors and omissions have $350,000 retention. The District believes its main exposure to risk of loss is in the category of liability claims. Any loss exceeding the deductible of $350,000 would be covered under the purchased excess loss policy. Losses in the mentioned categories are the subject of insurance and/or actuarially reviewed retentions. The District has not incurred any losses in excess of coverage during the past 4 years. The claims liabilities reported in the Risk Management Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic factors. The actuarial review validated that the current reserves are adequate for reserves in anticipation of adverse developments in reported cases and for claims which may have occurred but have not yet been reported.

Liabilities for estimated claims for the last two years are summarized below. Liabilities at June 30, 2016 and 2017 for health, dental and vision are stated at 90% confidence level plus 15% to provide for claims fluctuation margin in the event of catastrophic claims. Liability balances for worker's compensation and liability and property are stated at 90% confidence level.

Fiscal Year 2017	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Liability and Property	$ 10,376,564	$ 4,234,772	$ 4,091,056	$ 10,520,280
Worker's Compensation	12,938,847	10,053,023	9,018,397	13,973,473
Health Claims	7,417,048	74,531,785	74,018,833	7,930,000
Dental Claims	353,652	6,160,271	6,312,923	201,000
Vision Claims	48,216	867,299	879,515	36,000
	$ 31,134,327	$ 95,847,150	$ 94,320,724	$ 32,660,753

Fiscal Year 2016	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Liability and Property	$ 8,138,923	$ 6,859,187	$ 4,621,546	$ 10,376,564
Worker's Compensation	13,021,026	3,597,345	3,679,524	12,938,847
Health Claims	7,425,265	75,632,370	75,640,587	7,417,048
Dental Claims	388,688	6,126,592	6,161,628.	353,652
Vision Claims	53,418	873,522	878,724	48,216
	$ 29,027,320	$ 93,089,016	$ 90,982,009	$ 31,134,327

NOTE 14. Tax Abatement Disclosures

The District has implemented the Governmental Accounting Standards Board (GASB) Statement number 77, Tax Abatement Disclosures, which became effective for reporting periods beginning after December 15, 2015. A tax abatement is created when a government enters into an agreement with an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

The District is not a taxing authority and does not create, or enter into, any tax abatement agreements. However, the tax revenue which the District relies upon to fund debt service, capital improvement, maintenance and operations, is directly impacted by tax abatement agreements entered into by taxing authorities, such as the City of Albuquerque and Bernalillo County governments. New Mexico statutes allow certain taxing authorities to enter into tax abatement agreements. The following table is a brief summary of the local taxing authorities and the effect their tax abatement agreements have on the District's available tax revenue:

Tax Abatement Agreements Created by:		Type of Tax Revenue Reduced	Amount Tax Abated During the Period:
Bernalillo County		Property Tax	639,976
City of Albuquerque		Property Tax	578,940
New Mexico Hospital Equipment Loan	Council	Property Tax	Unable to determine

A complete listing, and detailed information, on all of the tax abatement agreements can be found in the detail on the following pages.

Abating Agency Name	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
Tax Abatement Agreement Name	Desert Willow Apartments Project	SBS Technologies, Inc. Corporate Headquarters Project	West Publishing Corporation Project	SennheiserNew Mexico LLC Project	Tempur Production USA, Inc. Project	Verizon Wireless (VAW) LLC Facilities Project
Redpient(s) of tax abatement	Desert Willow Limited Partnership	Brunacini Development LTD. CO.	Brunacini Development LTD. CO.	Sennheiser New Mexico LLC	Tempur Production USA, Inc.	Verizon Wireless (VAW) LLC, Coors/Central Realty LLC
Tax abatement program (name and brief description)	Multifamily Housing Refunding Revenue Bonds Series 2008), replacing Series 1998.	Taxable Industrial Revenue Bonds (Series 2004)	Taxable Industrial Revenue Bonds (Series 2004A)	Taxable Industrial Revenue Bonds (Series 2004)	Taxable Industrial Revenue Bonds (Series 2005Aand 2005B)	Taxable Industrial Revenue Bonds (Series 2006A)
Specific Tax(es) Being Abated	Real Property tax	Real Property, Personal Property, Gross Receipts/Compensating Tax	Real Property, Personal ' Property, Gross Receipts/CompensatingTax	Real Property, Personal Property, Gross Receipts/CompensatingTax	Real Property, Personal Property, Gross Receipts/CompensatingTax	Real Property, Personal Property, Gross Receipts/CompensatingTax
Authority under which abated tax would have been paid to Affected Agency	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6
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	Real Property tax: $32,927	Real Property tax: $26,959	Real Property tax: $24,027	Real Property tax: $0	Real Property tax: $134,553 Personal Property tax: $15,601	Real Property tax: $75,944
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	none	none	none	none	none	none
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	N/A	N/A	N/A	N/A	N/A

Abating Agency Name	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
Tax Abatement Agreement Name	New Mexico Food Distributors, Inc. Project	CFV SolarTest Laboratory, Inc. Project	US Foods, Inc. Project	Vitality Works, Inc. Project	Friedman Recycling Project	Admiral Beverage Corporation Project
Reclpient(s) of tax abatement	New Mexico Food Distributors, Inc.	CFV SolarTest Laboratory, Inc.	US Foods, Inc.	Vitality Works, Inc.	Friedman Recycling of Albuquerque, LLC	Admiral Beverage Corporation
Tax abatement program (name and brief description)	Taxable Variable Rate Revenue Bonds (Series 2004)	Taxable Industrial Revenue Bonds (Series 2010)	Taxable Industrial Revenue Bonds	Taxable Industrial Revenue Bonds (Series 2011)	Taxable Industrial Revenue Bonds (Series 2012Aand 2012B and 2012C)	Taxable Industrial Revenue Bonds (Series 2012)
Specific Tax(es) Being Abated	Real Property, Personal Property Tax	Real Property, Personal Property Tax	Real Property, Personal Property Tax	Real Property, Personal Property, Gross Recei pts/Compensating Tax	Real Property, Personal Property, Gross Receipts/CompensatingTax	Real Property, Personal Property, Gross Receipts/CompensatingTax
Authority under which abated tax would have been paid to Affected Agency	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6
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	Real Property tax: $7,776 Personal Property tax: $4,407	Real Property tax: $0	Real property tax: $46,722	Real property tax: $26,590	Real property tax: $7,148	Real property tax: $78,025 Personal Property tax: $1,352
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	none	none	none	none	none	none
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	N/A	N/A	N/A	N/A	N/A

Abating Age ncy Name	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
Tax Abatement Agreement Name	Silver Moon Lodge Project	Glenrio Project	Rodgers/JSR Holdings, LLC	United Poly Systems Project dated 2014)	The Tortilla Building, LLC Project	Hotel Chaco Project
Recipient(s) of tax abatement	Silver Moon Lodge LLLP	Glenrio LLLP	JSR Holdings, LLC	Gold Mesa Investments	The Tortilla Building, LLC (lesee) and Flagship Food Group North America LLC (sublesee)	Hotel Chaco, LLC
Tax abatement program (name and brief description)	New Mexico Multifamily Housing Revenue Bonds (Series 2013A and 2013B)	New Mexico Multifamily Housing Revenue Bonds (Series 2013)	Taxable Industrial Revenue Bonds (Series 2014}	Taxable Industrial Revenue Bonds	Industrial Development Project	Taxable Industrial Revenue Bonds (Series 2015A)
Specific Tax(es) Being Abated	Real Property Tax	Real Property Tax	Real Property, Personal Property, Gross Receipts/CompensatingTax	Real Property,Personal Property, Gross Receipts/CompensatingTax	Real Property,Personal Property, Gross Receipts/CompensatingTax	Real Property,Personal Property, Gross Receipts/Compensating Tax
Authority under which abated tax would have been paid to Affected Agency	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6
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	Real Property tax: $29,311	Real Property tax: $458	Real property tax: $3,631	Real Property tax: $0	Real property tax: $14,813	Real Property tax: $2,516
Forany 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 inthe current fiscal year	none	none	none	none	none	none
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis forsuch omission	N/A	N/A	N/A	N/A	N/A	N/A

Abating Agency Name	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County	Bernalillo County
Tax Abate me nt Agree me nt Name	NM Food Distributors Project (dated 12/29/2015)	The Village.at Avalon Project (dated 12/1/2015)	Harrington Project 2015	Wagner Equipment Project (dated 12/1/2015)	General Mills Operations Project (dated 11/1/2016)	Valencia Retirement Apartments Project (1/1/2000)
Recipient(s) of tax abatement	NM Food Distributors ine	Village at Avalon Apartments	Harrington Properties	Wagner Equipment Co	General Mills Operations LLC	Valencia Limited Partnership
Tax abatement program (name and brief description)	Taxable Industrial Revenue Bonds (Series 2015)	Series 2015 Multifamiiy Housing Revenue Bonds.	Taxable Industrial Revenue Bonds	Taxable Industrial Revenue Bonds (Series 2015)	Taxable Industrial Revenue Bonds (Series 2016)	Multi-Family Refunding Revenue Bonds (SeniorSeries 2001A) and MFRR Bonds (Jr Subord Series 2001C)
SpecificTax(es) Being Abated	Real Property, Personal Property, Gross Receipts/CompensatingTax	Real Property Tax	Real Property Tax	Real PropertyTax	Personal Property, Gross Receipts/CompensatingTax	Real and Personal PropertyTax
Authority under which abated tax would have been paid to Affected Agency	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6
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	Real property tax: $10,033	Real Pro perty tax: $493	Real Property tax: $4,597	Real property tax: $7,671	Personal Property tax: $0	Real Property tax: $37,960
For any Payments in Lieu of Taxes (PILOTs) orsimilar payments receivable by the Affected Agency In association with the foregone tax revenue, list the amount of payments received in the current fiscal year	none	none	none	none	none	none
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	N/A	N/A	N/A	N/A	N/A

Abating Agency Name	Bernalillo County	City of Albuquerque	City of Albuquerque	City of Albuquerque	City of Albuquerque	City of Albuquerque
Tax Abatement Agreement Name	Cottonwood Apartment Project	CVI Laser IRB	El Encanto/Bueno Foods IRB	General Mills IRB	General Tech IRB	Hotel Adaluz IRB
Recipient(s) of tax abatement	GSL Properties	CV1 Laser	El Encanto/Bueno Foods	General Mills	General Tech	Hotel Adaluz
Tax abatement program (name and brief description)	Multi-Family Refunding Revenue Bonds (Series 2006A) and Taxable Multi-Family Housing Revenue Bonds	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects
SpecificTaxfes) Being Abated	Real and Personal Property Tax	PropertyTax	PropertyTax	PropertyTax	PropertyTax	PropertyTax
Authority under which abated tax would have been paid to Affected Agency	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6
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	Real Property tax: $46,462	Real Property tax: $13,470	Real Property tax: $21,010	Real Property tax: $195,360	Real Property tax: $15,780	Real Property tax: $58,960
Forany Payments in Lieu ofTaxes (PILOTs) orsimifar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	none	none	none	PILOT:4% of abatement, $33,202	none	PILOT: 2.5% of abatement, $6,178
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	N/A	N/A	N/A	N/A	N/A

Abating Agency Name	City of Albuquerque	City of Albuquerque	City of Albuquerque	City of Albuquerque	City of Albuquerque	City of Albuquerque
Tax Abatement Agreement Name	Hotel Parq IRB	Karsten IRB	Ktech IRB	MCTIRB	Sun Healthcare IRB	T-Mobile IRB
Recipient(s) of tax abatement	Hotel Parq	Karsten	Ktech (currently owned by Raytheon)	MCT	Sun Healthcare	T-Mobile
Tax abatement program (name and brief description)	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects
SpecificTax(es) Being Abated	PropertyTax	PropertyTax	PropertyTax	PropertyTax	PropertyTax	PropertyTax
Authority under which abated tax would have been paid to Affected Agency	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6	NMSA §7-37-6
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	Real Property tax: $39,920	Real Property tax: $22,840	Real Property tax: $43,820	Real Property tax: $23,040	Real Property tax: $51,290	Real Property tax: $22,270
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	PILOT: 3.5% of abatement, $5,936	none	none	none	none	none
If file Abating Agency is omitting any information required in this spreadsheet or by GASB 77, dte the legal basisforsuch omission	N/A	N/A	N/A	N/A	N/A	N/A

Abating Agency Name	City of Albuquerque	City of Albuquerque	New Mexico Hospital Equipment Loan Council	New Mexico Hospital Equipment Loan Council
Tax Abatement Agreement Name	Roses Southwest Papers IRB	Emcore IRB	Lovelace Heart Hospital	Lovelace Women's Hospital
Recipient(s) of tax abatement	Roses Southwest Papers	Emcore	Lovelace Health System, Inc.	Lovelace Health System, Inc.
Tax abatement program (name and brief description)	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Article 32 and City of Albuquerque Ordinance 3-2-15 Industrial Revenue Bond Projects	State of New Mexico Statute 58-23-29 Hospital Equipment Loan Act	State of New Mexico Statute 58-23-29 Hospital Equipment Loan Act
SpecificTax(es) Being Abated	PropertyTax	PropertyTax	PropertyTax	PropertyTax
Authority under which abated tax would have been paid to Affected Agency	NMSA §7-37-6	NMSA §7-37-6	NMSA 7-38	NMSA 7-38
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	Real Property tax: $16,410	Real Property tax: $54,770	Cannot be determined by the Council;the Council is nota taxing authority.	Cannot be determined by the Council; the Council is not a . taxing authority.
For any Payments în 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	none	none	none	none
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	N/A	N/A	N/A

NOTE 15. Subsequent Events

On September 26, 2017, the District closed on a $48,135,000 general obligation refunding bonds. The proceeds were used for the purposes of advance refunding the general obligation bonds, Series 2009A, maturing on and after August 1, 2020, and for paying the costs of issuance associated with the bonds.

NOTE 16. Joint Powers Agreements

1. The District has entered into Joint Powers Agreements with the City of Albuquerque (the City) to develop, improve and maintain Joint Use Parks for use by the city as public parks and by the District as public school grounds. The District has exclusive use of the facilities during regular school operating hours. At all other times, the City may use the facilities. The City currently has responsibility for the maintenance of 20 of these Joint Use Parks and charges the District for its 35% (approximately $200,000 per year) share of the maintenance costs on a quarterly basis.

2. The District entered into a Joint Powers Agreement with the City of Albuquerque (the City) on April 21, 1976 for the construction and maintenance of an indoor swimming pool at Highland High School. The District paid approximately $300,000 and the City paid for the balance of the total design and construction cost of approximately $670,000. The City is responsible, at its sole expense, for the maintenance, operation, and custodial care of the facility. The District has first priority in using the facility during regular school hours during the regular school year and for a period of one and one half hours after regular school hours during the competitive swimming season. The City has the right to use the facility on a space available basis during this time. The District has second priority to use the facility for school related purposes at other times. The term of this agreement shall expire 75 years from the date of completion and acceptance of the facility. Upon termination, the City's rights in the facility shall cease and the District shall be the sole owner thereof.

3. The District entered into a Joint Powers Agreement with the County of Bernalillo (the County) on March 17, 1976 for the construction and maintenance of an indoor swimming pool at Rio Grande High School. The County paid $250,000 and the District paid for the balance of the total design and construction cost of approximately $680,000. The County is responsible, at its sole expense, for the maintenance, operation and custodial care of the facility. The District has first priority in using the facility during regular school hours during the regular school year and for a period of one and one half hours after regular school hours during the competitive swimming season. The County has the right to use the facility on a space available basis during this time. The District has second priority to use the facility for school related purposes at other times. The term of this agreement shall expire 75 years from the date of completion and acceptance of the facility. Upon termination, the County's rights in the facility shall cease and the District shall be the sole owner thereof.

4. The District entered into a Joint Powers Agreement with the City of Albuquerque (the City) on August 1, 1987 for the construction and maintenance of an indoor swimming pool at Sandia High School. The City and the District each paid half of the total design and construction cost of approximately $1,000,000. The City is responsible, at its sole expense, for the maintenance, operation and custodial care of the facility. The District has first priority in using the facility during regular school hours during the regular school year and for a period of one and one half hours after regular school hours during the competitive

swimming season. The City has the right to use the facility on a space available basis during this time. The District has second priority to use the facility for school related purposes at other times. The term of this agreement shall expire 75 years from the date of completion and acceptance of the facility. Upon termination, the City's rights in the facility shall cease and the District shall be the sole owner thereof.

5. The District entered into a Joint Powers Agreement with the City of Albuquerque (the City) on November 6, 1981 for the construction and maintenance of a soccer field / play area at Osuna Elementary School. The City paid approximately $93,500 and the District paid approximately $30,000 of the total design and construction cost of approximately $123,500. The City is responsible, at its sole expense, for the maintenance, operation and custodial care of the facility. The District has first priority in using the facility during regular school hours during the school year. The District has second priority to use the facility at other times. The term of this agreement shall expire 75 years from the date of completion and acceptance of the facility. Upon termination, the City's rights in the facility shall cease and the District shall be the sole owner thereof.

6. The District entered into an Intergovernmental Agreement with the City of Albuquerque (the City) on October 4, 2000, providing for operation by the City of a community center at McKinley Middle School. The term of the agreement will be fifty years from the effective date. The agreement provides for the joint use of the facility by the City and the District. The City has sole responsibility for maintenance, operation, and custodial care of the community center. The District has exclusive use of the facility during regular school hours. The City has exclusive use of the facility outside of school hours. The City also has access to McKinley Middle School facilities including the gymnasium, cafeteria and restrooms for community center program use outside of regular school hours. The City owns the community center facility and associated improvements, and the District owns the site. Upon termination of the agreement the District will assume ownership of the facility.

7. A supplement to the McKinley Middle School Community Center Intergovernmental Agreement entered into June 30, 2003 provided for the addition of a sports and fitness center to be built, managed and operated by the City at the McKinley Middle School site.

Charter Schools

8. The District entered into an agreement with Robert F. Kennedy Charter School (RFK) on October 12, 2014, effective July 1, 2013, regarding use of 27 portable buildings at 4300 Blake Road SW, Albuquerque, NM, and two permanent buildings at 1021 Isleta Boulevard SW, Albuquerque, NM for purposes related to the operation of the RFK School. The District is responsible for any property improvements and/or major repairs. RFK is responsible any cost related to operating and maintaining the site. The District billed RFK $202,822 for rental of these facilities during the 2016-2017 school year. This agreement is effective as long as RFK's charter has not been revoked and RFK remains in compliance with terms of the agreement. The District entered an additional agreement with RFK on July 1, 2014 to establish responsibilities and procedures between the parties related to the execution of the HB-55 legislative appropriation projects with respect to the purchase of land for RFK Charter School.

9. The District entered into a lease agreement with Public Academy of Performing Arts (PAPA) on October 3 2016, effective July 1, 2016, regarding the site located at 11800 Princess Jeanne Avenue NE, Albuquerque, NM for purposes related to the operation of the PAPA school. The District is responsible for the cost of any major repairs on the site. PAPA is responsible for any cost related to operating and

maintaining the site. The District billed PAPA $279,775 for rent and utilities for these facilities during the 2016-2017 school year. This agreement is effective as long as PAPA's charter has not been revoked and PAPA remains in compliance with terms of the agreement.

10. The District entered into a lease agreement with Montessori of the Rio Grande Charter School (MRG) on May 20, 2013, effective July 1, 2013, regarding the site located at 1650 Gabaldon Drive NW Albuquerque, NM for purposes related to the operation of the MRG School. The District is responsible for the cost of any major repairs on the site. MRG is responsible for any cost related to operating and maintaining the site. The District billed MRG $157,368 for rent of these facilities during the 2016-2017 school year. This agreement is effective as long as MRG's charter has not been revoked and MRG remains in compliance with terms of the agreement.

11. The District entered into a lease agreement with Digital Arts & Technology Academy (DATA), effective as of July 1, 2013, regarding the site located at 1011 Lamberton Place NE, Albuquerque, NM for purposes related to the operation of the DATA School. The District is responsible for any property improvements and/or major repairs. DATA is responsible any cost related to operating and maintaining the site. The District billed DATA $249,079 for rental of these facilities during the 2016-2017 school year. This agreement is effective as long as DATA'S charter has not been revoked and DATA remains in compliance with terms of the agreement.

12. The District entered into an agreement with South Valley Academy (SVA) on June 6, 2013, effective July 1, 2013, regarding the use of certain school facilities including 16 acres of land, permanent buildings, and portable buildings at 3426 Blake Road SW, Albuquerque, NM. The District is responsible for any property improvements and/or major repairs. SVA is responsible any cost related to operating and maintaining the site. SVA will be responsible for all costs of removing any portable buildings. The District billed SVA $432,179 for rental of these facilities during the 2016-2017 school year. This agreement is effective as long as SVA's charter has not been revoked and SVA remains in compliance with terms of the agreement.

Childhood Development Centers

13. The District and the City of Albuquerque cooperate in the operation of Childhood Development Centers to provide early childhood education and full-day, year around child day care for children from lower-income families located on eight school sites in the City. The City has provided for the purchase and any necessary modifications of portable classrooms, development of playground areas and other expenditures required for the establishment of the centers. The District has provided space for the installation of the classrooms and retains title to the facilities. The City provides for the staffing and general operation of the centers. This agreement is governed by the 1997 Master Agreement between the District and the city which allows the City to use APS facilities (and allows the District to use City facilities).

Head Start Program

14. A Memorandum of Agreement between the District and the Youth Development, Inc. (YDI), dated May 1, 2000, provides for the operation of Head Start Programs at seven District school locations. The agreement was updated effective April 12, 2016 and expires June 30, 2018. YDI assumed costs associated for purchase of buildings, transportation, site development, playground construction, utility extensions, meters and operating expenses. Buildings and materials are the property of YDI. APS

provides space at the sites. YDI is responsible for maintenance of the facilities. YDI provides Head Start services on a long term basis for the duration of the Head Start contract with the U.S. Department of Health and Human Services.

Museum of Natural History and Science

15. The District entered into a Joint Powers & Lease Agreement with the Museum of Natural History and Science, a division of the Department of Cultural Affairs, State of New Mexico (the Museum) on September 5, 2014 to develop, improve, operate and maintain an environmental education center that offers educational programs to public and private schools in the state. This agreement expires September 5, 2019. The Museum shall provide and conduct educational programs at the facility for students and teachers from APS and other school districts. The Museum will be responsible for the everyday routine maintenance of the facility. The District shall provide an Environmental Education Resource Teacher at the Center and will be responsible for non-routine major maintenance for the facility. Major maintenance expenditures over $2,500 must be approved by the Board. The District retains ownership and use of all water and water rights at the facility.

NOTE 17. Subsequent Accounting Standard Pronouncements

GASB has issued the following statements, which are applicable in future years. GASBS No. 75 will require the District to record its proportionate share of the unfunded New Mexico Retiree Health Care Fund plan liabilities and its single employer plan. Although the amounts are not known, the amounts are presumed to be material. For the other statements, management has not determined the impact, if any, on the District.

Statement No. 75
Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

This Statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*
Effective Date: The provisions in Statement 81 are effective for fiscal years beginning after December 15, 2016.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement.

- Defines an irrevocable split-interest agreement as a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments.
- Requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests.
- Requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 82, *Pension Issues - an amendment of Statements No. 67, No. 68, and No. 73.*
Effective Date: The provisions in Statement 82 are effective for fiscal years beginning after June 15, 2017.

This Statement addresses issues regarding:

- The presentation of payroll-related measures in required supplementary information.
- Allows for selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes.
- Distinguishes classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 83, *Certain Asset Retirement Obligations.*
Effective Date: The provisions in Statement 83 are effective for fiscal years beginning after June 15, 2018.

This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 84, *Fiduciary Activities.*
Effective Date: The provisions in Statement 84 are effective for fiscal years beginning after December 15, 2018.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments:

- Focus of the criteria generally on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.
- Separate criteria included to fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 85, *Omnibus 2017.*
Effective Date: The provisions in Statement 85 are effective for fiscal years beginning after June 15, 2017.

This Statement addresses a variety of topics related to practice issues identified during the implementation and application of certain GASB Statements, such as blending component units, goodwill, fair value measurement and application, and postemployment benefits.

GASB Statement No. 86, *Certain Debt Extinguishment Issues.*
Effective Date: The provisions in Statement 86 are effective for fiscal years beginning after June 15, 2017.

The primary objective of this Statement is to improve accounting and financial reporting for in-substance defeasance of debt.

GASB Statement No. 87, *Leases.*
Effective Date: The provisions in Statement 87 are effective for fiscal years beginning after December 15, 2019.

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

NOTE 18. Inclusion of Component Units

As described in Note 19-(0) to the financial statements, two of the component units of the District contained restatements in their financial statements to the beginning fund balance and net position to correct misstatements in the June 30, 2016 financial statements.

Inclusion of Charter School Foundation Not Previously Required for Reporting

For the year ended June 30, 2017, there was one District authorized charter schools (component unit of the District), which included their respective Foundation as a discretely presented component unit of the school, which previously were not subject to an audit and were excluded. The inclusion of this foundation was an adjustment to the beginning net position in the amount of $27,965.

Inclusion of Charter Schools

As of June 30, 2016, NM International School (NMIS) was included in the financial statements of the State of New Mexico Public Education Department (NMPED), as the charter school was previously authorized by the State. For the year ended June 30, 2017, NMIS was authorized by the District and is now included in the District's financial statements for the year ended June 30, 2017. The net position of NMIS as of June 30, 2016 was ($1,047,379), and will be the adjustment to the opening net position for the inclusion of NMIS. In addition, Siembra Leadership Academy is a newly authorized charter school as of July 1, 2016, in which the school had received private grant funding in advance of FY17 to begin school operations, the beginning net position of $54,087 will be reflected as an inclusion of this school.

The inclusion of these component units is described further in Note 19 (O) to the financial statements.

NOTE 19. Component Unit - Charter Schools

The following are dependent charter schools formed under NMSA 22-8A and, as such, are presented here as discrete component units of Albuquerque Municipal School District No. 12:

21st Century Public Academy[1]
Albuquerque Charter Academy
Albuquerque Talent Development Academy[1]
Alice King Community School[1]
Christine Duncan Heritage Academy
Corrales International Charter School
Digital Arts & Technology Academy
El Camino Real Academy[1]
East Mountain High School[1]
Gordon Berneli Charter School
La Academia de Esperanza
Los Puentes Charter School
Montessori of the Rio Grande [1]
Mountain Mahogany Community School[1]
Native American Community Academy
NM International School*
Nuestros Valores Charter School[1]
Public Academy for Performing Arts
Robert F. Kennedy Charter School
Siembra Leadership Academy*
South Valley Academy[1]
The Bataan Military Academy*

* NM International School was authorized by the District as of July 1, 2016, prior to this the School was authorized and reported with the NMPED. Siembra Leadership Academy was a new school authorized by the District as of July 1, 2016. The Bataan Military Academy charter was not re-authorized by the District in May 2016 and as of June 30, 2016, the school's operations are discontinued, the reporting of the School's activities consistent of closeout and liquidation activities.

[1] These schools have opted to issue separate financial statements for their respective schools. These separate financial statements can be obtained directly from the school or from the NM State Auditor's website www.osanm.org. The fund financial statements and select fund financial statement footnote disclosures have been excluded from the District's financial statements and this information can be obtained from the separately issued financial statements.

The fund financial statements of the schools that don't have separately issued financial statements, only include budgetary comparisons for their respective general fund and any special revenue funds that would be considered major funds in accordance with the NM State Audit Rule.

District management has determined that charter schools are major component units of the District under GASB Codification since their operating budgets and charters are annually presented and approved by the District's board and a financial burden exists upon closure of a school or when the school is in need of financial assistance. Refer to previous footnotes for significant policies of the charter schools, as they are subject to the same State and Federal regulations and follow the same policies as the District. The following are summarized details of the charter schools' balances and transactions as of June 30, 2017 and for the year then ended:

A. Cash and Cash Equivalents

State statutes authorize the investment of charter school 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 charter schools properly followed State investment requirements as of June 30, 2017.

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 charter school. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest-bearing NOW accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate and separate from the $250,000 coverage for public unit demand deposits at the same institution.

B. Deposits

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for at least one-half of the amount on deposit with the institution. The Schedule I listed in the financial statements of each school will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

C. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows:

	Balance, June 30, 2016	Additions	Deletions	Balance, June 30,2017
21st Century Public Academy				
Furniture, Fixtures & Equipment	$ 15,641	$ -	$ -	$ 15,641
Buildings & Leasehold Improvements	278,706	-	-	278,706
Less: Accumulated Depreciation	(224,203)	(36,193)		(260,396)
Capital Assets, Net	$ 70,144	$ (36,193)	$ -	$ 33,951

	Balance, June 30,2016	Additions	Deletions	Balance, June 30,2017
Albuquerque Charter Academy				
Furniture, Fixtures & Equipment	$ 355,483	$ 6,417	$ -	$ 361,900
Land	437,159	-	-	437,159
Buildings & Improvements	1,939,876	49,626	-	1,989,502
Less: Accumulated Depreciation	(472,347)	(89,246)	-	(561,593)
Capital Assets, Net	$ 2,260,171	$ (33,203)	$ -	S 2,226,968

	Balance, June 30,2016	Additions	Deletions	Balance, June 30, 2017
Alb. Talent Development Academy				
Furniture, Fixtures & Equipment	$ 28,569	$ -	$ -	$ 28,569
Buildings & Leasehold Improvements	65,000		-	65,000
Less: Accumulated Depreciation	(58,691)	(5,712)	-	(64,403)
Capital Assets, Net	$ 34,878	3 (5,712)	$ -	3 29,166

	Balance, June 30,2016	Additions	Deletions	Balance, June 30, 2017
Alice King Community School				
Furniture, Fixtures & Equipment	$ 36,741	$ -	$ (12,279)	$ 24,462
Buildings & Improvements	51,539	-	(51,539)	-
Less: Accumulated Depreciation	(36,034)	(4,746)	20,619	(20,161)
Capital Assets, Net	$ 52,246	$ (4,746)	$ (43.199)	3 4,301

	Balance, June 30, 2016	Additions	Deletions	Balance, June 30, 2017
Christine Duncan Heritage Academy				
Furniture, Fixtures & Equipment	$ 98,783	$ -	$ -	3 98,783
Buildings & Improvements	54,400	-	-	54,400
Less: Accumulated Depreciation	(77,485)	(22,236)	-	(99,721)
Capital Assets, Net	3 75,698	$ (22,236)	$ -	3 53,462

	Balance, June 30,2016	Additions	Deletions	Balance, June 30,2017
Corrales International Charter School				
Furniture, Fixtures & Equipment	$ 90,609	$ -	$ -	$ 90,609
Less: Accumulated Depreciation	(24,194)	(9,962)	-	(34,156)
Capital Assets, Net	$ 66,415	$ (9,962)	$ -	$ 56,453

	Balance, June 30, 2016	Additions	Deletions	Balance, June 30,2017
Digital Arts & Technology Academy				
Furniture, Fixtures & Equipment	$ 432,648	$ -	$ (346,831)	$ 85,817
Buildings & Leasehold Improvements	107,563	-	-	107,563
Less: Accumulated Depreciation	(438,357)	(27,462)	346,831	(118,988)
Capital Assets, Net	5 101.854	5 (27,462)	$ -	$ 74,392

	Balance, Restated June 30,2016	Additions	Deletions/ Adiustments	Balance, June 30, 2017
East Mountain High School				
Land	$ 140,000	$ -	$ -	$ 140,000
Furniture, Fixtures & Equipment	491,817	130,245	(25,000)	597,062
Buildings & Leasehold Improvements	4,014,607	221,172	-	4,235,779
Construction in Progress	132,190	26,556	(132,190)	26,556
Less: Accumulated Depreciation	(1,593,104)	(337,574)	25,000	(1,905,678)
Capital Assets, Net	5 3,185,510	$ 40,399	$ (132,190)	$ 3,093,719

	Balance, June 30,2016	Additions	Deletions	Balance, June 30, 2017
El Camino Real Academy				
Land	$ 1,500,000	$ -	$ -	$ 1,500,000
Furniture, Fixtures & Equipment	123,957	31,629	-	155,586
Buildings & Improvements	10,280,855	-	-	10,280,855
Less: Accumulated Depreciation	(1,664,673)	(357,897)	-	(2,022,570)
Capital Assets, Net	$ 10,240,139	$ (326,268)	$ -	$ 9,913,871

	Balance, June 30,2016	Additions	Deletions	Balance, June 30,2017
Gordon Berneli Charter School				
Furniture, Fixtures & Equipment	$ 161,027	$ 31,523	$ -	$ 192,550
Building Improvements	15,019	-	-	15,019
Less: Accumulated Depreciation	(136,621)	(24,787)	-	(161,408)
Capital Assets, Net	$ 39,425	$ 6,736	$ -	$ 46,161

	Balance, June 30, 2016	Additions	Deletions	Balance, June 30,2017
La Academia de Esperanza				
Furniture, Fixtures & Equipment	$ 211,848	$ 25,101	$ -	$ 236,949
Vehicles	10,000	-	-	10,000
Buildings & Leasehold Improvements	168,708	-	-	168,708
Less: Accumulated Depreciation	(247,707)	(16,437)	-	(264,144)
Capital Assets, Net	$ 142,849	$ 8,664	$ -	$ 151,513

	Balance, June 30, 2016	Additions	Deletions	Balance, June 30, 2017
Los Puentes Charter School				
Furniture, Fixtures & Equipment	$ 189,262	$ -	$ -	$ 189,262
Land	590,000	-	-	590,000
Buildings & Improvements	2,482,849	102,785	-	2,585,634
Less: Accumulated Depreciation	(436,001)	(139,568)	-	(575,569)
Capital Assets, Net	5 2,826,110	5 (36,783)	$ -	5 2,789,327

	Balance, June 30,2016	Additions	Deletions	Balance, June 30, 2017
Montessori of the Rio Grande				
Furniture, Fixtures & Equipment	$ 24,301	$ -	$ -	$ 24,301
Land and Building Improvements	27,918	-	-	27,918
Less: Accumulated Depreciation	(29,074)	(4,074)	-	(33,148)
Capital Assets, Net	$ 23,145	$ (4,074)	$ -	$ 19,071

	Balance, June 30,2016	Additions	Deletions	Balance, June 30,2017
Mountain Mahogany Community School				
Furniture, Fixtures & Equipment	$ 78,693	$ 29,232	$ -	$ 107,925
Land	945,000	-	-	945,000
Buildings	1,253,685	-	-	1,253,685
Less: Accumulated Depreciation	(171,026)	(45,895)	-	(216,921)
Capital Assets, Net	$ 2,106,352	$ (16,663)	$ -	$ 2,089,689

	Balance, June 30, 2016	Additions	Deletions	Balance, June 30,2017
Native American Community Academy				
Furniture, Fixtures & Equipment	$ 13,900	$ -	$ -	$ 13,900
Buildings & Improvements	1,143,431	14,487	-	1,157,918
Less: Accumulated Depreciation	(452,124)	(131,770)	-	(583,894)
Capital Assets, Net	$ 705,207	$ (117,283)	$ -	$ 587,924

	Balance, June 30, 2016	Additions	Deletions	Balance, June 30,2017
New Mexico International School				
Furniture, Fixtures & Equipment	$ 12,458	$ -	$ -	$ 12,458
Buildings & Improvements	25,193	-	-	25,193
Less: Accumulated Depreciation	(11,677)	(2,305)	-	(13,982)
Capital Assets, Net	$ 25,974	$ (2,305)	$ -	$ 23,669

	Balance, June 30,2016	Additions	Deletions	Balance, June 30,2017
Nuestros Valores Charter School				
Furniture, Fixtures & Equipment	$ 19,904	$ -	$ -	$ 19,904
Buildings & Improvements	326,352	58,365	-	384,717
Construction In Progress	-	57,970	-	57,970
Less: Accumulated Depreciation	(117,780)	(26,581)	-	(144,361)
Capital Assets, Net	$ 228,476	$ 89,754	$ -	$ 318,230

	Balance, June 30,2016	Additions	Deletions	Balance, June 30,2017
Public Academy for Performing Arts				
Furniture, Fixtures & Equipment	$ 128,114	$ 46,072	$ (105,000)	$ 69,186
Buildings & Improvements	55,366	63,076	(42,079)	76,363
Less: Accumulated Depreciation	(179,066)	(9,145)	147,079	(41,132)
Capital Assets, Net	$ 4,414	S 100,003	$ -	5 104,417

	Balance, June 30,2016	Additions	Deletions	Balance, June 30, 2017
Robert F. Kennedy Charter School				
Land	$ -	$ 209,507	$ -	$ 209,507
Furniture, Fixtures & Equipment	487,280	53,608	' -	540,888
Less: Accumulated Depreciation	(192,118)	(32,044)	-	(224,162)
Capital Assets, Net	$ 295,162	$ 231,071	$ -	$ 526,233

	Balance, June 30,2016	Additions	Deletions	Balance, June 30,2017
South Valley Academy				
Furniture, Fixtures & Equipment	$ 378,272	$ 384,036	$ -	$ 762,308
Buildings & Improvements	126,567	-	-	126,567
Less: Accumulated Depreciation	(377,050)	(37,276)	-	(414,326)
Capital Assets, Net	S 127,789	$ 346,760	$ -	$ 474,549

Depreciation expense for the year ended June 30, 2016 was charged to the following functions:

	21st Century Public Academy	Albuquerque Charter Academy	Alb. Talent Development Academy
Instruction	$ -	$ 6,253	$ -
Facilities, Materials, Supplies	36,193	82,993	5,712
Total	5 36,193	$ 89,246	$ 5,712

	Alice King Community School	Christine Duncan Heritage Academy	Corrales International Charter School
Instruction	$ -	$ 12,995	$ -
Food Services	-	-	-
Operations/Plant Maintenance	1,595	750	-
Facilities, Materials, Supplies	3,151	8,491	9,962
Total	$ 4.746	$ 22,236	$ 9,962

	Digital Arts & Technology Academy	East Mountain High School	El Camino Real Academy
Instruction	$ -	$ -	$ 6,430
Instructional Support	-	-	1,091
General Administration	10,115	-	1,203
Operations/Plant Maintenance	1,219	-	3,605
Food Services	-	-	2,108
Facilities, Materials, Supplies	16,128	337,574	343,460
Total	$ 27.462	$ 337,574	$ 357,897

	Gordon Berneli Charter School	La Academia de Esperanza	Los Puentes Charter School
Instruction	$ 16,802	$ 2,217	$ -
General Administration	300	1,287	-
Central Services	451	2,667	-
Operations/Plant Maintenance	-	9,813	-
Facilities, Materials, Supplies	7,234	453	139,568
Total	$ 24,787	$ 16,437	$ 139,568

	Montessori of the Rio Grande	Mountain Mahogany Community School	Native American Community Academy
Instruction	$ 300	$ -	$ -
Operations/Plant Maintenance	1,926	-	-
Food Services Operation			-
Facilities, Materials, Supplies	1,848	45,895	131,770
Total	$ 4,074	$ 45,895	$ 131,770

	New Mexico International School	Nuestros Valores Charter School	Public Academy for Performing Arts
Instruction	$ 1,321	$ 1,938	$ -
Operations/Plant Maintenance	984	1,456	1,734
Food Services	-	762	-
Facilities, Materials, Supplies	-	22,425	7,411
Total	$ 2,305	$ 26,581	$ 9,145

	Robert F. Kennedy Charter School	South Valley Academy
Instruction	$ -	$ 1,280
Instructional Support	-	717
General Administration	-	4,185
School Administration	-	129
Operations/Plant Maintenance	-	18,127
Food Services Operations	-	3,004
Facilities, Materials, Supplies	32,044	9,834
Total	$ 32,044	$ 37,276

D. Pensions

Contributions. The contribution requirements of defined benefit plan members and the charter schools are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2016, employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning $20,000 or less contributed 7.90% and employees earning more than $20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2017, employers contributed 13.90%, and employees earning $20,000 or less continued to contribute7.90% 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 charter schools were as follows for the year ended June 30, 2017.

Charter School	Contributions June 30, 2017
21st Century Public Academy	$ 162,173
Albuquerque Charter Academy	$ 245,241
Alb. Talent Development Academy	$ 135,283
Alice King Community School	$ 278,015
Christine Duncan Heritage Academy	$ 175,324
Corrales International Charter School	$ 174,759
Digital Arts & Technology Academy	$ 227,616
East Mountain High School	$ 265,759
El Camino Real Academy	$ 240,008
Gordon Berneli Charter School	$ 231,444
La Academia de Esperanza	$ 333,863
Los Puentes Charter School	$ 168,677
Montessori of the Rio Grande	$ 150,713
Mountain Mahogany Community School	$ 145,257
Native American Community Academy	$ 365,257
New Mexico International School	$ 112,092
Nuestros Valores Charter School	$ 131,372
Public Academy for Performing Arts	$ 273,148
Robert F. Kennedy Charter School	$ 267,279
Siembra Leadership Academy	$ 53,694
South Valley Academy	$ 445,714

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, 2017, the charter schools reported liabilities for their proportionate share of the net pension liability, as detailed in the table below. The charter schools' 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 and June 30, 2015, the charter schools' proportions were as detailed in the following table. For the year ended June 30, 2017, the charter schools recognized pension expense in the amounts as further detailed in the following table.

State of New Mexico
Albuquerque Municipal School District No. 12
Notes to the Financial Statements
June 30, 2017

	Measurement Dates			
	June 30, 2015	June 30,2016		Fiscal Year 6/30/17
Charter School	Proportionate Share	Proportionate Share	June30,2016 Net Pension Liability	Pension Expense
21st Century Public Academy	0.03041%	0.03633%	$ 2,614,464	$ 304,415
Albuquerque Charter Academy	0.05212%	0.05751%	4,138,669	545,772
Al b. Ta 1 ent Devel opment Academy	0.03300%	0.03672%	2,642,530	449,932
Alice King Community School	0.04544%	0.05015%	3,609,011	420,857
Christine Duncan Heritage Academy	0.04220%	0.04572%	3,290,209	595,629
Corrales International Charter School	0.04660%	0.04617%	3,322,593	320,033
Digital Arts & Technology Academy	0.05095%	0.05545%	3,990,422	501,366
East Mountain High School	0.06434%	0.06372%	4,585,567	387,974
El Camino Real Academy	0.06310%	0.06035%	4,343,048	163,418
Gordon Berneli Charter School	0.07685%	0.05836%	4,199,839	(156,155)
La Academia de Esperanza	0.07933%	0.08010%	5,764,343	232,047
Los Puentes Charter School	0.04358%	0.03669%	2,640,371	184,740
Montessori of the Rio Grande	0.03828%	0.03988%	2,869,938	383,004
Mountain Mahogany Community School	0.03356%	0.03551%	2,555,454	286,870
Native American Community Academy	0.09092%	0.08776%	6,315,590	961,657
New Mexico International School	0.02267%	0.02851%	2,051,703	307,609
Nuestros Valores Charter School	0.02567%	0.02834%	2,039,469	268,122
Public Academy for Performing Arts	0.06364%	0.06740%	4,850,396	601,050
Robert F. Kennedy Charter School	0.06572%	0.06513%	4,687,037	769,496
Siembra Leadership Academy	0.00000%	0.00000%	-	-
South Valley Academy	0.08925%	0.10522%	7,572,087	1,489,096

At June 30, 2017, the charter schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

DEFERRED OUTFLOWS OF RESOURCES

	21st Century Public Academy	Albuquerque Charter Academy	Alb.Talent Development Academy	Alice King Community School	Christine Duncan Heritage Academy	Corrales International CharterSchool	Digital Arts &Technology Academy	East Mountain High School	El Camino Real Academy	Gordon Berneli Charter School	La Academia de Esperanza
Differences Between Expected and Actual Experience	$ 11,345	$ 17,961	$ 11,471	S 15,662	$ 14,278	$ 14,417	$ 17,314	$ 19,896	$ 18,843	$ 18,220	$ 25,011
Changes of Assumptions	53,220	84,247	53,791	7-3,465	66,975	67,635	81,229	93,344	88,407	85,492	117,339
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	156,062	247,044	157,737	215,428	196,398	198,331	238,195	273,720	259,244	250,695	344,083
Changes in Proportion and Differences Between the the Employer's Contributions and Proportionate Share of Contributions	311,305	393,388	329,318	266,425	547,536	47,119	276,941	32,172	-	-	36,230
The Employer's Contributions Subsequenttothe Measurement Date	162,173	245,241	135,283	278,015	175,324	174,759	227,616	265,759	240,008	231,444	333,863
Total	5 644.105	S 987.881	5 687.600	5 848.995	S 1.000,512	5 502.261	5 841.294	S 684.891	S 606.501	s 585.851	856.525

DEFERRED INFLOWS OF RESOURCES

	21st Century Public Academy	Albuquerque Charter Academy	Alb.Talent Development Academy	Alice King Community School	Christine Duncan Heritage Academy	Corrales International CharterSchool	Digital Arts &Technology Academy	East Mountain High School	El Camino Real Academy	Gordon Berneli Charter School	La Academia de Esperanza
Differences Between Expected and Actual Experience	$ (24,865)	$ (39,364)	$ (25,134)	S (34,323)	$ (31,294)	$ (31,599)	. $ {37,954)	S (43,610)	$ (41,300)	$ (39,944)	$ (54,824)
Changes of Assumptions	-	-	-	-	-	-	-	-	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-	-	-	-	-	-	-	-	-
Changes in Proportion and Differences Between the the Employer's Contributions and Proportionate Share of Contributions	(43,708)	-	-	-	(7,833)	-	(71,527)	-	(130,530)	(416,188)	(1,267,653)	(425,954)
Total	5 (68.5721	8 (39.364)	5 (75.134)	8 (42.156)	S (31.294)	$ Γ103.1261	8 (37.954)	$ (174.140)	5 (457.488) .	Sil.307.597)	S (480.778)

DEFERRED OUTFLOWS OF RESOURCES (CONTINUED)

	Los Puentes Charter School	Montessori ofthe Rio Grande	Mountain Mahogany Community School	Native American Community Academy	New Mexico International School	Nuestros Valores Charter School	Public Academyfor Performing Arts	Robert F. Kennedy Charter School	Siembra Leadership Academy	South Valley Academy
Differences Between Expected and Actual Experience	S 11,458	$ 12,455	$ 11,090	S 27,401	$ 8,905	S 8,852	$ 21,048	$ 20,336	$ -	$ 32,855
Changes of Assumptions	53,747	58,420	52,019	128,560	41,764	41,515	98,735	95,409	-	154,137
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	157,608	171,311	152,539	376,988	122,470	121,739	289,528	279,777	-	451,991
Changes in Proportion and Differences Between the the Employer's Contributions and Proportionate Share of Contributions	61,925	192,465	162,213	775,835	329,159	198,010	268,946	506,105	-	1,464,994
The Employer's Contributions Subsequenttothe Measurement Date	168,677	150,713	145,257	365,257	112,092	131,372	273,148	267,279	53,694	445,714
Total	S 453,415	Ś 585,364	Ś 523,117	Ś 1,674,042	S 614,390	S 501,488	S 951,405	Ś 1,168,906	S 53,694	Ś 2,549,690

DEFERRED INFLOWS OF RESOURCES (CONTINUED)

	Los Puentes Charter School	Montessori ofthe Rio Grande	Mountain Mahogany Community School	Native American Community Academy	New Mexico International School	Nuestros Valores Charter School	Public Academyfor Performing Arts	Robert F. Kennedy Charter School	Siembra Leadership Academy	South Valley Academy
Differences Between Expected and Actual Experience	$ (25,112)	$ (27,297)	$ (24,303)	$ (60,066)	$ (19,514)	$ (19,398)	$ (46,133)	$ (44,580)	$ -	$ (72,020)
Changes of Assumptions	-	-	-	-	-	-	-	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-	-	-	-	-	-	-	-
Changes in Proportion and Differences Between the the Employer's Contributions and Proportionate Share of Contributions	(338,395)	-	(12,388)	(148,681)	(74,781)	-	-	(27,760)	-	-
Total	Ś (363,507)	Ś (27,2971	Ś (36,691)	S (208,748)	5 (94,795)	S (19,398)	Ś (46,133)	Ś (72,340)	5 -	Ś (72,020)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	21st Century Public Academy	Albuquerque Charter Academy	Alb. Ta lent Development Academy	Alice King Community School	Christine Duncan Heritage Academy	Corrales International CharterSchool	Digital Arts & Technology Academy	East Mountain High School	El Camino Real Academy	Gordon Berneli Charter School
2018	$ 111,890	$ 229,999	$ 234,389	$ 147,938	$ 337,123	$ 61,362	$ 191,758	$ 35,458	$ (158,919)	S (471,722)
2019	162,089	225,563	130,987	164,746	269,845	26,365	154,242	21,290	(82,075)	(419,469)
2020	. 151,323	187,470	123,342	163,606	139,032	88,284	171,639	121,495	86,781	(123,133)
2021	38,057	60,244	38,466	52,534	47,894	48,365	58,086	66,749	63,219	61,135
2022	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-

YearEnded June 30:	La Academia de Esperanza	Los Puentes Charter School	Montessori ofthe Rio Grande	Mountain Mahogany Community School	Native American Community Academy	New Mexico International School	Nuestros Valores Charter School	Public Academyfor Performing Arts	Robert F. Kennedy Charter School	South Valley Academy
2018	$ (187,734)	$ (24,158)	$ 157,319	$ 94,557	$ 473,313	S 144,433	$ 113,155	$ 221,613	$ 393,278	$ 878,491
2019	(27,280)	(77,555)	106,219	111,685	397,622	99,334	115,313	153,639	243,029	620,355
2020	172,991	(15,490)	102,041	97,730	137,170	134,371	92,563	186,267	124,755	422,888
2021	83,908	38,434	41,776	37,198	91,932	29,865	29,687	70,604	68,226	110,222
2022	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-

Sensitivity of the charter schools' 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 2016. In particular, the table presents the charter schools' net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	Proportionate Share of Net Pension Liability		
		Current	
	1% Decrease	Discount Rate	1% Increase
Charter School	(6.75%)	(7.75%)	(8.75%)
21st Century Public Academy	$ 3,462,797	$ 2,614,464	$ 1,910,588
Albuquerque Charter Academy	5,481,571	4,138,669	3,024,440
Alb. Talent Development Academy	3,499,970	2,642,530	1,931,098
Alice King Community School	4,780,052	3,609,011	2,637,379
Christine Duncan Heritage Academy	4,357,806	3,290,209	2,404,406
Corrales International Charter School	4,400,698	3,322,593	2,428,071
Digital Arts & Technology Academy	5,285,222	3,990,422	2,916,105
East Mountain High School	6,073,478	4,585,567	3,351,022
El Camino Real Academy	5,752,266	4,343,048	3,173,795
Gordon Berneli Charter School	5,562,589	4,199,839	3,069,141
La Academia de Esperanza	7,634,739	5,764,343	4,212,443
Los Puentes Charter School	3,497,111	2,640,371	1,929,520
Montessori ofthe Rio Grande	3,801,166	2,869,938	2,097,281
Mountain Mahogany Community School	3,384,639	2,555,454	1,867,464
Native American Community Academy	8,364,852	6,315,590	4,615,281
New Mexico International School	2,717,433	2,051,703	1,499,335
Nuestros Valores Charter School	2,701,230	2,039,469	1,490,395
Public Academyfor Performing Arts	6,424,237	4,850,396	3,544,553
Robert F. Kennedy Charter School	6,207,872	4,687,037	3,425,174
Siembra Leadership Academy	-	-	-
South Valley Academy	10,029,054	7,572,087	5,533,499

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2016 and 2015, which are publicly available at www.nmerb.org.

Payables to the pension plan. The following amounts were payable to the Plan as of June 30, 2017, which are related to required contributions outstanding at the end ofthe period:

Charter School	Amount Payable
21st Century Public Academy	$ 51,991
Albuquerque Charter Academy	-
Alb. Talent Development Academy	-
Alice King Community School	-
Christine Duncan Heritage Academy	-
Corrales International Charter School	-
Digital Arts & Technology Academy	-
East Mountain High School	-
El Camino Real Academy	62,028
Gordon Berneli Charter School	58,666
La Academia de Esperanza	3,901
Los Puentes Charter School	-
Montessori ofthe Rio Grande	-
Mountain Mahogany Community School	31,628
Native American Community Academy	92,237
New Mexico International School	-
Nuestros Valores Charter School	-
Public Academyfor Performing Arts	-
Robert F. Kennedy Charter School	-
Siembra Leadership Academy	-
South Va 11 ey Aca demy	6,122

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There were items that qualified for reporting in this category as of June 30, 2017 and are related to the net pension liabilities. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. There were items reported in this category as of June 30, 2017, which are related to the net pension liabilities, unavailable property tax revenues and also resources with time restrictions.

F. Commitments and Liabilities

Below are details relating to operating leases, capital leases and compensated absences balances maintained by each ofthe charter schools as of June 30, 2017.

21st Century Public Academy: Rental expense for the year ended June 30, 2017 was $174,111. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $3,470 and 2019, $3,470.

21st Century did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017.

Albuquerque Charter Academy: Rental expense (excluding the lease purchase) for the year ended June 30, 2017 was $24,558. Commitments for lease obligations (excluding the lease purchase) for the following periods as of June 30, 2017 are as follows: 2018, $39,868; 2019, $38,642; 2020, $29,499; 2021, $28,472; 2022, $ 19,360; thereafter, $0; total, $155,841.

On July 1, 2014 the school entered into a 25 year building lease agreement with an unrelated party with option to purchase. The agreement includes a purchase price of $2,350,000 and requires monthly payments including interest of $13,856, with annual payments from HB33 distributions of $150,000. The lease includes a termination clause in the event the school doesn't have sufficient funds to make the lease payments. At June 30, 2017, the future minimum payments under the capital lease are as follows: 2018, $316,273; 2019, $316,273; 2020, $316,273; 2021, $316,273; 2022, $316,273 and thereafter, $20,984; total, $1,602,349.

Total Minimum Lease Payments	$ 1,602,349
Less: Amount Representing Interest	293,876
Present Va lue of Minimum Lease Payments	1,308,473
Less: Current Portion	220.529
Long-Term Portion	$ 1,087,944

Albuquerque Charter Academy did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017June 30, 2017.

Albuquerque Talent Development Academy: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $278,108. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $269,190; 2019, $3,663; 2020, $2,137; 2021, $1,434; 2022, $732; total, $277,155.

Albuquerque Talent Development Academy did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017.

Alice King Community School: The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $437,814. There were no commitments for lease obligations for subsequent periods beyond June 30, 2017

Alice King Community School had a compensated absences balance of $5,000 at the beginning of the fiscal year. Additions to the balance were $0, which resulted in an ending balance of $5,000.

Christine Duncan Heritage Academy: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $344,533. There were no commitments for lease obligations for subsequent periods beyond June 30, 2017.

Christine Duncan Heritage Academy did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017June 30, 2017.

Corrales International CharterSchool: The school leases a facility under a short-term cancelable operating lease. Rental expense for the year ended June 30, 2017 was $367,487. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $390,722; 2019, $363,480; 2020, $363,480; 2021, $381,280 and thereafter, $979,128; total, $2,478,090.

Corrales International Charter School did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017June 30, 2017.

Digital Arts & Technology Academy: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $228,985. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $245,294; 2019, $245,294, 2020, $245,294; 2021, $245,294; 2022, $245,294; and thereafter, $245,294; total, $1,471,765.

Digital Arts and Technology Academy had a compensated absences balance of $12,545 at the beginning ofthe fiscal year. Deletions to the balance were $2,157, which resulted in an ending balance of $10,388. All of this balance is considered to be current.

East Mountain High School and Foundation: The school leases a facility under *a* short-term cancelable operating lease. Rental expense for the year ended June 30, 2017 was $411,707. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $411,703; 2019, $392,196; 2020, $392,196; 2021, $392,196, and thereafter, $1,945,279; total, $3,533,570. On August 14, 2002, the East Mountain High School Foundation signed a 20 year promissory note with a bank in the amount of $3,100,000, with monthly payments of $18,362 and a variable interest rate of 4.75% over the index. Over the term of the note the Foundation has made additional principal payments, leaving a balance $322,422 as of June 30, 2017. On February 1, 2012, the school entered into a 15 year building lease agreement with the East Mountain High School Foundation. The agreement requires monthly payments of $32,683. The lease includes a termination clause in the event the school does not have sufficient funds to make the lease payments. At June 30, 2017, the future minimum payments under the capital lease are as follows: 2018, $392,200; 2019, $392,200; 2020, $392,200; 2021, $392,200; and thereafter, $2,189,784; total, $3,758,584.

Total Minimum Lease Payments	$ 3,758,584
Less: Amount Representing Interest	942,130
Present Value of Minimum Lease Payments	2,816,454
Less: Current Portion	221,225
Long-Term Portion	$ 2,595,229

East Mountain High School did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017.

El Camino Real Academy: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense (including lease payments) for the year ended June 30, 2017 was $719,863. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $10,351; 2019, $786; total, $11,142.

The school entered into a 30-year building lease agreement with an unrelated party with option to purchase in May 2012 and requires monthly payments including interest of $58,554. The lease includes a termination clause

in the event the school doesn't have sufficient funds to make the lease payments. The total cost ofthe building, including land and accumulated depreciation, under the capital lease was $11,700,000 and $850,000, respectively, as of June 30, 2017. At June 30, 2017, the future minimum payments under the capital lease are as follows: 2018, $702,649; 2019, $702,649; 2020, $702,649; 2021, $702,649; 2022, $702,649; and thereafter, $13,826,082; total, $17,339,327.

Total Minimum Lease Payments	$ 17,339,327
Less: Amount Representing Interest	6,923,010
Present Value of Minimum Lease Payments	10,416,317
Less: Current Portion	234,411
Long-Term Portion	_^__10Д81^90^

El Camino Real Academy did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017.

Gordon Berneli Charter School: The school leases various equipment and facilities under short-term cancelable operating leases. The school entered into two facility leases beginning July 1, 2008. Rental expense for the year ended June 30, 2017 was $199,339. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $207,081; 2019, $207,081; and 2020, $207,081; total, $621,242.

Gordon Berneli Charter School had a compensated absences balance of $85,889 at the beginning of the fiscal year. Deductions to the balance were $3,185 which resulted in an ending balance of $82,704. All of this balance is considered to be current.

La Academia de Esperanza: The school leases facilities under short-term cancelable operating leases. . Rental expense for the year ended June 30, 2017 was $413,394. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $433,717; and 2019, $445,965; total, $879,681.

La Academia de Esperanza did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017.

Los Puentes Charter School: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $3,478. Commitments for operating lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $3,478; 2019, $3,478; 2020, $2,898; total, $9,855. In November 2014, the Foundation purchased the building and land at the school's current location for $2,840,000, in which the school entered into a separate lease purchase with the Foundation. On November 4, 2014, the Los Puentes Educational Foundation signed a 20 year promissory note with a bank in the amount of $2,130,000, with monthly payments of $15,367 and an interest rate of 2.25% over the index. The note requires early payments of $453,000 in order to lower the loan-value ratio to 50% by year 4; the source of funds for early payments is expected to come from HB33/SB9 funds that the school expects to receive. On November 4, 2014, the school entered into a 20 year building lease agreement with the Los Puentes Educational Foundation with an option to purchase. The agreement requires monthly payments of $18,378, with an initial payment of $710,000. The lease includes a termination clause in the event the school does not have sufficient funds to make the lease payments. Given the related party relationship, the principal portion ofthe capital lease is equal to the Foundation's note payable principal balance, excluding any additional payments made to the Foundation and not yet paid to the bank by the Foundation. At June 30, 2017, the future minimum payments under the capital lease are as follows: 2018, $220,541; 2019, $220,541; 2020, $220,541; 2021, $220,541; 2022, $220,541; and thereafter, $1,856,216; total, $2,958,919.

Total Minimum Lease Payments	$ 2,958,919
Less: Amount Representing Interest	1,467,763
Present Value of Minimum Lease Payments	1,491,156
Less: Current Portion	96,343
Long-Term Portion	$ 1,394,813

Los Puentes Charter School did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017.

Montessori ofthe Rio Grande: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $162,220. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $1,426; 2019, $1,426; 2020, $1,426; 2021, $1,426; 2022, $1,426 and thereafter, $1,426; total, $8,555.

Montessori of the Rio Grande did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017.

Mountain Mahogany Community School: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $1,313.

The school entered into a 30-year building lease agreement with a related party with option to purchase in December 2013 with monthly payments including interest of $8,833. The agreement includes a total of $500,000 in early payments, to include $200,000 paid upon entering the agreement. The lease includes a termination clause in the event the school doesn't have sufficient funds to make the lease payments. The total cost of the building, including land and accumulated depreciation, under the capital lease was $2,115,000 and $19,500, respectively, as of June 30, 2017. At June 30, 2017, the future minimum payments under the capital lease are as follows 2018, $155,996; 2019, $155,996; 2020, $155,996; 2021, $155,996; 2022, $155,996; and thereafter, $2,178,909; total, $2,958,889.

Total Minimum Lease Payments	$ 2,958,889
Less: Amount Representing Interest	1,257,022
Present Value of Minimum Lease Payments	1,701,867
Less: Current Portion	73,298
Long-Term Portion	$ 1,628,569

Mountain Mahogany Community School did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017.

Native American Community Academy: Rental expense for the year ended June 30, 2017 was $546,550. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $402,739; 2019, $400,344; 2020, $400,344; 2021, $380,220; total, $1,583,647.

Native American Community Academy did not have an accrued compensated absences liability for the fiscal year ended June 30, 2017.

Nuestros Valores Charter School: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $100,608. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $107,316.

Nuestros Valores Charter School: had a compensated absences balance of $8,141 at the beginning of the fiscal year. Deletions to the balance were $685, which resulted in an ending balance of $7,456. All of this balance is considered to be current.

Public Academy for Performing Arts: The school leases various facilities and equipment under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $279,775. Commitments for lease obligations for the following periods as of June 30, 2017 are nil.

Public Academy for Performing Arts had a compensated absences balance of $8,603 at the beginning of the fiscal year. Deletions to the balance were $3,831, which resulted in an ending balance of $4,772. All of this balance is considered to be current.

Robert F. Kennedy Charter School: The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $242,905. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $238,827; 2019, $16,926; 2020, $10,566; and 2021, $10,566; total, 276,884.

Robert F. Kennedy CharterSchool had a compensated absences balance of $34,345 at the beginning ofthe fiscal year. Deletions to the balance were $1,934, which resulted in an ending balance of $32,411. All of this balance is considered to be current.

South Valiev Academy: The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was $441,743. Commitments for lease obligations for the following periods as of June 30, 2017 are as follows: 2018, $432,179.

South Valley Academy had a compensated absences balance of $7,900 at the beginning of the fiscal year. Additions to the balance were $1,422, which resulted in an ending balance of $9,322. All of this balance is considered to be current.

The Bataan Military Academy: The school closed as of June 30, 2016, no additional liabilities or commitments for the School exist.

G. Retiree Health Care (RHC) Contributions

21st Century Public Academy: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $23,535, $20,986, and $17,517, respectively, in employer contributions, as well as $11,767, $10,372, and $8,723, respectively, in employee contributions.

Albuquerque Charter Academy: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $35,287, $32,848, and $29,630, respectively, in employer contributions, as well as $17,643, $16,424, and $14,815, respectively, in employee contributions.

Albuquerque Talent Development Academy: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $19,465, $20,947, and $18,694, respectively, in employer contributions, as well as $9,732, $10,473, and $9,347, respectively, in employee contributions.

Alice King Community School: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $40,019, $29,420, and $26,320, respectively, in employer contributions, as well as $20,019, $14,710, and $13,179, respectively, in employee contributions.

Christine Duncan Academy: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $25,227, $26,116, and $23,991, respectively, in employer contributions, as well as $12,614, $13,058, and $11,995, respectively, in employee contributions.

Corrales International CharterSchool: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $25,049, $26,367, and $28,181, respectively, in employer contributions, as well as $12,524, $13,186, and $14,034, respectively, in employee contributions.

Digital Arts & Technology Academy: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $32,751, $31,690, and $28,990, respectively, in employer contributions, as well as $16,375, $15,845, and $14,484, respectively, in employee contributions.

East Mountain High School: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $38,215, $36,398, and $36,561, respectively, in employer contributions, as well as $19,108, $18,198, and $18,281, respectively, in employee contributions.

El Camino Real Academy: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $34,526, $35,723, and $17,936, respectively, in employer contributions, as well as $17,263, $17,674, and $36,137, respectively, in employee contributions.

Gordon Berneli Charter School: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $33,302, $33,464, and $43,695, respectively, in employer contributions, as well as $16,651, $16,714, and $21,846, respectively, in employee contributions.

La Academia de Esperanza: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $47,981, $45,752, and $45,102, respectively, in employer contributions, as well as $23,990, $22,831, and $22,703, respectively, in employee contributions.

Los Puentes Charter School: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $24,270, $20,944, and $24,780, respectively, in employer contributions, as well as $12,135, $10,471, and $12,389, respectively, in employee contributions.

Montessori of the Rio Grande: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $21,686, $22,781, and $21,764, respectively, in employer contributions, as well as $10,843, $11,389, and $10,882, respectively, in employee contributions.

Mountain Mahogany Community School: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was 20,673, $20,289, and $19,094, respectively, in employer contributions, as well as $10,337, $10,266, and $9,527, respectively, in employee contributions.

Native American Community Academy: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $52,157, $50,056, and $51,618, respectively, in employer contributions, as well as $26,079, $25,863, and $24,968, respectively, in employee contributions.

NM International School: During fiscal year 2017, RHC remitted by the school was $16,899 in employer contributions, as well as $8,450 in employee contributions.

Nuestros Valores Charter School: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $19,762, $16,388, and $14,592, respectively, in employer contributions, as well as $9,881, $8,195, and $7,296, respectively, in employee contributions.

Public Academy for Performing Arts: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $40,548, $39,324, and $39,625, respectively, in employer contributions, as well as $20,274, $19,662, and $19,792, respectively, in employee contributions.

Robert F Kennedy Charter School: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $40,033, $36,078, and $36,760, respectively, in employer contributions, as well as $20,016, $18,650, and $17,708, respectively, In employee contributions.

Siembra Leadership Academy: During fiscal year 2017, RHC remitted by the school was $7,726 in employer contributions, as well as $3,863 in employee contributions.

South Valiev Academy: During fiscal years 2017, 2016 and 2015, RHC remitted by the school was $63,850, $60,102, and $50,739, respectively, in employer contributions, as well as $31,925, $29,624, and $24,934, respectively, in employee contributions.

H. Subsequent Events Related to Charter Schools

21st Century Public Academy: On August 9, 2017, the School entered into a 30-year building lease agreement with an unrelated party with options to purchase. The agreement includes a purchase price of $5,500,000 and requires monthly payments, including interest, of $36,591.64. The lease includes a termination clause in the event the School doesn't have sufficient funds to make the lease payments.

I. Related Party Transactions

21st Century Public Academy. It was noted that the charter school has a foundation and there were no significant transactions between the charter school and foundation.

Albuquerque Talent Development Academy: It was noted that the charter school has a foundation. The foundation did not require an audit for the year ended June 30, 2017.

Alice King Community School: It was noted that the charter school has a foundation and there were no significant transactions between the charter school and foundation aside from the rent payments from the School to the foundation.

Corrales International CharterSchool: It was noted that the charter school has a foundation and there were no significant transactions between the charter school and foundation.

East Mountain High School: On February 1, 2012, the school entered into a 15 year building lease agreement with the East Mountain High School Foundation. The agreement requires monthly payments of $32,683.

El Camino Real Academy. It was noted that the charter school has a foundation. The foundation did not require an audit for the year ended June 30, 2017.

Digital Arts and Technology Academy: During FY14, the school entered into a lease agreement with APS. The initial term is one year, with options to extend annually for 20 years. During FY14, APS entered into a lease purchase on the building which is subleased to the school. Payments to APS for the lease totaled $245,295 during FY16. As part of the lease, all HB33 distributions received by the school are to be paid to APS. These totaled $200,045 for the year ended June 30, 2017. The school also has a payable due to APS at year-end of $19,940 for the Transportation Fund.

Gordon Berneli CharterSchool: It was noted that the charter school has a foundation. The foundation did not require an audit for the year ended June 30, 2017.

La Academia de Esperanza: It was noted that the charter school has a foundation. The foundation did not require an audit for the year ended June 30, 2017.

Los Puentes Charter School: In November 2014, the Foundation purchased the building and land at the school's current location for $2,840,000, in which the school entered into a separate lease purchase with the Foundation as described below. On November 4, 2014, the school entered into a 20 year building lease agreement with the Los Puentes Educational Foundation with an option to purchase. The agreement requires monthly payments of $18,378, with an initial payment of $710,000. The lease includes a termination clause in the event the school does not have sufficient funds to make the lease payments. Total payments to the Foundation for the lease purchase were $940,270, which included additional principal payments made and the down payment of $710,000. Given the related party relationship, the principal portion of the capital lease is equal to the Foundation's note payable principal balance, excluding any additional payments made to the Foundation and not yet paid to the bank by the Foundation.

Montessori of the Rio Grande: Lease payments were paid to APS for the fiscal year totaling $112,888. In addition, the school has an MOU with APS for the school facilities and, as part of the MOU, all HB-33 distributions to the school are paid to APS. These totaled $131,422 for HB33 for the year ended June 30, 2017. APS is the school's authorizing school district. It was also noted that the school has a foundation and there were no significant transactions between the school and the foundation.

Mountain Mahogany Charter School: It was also noted that the school has a foundation. The foundation did not require an audit for the year ended June 30, 2017.

Native American Community Academy: It was noted that the charter school has a foundation and there were no significant transactions between the charter school and foundation.

Nuestros Valores Charter School: It was noted that the charter school has a foundation. The foundation did not require an audit for the year ended June 30, 2017.

Public Academy for Performing Arts and Alice King Community School: It was noted that the charter school has a foundation. The foundation did not require an audit for the year ended June 30, 2017. It was noted that APS is a related party due to the MOU between APS and the school for lease payments. Lease payments were paid to APS for the fiscal year totaling $279,775. In addition, as part of the MOU, all HB-33 distributions to the school are paid to APS. These totaled $237,311 for the year ended June 30, 2017. The school also has a payable due to APS at year-end of $74,567 for HB 33 payments.

Robert F. Kennedy CharterSchool: Lease payments were paid to APS for the fiscal year totaling $202,822. In addition, the school has an MOU with APS for the school facilities and, as part of the MOU, all HB-33

distributions to the school are paid to APS. These totaled $49,336 for the year ended June 30, 2017. The school also has a payable due to APS at year-end of $8,584 for HB 33 payments.

South Valley Academy: Lease payments were paid to APS for the fiscal year totaling $432,179. In addition, the school has an MOU with APS for the school facilities and, as part of the MOU, all HB-33 distributions to the school are paid to APS. These totaled $363,566 for the year ended June 30, 2017. The school also has a payable due to APS at year-end of $141,553 for HB 33 payments.

J. Component Units of Charter Schools

The following charter schools maintained component units as follows:

21st Century Public Academy: 21st Century Public Academy Foundation is a nonprofit corporation established to provide support to the school by acquiring and holding real estate to be leased or otherwise made available to the school.

The financial information of the 21st Century Public Academy Foundation is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2017.

Cosh and Temporary Investments: At June 30, 2017, the book value of the corporation's deposits was $57,822.

Net position at June 30, 2017: $53,213

Alice King Community School: Alice King Community School Foundation is a nonprofit corporation established to provide support to the school by acquiring and holding real estate to be leased or otherwise made available to the school.

The financial information ofthe Alice King Community School Foundation is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2017.

Cash and Temporary Investments: At June 30, 2017, the book value ofthe corporation's deposits was $975,272.

Net position at June 30, 2017: ($354,370)

Corrales International School: Corrales International School Foundation is a nonprofit corporation established to conduct educational and training activities, community development, fund-raising assistance and academic research and dissemination to promote educational initiatives that serve the school, as well as the local, regional, national and international educational community.

The financial information ofthe Corrales International School Foundation is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2017.

Cash and Temporary Investments: At June 30, 2017, the book value ofthe corporation's deposits was $83,158.

Net position at June 30, 2017: $103,307

East Mountain High School: East Mountain High School Foundation is a nonprofit corporation established in to provide support to the school by acquiring and holding real estate tobe leased orotherwise made available to the school. The foundation's other purpose is to conduct educational and training activities, community development, fund-raising assistance and academic research and dissemination to promote educational initiatives that serve the school, as well as the local, regional, national and international educational community.

The financial information of the East Mountain High School Foundation is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2017.

Cash and Temporary Investments: At June 30, 2017, the book value ofthe corporation's deposits was $616,778.

Net position at June 30, 2017: $3,500,703

Los Puentes Charter School: Los Puentes Charter School Foundation is a nonprofit corporation established in 2001 to provide support to the school by acquiring and holding real estate to be leased or otherwise made available to the school.

The financial information of the Los Puentes Charter School Foundation is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2017.

Cash and Temporary Investments: At June 30, 2017, the book value of the corporation's deposits was $77,899.

Net position at June 30, 2017: $77,899

Montessori of the Rio Grande: Friends ofthe Montessori Foundation is a nonprofit corporation established to provide support to Montessori of the Rio Grande by supporting educational programs and initiatives undertaken by the school. The foundation's other purpose is to conduct educational and training activities, community development, fund-raising assistance and academic research and dissemination to promote educational initiatives that serve the school, as well as the local, regional, national and international educational community.

The financial information of the Friends of the Montessori Foundation is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2017.

Cash and Temporary Investments: At June 30, 2017, the book value ofthe corporation's deposits was $57,360.

Net position at June 30, 2017: $57,360

Native American Community Academy: NACA Foundation is a nonprofit corporation established to provide support to Native American Community Academy by supporting educational programs and initiatives undertaken by the school.

The financial information of the NACA Foundation is presented in a separate column to emphasize that the corporation is legally separate from the School.

The corporation has a fiscal year end of December 31; however, the component unit column presents financial statements as of and for the year ended June 30, 2017.

Cash and Temporary Investments: At June 30, 2017, the book value of the corporation's deposits was $43,584.

Net position (deficit) at June 30, 2017: $43,128

K. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the combined statements of certain information concerning individual funds, including:

A. Excess of expenditures over appropriations.

B. Receivables and payables from inter-fund transactions as of June 30, 2017, withfunds whichinter-fund transactions were affected or created due to cash overdrafts represented (*).

C. Deficit fund balance of individual funds.

Note: Schools with separately issued financial statements are excluded from these disclosures.

Albuquerque Charter Academy

A. No funds exceeded approved budgetary authority for the year ended June 30, 2017.

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due to Other Funds	Due from OtherFunds
General	$ -	$ 2,299
Library GO Bonds	2,299	-
Total Due to/from Other Funds	$ 2,299	$ 2.299

C. No funds reporting a deficit fund balance at June 30, 2017.

Christine Duncan Heritage Academy

A. One fund exceeded approved budgetary authority for the year ended June 30, 2017.

Fund 25171 (Function 3000) - $4,306

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due to Other Funds	Due from Other Funds
General	$ -	$ 120,874
Title 1 IASA	20,412	-
IDEA-B Entitlement	5,762	-
Fruit and Vegetables	3,072	-
English Language Acquisition	1,247	-
Teacher/Principal Training	8,941	-
Library GO Bond	1,199	-
Teachers Hard to Staff Stipend	5,383	-
Pre-K Initiative	57,333	-
Kindergarten Three Plus	17,525	-
Total Due to/from Other Funds	S 120.874	S 120,874

C. No funds reporting a deficit fund balance at June 30, 2017.

Corrales International CharterSchool

A. No funds reporting a deficit fund balance at June 30, 2017

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due tó cash overdrafts are represented.

	Due to Other Funds	Due from OtherFunds
General	$ -	$ 33,190
IDEA-B Entitlement	5,182	-
Teacher/Principal Training	100	-
Carl D. Perkins Secondary - Current	11,555	-
Elementary & Middle School Initiative	4,181	-
Library GO Bonds	3,685	-
NM Reads to Lead K-3	8,487	-
Total Due to/from Other Funds	$ 33,190	$ 33.190

C. No funds reporting a deficit fund balance at June 30, 2017.

Digital Arts and Technology Academy

A. No funds exceeded approved budgetary authority for the year ended June 30, 2017.

B. No receivables and payables from inter-fund transactions existed as of June 30, 2017.

C. No funds reporting a deficit fund balance at June 30, 2017.

Gordon Berneli CharterSchool

A. No funds exceeded approved budgetary authority for the year ended June 30, 2017.

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due to Other Funds	Due from OtherFunds
General	$ -	$ 17,079
Teacher/Principal Training	7,586	-
State SB9 Capital Improvements	9,493	-
Total Due to/from Other Funds	$ 17,079	$ 17,079

C. No funds reporting a deficit fund balance at June 30, 2017.

La Academia de Esperanza

A. No funds exceeded approved budgetary authority for the year ended June 30, 2017.

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented

	Other Funds	OtherFunds
General	$ -	$ 25,749
Special Capital Outlay	25,749	-
Total Due to/from Other Funds	3 25,749	$ 25,749

C. No funds reporting a deficit fund balance at June 30, 2017.

Los Puentes CharterSchool

A. No funds exceeded approved budgetary authority for the year ended June 30, 2017.

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due to Other Funds	Due from Other Funds
General	$ -	$ 59,635
IDEA B	21,315	-
Teacher/Principal Training	5,919	-
Teachers Fiard to Staff Stipend	25,906	-
SB(Local Capital Improvements	1,123	-
Public School Capital Outlay	5,372	-
Total Due to/from Other Funds	$ 59,635	$ 59,635

C. No funds reporting a deficit fund balance at June 30, 2017.

Native American Community Academy

A. Six funds exceeded approved budgetary authority for the year ended June 30, 2017.
Fund 11000 (Function 1000) - $839
Fund 13000 (Function 2000) - $4,034
Fund 25238 (Function 2000) - $5,341
Fund 26186 (Function 1000) - $332
Fund 27114 (Function 1000) - $2,131
Fund 27189 (Function 2000) - $9,968
Fund 29102 (Function 1000) - $1,312

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due to Other Funds	Due from OtherFunds
General	$ -	$ 182,149
Title 1	5,773	-
IDEA B	4,408	-
Substance Abuse	27,055	-
Indian Education Act	3,466	-
After School Enrichment Program	8,659	-
K-3 Reads	10,849	-
College Counselor Initiative	44,172	-
Public School Capital Outlay	77,767	-
Total Due to/from Other Funds	$ 182.149	$ 182,149

C. Fund 21000- Food Services Fund reported a deficit fund balance of $40,862 as of June 30, 2017.

NM International School

A. No funds exceeded approved budgetary authority for the year ended June 30, 2017.

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due to Other Funds	Due from OtherFunds
General	$ -	$ 59,635
IDEA B	21,315	-
Teacher/Principal Training	5,919	-
Teachers Hard to Staff Stipend	25,906	-
SB(Local Capital Improvements	1,123	-
Public School Capital Outlay	5,372	-
Total Due to/from Other Funds	$ 59,635	$ 59,635

C. No funds reporting a deficit fund balance at June 30, 2017

Public Academy for Performing Arts

A. No funds exceeded approved budgetary authority for the year ended June 30, 2017.

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Other Funds	Other Funds
General $	-	$ 86,041
Title 1	2,973	-
Library GO Bonds	3,993	-
State SB(Capital Improvements	9,132	-
Public School Capital Outlay 69,943		-
Total Due to/from Other Funds $ 86,041		$ 86,041

C. No funds reporting a deficit fund balance at June 30, 2017.

Robert F. Kennedy CharterSchool

A. No funds exceeded approved budgetary authority for the year ended June 30, 2017

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due to Other Funds	Due from Other Funds
General	$ -	$ 30,198
Title 1 1 ASA	9,444	-
IDEA-B Entitlement	6,983	-
Teacher/Principal Training	799	-
Truancy Initiative	10,210	-
Teachers Hard to Staff Stipend	2,762	-
Total Due to/from Other Funds	$ 30.198	$ 30,198

C. No funds reporting a deficit fund balance at June 30, 2017.

Siembra Leadership Academy

A. No funds exceeded approved budgetary authority for the year ended June 30, 2017.

B. Receivables and payables from inter-fund transactions as of June 30, 2017 are listed below. Funds in which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due to Other Funds	Due from OtherFunds
General	$ ■ -	$ 30,198
Title 1 IASA	9,444	-
IDEA-B Entitlement	6,983	-
Teacher/Principal Training	799	-
Truancy Initiative	10,210	-
Teachers Hard to Staff Stipend	2,762	-
Total Due to/from Other Funds	$ 30,198	$ 30,198

C. No funds reporting a deficit fund balance at June 30, 2017.

L. Litigation

M. **Schedule of Other Governmental Agreements**

School Name	Name/ Responsible Party	Program Description	Begin Date	End Date
Montessori of the Rio Grande	Albuquerque Public Schools	Facilities/HB 33	11/01/2009	Cancelable upon termination
Public Academy of Performing Arts	Albuquerque Public Schools	Facilities/HB 33 funds	3/31/2010	Cancelable upon termination
Robert F. Kennedy Charter School	Albuquerque Public Schools	Facilities/HB 33 funds	07/01/2010	Cancelable upon termination
South Valley Academy	Albuquerque Public Schools	Facilities/HB 33 funds	06/07/2011	Cancelable upon termination

N. Fund Balance Reporting

Fund balance - the difference between assets and liabilities in the governmental fund financial statements - is among the most widely and frequently used information in state and local governmental financial reports. GASB Statement 54 distinguishes fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications:

- *Nonspendable* - portion of net resources that cannot be spent because of their form or because they must remain intact, such as fund balances associated with inventories or are legally or contractually required to remain intact.
- *Restricted* - amounts constrained by external parties, constitutional provision, or enabling legislation.
- *Committed* - amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision-making authority. Formal Board action, through a resolution, creates a commitment.

® *Assigned* - amounts a government intends to use for a particular purpose. The governing council has designated the responsibility to assign fund balance to its Business and Finance Director. Assigned fund balances within the Charter Schools represent amounts assigned for next years' budget.

® *Unassigned* - amounts that are not constrained at all will be reported in the general fund.

O. Inclusion of Component Units/Restatements

Inclusion of Charter School Foundation Not Previously Required for Reporting

For the year ended June 30, 2017, there was one District authorized charter schools (component unit of the District), which included their respective Foundation as a discretely presented component unit of the school, which previously were not subject to an audit and were excluded. The inclusion of this foundation was an adjustment to the beginning net position in the amount of $27,965.

Inclusion of Charter Schools

As of June 30, 2016, NM International School (NMIS) was included in the financial statements of the State of New Mexico Public Education Department (NMPED), as the charter school was previously authorized by the State. For the year ended June 30, 2017, NMIS was authorized by the District and is now included in the District's financial statements for the year ended June 30, 2017. The net position of NMIS as of June 30, 2016 was ($1,047,379), and will be the adjustment to the opening net position for the inclusion of NMIS. In addition, Siembra Leadership Academy is a newly authorized charter school as of July 1, 2016, in which the school had received private grant funding in advance of FY17 to begin school operations, the beginning net position of $54,087 will be reflected as an inclusion of this school.

The following restatements are reflected in the financial statements as described above:

	Adjustment to Beginning Net Position Dueto Inclusion of Component Units
Inclusion of 21st Century Public Academy Foundation	**$ 27,965**
Inclusion of NM International School	**(1,047,379)**
Inclusion of Siembra Leadership Academy	**54,087**
Total	**$ (965,327)**

Net position, June 30, 2016, aggregrate discretely presented component units	**$ (39,407,527)**
Inclusion of component units	**(965,327)**
Net position, June 30, 2016, aggregrate discretely presented component units, restated	**$ (40,372,854)**

NOTE 20. Component Unit - Albuquerque Public Schools Foundation

DEFINITION OF REPORTING ENTITY - The Albuquerque Public Schools Foundation (the Foundation), a component unit of the Albuquerque Public Schools (APS), is a nonprofit organization incorporated under laws of the State of New Mexico on April 25, 1995. The Foundation was established to solicit, receive, and manage private voluntary support for the benefit and on behalf of APS. The Foundation itself has no component units.

The Foundation is governed by a board of directors, which has the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by the Foundation. The board consists of no less than three members and no more than 25 members. Board members represent government, business, public sector, private individuals, and organizations that are interested in supporting programs and services of APS. The term served by board members is three years. The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (the Code) and is not considered a private foundation within the meaning of Section 509(a) of the Code.

A Memorandum of Agreement between the Foundation and APS was signed and executed on January 5, 2005.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates In Preparing Financial Statements - 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities.* Under ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets.

Unrestricted Net Assets - These assets represent sources whose use is not limited to or restricted by donors. Unrestricted net assets have arisen from exchange transactions, receipt of unrestricted contributions and expirations or satisfaction of existing restrictions.

The Foundation treats restricted contributions whose restrictions are satisfied during the same fiscal year as unrestricted support. All contributions made to the Foundation are considered to be available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - These assets result from (a) contributions and other inflows of assets whose use by the Foundation is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations; (b) other assets enhancements and diminishments subject to the same kinds of stipulations; and (c) imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Foundation pursuant to those stipulations.

Permanently Restricted Net Assets - These assets have donor-imposed restrictions that stipulate that resources be maintained permanently but permit the Foundation to use up or expend part or all of the income or economic benefits derived from the donated assets.

Cash and Cash Equivalents - The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of cash on deposit with financial institutions and money market accounts.

Investments - The Foundation records brokerage investments at fair value and certificates of deposit at cost. See Note 4 for a description of fair value determination.

Income Taxes - The Foundation is a nonprofit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as other than a private foundation. As such, their normal activities do not result in any income tax liability. The Foundation pays taxes on unrelated business income.

The Foundation would recognize accrued interest related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no such interest or penalties recorded for the year ended June 30, 2017.

The Foundation files informational tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Foundation is subject to examination by federal, state, local, and foreign jurisdictions, where applicable.

Revenue Recognition - The Foundation is accounted for as a nonprofit organization, and it follows revenue recognition rules as defined below:

Donations - The Foundation recognizes revenue on donations when all applicable eligibility requirements are met.

Pledges - Unconditional pledges, if any, are recognized as revenues in the period received and as assets, decreases in liabilities or expenses, depending on the form of the benefits to be received. Conditional pledges are recognized as revenues when the conditions on which they depend are substantially met. An allowance for doubtful pledges is recorded when the pledge is recorded. The allowance is based on past pledge loss experience and other factors that management considers necessary in estimating pledge losses.

Contributions of Services Revenues - Contributions of services are recognized in the financial statements of the Foundation only if the services received: (a) create or enhance non-financial assets of the Foundation, and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Use of office furniture and equipment is provided at no charge by APS. For the year ended June 30, 2017, approximately $9,550 was included as in-kind revenue on the statement of activities and changes in net assets for office furniture and equipment use.

Beneficial Interest in Remainder Trusts - A charitable remainder trust is an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the Foundation receives a percentage of the assets remaining in the trust. Beneficial interest in remainder trusts represent the present value of estimated future cash receipts from the trust's assets. Contribution revenue is recognized in the period in which the trust is established. In subsequent years, income earned on trust assets, recognized gains and losses, and distributions paid will be recognized. Revaluation of the present value of the estimated future payments and changes in actuarial assumptions will be recognized in the statement of activities and changes in net assets.

Advertising Costs - The Foundation expenses advertising costs as incurred. Expenses incurred for the year ended June 30, 2017 were approximately $1,241.

Subsequent Events - Management evaluated subsequent events through November 9, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to November 9, 2017, that provided additional evidence about conditions that existed at June 30, 2017, have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2017.

INVESTMENTS

Investment Policy Statement (IPS) - In December 2002, the Foundation Board of Directors adopted an IPS to assist in the supervising, monitoring and evaluating of the Foundation's investments. The IPS is to provide financial stability for the Foundation operations and an increasing stream of income for future program growth. All investment assets are held with Merrill Lynch.

The Foundation shall be responsible for:

- Overseeing the Foundation Investment Portfolio.
- Defining the investment objectives and policies of the portfolio.
- Directing the Investment Manager to make changes in investment policy and to oversee and toapprove or disapprove Investment Manager recommendations with regard topolicy, guidelines, objectives, and specific investments.
- Providing the Investment Manager with all relevant information on its financial conditions and risk tolerances and notifying the Investment Manager promptly of any changes to this information.

The Foundation agrees that investment discretion can be delegated to qualified, professional investment specialists or private portfolio managers (Investment Managers) that would be identified by the Foundation's Finance Committee resulting from an extensive quantitative and qualitative process of diligence.

Guidelines for the Investment Manager are that the investment of the Foundation's investment portfolio shall be limited to individual marketable securities or packaged products (e.g., mutual funds) in the following categories:

- Cash and cash equivalents
- Fixed Income - Domestic bonds
- Fixed Income - Non-U.S. bonds
- Fixed Income - High Yield
- Equities - U.S. and Non-U.S. within an international portfolio

FAIR VALUE OF FINANCIAL INSTRUMENTS - in determining fair value, the foundation uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets, and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of June 30, 2017.

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Fixed Income	$ 511,424	$ -	$ -	$ 511,424
Mutual Funds	1,666,727	-	-	1,666,727
Total Investments	2,178,151	-	-	2,178,151
Beneficial Interest in Remainder Trust	-		1,956,574	1,956,574
Total	$ 2,178,151	$ -	$ 1,956,574	$ 4,134,725

The following information summarizes the difference between cost and the estimated fair value for investments:

	Cost	Estimated Fair Value	Market Value Over (Under) Cost
Investments:			
Fixed Income	$ 512,216	$ 511,424	$ (792)
Mutual Funds	1,626,500	1,666,727	40,227
Total	$ 2,138,716	$ 2,178,151	$ 39,435

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended June 30, 2017.

Beginning Balance	**$ 1,925,172**
Contributions	**-**
Distributions	**(127,212)**
Dividend Income	**69,531**
Net Unrealized Gain	**229,736**
Investment Management Fees	**(21,084)**
Change in Present Value Discount	**(119,569)**
Ending Balance	**$ 1,956,574**

Unrealized gains and losses applicable to instruments valued using significant unobservable inputs (Level 3) are included in the statement of activities for the year ended June 30, 2017. The 2017 changes in present and fair values are reflected in the Foundation's statement of activities and changes in net assets.

BENEFICIAL INTERESTS IN REMAINDER TRUSTS - On May 11, 2001, the Foundation was awarded an interest in the William H. and Lilian Dolde Charitable Trust for the purpose of funding fine arts programs in the Albuquerque Public Foundations. The Bank of America administers the Trust. The Trust was originally funded in the amount of $2,000,000. The Trust document calls for the annual distribution of an amount equal to 5% of the Trust's net position. This annual distribution will expire on December 31, 2051. Upon termination of the Trust, the Foundation is entitled to a portion of the remaining assets in order to establish a permanent endowment for the fine arts. The Foundation is irrevocably entitled to 90% of all annual distributions and 90% of the remaining Trust net position upon termination. The Foundation's interest in the Trust's assets is recorded at fair market value with adjustments made annually for increases or decreases in value. The present value of the Trust agreement was initially calculated using a discount rate of 5% with annual distributions to be received of $90,000 (90% of $100,000) for 49.5 years. The present value of the Trust net position at termination was initially estimated using a value of $1,800,000 in remaining net position (90% of $2,000,000) with a discount rate of 5% for 50 years. During the fiscal year ended June 30, 2017, the Trust distributed approximately $106,905 to the Foundation. The present value of the Trust increased by approximately $31,401 for the fiscal year ended June 30, 2017. This resulted in the recording of a beneficial interest in the trust in the amount of $1,956,574 for the year ended June 30, 2017. The 2017 changes in present and fair values are reflected in the Foundation's statement of activities and changes in net assets.

RELATED PARTIES - APS programs are the primary beneficiaries of funds donated to the Foundation. Certain APS employees whose services were contributed to the Foundation also served as Foundation board members in an ex-officio capacity. Certain voting board members were affiliated with APS or with other entities served through the Foundation.

During the year ended June 30, 2017, the Foundation received in-kind contributions from APS with a market value of approximately $483,935. The contributions included employee services and donated supplies and materials.

The Foundation has no employees of its own. During the year ended June 30, 2017, all Foundation staff members were employees of APS.

TEMPORARILY RESTRICTED NET ASSETS - Temporarily restricted net assets consisted of the following at June 30, 2017:

Purpose:	
APS Programs	$ 1,395,598;
Nursing Services - Vision Care	804,275
Literacy Programs	436,071
Fine Arts	99,890 j
Marketing Expenses and Teacher Awards	103,442 ;
Community Rewards	20,377
Middle School Grants	18,618
Communication Department	13,408 j
Chief Operations Office	59,943
Teacher Professional Development	10,490
Other	50,276l
Total	$ 3,012,388i

Net assets are released from restrictions by incurring expenses satisfying the restricted purposes. Net assets released from restrictions were comprised of the following:

Purpose:	
APS Programs	$ 803,106
Fine Arts	7,711
Literacy Programs	100,000
Middle School Grants	15,000 j
Community Rewards	29,055
Chief Operations Office	13,058
Other	4,930
Total	S 972,860

PERMANENTLY RESTRICTED NET ASSETS - Permanently restricted net assets are restricted in perpetuity, the income from which is expendable to support the Foundation. At June 30, 2017, permanently restricted net assets were made up of the Dolde Trust in the amount of $1,956,574, and amounts restricted for the APS Seeds of Learning Program in the amount of $140,028.

CONCENTRATIONS OF CREDIT RISK - The Foundation maintains cash depository accounts with various financial institutions. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Balances in these accounts may at times exceed the federally insured amount. The Foundation did not have deposits in excess of the insured amounts at year-end. The Foundation has not experienced, and its management believes it is not exposed to, significant credit risk from excess deposits.

APPENDIX C

THE BOOK-ENTRY-ONLY SYSTEM

The 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, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriters 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 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, the Financial Advisor and the Underwriters 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 which 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 Resolution and summarized under "The Bonds" below in this Official Statement.

APPENDIX D

FORM OF BOND COUNSEL OPINION

[FORM OF BOND COUNSEL OPINION]

_____ ____, 2018

Board of Education
Albuquerque Municipal School District No. 12
Albuquerque, New Mexico

We have acted as bond counsel to the Albuquerque Municipal School District No. 12 (the "District") in connection with the issuance of its $110,000,000[1] General Obligation School Building, Series 2018 (the "Bonds") dated ___ ___, 2018, with interest payable on February 1, 2019 and semi-annually thereafter on each August 1 and February 1, until maturity and being Bonds in registered form maturing on August 1, in the years 2019 through 2037.

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of the Bonds and the law under authority of which the Bonds are issued. Based on our examination, we are of the opinion that, under the law existing on the date of this opinion, subject to the provisions of federal bankruptcy law and other laws affecting creditors' rights and further subject to exercise of judicial discretion in accordance with general principles of equity:

1. The Bonds constitute valid and binding general obligations of the District and are to be paid from the proceeds of the levy of ad valorem taxes on all taxable property within the District without limitation as to rate or amount.

2. Assuming continuing compliance by the District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and with the covenants contained in the Transcript regarding the use, expenditure and investment of Bond proceeds, interest on the Bonds is not includable in the gross income of the owners of the Bonds for purposes of federal income taxation. Interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. Failure of the District to comply with its covenants and with the requirements of the Code may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance.

3. Interest on the Bonds is excluded from net income for purposes of the tax imposed on individuals, estate and trusts under the New Mexico Income Tax Act and for purposes of the tax imposed on corporations under the New Mexico Corporate Income and Franchise Tax Act.

Other than as described herein, we have not addressed nor are we opining on the tax consequences to any person of the investment in, or the receipt of interest on, the Bonds.

The opinions expressed herein represent our legal judgment based upon existing legislation as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions and are not a guarantee of a result, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this opinion.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds.

Respectfully submitted,

MODRALL, SPERLING, ROEHL,
HARRIS & SISK, PA

[1] *Subject to change*.

APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Albuquerque Municipal School District No. 12, Bernalillo and Sandoval Counties, New Mexico (the "District"), in connection with the issuance of the $110,000,000[1] Albuquerque Public School District No. 12, Bernalillo and Sandoval Counties, New Mexico, General Obligation School Building Bonds, Series 2018 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted on ___ ___, 2018 (the "Resolution"). Pursuant to the Resolution, to allow the underwriters of the Bonds to comply with the Rule (defined below), the District is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds (the "Owners"). This Undertaking is intended to satisfy the requirements of the Rule.

Section 2. Definitions.

(a) "Annual Financial Information" means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time ("GAAP"), for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB")) and operating data with respect to the District, delivered at least annually pursuant to Sections 3(a) and 3(b) of this Undertaking, consisting of information of the type set forth under the captions "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," "THE DISTRICT–Student Enrollment," "FINANCES OF THE EDUCATIONAL PROGRAM–State Equalization Guarantee," "Statement of Net Position, "Statement of Activities," "Balance Sheet – General Fund" and "Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund" in the Official Statement. Annual Financial Information will include Audited Financial Statements if available.

(b) "Audited Financial Statements" means the District's annual financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time ("GAAP"), for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"), which financial statements have been audited as may then be required or permitted by the laws of the State.

(c) "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System located on its website at emma.msrb.org.

(d) "Event Information" means the information delivered pursuant to Section 3(d).

(e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, phone (703) 797-6600, fax (703) 797-6708.

(f) "Official Statement" means the Official Statement dated ___ ____, 2018, delivered in connection with the original issue and sale of the Bonds.

(g) "Report Date" means March 31 of each year, beginning in 2019.

(h) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12), as the same may be amended from time to time.

(i) "SEC" means the Securities and Exchange Commission.

(j) "State" means the State of New Mexico.

Section 3. Provision of Annual Financial Information and Reporting of Event Information.

[1] *Preliminary, subject to change*

(a) The District, or its designated agent, will provide the Annual Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds are outstanding.

(b) If Audited Financial Statements are not available for inclusion as a part of the Annual Financial Information by the Report Date, the District, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information and will provide the Audited Financial Statements when and if available. The District will timely provide to EMMA notice of failure to provide Annual Financial Information or Audited Financial Statements in the event these items are not available by the Report Date.

(c) The District, or its designated agent, may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the District, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a "final official statement" within the meaning of the Rule, such final official statement must also be available from the MSRB.

(d) The District, or its designated agent, will provide, to EMMA, notice of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) modifications to rights of security holders, if material;

(viii) bond calls, if material;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities, if material within the meaning of the federal securities law;

(xi) rating changes;

(xii) failure to provide event filing information as required;

(xiii) tender offer/secondary market purchases;

(xiv) merger, consolidation or acquisition and sale of all or substantially all assets;

(xv) bankruptcy, insolvency, receivership or similar event with respect to the District or an obligated person; and

(xvi) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(e) The District, or its designated agent, will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any: (i) failure of the District to timely provide the Annual Financial Information as specified in Sections 3(a) and 3(b); (ii) changes in its fiscal year-end; and (iii) amendment of this Undertaking.

Section 4. Method of Transmission. The District, or its designated agent, will employ such methods of electronic or physical information transmission as are requested or recommended from time to time by the MSRB or the SEC.

Section 5. Enforcement. The obligations of the District under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the District to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The District's breach of its obligations under this Undertaking will not constitute an event of default under the Resolution, and none of the rights and remedies provided by such Resolution will be available to the Owners with respect to such a breach.

Section 6. Term. The District's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Resolution; (ii) the date on which the District is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 7. Amendments. The District may amend this Undertaking from time to time, without the consent of any Owner, upon the District's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

(a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the District;

(b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and

(c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Beneficiaries. This Undertaking binds and inures to the sole benefit of the District and the Owners and creates no rights in any other person or entity.

Section 9. Subject to Appropriation. This Undertaking shall be subject to annual appropriation by the District's Board of Education and shall not be construed as a general obligation of the District.

Section 10. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

[Remainder of Page Intentionally Left Blank]

Date: ____ ____, 2018.

BOARD OF EDUCATION OF THE
ALBUQUERQUE MUNICIPAL SCHOOL
DISTRICT NO. 12

By_____
President

[SEAL]

ATTEST:

_____
Secretary