

OFFICIAL STATEMENT DATED JUNE 20, 2012
\$39,670,000
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
Bernalillo and Sandoval Counties, New Mexico
\$39,670,000 – General Obligation Refunding Bonds, Series 2012

NEW ISSUE
Book-Entry Only

Moody's Rating: Aa1 with Aa1 Enhanced
S & P Rating: AA

PURPOSES: The Bonds are being issued to (i) advance refund the District's outstanding General Obligation School Building Bonds, Series 2004 (maturities 2016 – 2019), currently refund the District's outstanding General Obligation School Building Bonds, Series 2005 (maturities 2013 and 2014), and advance refund the District's outstanding General Obligation School Building Bonds, Series 2006C (\$2 million from the 2015 maturity and maturities 2016 – 2021) (the "Refunded Bonds"); and (ii) pay costs of issuance.

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, 2013. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants are the responsibility of DTC. See "The Bonds - Book-Entry-Only System". Wells Fargo Bank, N.A. or its successor is the Registrar and Paying Agent for the Bonds.

OPTIONAL REDEMPTION: The Bonds are not subject to optional redemption.

SECURITY: The Bonds are general obligations of the Albuquerque Municipal School District No. 12, Bernalillo and Sandoval Counties, New Mexico, 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 interest on the Bonds is excluded from net income for purposes of certain New Mexico taxes imposed on individuals, estates, trusts and corporations. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds.

DELIVERY: When, as and if issued, through DTC's facilities, on or about August 2, 2012.

DATED DATE: Date of delivery.

DUE DATE: August 1, as shown below:

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012									
<u>Maturing (August 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Cusip # 013595</u>	<u>Maturing (August 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Cusip # 013595</u>
2013	\$4,430,000	2.000%	0.310%	RD7	2018	5,895,000	5.000%	1.370%	RJ4
2014	5,580,000	3.000%	0.470%	RE5	2019	5,985,000	5.000%	1.640%	RK1
2015	1,870,000	3.000%	0.650%	RF2	2020	3,835,000	5.000%	1.900%	RL9
2016	2,745,000	4.000%	0.820%	RG0	2021	3,855,000	3.500%	2.060%	RM7
2017	5,475,000	3.000%	1.080%	RH8					

Stone & Youngberg
A Division of Stifel Nicolaus

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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. 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, their responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Bond Counsel, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico was not requested and did not take part in the preparation of the Official Statement nor has such firm undertaken to independently verify any of the information contained herein. Such firm has no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in the Official Statement or otherwise. The legal fees to be paid to bond counsel for services rendered in connection with the issuance of the Bonds are contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from Bond proceeds.

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

All document summaries are just that – they are not complete or definitive, and they may omit relevant information. Such documents are qualified in their entirety 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: Don Moya

Financial Advisor

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\$39,670,000 - General Obligation Refunding Bonds, Series 2012 Albuquerque Municipal School District No. 12 Bernalillo and Sandoval Counties, New Mexico

INTRODUCTION

Thank you for your interest in learning more about the \$39,670,000 Albuquerque Municipal School District No. 12, Bernalillo and Sandoval Counties, New Mexico, General Obligation Refunding Bonds, Series 2012 (the "Bonds"). This Official Statement will tell you about the Bonds, 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. 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 in Sandoval County. The District's 2011 assessed valuation is \$14,703,596,631. The District has an enrollment (actual headcount) of 89,752 students for the 2011-12 school year and 11,352 student attending charter schools in the District area. 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 County has any responsibility to pay the debt service on the Bonds.

Limited Role of Auditors

This document presents information from District records and other sources including the audited financial statements of the District for the year ended June 30, 2011, contained in Appendix B.

Moss Adams 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. Moss Adams also has not performed any procedures relating to this Official Statement.

Purpose

The Bonds are being issued to (i) advance refund the District's outstanding General Obligation School Building Bonds, Series 2004 (maturities 2016 – 2019), currently refund the District's outstanding General Obligation School Building Bonds, Series 2005 (maturities 2013 and 2014), and advance refund the District's outstanding General Obligation School Building Bonds, Series 2006C (\$2 million from the 2015 maturity and maturities 2016 – 2021) (the "Refunded Bonds"); and (ii) pay costs of issuance.

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

Selected Debt Ratios

	<u>2011</u>
2011 Assessed Valuation	\$14,703,596,631
2011 Actual Valuation	\$54,153,358,146
District General Obligation Debt Outstanding (including the Bonds and excluding the Refunded Bonds)	\$543,050,000
District Net General Obligation Debt	\$507,401,523
Estimated Direct & Overlapping G/O Debt	\$1,104,840,235
<u>District Net Debt as a Percentage of</u>	
Assessed Valuation	3.45%
Estimated Actual Valuation	0.94%
<u>Direct & Overlapping Debt as Percentage of</u>	
Assessed Valuation	7.51%
Estimated Actual Valuation	2.04%
Estimated Population	670,893
District Net Debt Per Capita	\$756.31
Direct and Overlapping Debt Per Capita	\$1,646.82

THE BONDS

New Mexico law enables the District to issue the Bonds (Section 6-15-11 through Section 6-15-22, NMSA, 1978). Approval is required by the New Mexico Department of Finance and Administration prior to the issuance of the Bonds.

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 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. 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

Wells Fargo Bank, N.A. (or successor in function) will serve as Paying Agent/Registrar and Escrow Agent for the Bonds.

Optional Prior Redemption

The Bonds are not subject to optional redemption by the District prior to their stated maturity date.

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 below, while DTC is the securities depository for the Bonds, it will be the sole registered owner of the Bonds.

Plan of Finance

The Bonds are being issued to (i) advance refund the District's outstanding General Obligation School Building Bonds, Series 2004 (maturities 2016 – 2019), currently refund the District's outstanding General Obligation School Building Bonds, Series 2005 (maturities 2013 and 2014), and advance refund the District's outstanding General Obligation School Building Bonds, Series 2006C (\$2 million from the 2015 maturity and maturities 2016 – 2021) (the "Refunded Bonds"); and (ii) pay costs of issuance.

The principal and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and the redemption date of such Refunded Bonds, from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the District and Wells Fargo Bank, N.A. ("Escrow Agent"). The Resolution provides that from the proceeds of the sale of the Bonds and District cash, if necessary, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds on the redemption date. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase direct obligations of the United States of America (the "Federal Securities"). Under the Escrow Agreement the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Causey, Demgen & Moore, a nationally recognized accounting firm, will verify at the time of delivery of the Bonds to the Underwriters, the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds (see "Verification of Arithmetical Computations").

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of all the Refunded Bonds in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the accountant's verification report, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the District payable from taxes nor for the purpose of applying any limitation on the issuance of debt.

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 effect on the District.

Limitations of Remedies

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal 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:

<u>Sources</u>	<u>Bonds</u>
Par amount	\$39,670,000.00
Premium	5,221,700.55
Total	<u>\$44,891,700.55</u>
 <u>Uses</u>	
Cash Deposit to Escrow Account	\$10,291,286.50
Cost of the Escrowed Securities	34,284,609.00
Costs of Issuance	155,060.93
Underwriters' Discount	<u>160,744.12</u>
Total	<u>\$44,891,700.55</u>

NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

The New Mexico legislature amended NMSA 1978, § 22-18-1 et. seq. in the first session of 2003 by adding §22-18-13 which became effective July 1, 2003. Section 22-18-13 was further amended in 2007 and provides that, if 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 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 department of finance and administration, provided that, if the amount of the undistributed state equalization guarantee distribution in the current fiscal year is less than the payment due on the bond, the department of finance and administration shall:

- (1) forward in immediately available funds to the paying agent an amount equal to the total amount of the school district's undistributed state equalization guarantee 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 state equalization guarantee 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.

Withholding of the State Equalization Guarantee distribution may affect the District's ability to continue to operate.

The NMSDEP 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 issues 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 State Equalization Guarantee 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 State Equalization Guarantee distribution may not have sufficient undistributed State Equalization Guarantee payments to cover debt service payments in the event of a default.

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

By request, Moody's will assign the Aa1 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 New Mexico's School District Enhancement Program.

DEBT AND OTHER FINANCIAL OBLIGATIONS

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

The assessed valuation of taxable property within the District is \$14,703,596,631 for tax year 2011, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division. The maximum general obligation indebtedness of the District may not exceed 6% of the assessed valuation or \$882,215,798.

After the Bonds are issued, the ratio of total outstanding general obligation (G/O) debt of the District to the 2011 assessed valuation will be no greater than 3.45% as summarized below:

2011 Assessed Valuation	\$14,703,596,631
2011 Actual Valuation ⁽¹⁾	\$54,153,358,146
Total Bonded Debt Outstanding (including the Bonds and excluding the Refunded Bonds)	\$543,050,000
Less Estimated Debt Service Fund Balance on May 22, 2012 ⁽²⁾	<u>35,648,477</u>
NET DEBT	<u>\$507,401,523</u>
Ratio of Estimated Net Debt to 2011 Assessed Valuation:	3.45%
Ratio of Estimated Net Debt to 2011 Actual Valuation:	0.94%
Per Capita Net Bonded Debt:	\$756.31
Est. Population:	670,893

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

(2) The cash balance as of May 24, 2012 was \$46,114,993. The amount properly attributable to principal reduction is 77.5%.

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	Per Capita
Series 2004	\$28,010,000	08/01/19	\$1,500,000 ⁽¹⁾	\$2.24
Series 2005 Ref	21,325,000	08/01/14	2,595,000 ⁽¹⁾	3.87
Series 2004 QZAB	4,625,000	08/01/20	4,625,000 ⁽²⁾	6.89
Series 2006 QZAB	7,160,000	08/01/20	7,160,000 ⁽²⁾	10.67
Series 2006C Ref	63,980,000	08/01/21	16,415,000 ⁽¹⁾	24.47
Series 2007	75,000,000	08/01/22	52,450,000	78.18
Series 2008B	134,000,000	08/01/23	118,000,000	175.88
Series 2009A	124,700,000	08/01/22	97,600,000	145.48
Series 2009C - QSCBs	14,300,000	08/01/24	14,300,000	21.31
Series 2009D Ref	16,800,000	08/01/16	15,710,000	23.42
Series 2010A	85,410,000	08/01/21	82,400,000	122.82
Series 2010B - QSCBs	32,690,000	08/01/27	32,690,000	48.73
Series 2010C - BABs	31,900,000	08/01/24	31,900,000	47.55
Series 2011 Ref	8,940,000	08/01/16	7,435,000	11.08
Series 2011 - ETNs	18,600,000	08/01/15	18,600,000	27.72
Series 2012 Ref	<u>39,670,000</u>	08/01/21	<u>39,670,000</u>	<u>59.13</u>
	\$707,110,000		\$543,050,000	\$809.44

(1) After refunding Series 2004, Series 2005 and Series 2006B Bonds.

(2) 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 will privately place \$13 million General Obligation Education Technology Notes with the New Mexico Finance Authority on July 27, 2012.

Debt Service Requirements to Maturity

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

TYE Year	Current G/O Bonds Requirements			Series 2012 - G/O Refunding Bonds				Total G/O Bonds Requirements		
	Principal ^{(1) (2)}	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total
2012	\$34,580,000	\$8,049,706	\$42,629,706					\$34,580,000	\$8,049,706	\$42,629,706
2013	30,320,000	14,707,563	45,027,563	\$4,430,000	2.00%	\$1,502,639	\$5,932,639	34,750,000	16,210,202	50,960,202
2014	30,560,000	13,550,113	44,110,113	5,580,000	3.00%	1,418,225	6,998,225	36,140,000	14,968,338	51,108,338
2015	34,990,000	12,340,213	47,330,213	1,870,000	3.00%	1,250,825	3,120,825	36,860,000	13,591,038	50,451,038
2016	34,350,000	11,048,113	45,398,113	2,745,000	4.00%	1,194,725	3,939,725	37,095,000	12,242,838	49,337,838
2017	31,745,000	9,652,213	41,397,213	5,475,000	3.00%	1,084,925	6,559,925	37,220,000	10,737,138	47,957,138
2018	33,260,000	8,299,963	41,559,963	5,895,000	5.00%	920,675	6,815,675	39,155,000	9,220,638	48,375,638
2019	35,250,000	6,949,563	42,199,563	5,985,000	5.00%	625,925	6,610,925	41,235,000	7,575,488	48,810,488
2020	51,285,000	5,587,063	56,872,063	3,835,000	5.00%	326,675	4,161,675	55,120,000	5,913,738	61,033,738
2021	41,325,000	3,870,813	45,195,813	3,855,000	3.50%	134,925	3,989,925	45,180,000	4,005,738	49,185,738
2022	46,225,000	3,352,663	49,577,663					46,225,000	3,352,663	49,577,663
2023	29,650,000	3,403,719	33,053,719					29,650,000	3,403,719	33,053,719
2024	18,550,000	544,600	19,094,600					18,550,000	544,600	19,094,600
2025	10,500,000	1,460,050	11,960,050					10,500,000	1,460,050	11,960,050
2026	11,000,000	987,550	11,987,550					11,000,000	987,550	11,987,550
2027	11,190,000	503,550	11,693,550	-		-	-	11,190,000	503,550	11,693,550
Total	\$484,780,000	\$104,307,451	\$589,087,451	\$39,670,000		\$8,459,539	\$48,129,539	\$524,450,000	\$112,766,990	\$637,216,990

(1) Principal in 2020 includes 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.

(2) Excludes the refunded bonds.

TYE Year	Current ETN Requirements			Series 2012 - G/O Education Technology Notes ⁽¹⁾				Total ETN Requirements		
	Principal	Interest	Total	Principal	Coupon	Interest ⁽²⁾	Total	Principal	Interest	Total
2012	\$4,290,000	\$917,160	\$5,207,160					\$4,290,000	\$917,160	\$5,207,160
2013	4,565,000	646,150	5,211,150	\$3,000,000	4.00%	\$520,000	\$3,520,000	7,565,000	1,166,150	8,731,150
2014	4,745,000	463,550	5,208,550	2,000,000	4.00%	400,000	2,400,000	6,745,000	863,550	7,608,550
2015	5,000,000	250,000	5,250,000	2,000,000	4.00%	320,000	2,320,000	7,000,000	570,000	7,570,000
2016				3,000,000	4.00%	240,000	3,240,000	3,000,000	240,000	3,240,000
2017	-	-	-	3,000,000	4.00%	120,000	3,120,000	3,000,000	120,000	3,120,000
	\$18,600,000	\$2,276,860	\$20,876,860	\$13,000,000		\$1,600,000	\$14,600,000	\$31,600,000	\$3,876,860	\$35,476,860

(1) The District plans to privately place G/O Education Technology Notes with the New Mexico Finance Authority on July 27, 2012.

(2) Preliminary, subject to change.

Statement of Estimated Direct and Overlapping Debt

The following is a calculation which is useful to investors in assessing the debt load and per capita debt of the District payable from property taxes. In addition to outstanding debt of the District, the calculation takes into account debt attributable to taxing entities which is the responsibility of taxpayers within the boundaries of the District. Revenue bonds are payable from sources other than property taxes.

Entity	2011 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$52,846,098,496	\$296,890,000	27.823%	\$82,604,978
City of Albuquerque	11,951,429,843	275,275,000	100.00%	275,275,000
Bernalillo County	14,452,760,775	99,330,000	98.29%	97,635,481
Sandoval County	3,222,126,760	19,160,000	10.90%	2,088,440
Central New Mexico Community College	16,446,237,946	66,935,000	89.40%	59,842,576
Village of Los Ranchos	221,809,217	3,450,000	100.00%	3,450,000
AMAFCA	13,399,911,689	37,375,000	100.00%	37,375,000
S. Sandoval County AFCA	2,511,738,593	24,780,000	14.20%	3,518,760
Albuquerque MSD #12	14,703,596,631	543,050,000	100.00%	543,050,000
Total Direct & Overlapping Debt				\$1,104,840,235

Ratio of Estimated Direct & Overlapping Debt to 2011 Assessed Valuation:	7.51%
Ratio of Estimated Direct & Overlapping Debt to 2011 Actual Valuation:	2.04%
Per Capita Direct & Overlapping Debt:	\$1,646.82

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 2011 assessed valuation is \$14,703,596,631. 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.

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assessments					
Value of Land	\$ 5,887,056,085	\$ 6,706,951,740	\$ 6,726,695,811	\$ 6,769,211,315	\$ 6,394,572,060
Improvements	11,195,706,123	11,058,299,018	11,369,298,821	10,320,388,566	9,813,287,143
Personal Property	418,705,974	438,643,661	465,300,720	461,036,145	431,496,787
Mobile Homes	49,764,320	51,782,208	54,246,774	51,821,632	52,449,749
Livestock	1,144,286	1,225,460	1,324,108	1,253,629	1,571,404
<i>Assessor's Total Valuation</i>	<u>\$ 17,552,376,788</u>	<u>\$ 18,256,902,087</u>	<u>\$ 18,616,866,234</u>	<u>\$ 17,603,711,287</u>	<u>\$ 16,693,377,143</u>
Less Exemptions					
Head of Family	\$ 199,111,272	\$ 196,472,571	\$ 187,188,776	\$ 185,670,083	\$ 185,854,910
Veterans	255,765,498	246,647,703	241,032,241	222,996,269	215,218,273
Other	2,892,645,981	3,634,036,123	3,510,686,030	3,428,163,155	3,346,344,712
<i>Total Exemptions</i>	<u>\$ 3,347,522,751</u>	<u>\$ 4,077,156,397</u>	<u>\$ 3,938,907,047</u>	<u>\$ 3,836,829,507</u>	<u>\$ 3,747,417,895</u>
Assessors Net Valuation	\$ 14,204,854,037	\$ 14,179,745,690	\$ 14,677,959,187	\$ 13,766,881,780	\$ 12,945,959,248
Central Assessed	<u>498,742,594</u>	<u>489,869,794</u>	<u>422,159,016</u>	<u>477,970,749</u>	<u>478,319,628</u>
Total Assessed Valuation	<u>\$ 14,703,596,631</u>	<u>\$ 14,669,615,484</u>	<u>\$ 15,100,118,203</u>	<u>\$ 14,244,852,529</u>	<u>\$ 13,424,278,876</u>
Residential					
Residential	\$ 10,628,874,088	\$ 10,566,359,915	\$ 10,775,752,995	\$ 10,278,917,835	\$ 9,496,659,135
Non-Residential	4,074,722,543	4,103,114,034	4,324,365,208	3,965,934,694	3,685,873,376
Total	<u>\$ 14,703,596,631</u>	<u>\$ 14,669,473,949</u>	<u>\$ 15,100,118,203</u>	<u>\$ 14,244,852,529</u>	<u>\$ 13,182,532,511</u>
Cross County Assessed Valuation					
Bernalillo County	\$ 14,363,716,915	\$ 14,297,609,856	\$ 14,734,387,233	\$ 13,892,625,134	\$ 12,872,512,863
Sandoval County ⁽¹⁾	339,879,716	371,864,093	365,730,970	352,227,395	310,019,648
Total	<u>\$ 14,703,596,631</u>	<u>\$ 14,669,473,949</u>	<u>\$ 15,100,118,203</u>	<u>\$ 14,244,852,529</u>	<u>\$ 13,182,532,511</u>

(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 and Sandoval County. The tax base of the District has increased 11.5% since 2007 compared with 11.6% for Bernalillo County and 12.5% for Sandoval County.

<u>Tax Year</u>	<u>Albuquerque School District</u>	<u>Bernalillo County</u>	<u>Sandoval County</u>
2007	\$13,182,532,511	\$12,948,307,067	\$2,862,819,902
2008	14,244,852,529	13,976,092,003	3,259,727,705
2009	15,100,118,203	14,823,104,676	3,432,805,105
2010	14,669,473,949	14,014,237,067	3,354,830,744
2011	14,703,596,631	14,452,760,775	3,222,126,760

Source: Bernalillo and Sandoval Counties Assessor's Offices.

Major Taxpayers

The 10 largest taxpayers in the District for tax year 2011 have a combined assessed valuation of \$419,458,913 which represents 2.85% of the District's total 2011 assessed valuation. This table is useful in assessing the concentration risk of the tax base.

<u>Taxpayer</u>	<u>Business</u>	<u>2011 A.V.</u>	<u>% of Total A.V.</u>
Public Service Co. of New Mexico	Electric Utility	\$141,234,872	0.96%
Century Link (f/k/a Qwest)	Telecommunications	99,659,738	0.68%
Gas Company of New Mexico	Gas Utility	44,240,963	0.30%
Comcast	Cable Provider	36,595,208	0.25%
Southwest Airlines	Airline	21,039,335	0.14%
Verizon	Telecommunications	19,686,737	0.13%
Simon Property Group	Retail	15,960,737	0.11%
Gibson Medical Center	Medical	15,371,996	0.10%
Pacifica Mesa Studios	Film	14,381,495	0.10%
T-Mobile	Telecommunications	11,287,832	0.08%
Top Ten Centrally and Locally Assessed Values		\$419,458,913	2.85%

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 2007 tax year (2007-08 fiscal year). In February 2005, voters re-authorized the Public School Buildings Act levy (the "HB33" levy) at \$3.874 for residential property for property tax years 2010, 2011, 2012, 2013, 2014 and 2015. On February 6, 2007, voters authorized the Public School Capital Improvements Tax Levy (the "Two Mill Levy") for property tax years 2007, 2008, 2009, 2010, 2011 and 2012.

<u>Tax Year</u>	<u>Operational</u>		<u>Two Mill Levy</u>		<u>HB 33 Levy</u>		<u>GO Bonds</u>	<u>Debt Service</u>	<u>Combined Debt Service</u>
	<u>Residential</u>	<u>Non- Residential</u>	<u>Residential</u>	<u>Non- Residential</u>	<u>Residential</u>	<u>Non- Residential</u>		<u>Ed Tech Notes</u>	
2011	\$0.264	\$0.500	\$2.000	\$2.000	\$3.874	\$4.344	\$4.020	\$0.294	\$4.314
2010	0.256	0.500	2.000	2.000	3.874	4.344	4.317	0.000	4.317
2009	0.244	0.500	2.000	2.000	3.874	4.344	4.316	0.000	4.316
2008	0.238	0.500	1.999	2.000	3.812	4.344	4.304	0.000	4.304
2007	0.238	0.500	2.000	2.000	3.813	4.344	4.308	0.000	4.308

Source: New Mexico Department of Finance & Administration.

Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax situation on residential property in Bernalillo County for tax year 2011 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	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Bernalillo County	6.866	6.665	6.340	6.184	6.183
City of Albuquerque	6.544	6.389	6.072	3.971	2.970
AMAFCA ⁽¹⁾	0.170	0.165	0.165	0.165	0.167
Albuquerque MSD # 12	<u>0.264</u>	<u>0.256</u>	<u>0.244</u>	<u>0.238</u>	<u>0.238</u>
Total	\$13.844	\$13.475	\$12.821	\$10.558	\$9.558

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

State of New Mexico	\$1.362	\$1.530	\$1.150	\$1.250	\$1.221
Bernalillo County	1.010	0.669	0.994	0.995	1.004
City of Albuquerque	4.976	4.976	4.976	6.976	7.976
AMAFCA ⁽¹⁾	0.675	0.675	0.675	0.675	0.675
Albuquerque MSD #12	<u>10.188</u>	<u>10.191</u>	<u>10.190</u>	<u>10.115</u>	<u>10.121</u>
UNM Hospital	6.400	6.400	6.400	6.401	6.400
Central New Mexico Community College	<u>3.237</u>	<u>3.158</u>	<u>3.046</u>	<u>2.990</u>	<u>2.992</u>
Total	\$27.848	\$27.599	\$27.431	\$29.402	\$30.389

TOTAL LEVY

<u>City of Albuquerque</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
State of New Mexico	\$1.362	\$1.530	\$1.150	\$1.250	\$1.221
Bernalillo County	7.876	7.334	7.334	7.179	7.187
City of Albuquerque	11.520	11.365	11.048	10.947	10.946
AMAFCA ⁽¹⁾	0.845	0.840	0.840	0.840	0.842
Albuquerque MSD #12	<u>10.452</u>	<u>10.447</u>	<u>10.434</u>	<u>10.353</u>	<u>10.359</u>
UNM Hospital	6.400	6.400	6.400	6.401	6.400
Central New Mexico Community College	<u>3.237</u>	<u>3.158</u>	<u>3.046</u>	<u>2.990</u>	<u>2.992</u>
Total Residential	\$41.692	\$41.074	\$40.252	\$39.960	\$39.947
Total Non-Residential in	\$45.651	\$45.480	\$45.424	\$45.613	\$45.692
<u>Village of Corrales</u>					
Residential	\$28.859	\$28.406	\$30.902	\$31.209	\$31.449
Non-Residential	\$34.228	\$32.524	\$37.197	\$37.361	\$38.471
<u>Village of Los Ranchos</u>					
Residential	\$30.273	\$29.857	\$29.278	\$29.173	\$29.159
Non-Residential	\$35.076	\$34.948	\$34.818	\$35.093	\$35.172

(1) Albuquerque Metropolitan Arroyo Flood Control Authority.

Source: New Mexico Department of Finance & Administration.

Yield Control Limitation

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

Developments Limiting Residential Property Tax Increases

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

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

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

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

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

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

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Current Tax Collections ⁽¹⁾</u>	<u>Current Collections as a % of Net Levied</u>	<u>Current/Delinquent Tax Collections ⁽²⁾</u>	<u>Current/Delinquent Collections as a % of Net Levied</u>
2011	11/12	\$593,019,949	\$400,718,812 ⁽²⁾	67.57%	\$400,718,812	67.57%
2010	10/11	585,432,230	559,806,155	95.62%	571,757,880	97.66%
2009	09/10	594,170,426	561,435,327	94.49%	580,527,145	97.70%
2008	08/09	565,045,755	541,204,499	95.78%	561,267,990	99.33%
2007	07/08	533,488,014	513,363,469	96.23%	531,195,711	99.57%

(1) As of June 30 of each fiscal year.

(2) Fiscal year 2011-12, as of April 2012.

Source: *Bernalillo County Treasurer's Office.*

Sandoval County

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Net Taxes Charged to Treasurer</u>	<u>Current Tax Collections ⁽¹⁾</u>	<u>Current Collections as a % of Net Levied</u>	<u>Current/Delinquent Tax Collections ⁽²⁾</u>	<u>Current/Delinquent Collections as a % of Net Levied</u>
2011	11/12	\$111,937,913	\$81,619,496 ⁽²⁾	72.91%	\$81,619,496	72.91%
2010	10/11	115,121,965	107,439,020	93.33%	111,410,184	96.78%
2009	09/10	113,393,978	104,094,225	91.80%	109,531,156	96.59%
2008	08/09	88,434,467	81,821,415	92.52%	87,322,556	98.74%
2007	07/08	75,464,680	70,795,219	93.81%	74,295,503	98.45%

(1) As of June 30 of each fiscal year.

(2) Fiscal year 2011-12, as of April 2012.

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 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.

Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover 1,230 square miles with an estimated population of 670,893.

The Albuquerque Municipal School District No. 12 is the 28th largest school district in the country and the largest school district in the State with 101,104 (actual headcount) public school students in the area, including those who attend charter schools. There are 89,752 students attending 139 traditional District schools and 11,352 student attending 50 charter schools in the District area. The District operates 139 school sites - 89 elementary schools, 27 middle schools, 14 high schools and 9 alternative schools. In addition, there are 20 District authorized charter schools and 33 State authorized charter schools for a total of 53 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 11,908 employees and is one of the largest employers in the Albuquerque MSA.

School District Powers

Pursuant to Section 22-2-1 NMSA 1978 passed in the 2003 legislative session, the District's powers are subject to regulations promulgated by the Secretary of the New Mexico Public Education Department ("PED") with the advice of the Public Education Commission. The Secretary of PED is responsible for control, management and direction of all public schools. The Public Education Commission is comprised of 10 members, elected from public education districts for staggered four-year terms. Generally, the powers of the PED include determining policy of operations of all public schools; designating courses of instruction for all public schools in the State; adopting regulations for the administration of all public schools; determining qualifications for teachers, counselors, and their assistants; and prescribing minimum educational standards for all public schools. The PED may order the creation of new school districts or may require consolidation of school districts.

Management

The District Board (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 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:

Paula Maes, President
Term expires March 1, 2013

Dr. Analee Maestas, Vice President
Term expires March 1, 2015

Kathy Korte, Secretary,
Term expires March 1, 2015

Martin Esquivel, Member
Term expires March 1, 2015

Lorenzo Garcia, Member
Term expires March 1, 2013

Dr. David Peercy, Member,
Term expires March 1, 2013

David Robbins, Member
Term expires March 1, 2013

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:

Winston C. Brooks, Superintendent. As the Superintendent, Mr. Brooks' primary responsibilities include: education, cluster systems, 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. Prior to assuming the position of Superintendent, Mr. Brooks was employed with Wichita Public Schools for over 20 years where he held various positions including principal, Division Director of Human Resources and Superintendent. Mr. Brooks received his Masters and Education Specialist Degrees from Wichita State University.

Dr. Brad Winter, Chief Operating Officer: Dr. Winter serves as the Chief Operating Officer for Albuquerque Public Schools. He received his Bachelor of Arts at the University of Oklahoma and his Master of Arts and Doctorate of Education degrees at the University of New Mexico. In addition, Dr. Winter currently serves as a member of the City Council in Albuquerque. He also served as President of the Council in 2001, 2002, 2005 and 2008. He is the senior councilor serving longer than any other seated councilor.

Don Moya, Chief Financial Officer: In July 2010, Mr. Moya joined Albuquerque Public Schools as its Chief Financial Officer. Mr. Moya brings over 10 years of diverse experience to his leadership role having served the New Mexico legislature; Children, Youth and Families Department, Santa Fe Public School District and community organizations. Prior to his employment with Albuquerque Public Schools, Mr. Moya was appointed by Governor Bill Richardson as the Deputy Education Secretary for Finance and Operations in 2003. Additionally, Mr. Moya served as Chief Financial Officer for the New Mexico Public Education Department during that time. In this role, he oversaw a \$3.4 billion budget and advised the Cabinet Secretary on public education fiscal policy issues. Mr. Moya directed administrative services, transportation, instructional materials, student nutrition, school budget, finance analysis, and capital outlay divisions for New Mexico's 89 school districts and 71 charter schools. He also served as the Cabinet Secretary's designee on the Public School Capital Outlay Council and the Public School Capital Outlay Task Force. Mr. Moya has a BA in Business Administration from the College of Santa Fe.

Tami Coleman, Executive Director of Accounting. Ms. Coleman joined the District in January 2007 as Director of Capital Fiscal Services. On May 1, 2008, Ms. Coleman assumed the position of Executive Director of Accounting. Prior to being employed with the District, Ms. Coleman was employed with Los Lunas Schools since 1990 where she served as Director

of Finance since 2000. She has extensive experience in public school accounting and management. Ms. Coleman received her Bachelor of Science Degree in Accounting from National American University.

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 \$500,000, \$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 139 school sites – 89 elementary schools, 27 middle schools, 14 high schools and 9 alternative schools. The District owns vacant land held for future school sites.

Student Enrollment

The District's student enrollment for the current and previous four years is detailed below.

	2007-08	2008-09	2009-10	2010-11	2011-12
Elementary School	39,646	41,233	45,892	46,509	46,145
Middle School	21,013	21,420	19,457	19,631	19,392
High School	<u>28,272</u>	<u>25,917</u>	<u>25,607</u>	<u>24,446</u>	<u>24,215</u>
Total	88,931	88,570	90,956	90,586	89,752
APS & State Authorized Charter Schools	<u>7,034</u>	<u>7,034</u>	<u>6,500</u>	<u>9,645</u>	<u>11,352</u>
Total Student in the APS Area	95,965	95,604	97,456	100,231	101,104

Source: Albuquerque Municipal School District No. 12.

Accreditation

All of the District's high schools are accredited by the North Central Association of Schools and Colleges (the "Association"), a voluntary organization. The District is subject to periodic monitoring by the Association to ensure continued compliance with accreditation standards. The District was most recently accredited by the State of New Mexico's Public Education Department in 2012 and its next regular examination is scheduled for 2015.

In addition to the regular educational program of grades kindergarten through 12, the District offers vocational programs in home economics, industrial education, and business education. The District offers Special Education Services, Title I remedial education, bilingual education, Indian education, Title VI Staff Development, Title VII (Eisenhower) Math and Science in-service, and environmental education programs.

FINANCES OF THE EDUCATIONAL PROGRAM

The basic format for the financial operation of the District is provided by the Public Education Department 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.

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 Public Education Department.

- Pursuant to instruction by the Public Education Department, the District must submit an operating budget for the next school year to the Public Education Department. If the District fails to submit a budget, the Public Education Department 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 Public Education Department.
- On or before July 1 of each year, the Public Education Department 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 Public Education Department. 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 Public Education Department except upon the District's request to the Public Education Department. 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 Public Education Department may order a special public hearing to consider the requested increase.

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

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

Local Revenues - Local revenues are a minor source of revenue to the District 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 2010/2011, the District received \$11,425,042 from local sources.

Federal Revenues - Another minor source of annual revenue for the District's General Fund is derived from indirect costs of direct federal grant funds related to vocational, special education, and various other programs and P.L. 874 federal impact moneys paid to the District in lieu of taxes on federal land located in the District. In fiscal year 2010/2011, the District received \$2,530,382 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the State Equalization Guarantee payments described below. During fiscal year 2010/2011, the District received \$579,758,063 from state sources. Such payments represented approximately 97.6% of actual fiscal year 2010 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.

State Equalization Guarantee payments are made monthly and prior to June 30 each fiscal year. The calculation of the distribution is also based on the local and federal revenues received from July 1 of the previous fiscal year through May 31 of the fiscal year for which the State distribution is being computed. In the event that a district receives more Equalization Program 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, that was conducted in 1996. In its principal finding the independent consultant concluded, ". . .When evaluated on the basis of generally accepted standards of equity, the New Mexico public school funding formula is a highly equitable formula. . . .[S]pending disparities are less than in other states and statistically insignificant."

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

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

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

<u>Fiscal Year</u>	<u>Program Unit Value</u>	<u>Number of Program Units</u>	<u>Amount</u>
2011-2012	\$3,585.97	162,940.74	\$584,300,620 ⁽¹⁾
2010-2011	3,712.45	162,940.74	601,789,251 ⁽²⁾
2009-2010	3,792.65	162,000.14	610,595,016 ⁽²⁾
2008-2009	3,892.47	161,401.11	621,262,717
2007-2008	3,674.26	167,153.15	607,660,123

(1) Estimated.

(2) Includes Federal ARRA Stabilization Funds.

Source: Albuquerque Public School District.

PED receives Federal mineral-leasing funds from which it makes annual allocations to the District for purchasing instructional materials. In 2010-11, the District received \$3,756,663 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 2010-11 the District received \$17,906,525 for transportation purposes.

Statement of Net Assets

Below is a five-year history of the Statement of Net Assets for the District including charter schools. The complete independent audit report for the fiscal year ending June 30, 2011 and the last four fiscal years can be downloaded from the District's website using the following link: <http://www.aps.edu/departments/accounting>.

Statement of Net Assets (Governmental Activities + Component Units)					
	FYE 6/30/07	FYE 6/30/08	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11
	Total	Total	Total	Total	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$121,021,409	\$87,328,451	\$87,291,692	\$111,688,346	\$133,789,494
Restricted cash and cash equivalents	-	-	92,488,184	76,060,530	66,656,955
Investments	-	-	5,065,788	9,632,933	6,528,357
Receivables (net of allowance for uncollectibles)	39,396,919	36,856,795	22,733,861	26,928,846	24,348,322
Prepaid expenses	204,803	594,712	680,629	787,205	505,268
Other	1,138,464	-	-	-	-
Inventory	4,063,618	4,926,549	4,600,560	6,618,113	4,134,048
Total current assets	165,825,213	129,706,507	212,860,714	231,715,973	235,962,444
Noncurrent Assets:					
Restricted cash and cash equivalents	167,537,357	239,219,403	215,866,624	111,903,748	219,057,592
Beneficial interest in remainder trust	-	-	-	-	2,324,830
Restricted receivables	46,852,764	21,914,303	21,565,470	27,739,027	26,148,634
Bond issuance costs	369,669	464,977	1,038,887	1,243,187	2,027,330
Total noncurrent assets	214,759,790	261,598,683	238,470,981	140,885,962	249,558,386
Capital Assets:					
Land	38,879,020	38,886,171	42,706,622	43,512,758	44,092,475
Water rights	-	-	-	60,797	60,797
Construction in progress	85,980,205	202,418,552	471,957,010	570,942,462	110,091,824
Land improvements	84,974,324	87,661,436	91,635,781	100,777,172	123,088,611
Buildings and building improvements	805,668,882	829,213,118	853,636,534	915,704,425	1,460,183,357
Furniture, fixtures and equipment	105,814,989	113,546,164	120,992,045	125,582,919	95,109,604
Intangibles	-	-	-	-	15,889,216
Accumulated Depreciation	(471,490,282)	(501,238,637)	(533,129,715)	(570,004,837)	(606,660,174)
Total capital assets	864,586,928	1,032,085,487	1,286,269,258	1,327,461,658	1,491,414,096
Total Assets	\$1,030,412,141	\$1,161,791,994	\$1,499,129,972	\$1,559,177,631	\$1,727,376,540
Liabilities					
Current Liabilities:					
Accounts payable	\$10,899,937	\$19,380,255	\$30,810,029	\$5,701,948	\$3,361,710
Accrued expenses	67,398,919	68,955,299	77,155,108	77,345,018	73,421,814
Unearned revenue	2,378,256	4,298,856	5,836,178	4,179,053	3,965,270
Accrued interest	2,627,027	9,696,715	6,400,591	7,762,510	9,102,470
Insurance reserves, IBNR claims	25,505,589	27,929,614	34,604,752	28,347,316	28,434,736
Current portion of compensated absences	1,193,760	1,234,991	1,544,411	1,657,065	1,426,119
Current portion of long-term obligations	25,325,335	11,585,740	23,296,310	45,028,295	37,338,072
Liabilities payable from restricted assets	3,021	105,461	-	11,088,745	11,714,169
Total current liabilities	135,331,844	143,186,931	179,647,379	181,109,950	168,764,360
Noncurrent Liabilities:					
Compensated absences	5,035,168	5,652,117	3,029,608	2,655,259	2,574,378
Bonds due in more than one year	139,351,858	205,998,813	453,090,699	423,103,705	558,206,124
Long-term portion of claims payable	7,664,269	9,667,123	3,204,810	11,768,201	13,267,490
Total noncurrent liabilities	152,051,295	221,318,053	459,325,117	437,527,165	574,047,992
Total Liabilities	\$287,383,139	\$364,504,984	\$638,972,496	\$618,637,115	\$742,812,352
Net Assets					
Invested in capital assets, net of related debt	\$480,615,806	\$567,477,601	\$707,279,507	\$771,089,412	\$771,649,963
Restricted:					
Restricted for Debt Service	64,055,834	34,882,640	26,589,278	52,654,208	55,519,009
Restricted for Capital Projects	142,470,104	124,051,076	51,493,077	58,953,007	91,722,842
Other purposes	-	-	-	-	3,855,134
Unrestricted	55,887,258	70,875,693	74,795,614	57,843,889	61,817,240
Total Net Assets	\$743,029,002	\$797,287,010	\$860,157,476	\$940,540,516	\$984,564,188
Total Liabilities and Net Assets	\$1,030,412,141	\$1,161,791,994	\$1,499,129,972	\$1,559,177,631	\$1,727,376,540

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the audited financial statements for the year ended June 30, 2011 is attached as Appendix B.

Statement of Activities

Below is a five-year history of the Statement of Activities for the District including charter schools. The complete independent audit report for the fiscal year ending June 30, 2011 and the last four fiscal years can be downloaded from the District's website using the following link: <http://www.aps.edu/departments/accounting>.

Statement of Activities (Primary Government + Component Units)					
	<u>FYE 6/30/07</u>	<u>FYE 6/30/08</u>	<u>FYE 6/30/09</u>	<u>FYE 6/30/10</u>	<u>FYE 6/30/11</u>
	Total	Total	Total	Total	Total
Instruction	(377,541,814)	(386,994,094)	(413,526,572)	(363,621,910)	(350,108,224)
Instructional support	(123,214,706)	-	-	-	-
Student support services	-	(79,930,867)	(37,969,675)	(66,462,507)	(49,772,359)
Instruction support services	(10,950,359)	(26,058,692)	(27,787,139)	(24,938,581)	(20,082,506)
General administration	(938,785)	(9,552,429)	(6,983,909)	(6,731,422)	(6,955,227)
School administration	-	(42,673,536)	(45,577,073)	(24,106,428)	(25,933,543)
Other support services	-	41,374,946	27,225,193	-	(822,112)
Pupil transportation services	(56,665,211)	(744,301)	(189,371)	(675,637)	(669,784)
Operation and maintenance of plant	-	(58,328,952)	(62,971,371)	(73,180,201)	(69,825,012)
Non-instructional support	(5,996,071)	29,063,268	-	-	-
Community services	29,290,105	(6,207)	(5,894)	(3,657)	(4,919)
Business/support services	(6,205,826)	-	-	-	-
Central services	(4,174,901)	(82,406,705)	(78,723,344)	(73,409,482)	(76,264,911)
Food services	-	1,782,239	1,293,465	2,209,957	293,726
Federal programs	-	-	-	-	-
Bond amortization expense	-	-	-	-	-
Debt service	2,384,812	-	-	-	-
Facilities supplies, materials & other services	(28,470,659)	(27,625,357)	(29,371,228)	(5,426,192)	(67,865,027)
Depreciation - unallocated	(8,217,510)	(32,038,227)	(33,443,130)	(36,781,683)	(42,648,192)
Interest on long-term obligations	-	(10,416,916)	(8,055,034)	(19,408,034)	(20,455,297)
Component Unit Governmental Activities	-	-	(61,788,047)	(61,824,073)	(55,351,298)
Total governmental activities	(590,700,925)	(742,831,231)	(777,873,129)	(754,359,850)	(786,464,685)
General Revenues					
Taxes:					
Property taxes, levied for general purposes	\$ 4,535,877	4,150,493	4,274,179	4,545,782	4,595,209
Property taxes, levied for debt service	76,638,213	31,632,788	57,909,583	63,598,426	60,826,278
Property taxes, levied for capital projects	58,771,935	79,191,888	80,323,366	88,276,942	89,969,890
Federal & state aid not restricted to specific purpose	576,123,653	668,323,398	682,375,987	668,904,659	672,156,760
Other	14,593,278	3,825,827	2,002,706	-	-
Interest and investment earnings	-	9,859,188	4,258,713	1,549,604	1,274,923
Gain (loss) on disposal of fixed assets	(2,733,627)	13,587	175,719	767,429	12,352
Miscellaneous	1,591,938	-	3,545,364	7,100,048	4,397,648
Total general revenues	<u>729,521,267</u>	<u>796,997,169</u>	<u>834,865,617</u>	<u>834,742,890</u>	<u>833,233,060</u>
Change in net assets	138,820,342	54,165,938	56,992,488	80,383,040	46,768,375
Net assets - beginning	622,185,597	743,029,002	797,287,013	860,157,476	940,540,516
Prior period adjustment	(31,946,082)	92,070	5,877,975	-	(2,744,703)
Net assets - beginning as adjusted	<u>590,239,515</u>	<u>743,121,072</u>	<u>803,164,988</u>	<u>860,157,476</u>	<u>937,795,813</u>
Net assets - ending	<u>\$ 729,059,857</u>	<u>\$ 797,287,010</u>	<u>\$ 860,157,476</u>	<u>\$ 940,540,516</u>	<u>\$ 984,564,188</u>

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the audited financial statements for the year ended June 30, 2011 is attached as Appendix B.

Balance Sheet – General Fund

Below is a five-year history of the Balance Sheet (General Fund only) for the District. General Fund in FY 2007 through FY2010 is comprised of Operational, Pupil Transportation and Instructional Material. In FY2011, the District began including the funds for Pupil Transportation and Instructional Materials as Special Revenue Funds as part of the District's adoption of GASB-54. The two funds meet the GASB-54 definition of Special Revenue Funds defined as "Special Revenue Funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects." The complete independent audit report for the fiscal year ending June 30, 2011 and the last four fiscal years can be downloaded from the District's website using the following link: <http://www.aps.edu/departments/accounting>.

Balance Sheet - General Fund ⁽¹⁾					
Year Ending June 30	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assets:					
Cash and equivalents	\$65,817,936	\$77,523,804	\$81,625,071	\$71,207,613	\$79,052,392
Receivables:					
Property taxes	772,667	738,147	708,591	679,465	615,860
Other receivable	5,007,003	-	-	347,496	635,364
Due from other funds	41,967,225	31,619,981	28,639,515	24,750,186	18,390,753
Other	1,016,046	3,732,885	503,421	676,826	350,000
Supplies inventory	2,852,461	3,375,704	3,246,252	5,234,132	2,470,561
Total Assets	<u>\$117,433,338</u>	<u>\$116,990,521</u>	<u>\$114,722,850</u>	<u>\$102,895,718</u>	<u>\$101,514,930</u>
Liabilities:					
Accounts payable	\$3,969,975	\$778,186	\$4,758,969	\$4,814,701	\$2,558,218
Accrued expenses	65,727,317	66,492,039	73,854,031	74,033,676	70,910,593
Deferred revenue	730,727	698,204	666,963	633,830	564,905
Due to other funds	2,594,906	-	51,522	-	-
Other accrued liabilities	-	-	5,219	15,008	31,909
Total Liabilities	<u>\$73,022,925</u>	<u>\$67,968,429</u>	<u>\$79,336,704</u>	<u>\$79,497,215</u>	<u>\$74,065,625</u>
Fund Balances:					
Reserve for:					
Inventories	2,852,461	3,375,704	3,246,252	5,234,132	2,470,561
Claims	-	-	350,000	409,900	350,000
General fund	1,526,637	2,677,612	3,281,006	2,393,211	4,628,744
Unreserved:					
Undesignated	40,031,315	42,968,776	28,508,888	15,361,260	20,000,000
Total Fund Equity	<u>\$44,410,413</u>	<u>\$49,022,092</u>	<u>\$35,386,146</u>	<u>\$23,398,503</u>	<u>\$27,449,305</u>
Total Liabilities and Fund Equity	<u><u>\$117,433,338</u></u>	<u><u>\$116,990,521</u></u>	<u><u>\$114,722,850</u></u>	<u><u>\$102,895,718</u></u>	<u><u>\$101,514,930</u></u>

(1) General Fund is comprised of Operational, Transportation & Instructional Materials. Beginning in FY 2011, Transportation & Instructional Materials are included in Special Revenue Funds.

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the audited financial statements for the year ended June 30, 2011 is 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. General Fund in FY 2007 through FY2010 is comprised of Operational, Pupil Transportation and Instructional Material. In FY2011, the District began including the funds for Pupil Transportation and Instructional Materials as Special Revenue Funds as part of the District's adoption of GASB-54. The two funds meet the GASB-54 definition of Special Revenue Funds defined as "Special Revenue Funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects." The complete independent audit report for the fiscal year ending June 30, 2011 and the last four fiscal years can be downloaded from the District's website using the following link: <http://www.aps.edu/departments/accounting>.

Statement of Revenues and Expenditures and Changes in Fund Balance - General Fund ⁽¹⁾					
Year Ending June 30	2007	2008	2009	2010	2011
Revenues:					
Local Sources	\$8,094,164	\$7,710,517	\$5,502,905	\$4,632,164	\$4,714,482
State Sources	604,212,758	638,155,014	651,934,776	580,186,108	579,758,063
Federal Sources	3,115,665	1,380,806	1,493,285	2,527,985	2,530,382
Miscellaneous	3,518,566	3,630,322	2,255,678	13,400,576	6,710,560
<i>Total</i>	<u>\$618,941,153</u>	<u>\$650,876,659</u>	<u>\$661,186,644</u>	<u>\$600,746,833</u>	<u>\$593,713,487</u>
Expenditures:					
Instruction	\$371,862,466	\$404,314,993	\$424,993,238	\$398,387,845	\$397,985,664
Student support services	118,584,802	68,165,469	68,883,149	33,360,969	36,505,674
Instruction support services	-	24,507,889	25,616,573	25,864,120	21,479,080
General administration	9,351,299	5,000,920	4,871,374	4,080,903	4,763,706
School administration	-	30,049,219	33,821,035	34,559,847	32,039,272
Transportation	19,578,607	19,748,718	20,445,285	18,992,363	132,294
Operation & maintenance of plant	56,056,301	69,649,874	74,285,543	77,143,782	74,187,913
Central services	6,205,826	21,880,888	20,884,421	19,463,151	18,843,701
Food service operations	4,250,000	2,940,803	714,231	817,569	455,371
Community services	1,381,634	6,207	5,894	3,657	4,919
Other support services	1,806,157	-	-	-	822,112
Facilities supplies & other services	113	-	-	-	-
Capital outlay	38,858	-	65,062	120,336	95,474
<i>Total</i>	<u>\$589,116,063</u>	<u>\$646,264,980</u>	<u>\$674,585,805</u>	<u>\$612,794,542</u>	<u>\$587,315,180</u>
Excess Revenues over Expenditures	\$29,825,090	\$4,611,679	(\$13,399,161)	(\$12,047,709)	\$6,398,307
Inter-fund transfers					
Fund Balance-Beginning	14,585,323	44,410,413	49,022,092	35,386,146	21,005,292
Transfers/Adjustments	-	-	(236,785)	60,066	45,706
Fund Balance-Ending	<u>\$44,410,413</u>	<u>\$49,022,092</u>	<u>\$35,386,146</u>	<u>\$23,398,503</u>	<u>\$27,449,305</u>

(1) General Fund is comprised of Operational, Transportation & Instructional Materials. Beginning in FY 2011, Transportation & Instructional Materials are included in Special Revenue Funds.

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. The audited financial statements for the year ended June 30, 2011 is attached as Appendix B.

Debt Service Funds

The Bernalillo and Sandoval County treasurers levy and 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 General Fund), 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 State Equalization Guarantee, 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 public education department 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 Public Education Department may pay additional sums to the District. Payment to the District by the Public Education Department is subject to the availability of funds.

Fiduciary Funds

Agency 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.

Employees and Retirement Plan

The District employs 11,908 permanent employees of which 6,034 (50.7%) are certified educational staff (teachers/counselors) and 1,853 (15.6%) are classroom educational assistants for a total of 7,887 (66.2%) certified direct classroom employees.

Employees of the District participate in a public employee retirement system authorized under the Educational Retirement Act ("ERA"). The Educational Retirement Board ("ERB"), pursuant to Section 22-11-6 NMSA 1978, is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan.

Retirement Eligibility Initial Membership Prior to July 1, 2010 (Effective July 1, 2011)

The retirement eligibility for a member who either was a member on June 30, 2010, or was a member at any time prior to that date and had not, on that date, been refunded all member contributions pursuant to Subsection A of Section 22-11-15 NMSA 1978 is as follows:

- 1) A member shall be eligible for retirement benefits pursuant to the Educational Retirement Act when either of the following conditions occurs:
 - a. The sum of the member's age and years of earned service-credit equals 75 or more; or
 - b. Upon completion of five years of earned service-credit and upon becoming 65 years of age;
- 2) A member under 60 years of age eligible to retire may retire and receive retirement benefits pursuant to the Education Retirement Act that the member would be eligible to receive if the member were to retire at the age of 60 years reduced by six-tenths of one percent for each one-fourth, or portion thereof, year that retirement occurs prior to the member's 60 birthday but after the 55 birthday, and one and eight-tenths percent for each one fourth, or portion thereof, year that retirement occurs prior to age 55; or
- 3) A member under 60 years of age acquiring 25 or more years of earned and allowed service credit may retire and receive retirement benefits pursuant to the Educational Retirement Act computed on the same basis as if the member were 60 years of age.

Retirement Eligibility Initial Membership On Or After July 1, 2010 (Effective July 1, 2011)

A member who initially became a member on or after July 1, 2010 or a member who was a member at any time prior to that date and had, before that date, been refunded all member contributions pursuant to Subsection A of Section 22-11-15 NMSA 1978, shall be eligible for retirement benefits pursuant to the Educational Retirement Act when one of the following conditions occurs:

- 1) The member is any age and has 30 or more years of earned service credit;
- 2) The member is at least 67 years of age and has five or more years of earned service credit; or
- 3) The sum of the member's age and years of earned service credit equals at least 80; provided that a member who retires pursuant to this paragraph shall be subject to the benefit reductions provided below:

Retirement benefits for a member, retired pursuant to Section [22-11-23.1](#) NMSA 1978, shall be paid monthly and shall be one-twelfth of a sum equal to two and thirty-five hundredths percent of the member's average annual salary multiplied by the number of years of the member's total service credit; provided that the benefit for a member retiring shall be reduced by:

- (1) six-tenths of one percent for each one-fourth, or portion thereof, year that retirement occurs prior to the member's sixty-fifth birthday but after the sixtieth birthday; and
- (2) one and eight-tenths percent for each one-fourth, or portion thereof, year that retirement occurs prior to the member's sixtieth birthday.

Funding Policy

Covered employees are required by State Statute to contribute 9.4% of their gross salary. The District is required by State Statute to contribute 10.90% of the gross covered salary. Effective July 1, 2011, the percent contribution for employees and employers will change pursuant to HB628. Employees will be required to contribute 12.65% of their gross salary and the District will be required to contribute 7.65% of the gross covered salary.

The contribution requirement for the year ended June 30, 2011 was \$96,941,506 which consisted of \$53,691,529 from the District and \$43,249,977 from employees.

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.

Pension Plan Statistics

Following is a 10-year history of employer and employee contributions statewide, and average asset balance of the fund:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Employer</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Average Asset</u> <u>Balance (\$000s)</u>
2011	\$ 308,367,952	\$ 247,407,988	\$ 9,642,229,673
2010	313,276,296	250,666,650	9,431,321,589
2009	323,685,497	212,014,023	9,366,271,312
2008	290,846,065	201,916,230	9,272,832,328
2007	255,853,194	193,657,706	8,316,115,182
2006	226,479,332	178,220,782	7,935,721,495
2005	197,872,532	169,099,212	7,457,547,183
2004	189,324,788	162,118,792	7,487,979,776
2003	179,010,098	154,427,006	6,083,358,784
2002	173,863,363	151,378,455	6,013,355,928

Source: New Mexico Educational Retirement Board.

Post Employment Benefits

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 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 the 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 can be obtained by writing to RHCA, 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy: The Retiree Health Care Act is the statutory authority that establishes the required contributions of participating employers and their employees. The state requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The contribution to the RHCA for the year ended June 30, 2011 was \$11,540,019 which consisted of \$7,693,346 from the District and \$3,846,673 from employees.

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, under existing law, interest on the Bonds is excluded from net income for purposes of the tax imposed on individuals, estates and trusts under the New Mexico Income Tax Act or for purposes of the tax imposed on corporations under the New Mexico Corporate Income and Franchise Tax Act. 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 Bonds 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 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 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 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.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

With respect to an escrow to be established to pay the bonds being refunded by the Bonds, the arithmetical accuracy of certain computations included in the schedules provided by RBC Capital Markets, LLC on behalf of the District regarding computation of the sufficiency of the anticipated receipts from the Federal Securities, together with the initial cash deposit, if any, to pay, when due, the principal, interest and early redemption premium requirements, if any, of the Refunded Bonds, are examined by Causey, Demgen & Moore. Such computations were completed using certain assumptions and information provided by RBC Capital Markets, LLC on behalf of the District. Causey, Demgen & Moore has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome. The report will be relied upon by Bond Counsel in rendering its opinion with respect to the tax exemption of interest on the Bonds and with respect to the defeasance of the Refunded Bonds.

RATINGS

Moody's Investors Service and Standard & Poor's Rating Services have given the Bonds underlying ratings of "Aa1" and "AA", respectively. In addition, Moody's Investors Service has assigned a "Aa1 enhanced" 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 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

The Underwriters: i) Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus; ii) George K. Baum & Company; iii) R.W. Baird & Co. Incorporated; and iv) Merrill Lynch, Pierce, Fenner & Smith Incorporated have agreed to purchase the Bonds from the District pursuant to a Bond Purchase Agreement for the Bonds, dated June 20, 2012 at a price of \$44,730,956.43, representing the par amount of the Bonds, plus a reoffering premium of \$5,221,700.55, and less an Underwriters' discount of \$160,744.12. 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.

THE FINANCIAL ADVISOR

RBC Capital Markets, LLC ("RBC CM") is employed as Financial Advisor to 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.

A contribution in support of the 2010 Bond Election was made by RBC CM.

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.

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 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. 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 Program," "Statement of Net Assets, Statement of Activities, Balance Sheet and Statement of Revenues, Expenditures & Changes in Fund Balances." The District will update and provide this information no later than December 31 of each year, commencing December 31, 2012, 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 principals 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 delinquencies; 2) non-payment related defaults, if material; 3) unscheduled draws on debt service reserves reflecting financial difficulties; 4) unscheduled draws on credit enhancements reflecting financial difficulties; 5) substitution of credit or liquidity providers, or their failure to perform; 6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security; 7) modifications to rights of security holders, if material; 8) bond calls, if material, and tender offers; 9) defeasances; 10) release, substitution or sale of property securing repayment of the securities, if material; 11) rating changes; 12) bankruptcy, insolvency, receivership or similar event with respect to the District or an obligated person; 13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and 14) 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 above under "Annual Reports."

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.

DISCLOSURE CERTIFICATE

The final certificates included in the transcript of legal proceedings will include the following: At closing 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 the Final Official Statement, (b) the Final Official Statement, as it pertains to the District, the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (c) no event affecting the District has occurred since the date of the Final Official Statement, which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representation concerning the pricing information contained in the Final Official Statement.

ADDITIONAL MATTERS

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

A LAST WORD

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

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

/s/ Paula Maes
President, Board of Education

/s/ Kathy Korte
Secretary, Board of Education

APPENDIX A

ECONOMIC & DEMOGRAPHIC INFORMATION

General

The *Albuquerque Municipal School District No. 12* includes 97.5% of Bernalillo County and 2.5% of Sandoval County based on assessed valuation. The District 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 89,752 students from an estimated population of 670,893. 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.

The positive influence of defense related industries located in the District is a historical fact; however, economic diversification has increased in recent years. Also, the mission of the Sandia National Laboratories 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 the private sector, Albuquerque has experienced a period of employment growth from industries such as ClientLogic, T-Mobile, Verizon Wireless, Sitel, and Sandia and Route 66 Casinos. In addition, Albuquerque has the third highest concentration of high-tech activity after Boulder, CO and San Jose, CA. Notable technology companies in the Albuquerque MSA include Ktech Corporation, Emcore, CVI Laser, SBS Technologies, and Applied Research Associates. Unemployment rates in Albuquerque MSA have been below the national average for the past five years.

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.

US Census <u>Year</u>	Albuquerque <u>MSA</u>	% <u>Change</u>	State of <u>New Mexico</u>	% <u>Change</u>
1960	323,473	71.5%	951,023	39.6%
1970	379,132	17.2%	1,017,055	6.9%
1980	492,922	30.0%	1,303,143	28.1%
1990	599,416	21.6%	1,515,069	16.3%
2000	729,649	17.8%	1,821,078	20.2%
2010	867,318	15.9%	2,059,179	13.1%
2020	N/A		2,383,116	15.7%

Source: Bureau of the Census and the Bureau of Business & Economic Research.

Age Distribution

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

<u>Age</u>	<u>Percent of Population</u>		
	<u>Albuquerque MSA</u>	<u>New Mexico</u>	<u>United States</u>
0 - 17	24.8%	25.7%	24.5%
18 - 24	9.4%	9.8%	9.7%
25 - 34	15.1%	13.9%	13.5%
35 - 44	13.1%	12.2%	13.6%
45 - 54	14.2%	13.9%	14.6%
55 & Older	23.4%	24.5%	24.2%

Source: The Nielsen Company, April 2012.

Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by The Nielsen Company. EBI is personal income less personal tax and non tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance. 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 Groups - April 2012

<u>Effective Buying Income Group</u>	<u>Albuquerque MSA</u>	<u>New Mexico</u>	<u>United States</u>
Under \$25,000	25.5%	29.6%	23.8%
\$25,000 - \$34,999	12.3%	12.7%	11.1%
\$35,000 - \$49,999	16.8%	16.6%	15.5%
\$50,000 - \$74,999	19.5%	18.3%	19.5%
\$75,000 & Over	26.0%	22.9%	30.1%
2008 Est. Median Household Income	\$46,945	\$42,557	\$50,170
2009 Est. Median Household Income	\$46,392	\$42,752	\$51,433
2010 Est. Median Household Income	\$47,775	\$43,932	\$52,795
2011 Est. Median Household Income	\$46,022	\$42,030	\$49,726
2012 Est. Median Household Income	\$45,942	\$41,958	\$49,581

Source: The Nielsen Company, April 2012.

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.

Fiscal Year	Total Reported Gross Receipts Tax					
	<u>Bernalillo County</u>		<u>Sandoval County</u>		<u>State of New Mexico</u>	
	(000's) <u>Retail</u>	(000's) <u>Total</u>	(000's) <u>Retail</u>	(000's) <u>Total</u>	(000's) <u>Retail</u>	(000's) <u>Total</u>
2003	\$6,835,927	\$24,076,633	\$766,338	\$1,828,559	\$18,700,757	\$63,358,240
2004	6,440,237	27,288,148	621,763	1,778,075	18,414,335	70,477,792
2005	6,769,594	29,411,880	844,832	2,248,768	20,415,829	79,173,289
2006	7,682,692	31,886,942	1,113,413	3,290,815	24,014,746	94,347,408
2007	8,095,799	33,139,257	693,973	3,015,406	26,012,240	103,740,330
2008	8,747,460	32,671,406	785,917	3,117,745	25,711,762	110,710,200
2009	7,879,244	30,861,715	672,504	2,844,192	23,812,635	104,562,006
2010	7,724,391	29,663,675	731,028	2,723,090	24,608,800	94,722,576
2011	7,736,773	30,616,678	818,368	3,096,652	23,789,930	102,715,750
2012*	5,900,422	23,360,559	518,407	1,794,211	17,975,857	77,493,248

* Through March 2012.

Source: Taxation & Revenue Department - State of New Mexico.

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	<u>Albuquerque MSA</u>		<u>State of New Mexico</u>		<u>United States</u>
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2012*	400,670	8.20%	933,247	7.80%	8.70%
2011	405,088	9.00%	944,311	8.80%	9.00%
2010	410,134	8.40%	957,591	8.10%	9.40%
2009	407,396	7.00%	947,309	5.20%	7.60%
2008	411,990	4.80%	959,884	4.50%	4.90%

* As of February 2012.

Source: New Mexico Dept. of Workforce Solutions.

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 Metropolitan Statistical Area ("MSA").

	2006	2007	2008	2009	2010
Albuquerque MSA					
Total Employment	391.5	395.8	394.9	378.0	371.4
Total Private	313.1	316.3	313.6	295.4	287.9
Goods Producing	55.5	54.2	50.4	42.1	38.9
Services Providing	257.6	262.2	263.2	253.3	249.0
Mining, Logging & Construction	31.4	30.5	28.3	23.9	21.5
Manufacturing	24.1	23.7	22.0	18.2	17.5
Wholesale Trade	13.2	13.3	13.1	12.1	12.3
Retail Trade	43.7	44.6	44.5	41.7	40.8
Transp., Warehousing & Utilities	10.5	10.9	10.7	9.7	9.4
Information	9.4	9.2	9.4	9.0	8.5
Financial Activities	19.2	19.2	18.7	18.2	17.9
Professional & Business Services	62.9	64.3	64.3	60.0	56.4
Educational & Health Services	47.9	49.0	51.2	53.6	54.5
Leisure & Hospitality	38.5	39.4	38.9	37.3	37.4
Other Services	12.1	12.2	12.5	11.9	11.8
Government	78.5	79.5	81.3	82.6	83.5

Source: New Mexico Department of Workforce Solutions.

Building Permit Valuations

Listed below is the volume of homes sold in the Albuquerque MSA and the value of building permits for new construction.

	2007	2008	2009	2010	2011
Multiple Listing					
Volume (\$000's)	\$2,398,317	\$1,700,264	\$1,533,757	\$1,453,821	\$1,362,964
Average Selling Price	\$243,089	\$232,626	\$214,662	\$215,989	\$201,176
Source: Albuquerque Board of Realtors.					
Building Permits (Volume - \$000's)					
Single Family Volume	\$387,704	\$122,033	\$110,955	\$117,521	\$128,660
# of Units	2,087	659	654	749	767
Multi-Family Volume	\$62,145	\$27,613	\$24,435	\$35,238	\$27,462
# of Units	730	349	265	264	266
Source: University of New Mexico Bureau of Business & Economic Research.					

Major Employers

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

<u>Employer</u>	<u>Business</u>
Kirtland AFB (Civilian)	Defense
University of New Mexico	Education
Albuquerque Public Schools	Education
Sandia National Labs	Research Development
Presbyterian	Healthcare
City of Albuquerque	Government
State of New Mexico	Government
Kirtland AFB (Military)	Air Force Material Command
UNM Hospital	Healthcare
Lovelace	Healthcare
Intel Corporation	Semiconductor Manufacturer
Bernalillo County	Government
Central NM Community College	Education
Rio Rancho Public Schools	Education
New Mexico Veterans Affairs Hospital	Healthcare
Sandia Resort & Casino	Resort & Casino
T-Mobile	Customer Service Center
US Post Office	Government
PNM Electric & Gas Services	Utilities Provider
Los Lunas Public Schools	Education
Heritage Home Healthcare	Home-Based Healthcare Services
Citi Cards	Credit Card Collection Center
Hard Rock Casino	Resort & Casino
Honeywell Defense Systems	Aircraft Avionics Manufacturer
Route 66 Casino	Casino
Verizon Wireless	Wireless Technical Data Services
Bank of America	Financial Institution
Belen Consolidated Schools	Education

Source: Albuquerque Economic Development.

APPENDIX B

AUDITED FINANCIAL STATEMENTS – JUNE 30, 2011

APPENDIX C

THE BOOK-ENTRY-ONLY SYSTEM

The Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Limited Book-Entry Responsibilities

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

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

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

APPENDIX D

FORM OF BOND COUNSEL OPINION

APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING