OFFICIAL STATEMENT DATED AUGUST 18, 2010

$150,000,000
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
Bernalillo and Sandoval Counties, New Mexico

$85,410,000 – General Obligation School Building Bonds, Series 2010A

$32,690,000 – General Obligation Qualified School Construction Bonds, Series 2010B

$31,900,000 – General Obligation Build America Bonds, Series 2010C

NEW ISSUE	Moody's Rating: Aa1 Enhanced
Book-Entry Only	S & P Rating: AA

PURPOSES	The Series 2010A and Series 2010C Bonds are being issued for the purpose of erecting, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds, to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act . The Series 2010B Bonds are being issued for the construction, rehabilitation or repair of a public school facility.
THE BONDS	The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2011. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See Appendix C "The Book-Entry-Only System". Wells Fargo Bank, N.A. (or successor in function) is the Registrar and Paying Agent for the Bonds.
OPTIONAL REDEMPTION	The Series 2010A, 2010B & Series 2010C Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS".
EXTRAORDINARY OPTIONAL REDEMPTION	The Series 2010B and Series 2010C Bonds are subject to Extraordinary Optional Redemption as provided herein. See "THE BONDS".
SECURITY	The Bonds are general obligations of the Albuquerque Municipal School District No. 12, Bernalillo and Counties, New Mexico, payable solely 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. Any Direct Subsidy Payments received from the U.S. Treasury for the Series 2010B and 2010C Bonds will be pledged to the payment of the series of bonds for which the Direct Subsidy Payments are received. Direct Subsidy Payments are not pledged to or available to pay the Series 2010A Bonds.
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 2010A 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. However, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings. In the opinion of Bond Counsel, under existing law , interest on the Series 2010B and 2010C Bonds is includable in gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Bonds is exempt from taxation by the State of New Mexico or any subdivision thereof. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds. (See "TAX EXEMPTION" herein.)
DELIVERY	When, as and if issued, through DTC's facilities, on or about September 22, 2010
DATED DATE	Date of delivery

DUE DATE August 1, as shown below:

GENERALOBLIGATION SCHOOL BUILDING BONDS, SERIES 2010A									
Maturing (August 1)	Principal	Interest Rate	Yield or Price	Cusip # 013595	Maturing (August 1)	Principal	Interest Rate	Yield or Price	Cusip # 013595
2011	$3,010,000	1.500%	0.280%	QE6	2016	$8,500,000	3.000%	1.680%	QK2
2012	5,000,000	2.000%	0.500%	QF3	2017	9,000,000	3.000%	1.950%	QL0
2013	6,900,000	2.000%	0.770%	QG1	2018	9,000,000	3.000%	2.130%	QM8
2014	7,000,000	3.000%	0.930%	QH9	2019	9,250,000	3.000%	2.340%	QN6
2015	8,250,000	3.000%	1.350%	QJ5	2020	9,500,000	3.000%	2.530%	QP1
					2021	10,000,000	3.000%	2.670%	QQ9

J.P. Morgan Securities Inc.

GENERAL OBLIGATION QUALIFIED SCHOOL CONSTRUCTION BONDS, SERIES 2010B				
Maturing (August 1)	Principal	Interest Rate	Yield or Price	Cusip # 013595
2025	$10,000,000	4.500%	4.250%	PY3
2026	11,000,000	4.400%	100	PZ0
2027	11,690,000	4.500%	100	QA4

Robert W. Baird & Co., Inc.

GENERAL OBLIGATION BUILD AMERICA BONDS, SERIES 2010C				
Maturing (August 1)	Principal	Interest Rate	Yield or Price	Cusip # 013595
2022	$10,000,000	4.000%	3.860%	QB2
2023	10,500,000	4.000%	100	QC0
2024	11,400,000	4.150%	4.160%	QD8

Morgan Keegan & Co., Inc.

ISSUER

Albuquerque Municipal School District No. 12
Bernalillo County, New Mexico
P.O. Box 25704 (87125)
6400 Uptown Blvd. NE, 6 East
Albuquerque, New Mexico 87110
(505) 880-3661
(505) 830-0220 - Fax

BOARD OF EDUCATION

President: Martin Esquivel
Vice-President: Paula Maes
Secretary: Dolores Griego
Member: Lorenzo Garcia
Member: Robert Lucero
Member: David Peercy
Member: David Robbins

DISTRICT ADMINISTRATION

Superintendent: Winston C. Brooks
Chief Academic Officer: Linda Sink
Chief Operating Officer: Dr. Brad Winter
Chief Financial Officer: Don Moya
Director of Accounting: Tami Coleman

FINANCIAL ADVISOR

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

BOND COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A.
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87102
(505) 848-1800

PAYING AGENT/REGISTRAR

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MAC C7300-107
1740 Broadway
Denver, Co. 80274
Phone (303) 863-6261
Fax (303) 863-5645

ELECTRONIC PROVIDER

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

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 Underwriter 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 Underwriter is not obligated to do this and is free to discontinue it at any time.

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

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

Bond Counsel, 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 is contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from bond proceeds.

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

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

District
Albuquerque Municipal School District
P.O. Box 25704 (87125)
6400 Uptown Blvd. NE, 6E
Albuquerque, New Mexico 87110
Attn: Don Moya

Financial Advisor
RBC Capital Markets Corporation
6301 Uptown Blvd. NE, Suite 110
Albuquerque, NM 87110
Attn: Paul J. Cassidy

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INTRODUCTION

Thank you for your interest in learning more about the $150,000,000 Albuquerque Municipal School District No. 12, Bernalillo and Sandoval Counties, New Mexico, General Obligation School Building Bonds, Series 2010A; General Obligation Qualified School Construction Bonds, Series 2010B; and General Obligation Build America Bonds, Series 2010C; and (collectively 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 2010 preliminary assessed valuation is $14,294,011,333 The District has a projected enrollment of 90,389 students for the 2010-11 school year excluding charter schools. Projected charter schools enrollment for the same time is 5,245. 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. Any Direct Subsidy Payments received from the U.S. Treasury for the Series 2010B and 2010C Bonds will be pledged to the payment of the series of bonds for which the Direct Subsidy Payments are received. Direct Subsidy Payments are not pledged to or available to pay the Series 2010A Bonds. 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, 2009, contained in Appendix B, t

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 District will issue the Series 2010A and Series 2010C Bonds for the purposes of erecting, remodeling, making additions to and furnishing school buildings, purchasing and improving school grounds, purchasing computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act and to pay costs of issuance. The Series 2010B Bonds are being issued to provide funds for construction, rehabilitation or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed. This is the first series of $225 million authorized by voters on February 2, 2010.

Selected Debt Ratios

	2010
2010 Preliminary Assessed Valuation	$14,294,011,333
2010 Preliminary Estimated Actual Valuation	$54,698,755,140
District General Obligation Debt Outstanding (including the Bonds)	$562,075,000
District Net General Obligation Debt	$561,534,308
Estimated Direct & Overlapping G/O Debt	$1,027,214,983
District Net Debt as a Percentage of	
Assessed Valuation	3.93%
Estimated Actual Valuation	1.03%
Direct & Overlapping Debt as Percentage of	
Assessed Valuation	7.19%
Estimated Actual Valuation	2.61%
Estimated Population	560,000
District Net Debt Per Capita	$1,002.74
Direct and Overlapping Debt Per Capita	$1,837.97

THE BONDS

New Mexico law enables the District to issue general obligation bonds payable from ad valorem taxes (Section 6-15-1 through Section 6-15-22, NMSA, 1978). Section 22-18C-1 through 22-18C-4 authorizes the issuance of Qualified School Construction Bonds and Section 6-15-5, NMSA 1978 authorizes the issuance of Build America Bonds. The New Mexico Attorney General will provide a written opinion with respect to 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 and Registrar for the Bonds.

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.

Designation of Series 2010A Bonds as "Tax-Exempt General Obligation Bonds"

The Series 2010A Bonds will be issued as tax-exempt general obligation bonds of the District.

Optional Redemption of Series 2010A Bonds

The Series 2010A Bonds maturing on and after August 1, 2021, are subject to prior redemption at par at the District's option on and after August 1, 2020, in whole or in part at any time, in one or more units of principal of $5,000 in such order of maturities as the District may determine (and by lot if less than all of the Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as it shall consider appropriate and fair). The purchase price for Series 2010A Bonds selected for redemption will be equal to the principal amount of each bond (or portion thereof) so redeemed, plus accrued interest thereon to the redemption date.

Designation of Series 2010B Bonds as "Qualified School Construction Bonds"

The Code authorizes a school district to issue tax credit bonds known as "Qualified School Construction Bonds" to finance the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed. The Hiring Incentives to Restore Employment Act (the "HIRE Act") which was introduced and passed by the United States Congress and was signed into law on March 18, 2010, allows an issuer of Qualified School Construction Bonds to elect to receive subsidy payments (each a "Subsidy Payment") from the federal government equal to the lesser of (i) the amount of interest payable under such bond on such date, or (ii) the amount of interest which would have been payable under such bond on such date if such interest were determined at the applicable credit rate determined under section 54A(b)(3) of the Code with respect to such bond. The District has irrevocably elected to designate the Series 2010B Bonds as "Qualified School Construction Bonds" and has additionally irrevocably elected that Section 6431(f) of the Code apply to the Series 2010B Bonds permitting the District to receive Subsidy Payments from the United States Treasury in connection therewith. The Series 2010B Bonds will not be obligations described in section 103(a) of the Code and the interest on the Series 2010B Bonds will not be excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein. The Subsidy Payments will be paid to the District and may be used by the District for any lawful purpose, including payment of debt service on the Series 2010B Bonds. The Subsidy Payments, however, are not pledged as security on the Series 2010B Bonds. No owners of any Series 2010B Bonds are entitled to such Subsidy Payments or to receive a tax credit with respect to the Series 2010B Bonds.

The receipt of such Subsidy Payments is subject to various requirements. No assurances are provided that the District will receive each of the Subsidy Payments. Subsidy Payments will only be paid if the Series 2010B Bonds remain qualified therefore. For the Series 2010B Bond to be and remain Qualified School Construction Bonds for which Subsidy Payments will be received, the District must comply with certain covenants and the District must establish certain facts and expectations with respect to the Series 2010B Bonds, the use and investment of proceeds thereof and the use of property financed therewith. Failure on the part of the District to comply with the conditions imposed by the Code, and future guidance to be provided by the U.S. Treasury and the Internal Revenue Service (the "IRS"), may cause the District to fail to receive the Subsidy Payments for the remaining term of the Series 2010B Bonds, and it could subject the District to a claim for refund of previously received Subsidy Payments. Moreover, Subsidy Payments are subject to automatic offsets against certain amounts that may, for unrelated, reasons, be owed by the District to an agency of the United

States of America. See ("THE BONDS – Extraordinary Optional Redemption") for information concerning extraordinary optional redemption of the Series 2010B Bonds in the event of certain events that result in the loss of the right or opportunity of the District to receive the Subsidy Payments with respect to the Series 2010B Bonds.

An issuer of Qualified School Construction Bonds must receive an allocation of the national qualified school construction bond limitation for the calendar year. This amount is allocated among the States and large local educational agencies. Under Section 54F(d)(2)(E), a large local educational agency is: (1) among the one hundred local educational agencies with the largest number of children aged 5 through 17 from families living below the poverty level, as determined by the Treasury using the most recent data available from the Department of Commerce that are satisfactory to the Treasury; or (2) one of not more than 25 additional local education agencies that the Secretary of Education determines are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Treasury deems appropriate. The Albuquerque Public Schools, being a large local educational agency, received a 2009 allocation of $21,968,000 of which $7,668,000 was not used and therefore rolled forward into the 2010 calendar year. The District received a 2010 allocation of $25,025,000. This amount plus the 2009 unused portion totals $32,693,000.

Proceeds from the sale of the Series 2010B Bonds (including investments thereon) will be applied solely to the construction, rehabilitation or repair of a public school facility in the District (including the acquisition of equipment to be used in such portion or portions of the public school facility that is being constructed, rehabilitated or repaired with the proceeds of the Series 2010B Bonds), and to pay the costs of issuing the Series 2010B Bonds not in excess of two percent of the par amount of the issue, taking into account any de minimis amount of premium or discount on the Series 2010B Bonds. The District reasonably expects that all available project proceeds will be spent for such "qualified expenditures" (as defined in Section 54F of the Code) within three years of the date of issuance of the Series 2010B Bonds, and that a binding commitment with a third party to spend at least 10 percent of such available project proceeds has been incurred or will be incurred within the six month period beginning on the date of issuance of the Series 2010B Bonds. See "THE BONDS – Special Mandatory Redemption" for information concerning special mandatory redemption of the Series 2010B Bonds in the event that the proceeds of the Series 2010B Bonds are not spent within three years of the Delivery Date of the Bonds.

Optional Redemption of Series 2010B Bonds

The Bonds maturing on and after August 1, 2021, are subject to redemption prior to maturity, at the option of the District, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2020 or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all of the Series 2010B Bonds are to be redeemed, the District shall determine the principal amount and maturities to be redeemed and shall direct the Paying Agent and Registrar to select by lot or other customary method that results in a random selection, the Bonds or portions thereof within a maturity, to be redeemed.

Special Mandatory Redemption of Series 2010B Bonds

To the extent that 100% of the Available Project Proceeds are not expended by the close of the three-year period beginning on the Delivery Date of the Series 2010B Bonds (or if an extension of such period has been granted by the Secretary of the Treasury, such extended period), then the District shall redeem at a price of par, an amount of Series 2010B Bonds equal to such unexpended proceeds (rounded up to the next highest authorized denomination of $5,000 in principal amount) plus the amount, if any, on deposit in the Debt Service Fund Deposit Account (defined below) that is proportionate to the principal amount of the Series 2010B Bonds redeemed to the principal amount of the Series 2010B Bonds outstanding immediately prior to the redemption date, plus accrued interest thereon to the redemption date within 90 days after the end of such period. In the event of such redemption, the unexpended proceeds of sale of the Series 2010B Bonds and amounts on deposit in the Debt Service Fund, if any, are required to be used to redeem principal of the Series 2010B Bonds.

"Available Project Proceeds" means proceeds of the sale of the Series 2010B Bonds other than proceeds used to pay costs of issuance (not to exceed two percent thereof) plus proceeds received from investing the proceeds of the sale of the Series 2010B Bonds.

Extraordinary Optional Redemption of Series 2010B Bonds

Upon the occurrence of an Extraordinary Event, the Series 2010B Bonds are subject to extraordinary optional redemption, at the option of the District, prior to their maturity date, in whole or in part, on the date designated by the District, which date shall be a date prior to August 1, 2020, at the Make Whole Redemption Price.

The "Make-Whole Redemption Price" means the amount equal to the greater of the following:

1. The initial offering price of the Series 2010B Bonds set forth on the inside cover page hereof (but not less than 100% of the principal amount of the Series 2010B Bonds to be redeemed) or
2. The sum of the present value of the remaining scheduled payments of principal and interest on the Series 2010B Bonds to be redeemed to the maturity date of such Series 2010B Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010B Bonds are to be redeemed, discounted to the date on which the Series 2010B Bonds are to be redeemed on a semiannual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate, plus one hundred basis points, plus in each case accrued interest on the Series 2010B Bonds to be redeemed to the redemption date.

For the purpose of determining the Make-Whole Redemption Price, "Treasury Rate" means, with respect to any redemption date for a particular bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) (the "Statistical Release") that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if the Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2010B Bonds to be redeemed; provided, however that if the period from the redemption date to the maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

The term "Extraordinary Event" means (a) a final determination by the Internal Revenue Service ("IRS") (after the District has exhausted all administrative appeal remedies) determining that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status; (b) a non-appealable holding by a court of competent jurisdiction holding that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status; (c) the occurrence of a material adverse change under Section 54F or 6431 of the Code; (d) the publication by the IRS or the United States Treasury of any guidance with respect to such sections; or (e) any other determination by the IRS or the United States Treasury, which determination is not the result of a failure of the District to satisfy certain requirements of the Bond Resolution, if as a result of an event as described in (c), (d), or (e) of this sentence, the Subsidy Payments expected to be received with respect to the Series 2010B Bonds are eliminated or reduced, as reasonably determined by the Superintendent of the District or his designee, which determination shall be conclusive.

The term “Accountable Event of Loss of Qualified School Construction Bond Status” means any act or any failure to act on the part of the District, which act or failure to act causes the Bonds to lose their status, or fail to qualify, as Qualified School Construction Bonds, under the Code.

The Make-Whole Redemption Price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by and at the expense of the Issuer to calculate such redemption price. The determination of the Make-Whole Redemption Price by such independent accounting firm, investment banking firm or financial advisor shall be conclusive and binding on the Issuer and the Bondholders and the Paying Agent and Registrar and the Issuer will be permitted to conclusively rely on such determination.

Designation of Series 2010C Bonds as “Build America Bonds”

The Series 2010C Bonds are being issued as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 (“ARRA” or the “Recovery Act”). Pursuant to the Recovery Act, the District expects to receive a cash subsidy payment from the United States Treasury (referred to herein as the “Federal Direct Payments”) equal to 35% of the interest payable on the Series 2010C Bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the Recovery Act. Any Federal Direct Payments received by the District are to be deposited into the Debt Service

Fund and applied to the payment of principal of and interest on the Series 2010C Bonds. See “TAX MATTERS – Build America Bonds, Series 2010C” for a discussion of tax matters related to Qualified Build America Bonds.

Optional Redemption of Series 2010C Bonds

The Series 2010C Bonds maturing on and after August 1, 2021, are subject to prior redemption at par at the District's option on and after August 1, 2020, in whole or in part at any time, in one or more units of principal of $5,000 in such order of maturities as the District may determine (and by lot if less than all of the Bonds of such maturity is called, such selection by lot to be made by the Registrar in such manner as it shall consider appropriate and fair). The purchase price for Series 2010C Bonds selected for redemption will be equal to the principal amount of each bond (or portion thereof) so redeemed, plus accrued interest thereon to the redemption date.

Extraordinary Optional Redemption of Series 2010C Bonds

If section 54AA or 6431 of the Code is modified, amended or interpreted in a manner so as to reduce or eliminate the Districts' entitlement to 35% interest subsidy payments from the U.S. Treasury in respect of the Series 2010C Bonds, the District may (but is not obligated to) redeem the Series 2010C Bonds of any or all maturities in whole or in part, at its option, at a redemption price equal to the greater of: (1) the principal amount of the Series 2010C Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010C Bonds are to be redeemed, discounted to the date on which the Series 2010C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined herein), plus 100 basis points, plus, in each case, accrued and unpaid interest on the Series 2010C Bonds to be redeemed to the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2010C Bond, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2010C Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Redemption Notices

Notice of redemption shall be given by the Paying Agent and Registrar by sending a copy of such notice by first-class, postage prepaid mail at least 30 days prior to the redemption date to the registered owner of each Series 2010 Bond, or portion thereof, to be redeemed at the address shown as of the close of business of the Paying Agent and Registrar at least 15 days prior to the date that the Paying Agent and Registrar is required to give owners notice of redemption unless a shorter notification period shall be satisfactory to the Paying Agent and Registrar. The Paying Agent's failure to give such notice to the registered owner of any Series 2010 Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Series 2010 Bonds for which proper notice was given. Notices of redemption shall specify the maturity dates and the number or numbers of the Series 2010 Bonds to be redeemed (if less than all are to be redeemed) and if less than the full amount of any Series 2010 Bond is to be redeemed, the amount of such Series 2010 Bonds to be redeemed, the date fixed for redemption, and that on such redemption date there will become and he due and payable upon each Series 2010 Bond to be redeemed at the office of the Paying Agent the principal amount to be redeemed plus accrued interest to the redemption date and that from and after such date interest will cease to accrue on such amount. Such notice may be a conditional notice of redemption insofar as the money or securities necessary to pay the redemption price of the Bonds are not required to be on deposit with the Registrar/Paying Agent prior to the giving of notice of optional redemption of the Bonds. Notice having been given in the manner provided in the Bond Resolution, the Series 2010 Bond or Series 2010 Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem all Series 2010 Bonds called for redemption shall on the redemption date he on deposit with the Paying Agent, the Series 2010 Bonds to be redeemed shall be deemed not outstanding and shall cease to hear interest from and after such redemption date. Upon presentation of the Series 2010 Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Series 2010 Bond or so called for redemption with funds deposited with the Paying Agent by the District.

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

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 of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may need to be enforced from year to year.

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

NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

The New Mexico legislature amended NMSA 1978, § 22-16-1 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 District's Paying Agent notifies the New Mexico Department of Finance and Administration ("NMDFA") on or prior to the business day immediately prior to the payment date that a bond payment has not been received, the NMDFA 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 the District. Such amount will be withheld by the NMDFA from the District's monthly State Equalization Guarantee. If the amount of the next succeeding distribution is insufficient, the NMDFA shall withhold amounts from each succeeding payment of the State Equalization Guarantee distribution, including payments to be made in succeeding fiscal years but not more than twelve consecutive months of payments, until the total amount of principal and interest is withheld. Withholding of the State Equalization Guarantee distribution may affect the District's ability to continue to operate.

In July 2003, Moody's Investors Service assigned an initial Aa2 rating to New Mexico's School District Enhancement Program ("NMSDEP"). On May 15, 2007, Moody's Investors Service placed the NMSDEP on Watchlist for possible downgrade, affecting 31 school districts and 61 enhanced ratings. This rating action was linked to changes in New Mexico state law that have significantly affected the NMSDEP. As mentioned in the previous paragraph, Section 22-18-13 was further amended when the 2007 New Mexico Legislature enacted HB1226 to modify the statute governing the NMSDEP. The new statute was signed by the Governor on March 30, 2007 and became effective immediately. 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.

On May 4, 2008, Moody's Investors Service removed the programmatic rating on the NMSDEP Pre-March 30, 2007 from Watchlist and has confirmed the Aa2 rating on the program. In addition, Moody's Investors Service has assigned a programmatic rating of Aa2 to the NMSDEP Post-March 30, 2007. The programmatic rating is one notch below the State of New Mexico's general obligation rating of Aa1 and carries the stable outlook that is currently assigned to the State's general obligation rating. The confirmation of the Aa2 is based on Moody's assessment of program level criteria related to state commitment and program history as well as program mechanics, as set forth in detail in Moody's recently released "Rating Methodology for State Aid Intercept Programs and Financings".

While Moody's has confirmed the NMSDEP Pre-March 30, 2007 programmatic rating of Aa2 with a stable outlook and assigned a programmatic rating of Aa2 with a stable outlook to the NMSDEP Post-March 30, 2007 program, rating actions on specific credits that benefit from the intercept program will depend on evaluation of each according to the additional rating factors for individual intercept financings, including the sufficiency of interceptable revenues as determined by specific coverage tests, the timing of the State's fiscal year as it relates to scheduled debt service payment dates and transaction structure, which will consider the role of the independent fiduciary and reserve fund.

In May 2010, Moody's recalibrated its long-term New Mexico ratings to its global rating scale. The global rating scale is used to rate sovereign, sub-sovereign, financial institution, project finance, structured finance, and corporate obligations. This recalibration will enhance the comparability of ratings across the Moody's-rated universe. Upon recalibration, Moody's will maintain a single global scale rating system for municipal issuers, and will no longer assign municipal scale ratings to municipal obligations. The recalibration of municipal rating should not be viewed as rating upgrades. Instead the recalibration will align municipal ratings with their global scale equivalent. The recalibrated rating for New Mexico's School District Enhancement Program changed to Aa1 from Aa2.

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 expects to qualify the Series 2010A Bonds under Moody'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 preliminary assessed valuation of taxable property within the District is $14,294,011,333 for tax year 2010, 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 $857,640,680.

After the Bonds are issued, the ratio of total outstanding general obligation (G/O) debt of the District to the 2010 assessed valuation will be no greater than 3.93% as summarized on the following page:

2010 Preliminary Assessed Valuation	$14,294,011,333
2010 Preliminary Estimated Actual Valuation (1)	$54,698,755,140
Total Bonded Debt Outstanding (including the Bonds)	$562,075,000
Less Estimated Debt Service Fund Balance on August 16, 2010	540,692
NET DEBT	$561,534,308
Ratio of Estimated Net Debt to 2010 Preliminary Assessed Valuation:	3.93%
Ratio of Estimated Net Debt to 2010 Preliminary Estimated Actual Valuation:	1.03%
Per Capita Net Bonded Debt:	$1,002.74
Est. Population:	560,000

(1) Actual valuation is computed by adding 2009 exemptions to the 2010 preliminary assessed valuation and multiplying the result by three.
(2) The estimated cash balance as of August 16, 2010 is $811,235. The amount properly attributable to principal reduction is 66.7%.

Outstanding Debt

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

	Original Amount Issued	Final Maturity	Principal Outstanding
Series 2001 Ref	$50,850,000	08/01/16	$9,270,000
Series 2004	28,010,000	08/01/19	16,810,000
Series 2005 Ref	21,325,000	08/01/14	15,170,000
Series 2004 QZAB	4,625,000	08/01/20	4,625,000
Series 2006 QZAB	7,160,000	08/01/20	7,160,000
Series 2006B Ref	63,980,000	08/01/21	38,890,000
Series 2007	75,000,000	08/01/22	57,450,000
Series 2008B	134,000,000	08/01/23	126,000,000
Series 2009A	124,700,000	08/01/22	105,600,000
Series 2009C - QSCBs	14,300,000	08/01/24	14,300,000
Series 2009D Ref	16,800,000	08/01/16	16,800,000
Series 2010A	85,410,000	08/01/21	85,410,000
Series 2010B - QSCBs	32,690,000	08/01/27	32,690,000
Series 2010C - BABs	31,900,000	08/01/24	31,900,000
	$690,750,000		$562,075,000

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 and computed at the desired tax rate. Below is a summary of the currently scheduled principal and interest on the District's outstanding debt as well as the principal and interest payments on the Bonds.

TYE	Current Requirements			Series 2010ABC				Total		
31-Oct	Principal [1]	Interest	Total	Principal [2]	Coupon	Interest	Total	Principal	Interest	Requirements
2011	$31,225,000	$16,867,863	$48,092,863	$3,010,000	1.500%	$4,421,533	$7,431,533	$34,235,000	$21,289,395	$55,524,395
2012	29,640,000	15,646,188	45,286,188	5,000,000	2.000%	5,106,150	10,106,150	34,640,000	20,752,338	55,392,338
2013	28,010,000	14,334,838	42,344,838	6,900,000	2.000%	5,006,150	11,906,150	34,910,000	19,340,988	54,250,988
2014	29,430,000	13,102,350	42,532,350	7,000,000	3.000%	4,868,150	11,868,150	36,430,000	17,970,500	54,400,500
2015	28,840,000	11,828,100	40,668,100	8,250,000	3.000%	4,658,150	12,908,150	37,090,000	16,486,250	53,576,250
2016	29,230,000	10,677,750	39,907,750	8,500,000	3.000%	4,410,650	12,910,650	37,730,000	15,088,400	52,818,400
2017	28,745,000	9,375,313	38,120,313	9,000,000	3.000%	4,155,650	13,155,650	37,745,000	13,530,963	51,275,963
2018	30,760,000	8,050,563	38,810,563	9,000,000	3.000%	3,885,650	12,885,650	39,760,000	11,936,213	51,696,213
2019	32,560,000	6,705,163	39,265,163	9,250,000	3.000%	3,615,650	12,865,650	41,810,000	10,320,813	52,130,813
2020	45,785,000	5,347,063	51,132,063	9,500,000	3.000%	3,338,150	12,838,150	55,285,000	8,685,213	63,970,213
2021	35,325,000	3,745,813	39,070,813	10,000,000	3.000%	3,053,150	13,053,150	45,325,000	6,798,963	52,123,963
2022	36,225,000	2,059,563	38,284,563	10,000,000	4.000%	2,753,150	12,753,150	46,225,000	4,812,713	51,037,713
2023	19,150,000	2,510,619	21,660,619	10,500,000	4.000%	2,353,150	12,853,150	29,650,000	4,863,769	34,513,769
2024	7,150,000	71,500	7,221,500	11,400,000	4.150%	1,933,150	13,333,150	18,550,000	2,004,650	20,554,650
2025				10,500,000	4.500%	1,460,050	11,960,050	10,500,000	1,460,050	11,960,050
2026				11,000,000	4.400%	987,550	11,987,550	11,000,000	987,550	11,987,550
2027	-	-	-	11,190,000	4.500%	503,550	11,693,550	11,190,000	503,550	11,693,550
Total	$412,075,000	$120,322,682	$532,397,682	$150,000,000		$56,509,633	$206,509,633	$562,075,000	$176,832,314	$738,907,314

(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) Maturities 2011 through 2021 are general obligation bonds, maturities 2022 through 2024 are Build America Bonds and maturities 2025 through 2027 are Qualified School Construction Bonds.

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	2010 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	$55,046,209,183 *	$398,580,000	25.967%	$103,500,443
City of Albuquerque	11,580,121,211	188,805,000	100.00%	188,805,000
Bernalillo County	14,014,237,067	85,949,000	98.04%	84,266,735
Sandoval County	3,354,830,744	19,970,000	10.90%	2,176,730
Central New Mexico Community College	16,547,502,166	52,825,000	86.38%	45,631,126
Village of Los Ranchos	216,170,869	3,495,000	100.00%	3,495,000
AMAFCA	12,965,467,288	33,825,000	100.00%	33,825,000
S. Sandoval County AFCA	2,655,866,507	24,225,000	14.20%	3,439,950
Albuquerque MSD #12	14,294,011,333	562,075,000	100.00%	562,075,000
Total Direct & Overlapping Debt				$1,027,214,983

* *2009 Assessed Valuation*

Ratio of Estimated Direct & Overlapping Debt to 2010 Preliminary Assessed Valuation:	7.19%
Ratio of Estimated Direct & Overlapping Debt to 2010 Preliminary Estimated Actual Valuation:	2.61%
Per Capita Direct & Overlapping Debt:	$1,837.97

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 2010 preliminary assessed valuation is $14,294,011,333. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor. The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of Assessed Valuation follows.

	2010 (2)	2009	2008	2007	2006
Assessments					
Value of Land		$ 6,726,695,811	$ 6,769,211,315	$ 6,394,572,060	$ 5,693,080,262
Improvements		11,369,298,821	10,320,388,566	9,813,287,143	8,877,313,998
Personal Property		465,300,720	461,036,145	431,496,787	409,343,511
Mobile Homes		54,246,774	51,821,632	52,449,749	58,217,349
Livestock		1,324,108	1,253,629	1,571,404	1,493,732
Assessor's Total Valuation	$ -	$ 18,616,866,234	$ 17,603,711,287	$ 16,693,377,143	$ 15,039,448,852
Less Exemptions					
Head of Family		$ 187,188,776	$ 185,670,083	$ 185,854,910	$ 185,565,058
Veterans		241,032,241	222,996,269	215,218,273	203,541,976
Other		3,510,686,030	3,428,163,155	3,346,344,712	3,017,608,941
Total Exemptions	$ -	$ 3,938,907,047	$ 3,836,829,507	$ 3,747,417,895	$ 3,406,715,975
Assessors Net Valuation	$ -	$ 14,677,959,187	$ 13,766,881,780	$ 12,945,959,248	$ 11,632,732,877
Central Assessed		422,159,016	477,970,749	478,319,628	446,489,372
Total Assessed Valuation	$ -	$ 15,100,118,203	$ 14,244,852,529	$ 13,424,278,876	$ 12,079,222,249

	2010	2009	2008	2007	2006
Residential	$ 10,362,624,227	$ 10,775,752,995	$ 10,278,917,835	$ 9,496,659,135	$ 8,639,709,179
Non-Residential	3,931,387,106	4,324,365,208	3,965,934,694	3,685,873,376	3,439,513,070
Total	$ 14,294,011,333	$ 15,100,118,203	$ 14,244,852,529	$ 13,182,532,511	$ 12,079,222,249

Cross County Assessed Valuation

	2010	2009	2008	2007	2006
Bernalillo County	$ 13,927,402,747	$14,734,387,233	$13,892,625,134	$ 12,872,512,863	$ 11,803,726,360
Sandoval County (1)	366,608,586	365,730,970	352,227,395	310,019,648	275,495,889
Total	$ 14,294,011,333	$ 15,100,118,203	$ 14,244,852,529	$ 13,182,532,511	$ 12,079,222,249

(1) 2A-In Corrales & 2AC - Albuq/Corr

(2) Preliminary, subject to change. Does not include over $600 million of protested property.

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 19.8% since 2006 compared with 19.6% for Bernalillo County and 61.2% for Sandoval County.

Tax Year	Albuquerque School District	Bernalillo County	Sandoval County
2006	$11,926,144,157	$11,715,540,463	$2,080,852,068
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*	14,294,011,333	14,014,237,067	3,354,830,744

* *Preliminary, subject to change.*

Major Taxpayers

The 10 largest taxpayers in the Albuquerque Municipal School District, for tax year 2009, have a combined assessed valuation of $384,884,905 which represents 2.69% of the 2010 assessed valuation. This table is useful in assessing the concentration risk of the tax base.

Taxpayer	Business	2009 Assessed Valuation	% of Total A.V.
QWest Communications	Telecommunications	$112,969,012	0.79%
Public Service Co. of New Mexico	Electric Utility	124,835,950	0.87%
Gas Company of New Mexico	Gas Utility	31,196,903	0.22%
AHS Medical Center	Medical	25,066,400	0.18%
Southwest Airlines	Airline	20,191,079	0.14%
Simon Property Group	Retail	15,960,737	0.11%
Voicestream	Telecommunications	14,017,882	0.10%
HUB Trust	Real Estate	13,780,721	0.10%
Heitman Properties of NM	Retail	12,881,412	0.09%
Verizon	Wireless Communications	13,984,809	0.10%
Top Ten Centrally and Locally Assessed Values		$384,884,905	2.69%

School Tax Rates

The following table summarizes the historical school tax levies on residential and non-residential property within the District since the 2006 tax year (2006-07 fiscal year). In February 2005, voters re-authorized the Public School Buildings Act levy (the "HB33" levy) at $3.874 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.

	Operational		Two Mill Levy		HB 33 Levy			Total	
Tax Year	Residential	Non-Residential	Residential	Non-Residential	Residential	Non-Residential	GO Bonds	Residential	Non-Residential
2010	$0.256	$0.500	$2.000	$2.000	$3.874	$4.344	$4.317	$10.447	$11.161
2009	0.244	0.500	2.000	2.000	3.874	4.344	4.316	10.434	11.160
2008	0.238	0.500	1.999	2.000	3.812	4.344	4.304	10.353	11.148
2007	0.238	0.500	2.000	2.000	3.813	4.344	4.308	10.359	11.152
2006	0.241	0.500	1.994	2.000	3.862	4.344	2.167	8.264	9.011

Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to $20.00 per $1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax situation on residential property for 2008-09 Fiscal Year and the previous four years. A high level of taxation may impact the District's ability to repay bonds.

Within 20 Mill Limit for General Purposes

Total Levy	2009	2008	2007	2006	2005
State of New Mexico	$0.000	$0.000	$0.000	$0.000	$0.000
Bernalillo County	6.340	6.184	6.183	6.113	6.131
City of Albuquerque	6.072	3.971	2.970	3.012	3.028
AMAFCA	0.165	0.165	0.167	0.178	0.180
Albuquerque MSD # 12	0.244	0.238	0.238	0.241	0.242
Total	$12.821	$10.558	$9.558	$9.544	$9.581

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

State of New Mexico	$1.150	$1.250	$1.221	$1.291	$1.234
Bernalillo County	0.994	0.995	1.004	1.098	1.149
City of Albuquerque	4.976	6.976	7.976	7.976	7.976
AMAFCA	0.675	0.675	0.675	0.675	0.675
Albuquerque MSD #12	10.190	10.115	10.121	8.023	8.036
UNM Hospital	6.400	6.401	6.400	6.482	6.500
Central New Mexico Community College	3.046	2.990	2.992	3.027	3.038
Total	$27.431	$29.402	$30.389	$28.572	$28.608

TOTAL LEVY

City of Albuquerque	2009	2008	2007	2006	2005
State of New Mexico	$1.150	$1.250	$1.221	$1.291	$1.234
Bernalillo County	7.334	7.179	7.187	7.211	7.280
City of Albuquerque	11.048	10.947	10.946	10.988	11.004
AMAFCA	0.840	0.840	0.842	0.853	0.855
Albuquerque MSD #12	10.434	10.353	10.359	8.264	8.278
UNM Hospital	6.400	6.401	6.400	6.482	6.500
Central New Mexico Community College	3.046	2.990	2.992	3.027	3.038
Total Residential	$40.252	$39.960	$39.947	$38.116	$38.189
Total Non-Residential in	$45.424	$45.613	$45.692	$44.749	$42.493
Village of Corrales					
Residential	$30.902	$31.209	$31.449	$29.065	$29.753
Non-Residential	$37.197	$37.361	$38.471	$36.782	$34.938
Village of Los Ranchos					
Residential	$29.278	$29.173	$29.159	$26.275	$26.330
Non-Residential	$34.818	$35.093	$35.172	$32.100	$30.170

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 fact is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication entitled "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year (unless there was a decrease, in which case zero is used) by the index for such calendar year next preceding the prior calendar year. *The growth control factor applies to authorized operating levies and to any capital improvements levies, but does not apply to levies for paying principal and interest on public general obligation debt.*

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.

The Statutory Valuation Cap on Residential Increases has been recently challenged in a number of venues. Paragraph 3 of Section 7-36-21.2, NMSA 1978, was declared unconstitutional under the New Mexico Constitution in the case of Dzur vs. Bernalillo County Protests Board, No. CV-2008-12410, filed in Second Judicial District Court on August 12, 2009. The Court held that the substantially higher increase allowed upon sale of a residential property over similar residential properties protected by the 3% annual valuation increase violated the uniformity clause. The Bernalillo County Assessor stated an intention not to appeal the District Court decision to the New Mexico Court of Appeals and the time period for filing an appeal in that case has expired. Another case in the Second Judicial District, Wang vs. Bernalillo County Assessor, No. CV-2007-10109, reached a similar holding. Cases have been filed seeking a class action certification as to this issue. Currently, the New Mexico Court of Appeals has placed on its general docket two cases that raise the constitutionality of the Statutory Valuation Cap on Residential Increases. The Legislature considered various bills dealing with the Statutory Valuation Cap on Residential Increases in the 2010 special legislative session, but no bills were enacted 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.

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

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

Tax Collections

General (ad valorem) taxes for all units of government are collected by the county treasurer and distributed monthly to the various political subdivisions to which they are due.

Property taxes are due in two installments. The first half installment is due on November 10 and becomes delinquent on December 10. The second half installment is due on April 10 and becomes delinquent on May 10.

Collection statistics for all political subdivisions for which each county treasurer collects taxes are presented below:

Bernalillo County

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections (1)	Current Collections as a % of Net Levied	Current/ Delinquent Tax Collections (2)	Current/Delinquent Collections as a % of Net Levied
2009	09/10	$594,170,426	$561,435,327	94.49%	$561,435,327	94.49%
2008	08/09	565,045,755	541,204,499	95.78%	554,007,857	98.05%
2007	07/08	533,488,014	513,363,469	96.23%	529,592,861	99.27%
2006	06/07	459,924,205	443,198,371	96.36%	457,572,708	99.49%
2005	05/06	427,818,360	411,172,774	96.11%	426,707,288	99.74%

(1) As of June 30 of each year

(2) As of June 2010

Sandoval County

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections (1)	Current Collections as a % of Net Levied	Current/ Delinquent Tax Collections (2)	Current/Delinquent Collections as a % of Net Levied
2009	09/10	$113,393,978	$104,094,225	91.80%	$104,094,225	91.80%
2008	08/09	88,434,467	81,821,415	92.52%	85,659,887	96.86%
2007	07/08	75,464,680	70,795,219	93.81%	73,940,813	97.98%
2006	06/07	61,559,342	56,076,117	91.09%	58,749,068	95.43%
2005	05/06	50,318,727	48,414,225	96.22%	50,569,238	100.50%

(1) As of June 30 of each year

(2) As of June 2010

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 560,000.

The Albuquerque Municipal School District No. 12 is the largest district in the State with a projected student enrollment for 2010-11 of 95,634 students (including 5,245 charter school students). The District operates 176 school sites - 89 elementary schools, 27 middle schools, 9 alternative schools, 14 high schools, and one family school. In addition, 36 charter schools operate in 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.

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 in non-partisan elections held every two years on the first Tuesday in February. The current District Board Members are:

Martin Esquivel, President
Term expires March 1, 2011

Paula Maes, Vice President
Term expires March 1, 2013

Dolores Griego, Secretary,
Term expires March 1, 2011

Robert Lucero, Member
Term expires March 1, 2011

David Robbins, Member
Term expires March 1, 2013

David Peercy, Member,
Term expires March 1, 2013

Lorenzo Garcia, 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: elementary 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 serves as City Council President for the Eighteenth Council in Albuquerque. He also served as President of the Council in 2001, 2002 and 2005. He is the senior councilor serving longer than any other seated councilor.

Don Moya, Chief Financial Officer: In May 2010, Superintendent Winston Brooks appointed Mr. Moya as Chief Financial Officer of Albuquerque Public Schools with a start date of July 2010. In December 2003, Mr. Moya was appointed by Governor Bill Richardson as the State's first deputy education secretary for finance and operations. Deputy Secretary Moya brings over 10 years of diverse experience to his leadership role having served the legislature; Children, Youth and Families Department, Santa Fe Public School District and community organizations. As Deputy Secretary of Finance and Operations, 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.

Tami Coleman, Director of Accounting. Ms. Coleman joined APS in January 2007 as Director of Capital Fiscal Services. On May 1, 2008, Ms. Coleman assumed the position of 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 as it relates to workers' compensation, property and liability coverage. However, the District has purchased excess coverage policies that cover losses over $350,000, $100,000 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 176 school sites - 14 high schools, 27 middle schools, 89 elementary schools, 9 alternative schools, and 1 family school. In addition, 36 charter schools operate in the District but the District does not operate or maintain such schools or facilities related to such charter schools. The District owns vacant land held for future school sites.

Student Enrollment

The District's 40th day enrollment for the previous four years is detailed below as well as the projected enrollment for school year 2010-11.

	2006-07	2007-08	2008-09	2009-10	2010-11*
Elementary School	39,313	39,646	41,233	45,892	45,790
Middle School	21,020	21,013	21,420	19,457	19,390
High School	27,711	28,272	25,917	25,607	25,209
Charter Schools	6,536	7,034	7,034	6,500	5,245
Total	94,580	95,965	95,604	97,456	95,634

** Projected.*

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 accredited by the State of New Mexico's Public Education Department in 2009 and its next regular examination is scheduled for 2012

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 forth in the Public School Finance Act:

- Before April 15 of each year, the District must submit an estimated budget for the next school year to the Public Education Department. If the District fails to submit a budget, the Public Education Department must prepare a District budget for the ensuing year.
- Before June 20 of each year, the District Board must hold a public hearing to fix the estimated budget for the next school year.
- On or before July 1 of each year, the 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:

<u>Local Revenues</u> - 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 the fiscal year 2009 the District received $7,758,583 from local sources.

<u>Federal Revenues</u> - 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 2009 the District received $1,493,285 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 2009, the District received $651,934,776 from state sources. Such payments represented approximately 98.6% of actual fiscal year 2009 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 a 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 two decades, in recent years 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 effective for the 1997/98 fiscal year:

- 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 for the previous five fiscal years are as follows:

Year	Program Unit Value	Number of Program Units	Amount
2010-2011	$3,712.45	175,757.63	$644,060,023
2009-2010	3,792.65	177,913.14	671,161,704
2008-2009	3,892.47	178,050.77	689,640,371
2007-2008	3,674.26	177,971.63	650,960,944
2006-2007	3,446.44	184,975.67	634,521,264

PED receives Federal mineral-leasing funds from which it makes annual allocations to the District for purchasing text books. In 2008-09, the District received $9,023,242 of cash and credit 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 2008-09 the District received $19,977,290 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, 2009 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

	FYE 6/30/05 Total	*FYE 6/30/06* Total	*FYE 6/30/07* Total	*FYE 6/30/08* Total	*FYE 6/30/09* Total
Assets					
Current Assets:					
Cash and cash Equivalents	$252,188,864	$232,980,665	$121,021,409	$87,328,451	$179,779,876
Intergovernmental	13,529,650	19,720,848	-	-	-
Property tax receivable	-	11,280,274	39,396,919	36,856,795	22,733,861
Other	124,004	1,807,460	1,138,464	594,712	5,746,417
Bond issuance costs	-	147,556	204,803	-	-
Inventories	3,478,367	3,519,263	4,063,618	4,926,549	4,600,560
Total current assets	269,320,885	269,456,066	165,825,213	129,706,507	212,860,714
Noncurrent Assets:					
Capital Assets	1,008,720,152	1,061,334,632	1,336,077,210	1,533,324,124	1,819,398,973
Accumulated Depreciation	(410,406,435)	(439,988,156)	(471,490,282)	(501,238,637)	(533,129,715)
Total noncurrent assets	598,313,717	621,346,476	864,586,928	1,032,085,487	1,286,269,258
Total Assets	$867,634,602	$890,802,542	$1,030,412,141	$1,161,791,994	$1,499,129,972
Liabilities					
Current Liabilities:					
Account payable & other current liabilities	$76,522,399	$72,870,169	$78,298,856	$88,441,015	$107,965,137
Deferred revenue	13,862,364	10,178,590	2,378,256	4,298,856	5,836,178
Accrued interest	-	2,502,053	2,630,048	9,696,715	6,400,591
Bond underwriter premiums	-	694,143	1,193,760	-	-
Insurance reserves, IBNR claims	-	33,553,761	25,505,589	27,929,614	34,604,752
Current portion of compensated absences	-	-	-	-	1,544,411
Current portion of long-term obligations	22,450,840	14,943,014	25,325,335	12,820,731	23,296,310
Total current liabilities	112,835,603	134,741,730	135,331,844	143,186,931	179,647,379
Long-term obligations:					
Compensated absences	2,818,410	3,163,619	5,035,168	5,652,117	3,029,608
Insurance claims	6,746,500	-	7,664,269	9,667,123	3,204,810
Bonds payable	115,405,000	116,205,529	139,351,858	205,998,813	448,818,225
Debt payable	3,711,738	-	-	-	4,272,474
Total long-term obligations	128,681,648	119,369,148	152,051,295	221,318,053	459,325,117
Total Liabilities	$241,517,251	$254,110,878	$287,383,139	$364,504,984	$638,972,496
Net Assets					
Invested in capital assets, net of related debt	$456,657,348	$490,197,933	$480,615,806	$567,477,601	$707,279,507
Restricted:					
Restricted for inventories		$0	$63,675	$50,845	$0
Restricted for Debt Service	21,488,614	24,563,628	64,055,834	34,882,640	26,589,278
Restricted for Capital Projects	105,201,434	110,992,995	142,406,429	124,000,231	46,188,878
Unrestricted	42,769,955	10,937,108	55,887,258	70,875,693	74,795,614
Total Net Assets	$626,117,351	$636,691,664	$743,029,002	$797,287,010	$860,157,476
Total liablilies and net assets	$867,634,602	$890,802,542	$1,030,412,141	$1,161,791,994	$1,499,129,972

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. Excerpts of the independent audit report for the year ended June 30, 2009 are 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, 2009 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

	FYE 6/30/05 Total	FYE 6/30/06 Total	FYE 6/30/07 Total	FYE 6/30/08 Total	FYE 6/30/09 Total
Instruction	(305,962,869)	(315,349,475)	(377,541,814)	(386,994,094)	(413,526,572)
Instructional support	(136,512,076)	(143,232,151)	(123,214,706)	-	-
Student support services	-	-	-	(79,930,867)	(37,969,675)
Instruction support services	(11,046,978)	(11,610,873)	(10,950,359)	(26,058,692)	(27,787,139)
General administration	(19,356,154)	(990,901)	(938,785)	(9,552,429)	(6,983,909)
School administration	-	-	-	(42,673,536)	(45,577,073)
Other support services	-	-	-	41,374,946	27,225,193
Pupil transportation services	(73,577,628)	(74,219,256)	(56,665,211)	(744,301)	(189,371)
Operation and maintenance of plant	(3,314,189)	(1,251,620)	-	(58,328,952)	(62,971,371)
Non-instructional support	(6,195,599)	(7,486,984)	(5,996,071)	29,063,268	-
Community services	(5,030,004)	(10,949,063)	29,290,105	(6,207)	(5,894)
Business/support services	-	-	(6,205,826)	-	-
Central services	(17,891,170)	(3,265,309)	(4,174,901)	(82,406,705)	(78,723,344)
Food services	(3,447,822)	(3,500,555)	-	1,782,239	1,293,465
Athletics	(56,120)	-	-	-	-
Non-operating	158,160	-	-	-	-
Federal programs	-	(14,761)	-	-	-
Bond amortization expense	-	84,251	-	-	-
Bond underwriter premiums	(18,770,000)	-	-	-	-
Debt service	34,595,686	(6,623,849)	2,384,812	-	-
Facilities supplies, materials & other services	(37,524,329)	(28,833,585)	(28,470,659)	(27,625,357)	(29,371,228)
Depreciation - unallocated	(6,089,395)	(3,423,027)	(8,217,510)	(32,038,227)	(33,443,130)
Interest on long-term obligations	-	-	-	(10,416,916)	(8,055,034)
Component Unit Governmental Activities	-	-	-	-	(61,788,047)
Total governmental activities	(610,020,487)	(610,667,158)	(590,700,925)	(742,831,231)	(777,873,129)
General Revenues					
Taxes:					
Property taxes, levied for general purposes	$ 2,878,514	$ 3,743,763	$ 4,535,877	4,150,493	4,274,179
Property taxes, levied for debt service	22,452,108	25,946,034	76,638,213	31,632,788	57,909,583
Property taxes, levied for capital projects	67,365,948	71,757,176	58,771,935	79,191,888	80,323,366
Federal & state aid not restricted to specific purpose	535,131,051	561,578,064	576,123,653	668,323,398	682,375,987
General	95,868	-	-	-	-
Other	3,749,906	7,479,902	14,593,278	3,825,827	2,002,706
Interest and investment earnings	-	-		9,859,188	4,258,713
Gain (loss) on disposal of fixed assets	1,262,782	(302,440)	(2,733,627)	13,587	175,719
Miscellaneous	15,403,997	4,286,626	1,591,938	-	3,545,364
Total general revenues	648,340,174	674,489,125	729,521,267	796,997,169	834,865,617
Change in net assets	38,319,687	63,821,967	138,820,342	54,165,938	56,992,488
Net assets - beginning	587,148,423	626,117,351	622,185,597	743,029,002	797,287,013
Prior period adjustment	225,067	(53,247,653)	(31,946,082)	92,070	5,877,975
Net assets - beginning as adjusted	587,373,490	572,869,698	590,239,515	743,121,072	803,164,988
Net assets - ending	$ 625,693,177	$ 636,691,665	$ 729,059,857	$ 797,287,010	$ 860,157,476

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. Excerpts of the independent audit report for the year ended June 30, 2009 are 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 is comprised of General, Pupil Transportation and Instructional Material. The complete independent audit report for the fiscal year ending June 30, 2009 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 (Includes Operational, Transportation & Instructional Materials)

Year Ending June 30	2005	2006	2007	2008	2009
Assets:					
Cash and equivalents	$65,936,214	$73,431,370	$65,817,936	$77,523,804	$81,625,071
Receivables:					
Property taxes	197,455	488,614	772,667	738,147	708,591
Other receivable	-	-	5,007,003	-	-
Due from other funds	32,919,050	35,017,892	41,967,225	31,619,981	28,639,515
Other	-	-	1,016,046	3,732,885	503,421
Supplies inventory	2,561,760	2,549,870	2,852,461	3,375,704	3,246,252
Total Assets	$101,614,479	$111,487,746	$117,433,338	$116,990,521	$114,722,850
Liabilities:					
Vouchers payable	$4,381,852	$5,372,936	$3,969,975	$778,186	$4,758,969
Accrued expenses	49,160,840	57,291,958	65,727,317	66,492,039	73,854,031
Cash overdrafts	-	-	-	-	-
Deferred revenue	113,655	390,986	730,727	698,204	666,963
Due to other funds	-	-	2,594,906	-	51,522
Compensated Absences	-	-	-	-	-
Estimated claims liability	3,207,000	33,553,761	-	-	-
Other accrued liabilities	-	292,781	-	-	5,219
Total Liabilities	$56,863,347	$96,902,422	$73,022,925	$67,968,429	$79,336,704
Fund Balances:					
Reserve for:					
Inventories	-	2,549,870	2,852,461	3,375,704	3,246,252
Claims	-	-	-	-	350,000
Encumbrances	11,435,553	-	-	-	-
General fund	-	-	1,526,637	2,677,612	3,281,006
Unreserved:					
Designated for:					
Textbooks	-		-	-	
Subsequent year's expenses	-	-	-	-	
Claims	-	-	-	-	
Undesignated	33,315,579	12,035,454	40,031,315	42,968,776	28,508,888
Total Fund Equity	$44,751,132	$14,585,324	$44,410,413	$49,022,092	$35,386,146
Total Liabilities and Fund Equity	$101,614,479	$111,487,746	$117,433,338	$116,990,521	$114,722,850

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. Excerpts of the independent audit report for the year ended June 30, 2009 are attached as Appendix B.

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

Below is a five-year history of the Statement of Revenues & Expenditures & Changes in Fund Balances (General Fund only) for the District. General Fund is comprised of General, Pupil Transportation and Instructional Material. The complete independent audit report for the fiscal year ending June 30, 2009 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	2005	2006	2007	2008	2009
Revenues:					
Local Sources	$5,282,035	$3,480,260	$8,094,164	$7,710,517	$5,502,905
State Sources	516,791,232	546,654,831	604,212,758	638,155,014	651,934,776
Federal Sources	2,398,165	2,595,009	3,115,665	1,380,806	1,493,285
Miscellaneous	3,184,381	6,041,299	3,518,566	3,630,322	2,255,678
Total	$527,655,813	$558,771,399	$618,941,153	$650,876,659	$661,186,644
Expenditures:					
Administration	$7,795,500	$7,231,769	$9,351,299	$5,000,920	$4,871,374
Instruction	319,946,053	352,812,044	371,862,466	404,314,993	424,993,238
Instructional support	107,443,758	111,444,871	118,584,802	122,722,577	94,499,722
Transportation	18,360,922	18,331,965	19,578,607	19,748,718	20,445,285
Operation & maintenance of plant	57,913,589	68,607,444	56,056,301	69,649,874	74,285,543
Central services	-	-	6,205,826	21,880,888	20,884,421
Non-instructional support	1,495,186	841,766	-	-	33,821,035
Food service operations	-	-	4,250,000	2,940,803	714,231
Community services	1,480,428	1,979,987	1,381,634	6,207	5,894
Athletics	3,674,449	3,581,269	-	-	-
Non-operating	-	-	-	-	-
Facilities supplies & other services	-	292,781	1,806,157	-	-
Business/Support Services	4,818,298	8,426,444	-	-	-
Capital outlay	-	106,248	38,971	-	65,062
Total	$522,928,183	$573,656,588	$589,116,063	$646,264,980	$674,585,805
Excess Revenues over Expenditures	$4,727,630	($14,885,189)	$29,825,090	$4,611,679	($13,399,161)
Inter-fund transfers					
Fund Balance-Beginning	39,743,781	44,751,132	14,585,323	44,410,413	49,022,092
Transfers/Adjustments	279,721	(15,280,620)	-	-	(236,785)
Fund Balance-Ending	$44,751,132	$14,585,323	$44,410,413	$49,022,092	$35,386,146

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

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. Excerpts of the independent audit report for the year ended June 30, 2009 are 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 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), 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 is used to account for the accumulation of resources and payment of General Long-Term Debt principal and interest.
2. Bond Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.
3. Other Governmental Fund – This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds are created as required and authorized by the State of New Mexico Pubic Education Department. The Food Service Fund and the various Federal program funds are treated as Special Revenue Funds because the major revenue sources in these funds (Federal revenues) have specific restricted uses
4. 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.
5. 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)
6. 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 the handicap 6-21 years old. (PL 94-142 & PL 99-457)
7. 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).
8. 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. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Pubic School District Capital Improvements Act (22-25-1 to 22-25-10, NMSA 1978).

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 approximately 10,735 permanent employees of which 6,132 (57.1%) are certified educational staff (teachers/counselors) and 1,393 (13.0%) are classroom educational assistants for a total of 7,525 (70.1%) certified direct classroom employees.

Retirement Eligibility

The benefit for retirement at age 60, or after 25 years of service before age 60, is an annual sum equal to the "final average salary" multiplied by the total number of years of service credit times 2.35%.

A member is eligible to retire when:

1. the member's age and earned service credit add up to the sum of 75 or more, or
2. the member is age 65 or more with at least five years of earned service credit, or
3. the member has earned service credit and allowed service credit totaling 25 or more years.

A further requirement to be eligible to retire is that one must be a "member" having at least one year of employment after July 1, 1957 and at least five years of contributory employment. Eligible members who have one year of employment after July 1, 1957, but less than the required five, may contribute to the fund for each year needed. The cost of such contributions is 12% of the average salary of the last five years for each year of contributory employment needed, plus interest from July 1, 1957 to the date of payment.

When a member has completed five or more years of "earned service credit" and has made contributions for at least five years, the member may terminate employment, leave his/her contributions in the retirement fund and retire, (1) when the member's age and years of "earned service credit" (covered employment in New Mexico) add up to the sum of 75 or more, or (2) the member may retire at age 65, if he/she has at least five years of "earned service credit."

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.

The contribution requirement for the year ended June 30, 2009 was $92,786,870 which consisted of $55,920,899 from the District and $36,865,971 from employees.

Pension Plan Statistics

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.

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

Fiscal Year Ending June 30	Employer Contributions	Employee Contributions	Average Asset Balance ($000s)
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
2001	161,524,340	150,068,398	6,667,001,941
2000	153,260,317	142,625,585	7,540,173,918

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 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, 2009 was $9,468,861 which consisted of $6,312,574 from the District and $3,156,287 from employees.

TAX MATTERS

Certain Federal Income Tax Considerations

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Series 2010 Bonds for the investors described below. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. In addition, this summary is generally limited to investors that are "U.S. holders" (as defined below) who will hold the Series 2010 Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of Series 2010 Bonds. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "Service") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of a Bond who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Bond that is not a U.S. Holder.

Non-U.S. Holders

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Bond, will not be subject to U.S. federal income or withholding tax in respect of such Bond, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Bond.

Series 2010A Bonds - Tax-Exempt Bonds

Under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2010A Bonds (or the "Tax-Exempt Bonds") (including original issue discount treated as interest) is excludable from gross income for federal income tax purposes and is not a specific item of tax preference nor included in adjusted current earnings with respect to the Series 2010A Bonds for purposes of the federal alternative minimum tax. The Board has made certain representations and covenanted to comply with all requirements that must be satisfied in order for the interest on the Tax-Exempt Bonds to be excludible from gross income for federal tax purposes. The opinions set forth above are subject to the accuracy of such representations and continuing compliance by the Board and others with such covenants Failure to comply with such requirements could cause interest on the Tax-Exempt Bonds to be included in gross income retroactive to the date of issue of the Tax-Exempt Bonds.

The Code prescribes a number of qualifications that must be met and conditions that must be satisfied in order for the interest on state and local government obligations such as the Bonds to be and remain excluded from gross income for federal income tax purposes. Some of these provisions, including provisions for the rebate by the issuer of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income taxes. The District covenants in the Bond Resolution to take all actions that may be required of it in order for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Code provisions applicable to corporations (as defined for federal income tax purposes) that impose an alternative minimum tax on a portion of the excess of adjusted current earnings over other alternative minimum taxable income, may subject a portion of the interest of the Bonds earned by corporations to the corporate tax imposed on certain corporations, a branch profits tax imposed on certain foreign corporations doing business in the United States, and a tax imposed on excess net passive income of certain S corporations.

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.

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 accrual or receipt of interest on the Tax-Exempt Bonds may otherwise affect the federal income tax liability of certain recipients such as banks, thrift institutions, property and casualty insurance companies, corporations (including S corporations and foreign corporations operating branches in the United States), Social Security or Railroad Retirement benefit recipients, taxpayers otherwise entitled to claim the earned income credit or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, among others. The extent of these other tax consequences will depend upon the recipients' particular tax status or other items of income or deduction. No opinion regarding any such consequences is given and each investor should consult their own tax advisors regarding the tax consequences of purchasing or holding the Tax Exempt Bonds.

Series 2010B Bonds and Series 2010C Bonds - Taxable Bonds

The Series 2010B Bonds and 2010C Bonds are sometimes, herein, referred to as the “Taxable Bonds”. On February 17, 2009, the American Recovery and Reinvestment Act of 2009 ("ARRA"), was signed into law by President Barack Obama. ARRA contains provisions designed to improve the marketability of tax-exempt bonds that are issued in 2009 and 2010. Included in those provisions are an exclusion of interest from the requirement that current earnings of certain corporations must be adjusted for purposes of computing corporate alternative minimum tax. Holders of the Taxable Bonds should consult their tax advisor for an explanation of the ARRA provisions and their application to interest paid on the Taxable Bonds.

The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds and is based on the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("IRS") and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Taxable Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., brokerdealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to or personal holding company provisions of the Code) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Series 2010B Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar". This summary is further limited to investors who will hold the Taxable Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

To ensure compliance with Treasury Circular 230, holders of the Taxable Bonds should be aware and are hereby put on notice that: (a) the discussion in this Official Statement with respect to U.S. federal income tax consequences of owning the Taxable Bonds is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (b) such discussion was written in connection with the promotion or marketing (within the meaning of Treasury Circular 230) of the transactions or matters addressed by such discussion; and (c) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

Series 2010B Bonds as "Qualified School Construction Bonds"

The Board has elected to issue the Series 2010B Bonds as Qualified School Construction Bonds (or the "QSCBs") for purposes of Section 54F of the Code for which the District is allowed a refundable credit which, with respect to any Subsidy Payments with respect to the Series 2010B Bonds, is equal to the lesser of (a) the interest payable on such Series 2010B Bonds on such Subsidy Payment date or (b) the amount of interest that would have been payable on such Subsidy Payment date under such Series 2010B Bonds if such interest were determined under at the applicable credit rate determined under Section 54A(b)(3) of the Code. The District will elect to receive a cash subsidy payment from the United States Treasury equal to the lesser of (a) the interest payable on such Series 2010B Bonds on such Subsidy Payment date or (b) the amount of interest that would have been payable on such Subsidy Payment date under such Series 2010B Bonds if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Code. Under no circumstances will the Owners of the Series 2010B Bonds receive or be entitled at any time to a credit against the tax imposed by the code with respect to the ownership of the Series 2010B Bonds. The District cannot ensure that the District will receive such a refundable credit at any time and in any given amount.

The District will make an irrevocable election that subsection (f) of Section 6431 of the Tax Code shall apply to the Series 2010B Bonds so that the District will directly receive the payment provided in Section 6431 of the Tax Code in lieu of any credit otherwise available to the Series 2010B Bond owners under Section 54A of the Tax Code (the payment described in Section 6431 is referred as the "QSCB Credit"). None of the holders of the Series 2010B Bonds shall be entitled to any credit under Section 54A of the Tax Code. The District covenants that it will not take any action or omit to take any action with respect to the Series 2010B Bonds, the proceeds thereof, any other funds of the District or any project financed with the proceeds of the Series 2010B Bonds if such action or omission would cause the District to not be entitled to the QSCB Credit with respect to the Series 2010B Bonds. The District intends to timely file any document required by the Internal Revenue Service to be filed in order to claim the QSCB Credit. Any QSCB Credit received by the District under Section 6431 of the Tax Code shall be used to pay interest on the Series 2010B Bonds or to reimburse the District for amounts it has used to pay that interest. The annual property taxes for the payment of the interest on the Series 2010B Bonds may be diminished to the extent a QSCB Credit has been received, and deposited in the Interest and Sinking fund Account and is available.

The qualification of the Series 2010B Bonds and receipt of the refundable credit for purposes of Section 54F of the Code is subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2010B Bonds to assure that the Series 2010B Bonds qualify as Qualified School Construction Bonds under Section 54F of the Code for which the District has made an irrevocable election to receive a refundable credit. Failure to comply with such requirements of the Code might result in the District not receiving such Subsidy Payment.

Series 2010C Bonds as "Build America Bonds"

A Build America Bond is a qualified bond under Section 54AA(g) of the Code (a "Qualified Build America Bond" or "BAB") if it meets certain requirements of the Code and the related Treasury regulations and the issuer has made an irrevocable election to have the special rule for qualified bonds apply. Under the Code, the District must use 100% of the excess of the available project proceeds over amounts in a reasonably required reserve fund for capital expenditures. Interest on Qualified Build America Bonds is includible in gross income for purposes of the federal income tax, and owners of Qualified Build America Bonds will not receive any tax credits as a result of ownership of such Qualified Build America Bonds when an issuer has elected to receive a cash subsidy payment.

The Qualified Build America Bonds are taxable obligations for federal income tax purposes. The interest on the taxable Qualified Build America Bonds is includible in gross income for federal income tax purposes. Purchasers other than those who purchase the taxable BABs in the initial offering at their principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such taxable BABs. Generally, the interest on the taxable BABs and recovery of accrued original issue and market discount, if any, will be treated as ordinary income to the holder of taxable BABs at the time such interest is paid or accrued in accordance with the holder's regular method of tax accounting, and, after adjustment for the foregoing, the payment of principal with respect to taxable BABs will be treated as a return of capital.

Under Section 6431 of the Code, an issuer of a Qualified Build America Bond may apply to receive subsidy payments directly from the Secretary of the United States Treasury (the "Secretary"). The amount of a subsidy payment is 35% of the corresponding interest payable on the related Qualified Build America Bond. Depending on the timing of filing and other factors, the subsidy payment may be received before or after the corresponding interest payment date.

The District will elect to treat the taxable BABs as Qualified Build America Bonds for purposes of Section 54AA(g) of the Code. As a result of this election, interest on the taxable BABs will be includible in gross income of the holders thereof for federal income tax purposes and the holders of the taxable BABs will not be entitled to any tax credits as a result of either ownership of the taxable Bonds or receipt of any interest payments on the taxable BABs. Owners of the taxable BABs should consult their tax advisors with respect to the inclusion of interest on the taxable BABs in gross income for federal income tax purposes.

The Internal Revenue Code of 1986 imposes requirements on the BABs that the District must continue to meet after the BABs are issued in order to receive the cash subsidy payments. These requirements generally involve the way that BAB proceeds must be invested and ultimately used, and the periodic submission of requests for payment. If the District does not meet these requirements, it is possible that the District may not receive the cash subsidy payments. The District has covenanted to comply with such requirements. If the District does not meet these requirements, it is possible that the District may not receive such subsidy payment.

If a bond holder purchases a taxable Bond for an amount that is less than the adjusted issue price of the taxable Bond, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale, exchange or other disposition of a taxable Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to purchase or carry a market discount bond is limited. Such bond holders should consult their own tax advisors with respect to whether or not they should elect to accrue market discount currently, the determination and treatment of market discount for federal income tax purposes and the state and local tax consequences of owning such taxable Bonds.

Taxation of Interest Income of the Taxable Bonds

Payments of interest with regard to the Taxable Bonds will be includible as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable provisions of the Code. If the Taxable Bonds are deemed to be issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest (as defined in the Code) allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in such period. The holder of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days he owned the instrument. The legislative history of the original issue discount provisions indicates that the calculation and accrual of original issue discount should be based on the prepayment assumptions used by the parties in pricing the transaction.

Payments of interest received with respect to the Taxable Bonds will also constitute investment income for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential holders of the Taxable Bonds should consult their own tax advisors concerning the treatment of interest payments with regard to the Taxable Bonds.

A purchaser (other than a person who purchases a Taxable Bonds upon issuance at the issue price) who buys a Taxable Bond at a discount from its principal amount (or its adjusted issue price if issued with original issue discount greater than a specified de minimis amount) will be subject to the market discount rules of the Code. In general, the market discount rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. Although the accrued market discount on debt instruments such as the Taxable Bonds which are subject to prepayment based on the prepayment of other debt instruments is to be determined under regulations yet to be issued, the legislative history of the market discount provisions of the Code indicate that the same prepayment assumption used to calculate original issue discount should be utilized. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the Taxable Bonds.

Sale or Exchange of the Taxable Bonds

If a Bondholder sells a Taxable Bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and the Bondholder's basis in such Taxable Bond. Ordinarily, such gain or loss will be treated as a capital gain or loss. At the present time, the maximum capital gain rate for certain assets held for more than twelve months is 15%. However, if a Taxable Bond was subject to its initial issuance at a discount, a portion of such gain will be recharacterized as interest and therefore ordinary income. In February of 2009, President Barack Obama proposed increasing the long-term capital gains rate to 20%. The Board and Bond Counsel cannot predict whether this increase will receive Congressional approval.

If the terms of a Taxable Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential holder of a Taxable Bond should consult its own tax advisor concerning the circumstances in which the Taxable Bonds would be deemed reissued and the likely effects, if any, of such reissuance.

The legal defeasance of the Taxable Bonds may result in a deemed sale or exchange of such Taxable Bonds under certain circumstances. Owners of such Taxable Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

Certain purchasers may be subject to backup withholding at the application rate determined by statute with respect to interest paid with respect to the Taxable Bonds. If the purchasers, upon issuance, fail to supply the Paying Agent/Registrar or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fail to provide the Paying Agent/Registrar with a certified statement, under penalty of perjury, that they are not subject to backup withholding. Information returns will be sent annually to the Service and to each purchaser setting forth the amount of interest paid with respect to the Taxable Bonds and the amount of tax withheld thereon.

Tax Treatment of Original Issue Discount

The Taxable Bonds that have an original yield above their interest rate, as shown on pages i and ii of this Official Statement, are being sold at a discount (the "Discounted Obligations"). The difference between the initial public offering prices, as set forth on the inside cover hereof, of the Discounted Obligations and their stated amounts to be paid at maturity, constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

In the case of an owner of a Discounted Obligation, the amount of original issue discount which is treated as having accrued with respect to such Discounted Obligation is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of a Discounted Obligation (including its sale, redemption or payment at maturity). Amounts received upon disposition of a Discounted Obligation which are attributable to accrued original issue discount will be treated as taxable interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Obligation, on days which are determined by reference to the maturity date of such Discounted Obligation. The amount treated as original issue discount on a Discounted Obligation for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discounted Obligation (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discounted Obligation at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discounted Obligation during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Obligation the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If a Discounted Obligation is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of a Discounted Obligation who purchase such Discounted Obligations after the initial offering. Owners of Discounted Obligations including purchasers of the Discounted Obligations in the secondary market should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such obligations as of any date and with respect to the state and local tax consequences of owning a Discounted Obligation.

Tax Treatment of Bond Premium

The Taxable Bonds that have an original yield below their interest rate, as shown on pages i and ii of this Official Statement, are being sold at a premium (collectively, the "Premium Obligations"). An amount equal to the excess of the issue price of a Premium Obligation over its stated redemption price at maturity constitutes premium on such Premium Obligation. An initial purchaser of such Premium Obligation must amortize any premium over such Premium Obligation's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Obligations callable prior to their maturity, by amortizing the premium to the call date, based upon the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, it offsets the interest allocable to the corresponding payment period and the purchaser's basis in such Premium Obligation is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Obligation prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. The same treatment is afforded to the Premium Obligations purchased at a premium in the secondary market. Purchasers of Premium Obligations should consult with their own tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning such Premium Obligations.

State, Local or Foreign Taxation

The Board makes no representations regarding the tax consequences of purchase, ownership or disposition of the Taxable Bonds under the tax laws of any such state, locality or foreign jurisdiction (except as provided in "Exemption Under State Tax Law"). Investors considering an investment in the Taxable Bonds should consult their own tax advisors regarding such tax consequences.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2010 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2010 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2010 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2010 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2010 Bond and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Exemption Under State Tax Law

Assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2010 Bonds is free and exempt from taxation by the State of New Mexico or any subdivision thereof.

Monitoring Compliance of the Requirements for Qualified School Construction Bonds and Build America Bonds

The IRS has initiated an expanded program for the monitoring compliance with the requirement of direct subsidy bond issues, including requiring response to a compliance check questionnaire and both random and targeted audits. It is possible that the Taxable Bonds will be selected for audit by the IRS. It is also possible that the market value of the Taxable Bonds might be affected as a result of such an audit of the Taxable Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, that Congress or the IRS might change the Code (or interpretation thereof) subsequent to the issuance of the Taxable Bonds to the extent that it adversely affects the status of the bonds as Qualified School Construction Bonds for purposes of Section 54F of the Code or as Build America Bonds for purposes of Section 54AA (g) of the Code for which the District is entitled to a Subsidy Payment or the market value of a bond.

It is possible that subsequent to the issuance of the Taxable Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state or local law) that affect the federal, state, or local tax treatment of the bonds or the market value of the bonds. No assurance can be given that subsequent to the issuance of the Taxable Bonds such changes or interpretations will not occur.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS BEFORE DETERMINING WHETHER TO PURCHASE BONDS.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE. FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

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 their 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 except as described below or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

RATINGS

Moody's Investors Service and Standard & Poor's Rating Services have given the Bonds ratings of "Aa1 Enhanced" and "AA", respectively. 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 rating will be obtained or will continue for any given period of time after received or that the rating will 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 effect on the market price of the Bond.

THE FINANCIAL ADVISOR

RBC Capital Markets Corporation ("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 to the successful bidder at no cost to the successful bidder. A draft of the 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 each nationally recognized municipal securities information repository (a "NRMSIR") and to the state information depository, if any, designated by the State of New Mexico for purposes of the Rule (the "SID"), 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-Enrollment," "FINANCES OF THE EDUCATIONAL PROGRAM-State Equalization Guarantee," and "Statement of Net Assets, Statement of Activities, Balance Sheet – General Fund and Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund." The District will update and provide this information no later than December 31 of each year, commencing December 31, 2010, 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, the District will provide 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 each NRMSIR or the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, timely notice of any failure to provide required annual financial information on or before the filing date.

Material Event Notices

The District will also provide timely notices to MSRB, each NRMSIR and to a SID, if any, via MSRB's Electronic Municipal Market Access ("EMMA") of the occurrence of any of the following events, if material:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults;
(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 or events affecting the tax-exempt status of the Bonds;
(7) modifications to the rights of Bondholders;
(8) Bond calls;
(9) defeasance;
(10) release, substitution or sale of property securing repayment of the Bonds; and
(11) rating changes.

Items 8, 9 and 11 shall always be deemed to be material.

Limitations and Amendments

The District may amend its undertaking from time to time without consent of the Bondholders, if the District delivers to each NRMSIR and the SID, if any, an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect hereto, 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 each NRMSIR and the SID, if any, 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.

The District has previously made continuing disclosure agreements in accordance with SEC Rule 15c2-12 and is in compliance with such agreements.

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 Corporation, 6301 Uptown Boulevard, NE, Suite 110, Albuquerque, New Mexico 87110.

A LAST WORD

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

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

/s/ Martin Esquivel
President, Board of Education

/s/ Dolores Griego
Secretary, Board of Education

APPENDIX A

ECONOMIC & DEMOGRAPHIC INFORMATION

General

The *Albuquerque Municipal School District No. 12* includes 97.6% of Bernalillo County and 2.4% 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 95,965 students from an estimated population of 560,000. 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 area is economically dynamic as evidenced by strong population growth, continued residential and non-residential construction, and unemployment rates below both the State as a whole and the nation.

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 population data for Albuquerque MSA and the State.

US Census Year	Albuquerque MSA	% Change	State of New Mexico	% Change
1960	292,546		951,023	
1970	353,717	20.91%	1,017,055	6.94%
1980	485,430	37.24%	1,303,143	28.13%
1990	589,131	21.36%	1,515,069	16.26%
2000	712,738	17.34%	1,821,078	20.20%
2005	797,940	10.68%	1,928,384	5.89%
2010	N/A		2,112,986	9.57%
2020	N/A		2,383,116	12.78%

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.

	Percent of Population		
Age	Albuquerque MSA	New Mexico	United States
0 - 17	25.10%	25.45%	24.4%
18 - 24	9.44%	9.96%	9.7%
25 - 34	14.22%	13.55%	13.3%
35 - 44	13.15%	12.39%	13.7%
45 - 54	14.04%	13.66%	14.42%
55 & Older	24.05%	24.99%	24.54%

Source: Claritas Inc., 2010

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 Claritas Inc. 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 - June 2010

Effective Buying Income Group	Albuquerque MSA	New Mexico	United States
Under $25,000	24.16%	28.1%	22.3%
$25,000 - $34,999	11.84%	12.3%	10.6%
$35,000 - $49,999	16.43%	16.2%	15.0%
$50,000 - $74,999	19.85%	18.8%	19.5%
$75,000 & Over	27.72%	24.68%	32.65%
2006 Est. Median Household Income	$46,123	$41,045	$48,775
2007 Est. Median Household Income	$46,582	$41,569	$49,314
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

Source: Claritas Inc., 2010

Gross Receipts

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

Total Reported Gross Receipts Tax

	Bernalillo County		Sandoval County		State of New Mexico	
Fiscal Year	(000's) Retail	(000's) Total	(000's) Retail	(000's) Total	(000's) Retail	(000's) Total
2000	$6,286,683	$22,785,540	$710,148	$1,683,923	$17,648,495	$59,397,664
2001	7,455,111	24,391,130	1,127,608	2,719,687	20,743,110	65,894,851
2002	7,352,872	24,150,671	1,018,105	2,585,609	19,094,649	62,280,613
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

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

Employment

The following table, derived from information supplied by the Labor Department of the State of New Mexico, 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 except for 2010 which is through May 2010 and does not reflect monthly or seasonal trends.

	Albuquerque MSA		State of New Mexico		United States
Year	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2010*	410,989	8.20%	954,915	8.00%	9.70%
2009	407,396	7.00%	947,309	5.20%	7.60%
2008	411,990	4.80%	959,884	4.50%	4.90%
2007	409,370	3.70%	947,622	3.80%	4.60%
2006	407,076	4.70%	944,475	5.00%	4.70%

* As of May 2010

Source: New Mexico Dept. of Workforce Solutions

Non-Agricultural Wage and Salary Employment by Major Sector

The New Mexico Department of Labor 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").

	2005	2006	2007	2008	2009
Albuquerque MSA[2]					
Total Employment	377.9	391.5	395.8	394.9	379.1
Total Private	301.7	313.1	316.3	313.6	296.5
Goods Producing	51.4	55.5	54.2	50.4	42.3
Services Providing	250.3	257.6	262.2	263.2	254.2
Mining, Logging & Construction	28.6	31.4	30.5	28.3	24.1
Manufacturing	22.8	24.1	23.7	22.0	18.2
Wholesale Trade	13.0	13.2	13.3	13.1	11.9
Retail Trade	43.6	43.7	44.6	44.5	41.7
Transp., Warehousing & Utilities	10.4	10.5	10.9	10.7	9.7
Information	8.7	9.4	9.2	9.4	9.0
Financial Activities	19.3	19.2	19.2	18.7	18.1
Professional & Business Services	60.7	62.9	64.3	64.3	60.6
Educational & Health Services	46.3	47.9	49.0	51.2	53.8
Leisure & Hospitality	36.5	38.5	39.4	38.9	37.6
Other Services	11.9	12.1	12.2	12.5	11.9
Government	76.2	78.5	79.5	81.3	82.6

Building Permit Valuations

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

Building Activity

	2005	2006	2007	2008	2009
Multiple Listing					
Volume ($000's)	$2,646,874	$2,812,374	$2,398,317	$1,700,264	$1,533,757
Average Selling Price	$204,502	$227,833	$243,089	$232,626	$214,662
Source: Albuquerque Board of Realtors					
Building Permits (Volume - $000's)					
Single Family	$740,484	$586,125	$387,704	$122,033	$110,955
# of Units	4,676	3,334	2,087	659	654
Multi Family	$24,831	$83,431	$62,145	$27,613	$24,435
# of Units	465	893	730	349	265
Source: University of New Mexico Bureau of Business & Economic Research					

Major Employers

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

Employer	Business
Kirtland AFB (Civilian)	Defense
University of New Mexico	Education
Albuquerque Public School	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, 2009

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