FINAL OFFICIAL STATEMENT DATED OCTOBER 20, 2015

$12,000,000
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
San Juan County, New Mexico
General Obligation School Bonds, Series 2015

NEW ISSUE	NOT BANK-QUALIFIED
Book-Entry Only	Moody's Rating: "Aa1" Enhanced; (Underlying "A1")

PURPOSES

Proceeds of the Bonds will be used for the purpose of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes and paying costs of issuance.

THE BONDS

The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 1 and August 1, commencing August 1, 2016. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to the registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See "The Bonds - Book-Entry Only System". BOKF, N.A., Albuquerque, New Mexico (or successor) is the Registrar and Paying Agent for the Bonds.

OPTIONAL REDEMPTION

The Series 2015 Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS."

SECURITY

The Bonds are general obligations of the Central Consolidated School District No. 22 (the "District"), San Juan County, New Mexico, payable solely out of general (ad valorem) property taxes that are required to be levied against all taxable property in the District without limitation as to rate or amount.

BOND AND TAX OPINION

The delivery of the Bonds is subject to the opinions of Cuddy & McCarthy, LLP and McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, as to the validity of the Bonds and the opinion of McCall, Parkhurst & Horton L.L.P., to the effect that interest on the Bonds is excludable from gross income for purposes of federal income taxation, under existing statutes, regulations, published rulings and court decisions, as described under "Tax Matters" herein. See "Legal Matters" and "Tax Matters" herein for a discussion of Co-Bond Counsels' opinions. Delivery of the Bonds is also subject to the delivery of an approving opinion of the Attorney General of the State of New Mexico. The District will not designate the Bonds as "qualified tax-exempt obligations" for financial institutions..

DELIVERY

When, as and if issued, through DTC's facilities, on or about November 24, 2015.

DATED DATE

Date of initial delivery of the Bonds.

DUE DATE

August 1, as shown below:

General Obligation School Bonds, Series 2015

Year	Principal	Interest Rate	Yield	Cusip # 798359	Year	Principal	Interest Rate	Yield	Cusip # 798359
2016	$340,000	1.000%	0.400%	KR5	2023	$100,000	3.000%	2.000%	KY0
2017	400,000	1.000%	0.750%	KS3	2024	800,000	3.000%	2.250%	KZ7
2018	225,000	1.000%	1.000%	KT1	2025	2,000,000	3.000%	2.400%	LA1
2019	225,000	2.000%	1.150%	KU8	2026	1,800,000	3.000%	2.550%	LB9
2020	250,000	2.000%	1.350%	KV6	2027	1,900,000	3.000%	2.700%	LC7
2021	160,000	3.000%	1.600%	KW4	2028	1,900,000	3.000%	2.850%	LD5
2022	100,000	3.000%	1.850%	KX2	2029	1,800,000	3.000%	3.000%	LE3

ISSUER

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
PO Box 1199
Shiprock, New Mexico 87420
(505) 368-4984

BOARD OF EDUCATION

President: Charlie Jones
Vice-President: Ruthda Thomas
Secretary: Christina J. Aspaas
Member: Adam Begaye
Member: Randy Manning

DISTRICT ADMINISTRATION

Interim Superintendent: Dr. Colleen W. Bowman
Director of Operations: Eric James
Acting Business Manager: Herbie Clichee

FINANCIAL ADVISOR

RBC Capital Markets, LLC
6301 Uptown Blvd. NE, Suite 110
Albuquerque, New Mexico 87110
(505) 872-5995

PAYING AGENT/REGISTRAR

BOKF, N.A.
201 Third Street NW, Suite 1400
Albuquerque, New Mexico 87102
(505) 222-8447

CO-BOND COUNSEL

Cuddy & McCarthy, LLP
1701 Old Pecos Trail
Santa Fe, New Mexico 87505
(505) 988-4476

McCall, Parkhurst & Horton L.L.P.
600 Congress Avenue, Suite 1800
Austin, Texas 78701
(512) 478-3805

INITIAL PURCHASER

Hutchinson, Shockey, Erley & Co.
222 W Adams Street, Suite 1700
Chicago, IL 60606
(312) 443-1555

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CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
San Juan County, New Mexico
General Obligation School Bonds, Series 2015

INTRODUCTION

Thank you for your interest in learning more about the $12,000,000, Central Consolidated School District No. 22, San Juan County, New Mexico (the "District"), General Obligation School Bonds, Series 2015 (the "Bonds"). This Official Statement will tell you about the Bonds, their security, the District and the risks involved in an investment in the Bonds.

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

A Few Words Concerning Official Statements

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

MARKET STABILIZATION

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

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

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

Co-Bond Counsel, Cuddy & McCarthy, LLP, Santa Fe, New Mexico, and McCall, Parkhurst & Horton L.L.P., Austin, Texas, were not requested to and did not take part in the preparation of the Official Statement nor have these firms undertaken to independently verify any of the information contained herein. Such firms have no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in the Official Statement or otherwise. The legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from bond proceeds.

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

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	*Financial Advisor*
Central Consolidated School District No. 22	RBC Capital Markets, LLC
PO Box 1199	6301 Uptown Blvd. NE, Suite 110
Shiprock, NM 87420	Albuquerque, NM 87110
Attn: Herbie Clichee	Attn: Charles Casey

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 includes part of the unincorporated area of San Juan County located in the northwest corner of the state of New Mexico. A significant portion of the District overlaps the Navajo Indian Reservation. The District's 2015 preliminary assessed valuation is $765,038,341 and its 40th day enrollment for school year 2014-15 was 6,080. See "THE DISTRICT."

The Financial Advisor

The District has retained RBC Capital Markets, LLC as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification of or assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds.

Limited Role of Auditor

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

Except for a portion of the audited financial statements of the District for the year ended June 30, 2014 contained in Appendix D, this Official Statement presents unaudited financial and statistical information from District records and other sources.

THE BONDS

Authority

New Mexico law enables the District to issue the Bonds including NMSA 1978, Sections 6-15-1 through 6-15-22. The New Mexico Attorney General will provide a written approving opinion with respect to the Bonds.

General Terms

The Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the front cover of this Official Statement. All Bonds are fully registered in denominations of $5,000 or multiples of $5,000. Interest will be computed on the basis of a 360-day year, consisting of twelve 30-day months. Bond payments will be made by the Paying Agent/Registrar to The Depository Trust Company ("DTC"), and DTC will then remit the payments to its participants for disbursement to the beneficial owners of the Bonds. See "Book-Entry-Only System" in Appendix B.

Plan of Finance

The Bonds are being issued for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools or any combination of these purposes and to pay the costs of issuance of the Bonds. It is expected that the Bond proceeds will be used, in part, to provide local match funds for the construction of the new Judy Nelson Elementary School and HVAC and systems upgrades district-wide.

Security for the Bonds

The Bonds are general obligation bonds of the District and are payable from ad valorem taxes which shall be levied against all taxable property within the boundaries of the District without limitation as to rate or amount. The Bonds are additionally secured by the New Mexico Credit Enhancement Program as discussed in more detail under "NEW MEXICO CREDIT ENHANCEMENT PROGRAM," herein. The District will covenant in the Bond Resolution to levy, in addition to all other taxes, direct annual ad valorem taxes sufficient to pay the principal of and interest on the Bonds. The District may pay the principal of and interest on the Bonds from any funds belonging to the District, which funds may be reimbursed from the ad valorem taxes when the same are collected.

Sources and Uses of Funds

Sources:	
Par Amount of Bonds	$12,000,000.00
Bond Premium	312,589.80
Total Sources	$12,312,589.80
Uses:	
Deposit to Capital Projects Fund	$12,000,000.00
Underwriter's Discount	89,300.00
Deposit to Debt Service Fund	223,289.80
Total Uses	$12,312,589.80

Bond Registrar and Paying Agent

BOKF, N.A., Albuquerque, New Mexico (or its successor) will serve as the Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds. In the Bond Resolution, the District covenants to provide a Paying Agent/Registrar at all times until the Bonds are paid, and any Paying Agent/Registrar selected by the District shall be a commercial bank, a trust company, a financial institution or any other entity, as provided by State law, duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar. The Registration Books for the Bonds will be maintained by the Paying Agent/Registrar containing the names and addresses of the registered owners of the Bonds. In the Bond Resolution, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Registration Books to the successor Paying Agent/Registrar. In the event there is a change in the Paying Agent/Registrar for the Bonds the District has agreed to notify each registered owner of the Bonds affected by the change by United States mail, first-class postage prepaid, at the address in the Registration Books, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the fifteenth day of the month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Optional Prior Redemption

Bonds maturing on or after August 1, 2025 may be redeemed prior to their scheduled maturities on August 1, 2024 or on any date thereafter, in whole or in part, at the option of the District, with funds derived from any available and lawful source, and the District shall designate the amount that is to be redeemed, and if less than a whole maturity is to be redeemed, the District shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof within such maturity, for redemption (provided that a portion of a Bond may be redeemed only in an integral multiple of $5,000), at the redemption price of par, plus accrued interest to the date fixed for redemption.

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

Redemption Notices

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

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

If the Paying Agent/Registrar gives proper redemption notice and the Paying Agent/Registrar holds money to pay the redemption price of the affected Bonds, then on the redemption date the Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Bonds, and their owners' only right will be to receive payment of the redemption price upon surrender of those Bonds to the Registrar.

Transfers and Exchanges

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner of his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" in Appendix B.

Limitation on Transfer of Bonds

Neither the District nor the Paying Agent/Registrar are required to transfer or exchange any Bond (i) during the period commencing at the close of business on the Record Date and ending at the opening of business on the next interest payment date and (ii) called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Limited Book-Entry Responsibilities

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

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

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

Defeasance

General. The Bond Resolution provides for the defeasance of the Bonds and the termination of the pledge of taxes and revenues and all other general defeasance covenants in the Bond Resolution under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Resolution when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible entity for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar or an eligible entity for the payment of its services until after all Defeased Bonds shall have become due and payable or (c) any combination of (a) and (b). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues levied and pledged as provided in the Bond Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the Bond Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible entity may at the discretion of the District also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the Bond Resolution, and all income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the District.

Investments. Any escrow agreement or other instrument entered into between the District and the Paying Agent/Registrar or an eligible entity pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District.

For the purposes of these provisions, "Defeasance Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

SECURITY AND REMEDIES

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

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

Various New Mexico laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. There is no guarantee that there will not be any changes that would have a material effect on the District.

Limitations of Remedies

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds, including mandamus, may have to be enforced from year to year.

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

NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

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

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

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

This provision applies to all New Mexico school districts.

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

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

The rating for the New Mexico School District Enhancement Program is Aa1 with a stable outlook.

By request, Moody's will assign the Aa1 rating to school district bonds upon verification of a requirement in the authorizing bond resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program.

DEBT AND OTHER FINANCIAL OBLIGATIONS

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

Outstanding Debt

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

Series	Original Amount Issued	Final Maturity	Principal Outstanding
2008	5,500,000	01-Aug-21	4,500,000
2010	12,000,000	01-Aug-24	9,100,000
2012	15,210,000	01-Aug-23	8,500,000
2014	13,980,000	01-Aug-28	11,720,000
2015	12,000,000	01-Aug-29	12,000,000
	$58,690,000		$45,820,000

Debt Service Requirements to Maturity

	Current Requirements			Series 2015 Bonds			Total Requirements		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	$3,600,000	$1,014,875	$4,614,875	$340,000	$230,499	$570,499	$3,940,000	$1,245,374	$5,185,374
2017	3,750,000	909,725	4,659,725	400,000	332,550	732,550	4,150,000	1,242,275	5,392,275
2018	3,000,000	814,825	3,814,825	225,000	328,550	553,550	3,225,000	1,143,375	4,368,375
2019	3,125,000	727,575	3,852,575	225,000	326,300	551,300	3,350,000	1,053,875	4,403,875
2020	3,275,000	619,925	3,894,925	250,000	321,800	571,800	3,525,000	941,725	4,466,725
2021	3,550,000	505,875	4,055,875	160,000	316,800	476,800	3,710,000	822,675	4,532,675
2022	3,200,000	408,675	3,608,675	100,000	312,000	412,000	3,300,000	720,675	4,020,675
2023	3,200,000	323,675	3,523,675	100,000	309,000	409,000	3,300,000	632,675	3,932,675
2024	2,500,000	237,300	2,737,300	800,000	306,000	1,106,000	3,300,000	543,300	3,843,300
2025	1,500,000	162,300	1,662,300	2,000,000	282,000	2,282,000	3,500,000	444,300	3,944,300
2026	1,000,000	113,500	1,113,500	1,800,000	222,000	2,022,000	2,800,000	335,500	3,135,500
2027	1,000,000	79,800	1,079,800	1,900,000	168,000	2,068,000	2,900,000	247,800	3,147,800
2028	1,120,000	44,800	1,164,800	1,900,000	111,000	2,011,000	3,020,000	155,800	3,175,800
2029	-	-	-	1,800,000	54,000	1,854,000	1,800,000	54,000	1,854,000
	$33,820,000	$5,962,850	$39,782,850	$12,000,000	$3,620,499	$15,620,499	$45,820,000	$9,583,349	$55,403,349

SELECTED DEBT RATIOS

	2015 Tax Year
2015 Preliminary Assessed Valuation	$765,920,882
2015 Estimated Actual Valuation (1)	$2,392,218,114
District General Obligation	
Debt Outstanding (Including the Bonds)	45,820,000
District Net General Obligation Debt	$45,691,297
District Net Debt as a Percentage of	
Assessed Valuation	5.97%
Estimated Actual Valuation	1.91%
Estimated Direct & Overlapping G/O Debt	$53,983,733
Direct & Overlapping Debt as a Percentage of	
Assessed Valuation	7.05%
Estimated Actual Valuation	2.26%
Estimated Population	35,000
District Net Debt Per Capita	$1,305.47
Direct & Overlapping Debt Per Capita	$1,542.39

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

Statement of Estimated Direct and Overlapping Debt

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

	2015 Assessed Value	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	$58,380,564,832	$389,270,000	1.31%	$5,107,008
San Juan County	3,971,520,476	-	19.29%	-
San Juan Community College	3,971,520,476	15,850,000	19.29%	$3,056,725
Central Consolidated Schools	765,920,882	45,820,000 (1)	100.00%	45,820,000
Total Direct & Overlapping				$53,983,733

Ratio of Estimated Direct & Overlapping Debt to 2015 Assessed Valuation:	7.05%
Ratio of Direct & Overlapping Debt to 2015 Estimated Actual Valuation:	2.26%
Per Capita Direct & Overlapping Debt:	$1,542.39
Population:	35,000

(1) Includes the Bonds.

TAX BASE

Analysis of Assessed Valuation

Assessed valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33 1/3 percent is legally subject to ad valorem taxes. This means the assessment ratio is 33 1/3%. After deduction of certain personal exemptions, the District's 2015 preliminary assessed valuation is $765,038,341. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor.

The actual value of certain corporate property within the District (see "Central Assessments" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of assessed valuation for 2015 and the previous four years follows.

	2011	2012	2013	2014	2015
Assessments					
Value of Land	$27,524,075	$30,497,506	$30,775,266	$32,046,740	$33,345,719
Improvements	68,373,868	72,720,055	73,541,202	95,002,040	97,894,034
Personal Property	4,401,268	4,192,115	4,732,667	5,029,357	4,482,570
Mobile Homes	6,519,004	6,675,530	6,449,115	6,343,689	6,507,339
Livestock	120,954	113,451	110,080	121,441	164,854
Assessor's Total Value	106,939,169	114,198,657	115,608,330	138,543,267	142,394,516
Less Exemptions	(9,836,872)	(11,025,163)	(11,027,440)	(30,979,282)	(31,485,156)
Assessors Net Valuation	97,102,297	103,173,494	104,580,890	107,563,985	110,909,360
Oil and Gas	10,631,551	9,835,750	6,415,561	8,432,118	7,226,896
Central Assessed	715,319,039	694,172,958	661,845,801	560,863,609	647,784,626
Total Assessed Valuation	$823,052,887	$807,182,202	$772,842,252	$676,859,712	$765,920,882
Residential	$73,429,865	$76,788,561	$79,395,256	$81,410,932	$83,845,561
Non-Residential	749,623,022	730,393,641	693,446,996	595,448,780	682,075,321
	$823,052,887	$807,182,202	$772,842,252	$676,859,712	$765,920,882

Source: State of New Mexico, Taxation & Revenue Department, Property Division, and San Juan County Assessor's Office

Major Taxpayers

The following is a list of the ten largest taxpayers in the District, along with the 2015 assessed valuation for each. Property taxes are current for these taxpayers. This table is useful in assessing the concentration risk of the tax base. The ten large taxpayers' assessed valuation is 78.7%% of the District's total 2015 assessed value.

Major Taxpayers

Taxpayer	Business	2015 Assessed Valuation	% of District A.V.
Public Service Co. of NM	Utility	$215,194,187	28.10%
Arizona Public Service Co.	Utility	160,325,844	20.93%
San Juan Coal Company	Mine	75,624,396	9.87%
Tucson Electric	Utility	44,303,900	5.78%
MSR Public Power	Utility	29,792,913	3.89%
So. California Public Power	Utility	26,048,289	3.40%
El Paso Natural Gas Company	Pipeline	15,204,858	1.99%
City of Farmington	Municipal Utility	13,446,666	1.76%
City of Anaheim	Municipal Utility	12,224,122	1.60%
Salt River Project	Utility	10,603,884	1.38%
Total		$602,769,059	78.70%

Note: See "Electric Generation" and "Coal Mining" in Appendix A for a discussion of expected future changes.

Source: San Juan County Assessor's Office

School Tax Rates

The following table shows the historical school tax levies on property within the District since the 2011 tax year (2011-12 fiscal year). The Two Mill Levy, a capital improvements tax imposition, is renewed every six years, most recently in February 2013.

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

Tax	Operational		Two Mill Levy		G/O	Ed Tech	Total Debt	Total	
Year	Resid.	Non-Resid.	Resid.	Non-Resid.	Bonds	Obligations	Service	Resid.	Non-Resid.
2011	0.331	0.500	1.914	2.000	6.837	-	6.837	9.082	9.337
2012	0.333	0.500	1.925	2.000	6.828	-	6.828	9.086	9.328
2013	0.332	0.500	2.000	2.000	6.818	-	6.818	9.150	9.318
2014	0.329	0.500	1.980	2.000	6.818	-	6.818	9.127	9.318
2015	0.329	0.500	1.983	2.000	6.818		6.818	9.130	9.318

Source: New Mexico Department of Finance & Administration.

Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to $20.00 per $1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax situation on residential property for the 2015 tax year and the previous four years. The District expects no change in the level of its taxes in the foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may impact the District's ability to repay bonds.

	2015	2014	2013	2012	2011
Within 20 Mill Limit for General Purposes					
State of New Mexico	0.000	0.000	0.000	0.000	0.000
San Juan County	5.731	5.731	5.810	5.826	5.767
Central CSD	0.329	0.329	0.332	0.333	0.331
Total	6.060	6.060	6.142	6.159	6.098
Over 20 Mill Limit - Interest, Principal, Judgement, etc.					
State of New Mexico	1.360	1.360	1.360	1.360	1.362
San Juan County	0.500	0.500	0.500	0.500	0.500
Other	3.713	3.714	3.754	3.582	3.733
Central CSD	8.801	8.798	8.818	8.753	8.751
Total	14.374	14.372	14.432	14.195	14.346
Total Levy					
State of New Mexico	1.360	1.360	1.360	1.360	1.362
San Juan County	6.231	6.231	6.310	6.326	6.267
Other	3.713	3.714	3.754	3.582	3.733
Central CSD	9.130	9.127	9.150	9.086	9.082
Total Residential	20.434	20.432	20.574	20.354	20.444
Total Non-Residential	24.278	24.278	24.108	24.299	24.470

Yield Control Limitations

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

Developments Limiting Residential Property Tax Increases

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

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

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

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

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

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

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

Tax Collections

The level of tax collections is an important component in the analysis of the ability to pay principal and interest on a timely basis. General property taxes, with the exception of those taxes on oil and gas production and equipment for all units of government, are collected by the County Treasurer and distributed monthly to the various political subdivisions to which they are due. Property taxes are due in two installments. The first half is due on November 10 and becomes delinquent on December 10. The second half installment is due on April 10 and becomes delinquent on May 10. Collection statistics for all political subdivisions for which the County Treasurer collects taxes are as follows:

Tax Collections for San Juan 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
2014	14/15	$70,918,455	$68,545,196	96.65%	$68,545,196	96.65%
2013	13/14	$73,340,564	$70,753,818	96.47%	$72,527,504	98.89%
2012	12/13	70,288,815	68,049,597	96.81%	70,207,784	99.88%
2011	11/12	68,889,565	66,897,199	97.11%	68,873,344	99.98%
2010	10/11	66,862,274	64,766,432	96.87%	67,724,003	101.29%

(1) Current collections through June 30 of each year

(2) As of June 30, 2015.

Source: San Juan County Treasurer's Office

Interest on Delinquent Taxes

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

Penalty for Delinquent Taxes

Pursuant to NMSA 1978, Section 7-38-50, if property taxes become delinquent, a penalty of 1% of the delinquent tax for each month, or any portion of a month, they remain unpaid must be imposed, but the total penalty shall not exceed 5% of the delinquent taxes. The minimum penalty imposed is $5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of intent to defraud by the property owner, 50% of the property tax due or $50.00, whichever is greater, shall be added as a penalty.

Remedies Available for Non-Payment of Taxes

Pursuant to NMSA 1978, Section 7-38-47, property taxes are the personal obligation of the person owning the property on the date upon which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. Pursuant to NMSA 1978, Section 7-38-65, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to NMSA 1978, Section 7-38-53, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property upon which taxes are delinquent.

THE DISTRICT

The District is a political subdivision of the State organized for the purpose of operating and maintaining an educational program for school-age children residing within its boundaries.

The District encompasses a portion of San Juan County and is located in northwest New Mexico. The District operates seven schools including one early childhood center, ten elementary schools, three middle schools, an alternative school, and three traditional high schools.

School District Powers

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

Management

The District Board (the "Board"), subject to regulations of the Secretary of the PED, develops educational policies for the District. The Board employs a superintendent of schools, delegates administrative and supervisory functions to the superintendent, including fixing the salaries of all employees, reviews and approves the annual District budget, has the capacity to sue and be sued, contracts, leases, purchases and sells for the District, acquires and disposes of all property, develops educational policies subject to rules of the PED and adopts regulations pertaining to the administration of all powers or duties of the Board. Members are elected to serve without compensation for four-year terms of office in non-partisan elections held every two years on the first Tuesday in February. The District Board Members are:

Charlie Jones, President
term expires March 1, 2019

Ruthda Thomas, Vice President;
term expires March 1, 2019

Christina J. Aspaas, Secretary,
term expires March 1, 2017

Randy Manning, Member;
term expires March 1, 2017

Adam Begaye, Member;
term expires March 1, 2019

The Superintendent of Schools is selected by and serves at the discretion of the Board. All other staff members are selected by the Superintendent with the approval of the Board. The current Administrative Staff is:

Dr. Colleen Bowman, Interim Superintendent of Schools Dr. Bowman was appointed Interim Superintendent after Mr. Donald Levinski was placed on administrative leave with pay by the Board on August 18, 2015.

Mr. Eric James, Director of Operations

Ms. Herbie Clichee, Acting Business Manager

Insurance

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

Enrollment

The District's enrollment has decreased by 1.35% from the 2013-14 school year. Set forth below is the District's enrollment for the school years 2010-11 through 2014-15 including special education and bilingual students. For a discussion of the relationship between student enrollment and amounts of financial support provided by the State for public schools, see "FINANCES OF THE EDUCATIONAL PROGRAM - SOURCES OF REVENUES".

School Year	Enrollment
2010-11	6,433
2011-12	6,290
2012-13	6,041
2013-14	6,163
2014-15	6,080

Souce: New Mexico Public Education Department.

FINANCES OF THE EDUCATIONAL PROGRAM

The basic format for the financial operation of the District is provided by the PED through the School Budget Planning Division, which is directed by State law to supervise and control the preparation of all budgets of all school districts. The District receives revenue from a variety of local, state and federal sources, the most important of which are described below. New Mexico's public school finance laws are subject to review and examination through both the judicial and legislative processes. As a result, the District cannot anticipate with certainty all of the factors that may influence the financing of its future activities. There is no assurance that there will not be any change in, interpretation of or additions to the applicable laws, provisions and regulations that would have a material effect, directly or indirectly, on the affairs of the District.

Sources of Revenues for General Fund

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

Local Revenues - Local revenues are a minor source of revenue to the District made up, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each $1,000 of net taxable value of taxable property. Other sources of local revenues include interest income earned on the District's investments, rentals and sale of property. In the fiscal year 2014 the District received $1,093,887 from local sources.

Federal Revenues - Another minor source of annual revenue for the District's General Fund is derived from indirect costs of direct federal grant funds related to vocational, special education, and various other programs and P.L. 874 federal impact moneys paid to the District in lieu of taxes on federal land located in the District. In fiscal year 2014, the District received $17,724,146 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the State Equalization Guarantee distribution described below. During fiscal year 2014 the District received $33,894,727 from state sources. Such payments represented approximately 64.2% of actual fiscal year 2014 General Fund Revenues.

State Equalization Guarantee Program

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

1. Educational program units that reflect the different costs of identified programs;
2. Training and experience units that attempt to provide additional funds so that districts may hire and retain better educated and more experienced instructional staff; and
3. Size adjustment units that recognize local school and community needs, economies of scale, types of students, marginal costs increases for growth in enrollment from one year to the next, and adjustments for the creation of new districts.

SEG payments are made monthly and prior to June 30 each fiscal year. The calculation of the distribution is also based on the local and federal revenues received from July 1 of the previous fiscal year through May 31 of the fiscal year for which the State distribution is being computed. In the event that a district receives more SEG funds than its entitlement, the district must make a refund to the State's general fund.

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

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

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

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

SEG payments to the District are as follows:

Year	Program Unit Factor	Amount
2010-2011	$3,674.75	$28,526,629
2011-2012	3,585.97	34,214,989
2012-2013	3,668.18	28,232,182
2013-2014	3,817.55	31,119,550
2014-2015	4,005.75	29,913,373

Source: New Mexico Public Education Department.

The PED receives federal mineral-leasing funds from which it makes annual allocations to the District for purchasing textbooks. In fiscal year 2014, the District received $384,713 for textbook purchases.

The District is also reimbursed by the State for the costs of transporting pupils to and from school. These payments are based upon a formula consisting of the number of students per square mile that are transported. In fiscal year 2014 the District received $2,364,078 for transportation purposes.

Balance Sheet

On the following page is a history of the District's Balance Sheet for General Fund only. General Fund includes operational, transportation and instructional materials funds.

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BALANCE SHEET - GENERAL FUND [1]					
Fiscal Year Ending June 30	2010	2011	2012	2013	2014
ASSETS					
Current Assets					
Cash & investments	$25,374,044	$29,226,959	$22,205,158	$23,863,197	$33,684,571
Receivables	152,897	7,104,410	7,494,512	3,188,509	5,776,711
Prepaid Items	-	-	8,695	-	-
Due from Other Governments	2,153,627	-	-	-	30,819
Inventory	133,045	154,811	124,933	238,926	295,181
Total Current Assets	$27,813,613	$36,486,180	$29,833,298	$27,290,632	$39,787,282
Non-current Assets					
Restricted Cash and Equivalents	-	-	-	3,544,626	2,275,587
Bond Issuance Costs	80,689	96,800	78,821	-	-
Non-depreciable Assets	-	-	-	17,420,009	2,311,447
Depreciable Assets - Net		-	-	160,072,750	181,432,718
Capital Assets net of depreciation	183,913,074	185,470,756	185,688,507		
TOTAL ASSETS	$211,807,376	$222,053,736	$215,600,626	$208,328,017	$225,807,034
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts Payable	$5,044,602	$2,022,728	$344,902	$586,880	$815,605
Accrued compensated absences	105,303	102,718	71,501	378,969	374,271
Accrued Payroll	-	1,010	105,320	46,229	114,221
Accrued Interest	588,696	471,662	587,148	666,273	691,550
Deposits Held for Others		-	-	48,653	32,474
Deferred Revenues	1,983,973	1,978,607	577,103	98,226	81,308
Current Portion of Gain on Bond Refunding	199,820	148,719	84,762	-	-
Current Portion of Long-term Debt	3,967,652	4,665,602	4,274,711	5,050,059	11,853,143
Total Current Liabilities	11,890,046	9,391,046	6,045,447	6,875,289	13,962,572
Non-Current Liabilities					
Long-term Debt	33,321,879	40,656,277	36,381,566	40,223,970	42,638,275
Deferred Gain on Bond Premium	345,794	197,075	112,313	-	-
Bond Premium	0	-	-	-	-
Accrued Compensated Balances	421,185	410,872	286,003	-	-
Total Non-current Liabilities	34,088,858	41,264,224	36,779,882	40,223,970	42,638,275
TOTAL LIABILITIES	45,978,904	50,655,270	42,825,329	47,099,259	56,600,847
Net Assets					
Invested in Capital Assets	146,158,618	139,899,883	144,913,976	131,688,849	128,672,875
Restricted for:					
Debt Service	4,872,913	6,553,481	5,569,323	6,958,038	13405108
Capital Projects	3,002,829	11,193,139	7,081,676	8,321,834	13519538
Special Revenue	1,517,422	5,952,764	6,065,145	3,017,525	2386279
Inventories	-	-	-	238,926	295,181
Unrestricted	10,276,690	7,799,199	9,145,177	11,003,586	10,927,206
Total Net Assets	165,828,472	171,398,466	172,775,297	161,228,758	169,206,187
TOTAL LIABILITIES & NET ASSETS	$211,807,376	$222,053,736	$215,600,626	$208,328,017	$225,807,034

[1] General Fund includes Operational, Transportation and Instructional Materials.

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for the year ended June 30, 2014 is attached as Appendix B.

Statement of Revenues, Expenditures & Changes in Fund Balances

Listed below is the GASB 34 Statement of Revenues, Expenditures and Changes in Fund Balances (General Fund). The General Fund includes the following funds: Operational, Transportation and Instructional Materials.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND [1]

Fiscal Year Ending June 30	2010	2011	2012	2013	2014	Unaudited 2015 [2]
Revenues:						
State Sources	$26,326,153	$28,526,629	$29,470,184	$31,343,624	$33,894,727	$29,528,109
Federal Sources	22,216,892	19,644,618	19,864,727	20,503,231	17,724,146	26,437,802
Local Sources	462,810	406,926	436,956	1,009,991	1,027,789	1,125,246
Investment Earnings	19,522	93,438	84,373	79,609	66,098	41,751
Miscellaneous	23,701	543,588	981,082	24,297	52,477	585,441
Total Revenues	49,049,078	49,215,199	50,837,322	52,960,752	52,765,237	57,718,349
Expenditures:						
Instruction	26,398,298	26,548,431	27,022,685	28,884,543	29,715,665	30,266,816
Support Services - Students	3,921,088	3,698,621	3,945,003	3,783,370	3,720,625	3,823,243
Support Services - Instruction	963,383	743,667	794,928	694,564	878,901	960,967
Support Services - General Administration	1,010,806	911,597	997,212	888,572	999,582	1,139,285
Support Services - School Administration	3,801,777	3,676,453	3,490,621	3,256,131	3,241,173	3,688,835
Central Services	1,402,885	1,464,324	1,746,106	1,711,871	1,677,671	1,807,028
Operation & Maintenance of Plant	8,178,172	8,601,110	8,888,321	7,302,505	8,991,597	6,686,104
Food Services	2,580	1,150	1,323	-	-	0
Community Services	617,171	653,304	613,661	294,286	67,279	62,756
Pupil Transportation	81,236	86,387	170,637	2,298,330	2,500,993	3,659,660
Other Support Services	-	-	513,839	92,046	94,771	72,939
Capital Outlay	3,171,531	1,182,525	448,055	118,578	66,084	0
Total	49,548,927	47,567,569	48,632,391	49,324,796	51,954,341	52,167,634
Excess revenues over expenditures	(499,849)	1,647,630	2,204,931	3,635,956	810,896	5,550,715
Fund Balance Beginning of Year	6,016,048	4,750,736	5,622,171	7,827,102	11,462,194	
Transfers/Refunds/Adjustments	(765,463)	(776,195)	0	(864)	(763,400)	
Fund Balance at End of Year	$4,750,736	$5,622,171	$7,827,102	$11,462,194	$11,509,690	

[1] General Fund includes Operational, Transportation and Instructional Materials.

[2] The unaudited results for 2015 are on a cash or budgetary basis, and are not directly comparable with the prior five years' audited results.

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for the year ended June 30, 2014 is attached as Appendix B.

Title I Special Revenue Funds

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

Debt Service

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

Bond Building Capital Projects

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

Agency Funds

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

District Budget Process

Each year, the school district budget process begins with the educational appropriations passed by the Legislature and signed into law by the Governor. The actual budget process follows specific steps set forth in the Public School Finance Act:

- Before April 15 of each year, the District must submit an estimated budget for the next school year to the PED. If the District fails to submit a budget, the PED must prepare a District budget for the ensuing year.
- Before June 20 of each year, the District Board must hold a public hearing to fix the estimated budget for the next school year.
- On or before July 1 of each year, the PED must approve and certify an approved operating budget for use by the District Board.

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

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

To conform to the PED's requirements, budgets for all funds of the District are adopted on the cash basis of accounting except for state instructional material credit. State instructional material funds provide for free textbooks from the PED. As a result, budgets are not prepared in conformity with generally accepted accounting principles (GAAP), and budgetary comparisons are presented on the (Non-GAAP) basis of accounting.

Retirement Plan

ERB Pension Plan

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

Member Contributions:

Plan members earning $20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over $20,000 annually are required to make the following contributions to the plan: 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions:

In fiscal year 2014, the District was required to contribute 13.15% of the gross covered salary for all eligible employees. Starting in fiscal year 2015, the District will contribute 13.9% for all eligible employees. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contribution requirements for the fiscal years ending June 30, 2014, 2013, and 2012 were $4,973,926, $4,538,469, and $3,908,631, respectively.

Recent Legislative Changes

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

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

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

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

Pension Plan Statistics

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

Fiscal Year	Employer Contributions	Employee Contribution	Average Assets
2014	$362,462,537	$268,693,991	$11,442,471,449
2013	299,657,530	248,785,187	10,358,058,861
2012	253,845,277	289,852,094	9,606,304,017
2011	308,367,952	247,407,988	9,642,229,673
2010	313,276,296	250,666,650	9,431,321,589
2009	323,685,497	212,014,023	9,366,271,312

Net Pension Liability of Plan Membership

The components of the net pension liability of the Plan's membership at June 30, 2014 and 2013 were as follows:

	2014	2013
Total pension liability	$17,051,806,637	$16,468,550,952
Plan fiduciary net position	(11,346,075,824)	(10,191,698,803)
Plan membership net pension liability	$ 5,705,730,813	$ 6,276,852,149
Plan fiduciary net position as a percentage of the total pension liability	66.54%	61.89%

The District's share of the plan membership net pension liability as prorated by the ERB is 1.37185% or $78.27 million.

Post-Employment Benefits

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

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

For the years ending June 30, 2014, 2013, and 2012, the District contributions to the NMRHCA were $755,910, $810,848, and $783,357, respectively.

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

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

Source: State of New Mexico, Educational Retirement Board and the District.

TAX MATTERS

Federal Income Tax Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest of which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated in this subsection and the subsection "New Mexico Income Tax Opinion," Co-Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix C Form of Opinion of McCall, Parkhurst & Horton L.L.P.

In rendering its opinion, McCall, Parkhurst & Horton L.L.P. will rely upon (a) the District’s federal tax certificate and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of McCall, Parkhurst & Horton L.L.P. is conditioned on compliance by the District with such requirements, and McCall, Parkhurst & Horton L.L.P. has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

The opinion rendered by McCall, Parkhurst & Horton L.L.P. represents its legal judgement based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. The opinion rendered by McCall, Parkhurst & Horton L.L.P. is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion rendered by McCall, Parkhurst & Horton L.L.P. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

New Mexico Income Tax Opinion

On the date of initial delivery of the Bonds, Cuddy & McCarthy, LLP and McCall, Parkhurst & Horton L.L.P. will render their opinions that interest on the Bonds will be excluded from net income for purposes of New Mexico state income tax. Cuddy & McCarthy, LLP, expresses no opinion as to any other federal, state or local tax consequences, except as described in this subsection.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof of one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (1) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (2) the "initial offering price to the public" of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods, which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profit tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of an obligation issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local & Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available on the MSRB's website at www.emma.msrb.org.

CONTINUING DISCLOSURE UNDERTAKING

Annual Reports

The District will provide annually certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL

OBLIGATIONS – Outstanding Debt", "TAX BASE – Analysis of Assessed Valuation", "TAX RATES", "THE DISTRICT - Enrollment", "TAX RATES", "TAX COLLECTIONS – Tax Collections for San Juan County", and Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances" and "Appendix D." The District will update and provide this information March 31 of each year beginning in 2017.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with accounting principles as in the District's annual financial statements attached hereto or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is June 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: 1) Principal and interest payment delinquencies; 2) Non-payment related defaults, if material within the meaning of the federal securities laws; 3) Unscheduled draws on debt service reserves reflecting financial difficulties; 4) Unscheduled draws on credit enhancements reflecting financial difficulties; 5) Substitution of credit or liquidity providers, or their failure to perform; 6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds or the Lease, or other events affecting the tax-exempt status of the Bonds; 7) Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws; 8) Bond calls, if material within the meaning of the federal securities laws; 9) Defeasances; 10) Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws; 11) Rating changes; 12) tender offers; 13) Bankruptcy, insolvency, receivership or similar event of the District; 14) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and 15) Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws.

In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described under "Annual Reports" and "Event Notices" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 6000, Alexandria, Virginia 22314 and its telephone number is (703) 797-6600.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law or a change in the identity, nature, status or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

The District has been using March 31 of each year as its filing date as is stated in the Continuing Disclosure Agreements for the 2008 and later issues, including the present Bonds. However, the Continuing Disclosure Agreements for the Series 2002 and Series 2005B bonds, which were retired as of 8/15/2013 and 8/15/2014, respectively, stated that it would file within 270 days after the end of its fiscal year which by actual day count is either March 26th in leap years or March 27th in regular years. Consequently, during the past five years the District technically filed late for fiscal years ending June 30, 2009, 2011, and 2012 which were filed on 3/31/10, 3/30/12, and 3/29/13, respectively. Since these older bonds are now retired, this should not be an issue going forward.

Additionally, in the past five years there have been numerous rating actions reported by Moody’s Investors Service, Standard & Poor’s Rating Corporation and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the District. Due to widespread knowledge of these rating actions, material event notices were not filed by the District.

LITIGATION

At the time of the original delivery of the Bonds, the District will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceedings is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Resolution, the levying or collecting of taxes to pay the principal of and interest on the Bonds except as described below or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

RATINGS

Moody's Investors Service has assigned the Bonds a rating of “Aa1- enhanced” based on the District’s qualification under the New Mexico School District Enhancement Program. See “New Mexico School District Enhancement Program” herein. The underlying rating on the Bonds is “A1”. An explanation of the significance of the rating given by Moody's Investors Service may be obtained from Moody's Investors Service, 99 Church Street, New York, New York 10007. There is no assurance that the rating will not be revised downward or withdrawn entirely by the rating agency, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

DISCLOSURE CERTIFICATE

The final certificates included in the transcript of legal proceedings will include the following: At closing the Superintendent or Director of Finance will sign a certificate stating, after reasonable investigation, that to the best of his knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of his knowledge, threatened in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement, as it pertains to the District and the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (c) no event affecting the District has occurred since the date of the Final Official Statement, which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representation concerning the pricing information contained in the Final Official Statement.

ADDITIONAL MATTERS

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

A LAST WORD

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

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

/s/ Charlie Jones
President, Board of Education

/s/ Christina J. Aspaas
Secretary, Board of Education

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APPENDIX A

ECONOMIC & DEMOGRAPHIC INFORMATION

Generally

Central Consolidated School District No. 22 (the "District") is located in the northwest corner of New Mexico in the area known as the "four corners region" where the states of New Mexico, Arizona, Utah, and Colorado meet at a common point. The District comprises the western half of San Juan County and includes the communities of Shiprock, Kirtland, Newcomb, Waterflow, Naschitti and Sanostee within its boundaries. Approximately 96% of the land within the District is owned by the U.S. Government in a trust relationship with the Navajo Nation; this land is commonly called the Navajo Reservation or Navajo Nation. The economy of the District is largely centered on the two electric generating plants and related coal mining activity. Other major employers are the oil and gas producers in San Juan County, the federal government and the Navajo Nation.

Oil and Gas

The District embodies a portion of the San Juan Basin, a large oil, natural gas, and coal field. Oil and natural gas are extracted from wells located throughout the basin, gathered, refined and transported to buyers in New Mexico and in other western states. The methods of transporting these oil and gas products include trucking, rail and pipeline. The District also overlaps a portion of the Bisti area which is replete with valuable coal deposits.

Agriculture and Tourism

Despite the obvious presence of the extractive industries, San Juan County's economy is broadened and diversified by the growing recreational and farming sectors. Recreation has become a stable source of revenue for area merchants due to the utilization of Navajo Lake. This large, 36 mile long, 15,610 acre lake also serves to provide water storage for New Mexico's share of the Upper Colorado River Watershed. The lake is fed by the San Juan river which also provides water for the irrigation of the local farmlands. Additionally, a federally developed system of canals, 71.4 miles in total length, provides water to the Navajo Indian Irrigation Project.

Electrical Generation

The economic base of the area was broadened beyond agriculture and oil and gas production in the 1960's with construction of two coal-fired generating plants, the Four Corners Generating Station and the San Juan Generating Station.

Arizona Public Service ("APS") Company operates Four Corners Power Plant, a five-unit 2,040 megawatt coal-fired plant. Located on the Navajo Indian Reservation 20 miles west of Farmington, nearly 80% of the plant's employees are Native American. Three of the five units closed in December 2013 as part of a $182 million plan for APS to meet environmental regulations. APS has purchased a larger stake in Units 4 and 5 of the Four Corners Power Plant that will remain open and do not need as much investment to meet EPA standards. APS has not been replacing workers at the plant as they quit or retired since 2010 when the plan was first proposed, avoiding layoffs from the closure. APS owned 15% of Units 4 and 5 and bought an additional 48% stake in them from Southern California Edison. PNM Resources Inc. of New Mexico, Salt River Project, El Paso Electric and Tucson Electric Power also own minority stakes in Units 4 and 5. APS expects to spend $350 million by August 2018 upgrading Units 4 and 5 to meet EPA pollution standards by adding pollution controls in a process known as selective catalytic reduction.

The Public Service Company of New Mexico ("PNM") owns a significant portion of the San Juan Generating Station ("SJGS"), a four-unit, 1,683 megawatt of net accredited generation capacity, coal-fired plant located approximately 15 miles west of Farmington. The company operates the SJGS on behalf of itself and eight other owners in the West. The plant employs approximately 740 full-time employees and is the 7th largest coal-fired generating station in the West. Subject to state Public Regulatory Commission ("PRC") approval, PNM is planning to retire coal-fired Units 2 and 3 at the SJGS by Dec. 31, 2017.

The company also agreed to install selective non-catalytic reduction emission control technology on Units 1 and 4 in early 2016, so the units may continue operating without setting a retirement date. However, a PRC public hearing has been scheduled during the period of October 13-23, 2015, which will specifically focus on the issue of replacement power for lost coal generation after PNM shuts down two of the four SJGS generators to comply with federal haze regulations. (Additional information on the hearings may be obtained from: www.nmprc.state.nm.us.)

PNM says the rejection of its proposal by New Mexico regulators will lead to the complete closure of a coal-fired power plant that provides power to 2 million customers in the Southwest.

Coal is supplied by the San Juan mine, which will continue to be managed by BHP Minerals through the end of 2015, with Westmoreland Coal Company assuming full operation from January 1, 2016. The San Juan mine is the only active underground mine in New Mexico. Coal usage is about 6.6 million tons per year. The SJGS meets or exceeds all state and federal regulations for NO_2, SO_2 and particulate control, and is a zero liquid discharge facility.

Coal Mining

BHP Billiton previously owned the three large mines producing coal for the Four Corners Power Plant and the SJGS and transferred the Navajo Mine to the Navajo Transitional Energy Co. ("NTEC") which was formed by the Tribe to own the mine and other entities. BHP Billiton will continue to manage the mine through 2016 on behalf of the Tribe. The Navajo Mine supplies the Four Corners Plant and the San Juan and LaPlata Mines, each estimated to have useful lives in excess of twenty years, supply the San Juan Plant. On December 30, 2013, the NTEC and Four Corners Plant executed a coal supply agreement from July 2016 through 2031. The Navajo Mine is located approximately 20 miles southwest of Farmington, the LaPlata is 20 miles north of Farmington, within the District's boundaries, and the San Juan mine is northwest. Coal production in New Mexico is estimated at over 13 million tons per year with coal reserves in San Juan of 80 million recoverable tons.

Navajo Indian Irrigation Project

The Navajo Indian Irrigation Project, representing a joint federal and tribal investment, is farmed by the Navajo Agricultural Products Industry ("NAPI"), an enterprise of the Navajo Nation. Composed of over 110,000 acres, the project is currently 70% complete with approximately 70,000 acres under cultivation and over 40,000 acres still to be developed. NAPI produces high value crops such as potatoes, onions, pinto beans, alfalfa, pumpkin, barley, corn, and wheat. The enterprise also includes a 12,000 head custom feedyard, testing laboratory, fresh pack operation, bean plant, pellet/granary operation, and potato storage facilities. Business ventures contracted with NAPI include production of sod and an orchard (apples, peaches, apricots, and pears). Located on the project and just seven miles south of Farmington on Highway 371, is a 300 acre industrial park.

NAPI's success is dependent on over 150 full-time and 800 seasonal employees. Ninety-nine percent of the employees are members of the Navajo Nation.

NAPI's mission is to develop, grow and maintain the resources of the projected 110,000 acres. As a grower, NAPI provides quality products under the "Navajo Pride" label.

Population

Based on information gained from the Bureau of Business & Economic Research, the following table shows the historical and projected population data for San Juan County and the State.

US Census Year	San Juan County	State of New Mexico
1970	52,517	1,017,055
1980	81,433	1,303,143
1990	91,605	1,515,369
2000	113,801	1,819,046
2010	130,044	2,059,179

Source: U.S. Census Bureau & UNM Bureau of Busin

The following table sets forth the 2015 estimate of comparative age distribution profile for San Juan County, the State and the United States.

Percent of Population - 2015

Age	Farmington MSA	New Mexico	United States
0 - 17	28.2%	24.5%	23.2%
18 - 24	9.8%	9.7%	9.9%
25 - 44	25.5%	25.1%	26.0%
45 - 54	12.0%	12.6%	13.6%
55 & over	24.5%	28.1%	27.4%

Source: The Nielsen Company, August 2015.

Per Capita Personal Income

Year	San Juan County	New Mexico	United States
2013	$33,289	$35,965	$44,765
2012	32,880	35,805	44,200
2011	31,924	34,763	42,332
2010	29,462	33,175	40,144
2009	29,064	32,522	39,379
2008	31,259	33,416	40,873
2007	28,424	31,980	39,804
2006	26,741	30,625	38,127

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System (03/15 report).

Employment

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

	San Juan County		State of New Mexico		United States
Year	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2015*	56,057	7.90%	927,500	7.10%	5.60%
2014	55,116	6.30%	918,206	6.50%	6.20%
2013	54,549	6.80%	922,960	6.90%	7.40%
2012	55,323	7.10%	928,050	7.10%	8.10%
2011	55,096	7.80%	929,862	7.60%	8.90%
2010	54,987	9.40%	936,088	8.10%	9.60%
2009	56,398	7.90%	954,072	5.70%	8.10%
2008	57,112	3.90%	942,173	3.80%	4.80%
2007	55,637	3.40%	938,383	3.80%	4.50%
2006	55,362	4.30%	935,350	4.20%	4.50%

* the month of July 2015.

Source: New Mexico Workforce Solutions

Major Employers

Following is a list of major employers in San Juan County.

MAJOR EMPLOYERS IN FARMINGTON MSA

Employer	Type of Business	Number of Employees	% of County Employment
San Juan Regional Medical Center	Medical	1,832	3.29%
Farmington Schools	Education	1,330	2.39%
Central Consolidated Schools	Education	1,099	1.97%
San Juan College	Education	1,058	1.90%
BHP Minerals	Mining & Coal	985	1.77%
City of Farmington	Government	900	1.61%
Aztec Well Services	Oil & Gas	750	1.34%
Wal-Mart	Retai	725	1.30%
Conoco Phillips	Oil & Gas	679	1.22%
San Juan County	Government	654	1.17%
Total Top Employers		10,012	17.95%

Source: Farmington Chamber of Commerce, 2014-15.

Total Reported Gross Receipts

	San Juan County		State of New Mexico	
Fiscal	Retail	Total	Retail	Total
2010	$1,403,593,002	$7,044,156,283	$24,608,799,717	$94,722,576,401
2011	1,399,957,673	7,966,662,997	23,789,930,180	102,715,750,442
2012	1,401,325,892	7,495,735,586	23,914,774,353	104,221,140,556
2013	1,353,393,785	6,577,476,888	23,873,876,703	106,300,014,072
2014	1,382,176,839	7,517,735,686	24,395,913,091	107,584,699,939

Source: New Mexico Department of Taxation & Revenue.

Covered Wage and Salary Employment

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

COVERED WAGE AND SALARY EMPLOYMENT
NAICS Classification System

San Juan County	2010	2011	2012	2013	2014
Agriculture	180	189	257	252	242
Mining	5,513	6,411	6,429	6,476	6,718
Utilities	1,107	1,018	1,006	971	911
Construction	3,752	3,436	3,522	3,466	3,550
Manufacturing	1,147	1,294	1,369	1,283	1,320
Wholesale trade	1,597	1,590	1,730	1,773	1,813
Retail trade	5,989	6,091	6,180	6,162	6,286
Transportation & warehousing	1,135	1,202	1,285	1,323	1,387
Information services	272	272	266	258	252
Finance & insurance	893	902	907	890	896
Real estate	508	532	471	492	499
Professional & technical services	997	928	944	957	965
Management of companies	217	209	228	248	251
Administrative & waste services	1,248	1,178	1,154	1,144	1,155
Educational services	335	338	348	347	336
Healthcare & social services	5,623	6,131	6,160	6,356	6,412
Arts, entertainment & recreation	454	480	531	466	432
Accommodations and food services	3,986	4,060	3,951	3,985	4,284
Other services	1,670	1,403	1,446	1,237	1,239
Unclassified	0	0	0	0	0
Government	10,980	10,744	10,914	11,261	11,189
Total	47,602	48,411	49,099	49,350	50,137

* Non-disclosure of data due to confidentiality.
Note: Colums may not sum to the total because of non-disclosure data.
Source: New Mexico Dept. of Workforce Solutions

OIL AND GAS

The oil and gas industry has been important to the San Juan County economy since the 1920's. Large scale development began in the 1950's and continues to be an important industry for the county and the State. The following tables set forth the history of oil and gas production in the County and the State as reported to the State Department of Taxation & Revenue by the Oil and Gas Accounting Division.

Oil & Gas Sales - San Juan County

	Crude Oil		Natual Gas	
Year	Volume (bbls)	Value (000's)	Volume (MCF)	Value (000's)
2014	2,471,661	193,423	378,569,589	$1,918,795
2013	1,393,622	118,921	390,823,915	1,732,539
2012	977,284	79,310	426,935,918	1,638,005
2011	994,719	81,818	451,259,720	2,497,601
2010	970,467	64,528	463,791,251	2,439,221
2009	1,035,792	51,514	506,252,808	2,106,517
2008	1,019,049	90,361	518,031,849	4,352,709
2007	1,042,951	70,291	559,345,341	3,898,696
2006	1,065,382	65,280	594,623,276	3,710,879
2005	1,463,817	56,073	608,607,372	4,260,960

Source: Oil and Gas Accounting Division, Taxation and Revenue Department, State of New Mexico

Crude Oil Sales - County Comparison

	2012		2013		2014	
County	Volume (bbls)	Value (000's)	Volume (bbls)	Value (000's)	Volume (bbls)	Value (000's)
Eddy	45,520,609	$3,980,107	53,330,702	$4,940,701	60,463,953	$5,081,431
Lea	37,214,174	3,260,570	45,543,543	4,216,309	57,633,462	4,833,961
San Juan	977,284	79,310	1,393,622	118,921	2,471,661	193,423
Sandoval	157,090	12,775	757,246	67,276	1,833,371	142,639
Chaves	1,841,355	161,414	1,540,044	140,675	1,463,514	121,468
Rio Arriba	1,098,129	89,926	1,119,881	94,937	1,517,894	119,918
Roosevelt	275,518	23,976	221,331	20,233	219,655	18,435
McKinley	40,364	3,255	58,429	4,932	58,094	4,638

Source: Oil and Gas Accounting Division, Taxation and Revenue Department, State of New Mexico

Natural Gas Sales - County Comparison

	2012		2013		2014	
County	Volume (MCF)	Value (000's)	Volume (MCF)	Value (000's)	Volume (MCF)	Value (000's)
San Juan	426,935,918	$1,638,005	390,823,915	$1,732,539	378,569,589	$1,918,795
Rio Arriba	319,144,843	1,306,974	291,544,849	1,358,207	272,981,989	1,446,967
Eddy	241,376,881	1,038,135	257,345,438	1,239,623	316,917,359	1,509,639
Lea	172,704,832	857,600	174,058,502	876,223	186,551,214	1,000,724
Colfax	26,855,659	73,624	25,235,846	91,706	23,618,631	102,457
Chaves	18,726,148	63,911	16,565,728	66,120	14,633,719	68,679
Sandoval	2,461,190	8,613	2,508,185	11,566	4,814,635	28,032
Roosevelt	2,397,985	9,866	1,766,165	8,065	2,540,556	12,289

Source: Oil and Gas Accounting Division, Taxation and Revenue Department, State of New Mexico

APPENDIX B

BOOK-ENTRY-ONLY SYSTEM

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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 C

FORM OF CO-BOND COUNSEL'S OPINIONS

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LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD	600 CONGRESS AVENUE	700 N. ST. MARY'S STREET
SUITE 900	SUITE 1800	SUITE 1525
DALLAS, TEXAS 75201-6587	**AUSTIN, TEXAS 78701-3248**	**SAN ANTONIO, TEXAS 78205-3503**
TELEPHONE: 214 754-9200	TELEPHONE: 512 478-3805	TELEPHONE: 210 225-2800
TELECOPY: 214 754-9250	TELECOPY: 512 472-0871	TELECOPY: 210 225-2984

[*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*]

$12,000,000
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
GENERAL OBLIGATION SCHOOL BONDS
SERIES 2015

We have acted as Co-Bond Counsel in connection with the issuance by the Central Consolidated School District No. 22 (the "Issuer"), of its General Obligation School Bonds, Series 2015 in the aggregate principal amount of $12,000,000 (the "Bonds"). We have examined those portions of the Constitution and laws of the State of New Mexico considered by us relevant to this opinion, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of the Bonds, including the form of the Bonds approved by the Issuer. We have acted as Co-Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico and with respect to the application to the Bonds of those provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as to which an opinion is rendered herein and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement provided to us or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement), nor have we been requested to investigate or verify, nor have we independently investigated or verified any records, data or other material relating to the financial condition or capabilities of the Issuer and have not assumed any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of New Mexico and constitute valid and legally binding general obligations of the Issuer.

2. All taxable property within the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

3. Except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We further are of the opinion that the Bonds are not "specified private activity bonds" and that accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Code. In expressing the aforementioned opinions, we have relied on, and assume compliance by the Issuer with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that failure by the Issuer to comply with such representations and covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

We call your attention to the fact that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

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CUDDY & McCARTHY
A Limited Liability Partnership

JOHN F. MCCARTHY, JR.
JOHN F. KENNEDY
M. KAREN KILGORE
SANDRA J. BRINCK
PATRICIA SALAZAR IVES
AARON J. WOLF
REBECCA DEMPSEY
JACQUELYN ARCHULETA-STAEHLIN
JULIE A. WITTENBERGER
ANDREW M. SANCHEZ
PATRICK T. ORTIZ
CHARLES V. GARCIA
ARTURO L. JARAMILLO

JAMES S. RUBIN
CHARLOTTE H. HETHERINGTON
R. DANIEL CASTILLE

EVELYN A. PEYTON
YOUNG-JUN (JUN) ROH
NANCY V. NIETO
LAURA M. CASTILLE

OF COUNSEL:
RAMON VIGIL, JR.
CHERYL D. FAIRBANKS

REPLY TO SANTA FE OFFICE

________________, 2015

An opinion in substantially the following form will be delivered by Cuddy & McCarthy, LLP, Bond Counsel, upon delivery of the Bonds, assuming no material changes in facts or law.

$12,000,000
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22
GENERAL OBLIGATION SCHOOL BONDS
SERIES 2015

We have acted as Bond Counsel in connection with the issuance by the Central Consolidated School District No. 22, County of San Juan, State of New Mexico ("Issuer"), of its General Obligation School Bonds, Series 2015 ("Bonds") in the aggregate principal amount of $12,000,000. In addition to examining those portions of the Constitution and laws of the State of New Mexico considered by us to be relevant to this opinion, we have reviewed certified copies of the proceedings of the Issuer and documents authorizing the release of the Bonds, including the form of Bond approved by the Issuer. We have acted as Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico, as to which an opinion is rendered herein, and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness, or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto. We have not been requested to investigate or verify, nor have we independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, and we have not assumed and do not assume any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1. The Bonds have been authorized, issued, and delivered in accordance with the Constitution and laws of the State of New Mexico, and constitute valid and legally binding general obligations of the Issuer.

2. All taxable property within the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds, to the extent the necessary funds are not provided from other sources.

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

4. We express no opinion as to any federal tax consequences resulting from the ownership, carrying, or disposition of the Bonds, and in particular, no opinion is expressed as to the excludability of interest on the Bonds from the gross income of the holders, for federal tax purposes.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Further, we express no opinion as to the federal, state, or local tax consequences arising from the enactment of any pending or future legislation.

We note that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Very truly yours,

APPENDIX D

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2014
(Excerpt)

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STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

COMPREHENSIVE FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2014
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTING & FINANCIAL
SOLUTIONS
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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TABLE OF CONTENTS

Year Ended June 30, 2014

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (cont'd):

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Year Ended June 30, 2014

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STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

OFFICIAL ROSTER
June 30, 2014

BOARD OF EDUCATION

Lupita White	President
Matthew Tso	Vice President
Christina Aspaas	Secretary
Hoskie Benally, Jr	Member
Randy Manning	Member

SCHOOL OFFICIALS

Don Levinski	Superintendent
Pandora Mike	Assistant Superintendent
Andrea Tasan	Chief Financial Officer
Kristy Stock	Federal Programs Director
Rick Nussbaum	Technology Coordinator

AUDIT COMMITTEE

Lupita White	Member
Hoskie Benally, Jr	Member
Don Levinski	Superintendent
Andrea Tasan	Chief Financial Officer

FINANCE COMMITTEE

Matthew Tso	Member
Christine Aspaas	Member
Don Levinski	Superintendent
Andrea Tasan	Chief Financial Officer

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FINANCIAL SECTION

FISCAL YEAR 2014

JULY 1, 2013 THROUGH JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of
Central Consolidated School District No. 22

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Central Consolidated School District No. 22, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise Central Consolidated School District No. 22's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Central Consolidated School District No. 22's nonmajor governmental and the budgetary comparisons for the capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Central Consolidated School District No. 22's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central Consolidated School District No. 22, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental of Central Consolidated School District No. 22 as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1801 N Butler Ave Ste #101
Farmington, NM 87401
afs@afsolutions-cpa.com
Fax (505) 566-1911
Telephone (505) 566-1900

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of
Central Consolidated School District No. 22

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on Central Consolidated School District No. 22's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations*** and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated March 12, 2015 on our consideration of Central Consolidated School District No. 22's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering Central Consolidated School District No. 22's internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
March 12, 2015

2901 N Butler Ave. Ste B101
Farmington, NM 87401
afs@afsolutions-cpa.com
Telephone (505) 566-1900
Fax (505) 566-1911

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 31,180,892
Investments	2,503,679
Receivables:	
Delinquent property taxes receivable	162,772
Grant	5,613,939
Due from other governments	30,819
Fuel inventory	208,213
USDA commodities inventory	23,652
Food inventory	63,316
Non-current:	
Restricted cash	772,789
Investments	1,502,798
Non-depreciable assets	2,311,447
Depreciable capital assets, net	181,432,718
Total assets	225,807,034
LIABILITIES	
Accounts payable	815,605
Accrued salaries	114,221
Accrued interest	691,550
Deposits held for others	32,474
Compensated absences	374,271
Noncurrent liabilities:	
Due within one year	11,853,143
Due in more than one year	42,638,275
Total liabilities	56,519,539
Deferred inflows of resources:	
Advances of federal, state, and local grants	81,308
NET POSITION	
Net investment in capital assets	128,672,875
Restricted for:	
Inventories	295,181
Special revenue funds	2,386,279
Capital projects	13,519,538
Debt service	13,405,108
Unrestricted	10,927,206
Total net position	$ 169,206,187

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contibutions	Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	$ 42,334,475	$ 161,478	$ 9,788,111	$ 951,436	$ (31,433,450)
Support Services - Students	6,734,239	269,810	1,557,017	151,347	(4,756,065)
Support Services - Instruction	2,592,836	-	599,487	58,272	(1,935,077)
Support Services - General Administration	1,982,667	-	458,410	44,559	(1,479,698)
Support Services - School Administration	3,679,856	-	850,816	82,702	(2,746,338)
Central Services	2,088,239	-	482,820	-	(1,605,419)
Operations & Maintenance of Plant	14,849,412	-	3,433,318	-	(11,416,094)
Student Transportation	3,048,531	-	2,358,606	-	(689,925)
Other Support Services	103,854	-	24,012	-	(79,842)
Food Services	3,794,115	100,539	277,650		(3,415,926)
Community Services	606,023	-	140,118	-	(465,905)
Bond interest paid	1,329,645	-	-	-	(1,329,645)
Total governmental activities	$ 83,143,892	$ 531,827	$ 19,970,365	$ 1,288,316	(61,353,384)

General revenues:	
Property Taxes:	
General purposes	393,285
Debt service	5,581,015
Capital projects	1,629,123
Grants and contributions not restricted	53,189,266
Unrestricted investment earnings	66,098
Total general revenues	60,858,787
Change in net position	(494,597)
Net position - beginning	161,228,758
Restatement	8,472,026
Net position - beginning as restated	169,700,784
Net position - ending	$ 169,206,187

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2014

	General Fund	Title I Fund #24101	Kindergarten 3-Plus Fund #27166	Bond Building Fund #31100
ASSETS				
Pooled cash and investments	$ 6,345,005	$ -	$ -	$ 12,178,917
Receivables:				
Property taxes	6,771	-	-	-
Grant	-	2,040,999	700,019	-
Due from other governments	1,338	-	-	-
Due from other funds	5,368,660	-	-	-
Fuel inventory	208,213	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
Total assets	$ 11,929,987	$ 2,040,999	$ 700,019	$ 12,178,917
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 381,839	$ 14,479	$ 680	$ 341,626
Accrued salaries	1,771	17,775	34,908	-
Due to other funds	-	2,008,745	664,431	-
Deposits held for others	32,474	-	-	-
Total liabilities	416,084	2,040,999	700,019	341,626
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	4,213	-	-	-
Total deferred inflows of resources	4,213	-	-	-
Total liabilities and deferred inflows of resources	420,297	2,040,999	700,019	341,626
Fund balance:				
Non-spendable:				
Inventories	208,213	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	11,837,291
Debt service	-	-	-	-
Unassigned	11,301,477	-	-	-
Total fund balance	11,509,690	-	-	11,837,291
Total liabilities, deferred inflows of resources, and fund balance	$ 11,929,987	$ 2,040,999	$ 700,019	$ 12,178,917

(cont'd; 1 of 2)

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2014

	Debt Service Fund #41000	Other Governmental Funds	Total Governmental Funds
ASSETS			
Pooled cash and investments	$ 13,344,715	$ 4,091,521	$ 35,960,158
Receivables:			
Property taxes	120,938	35,063	162,772
Grant	-	2,872,921	5,613,939
Due from other governments	22,846	6,635	30,819
Due from other funds	-	-	5,368,660
Fuel inventory	-	-	208,213
USDA commodities inventory	-	23,652	23,652
Food inventory	-	63,316	63,316
Total assets	$ 13,488,499	$ 7,093,108	$ 47,431,529
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ -	$ 76,981	$ 815,605
Accrued salaries	-	59,767	114,221
Due to other funds	-	2,695,484	5,368,660
Deposits held for others	-	-	32,474
Total liabilities	-	2,832,232	6,330,960
Deferred inflows of resources:			
Advances of federal, state, and local grants	-	81,308	81,308
Delinquent property taxes	83,391	24,074	111,678
Total deferred inflows of resources	83,391	105,382	192,986
Total liabilities and deferred inflows of resources	83,391	2,937,614	6,523,946
Fund balance:			
Non-spendable:			
Inventories	-	86,968	295,181
Restricted for:			
Special revenue funds	-	2,386,279	2,386,279
Capital projects funds	-	1,682,247	13,519,538
Debt service	13,405,108	-	13,405,108
Unassigned	-	-	11,301,477
Total fund balance	13,405,108	4,155,494	40,907,583
Total liabilities, deferred inflows of resources, and fund balance	$ 13,488,499	$ 7,093,108	$ 47,431,529

(2 of 2)

The notes to the financial statements are an integral part of this statement.

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STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2014

Amounts reported for governmental activities in the statement of net poistion are different because:

Fund balances - total governmental funds	$	40,907,583
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		296,733,563
Accumulated depreciation		(112,989,398)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		111,678
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(53,245,402)
Accrued interest payable		(691,550)
Accrued vacation payable		(374,271)
Bond premiums		(1,246,016)
Net position of governmental activities	$	169,206,187

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and

Changes in Fund Balance

Year Ended June 30, 2014

	General Fund	Title I Fund #24101	Kindergarten 3-Plus Fund #27166	Bond Building Fund #31100
Revenues:				
Federal sources:				
Public Law 874	$ 17,040,577	$ -	$ -	$ -
Federal flowthrough grants	161,282	3,510,219	-	-
Federal direct grants	522,287	-	-	-
USDA Commodities	-	-	-	-
State sources:				
State equalization guarantee	31,119,550	-	-	-
Transportation	2,364,078	-	-	-
State instructional material	384,713	-	-	-
State grant	26,386	-	972,046	-
Local sources:				
Grant	616,435	-	-	-
District school tax levy	394,909	-	-	-
Fees and activities	16,445	-	-	-
Earnings from investments	66,098	-	-	-
Miscellaneous	52,477	-	-	236
Total revenue	52,765,237	3,510,219	972,046	236
Expenditures:				
Current:				
Instruction	29,715,665	2,892,328	727,394	-
Support Services:				
Students	3,720,625	175,827	68,154	-
Instruction	878,901	193,288	21,963	-
General Administration	999,582	221,704	-	-
School Administration	3,241,173	16,349	81,228	-
Central Services	1,677,671	-	-	-
Operation & Maintenance of Plant	8,991,597	-	-	273,746
Student Transportation	2,500,993	-	59,798	-
Other Support Services	94,771	-	-	-
Food Services Operations	-	-	-	-
Community Services	67,279	10,723	13,509	-
Capital outlay	66,084	-	-	2,478,620
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
Bond issuance costs	-	-	-	110,854
Total expenditures	51,954,341	3,510,219	972,046	2,863,220
Excess (deficiency) of revenues over expenditures	810,896	-	-	(2,862,984)
Other fianincg sources and financing uses:				
Sale of bonds	-	-	-	8,000,000
Bond premium	-	-	-	67,820
Transfers in	-	-	-	-
Transfers out	(763,400)	-	-	-
Refunds	-	-	-	-
Total other fianincg sources and financing uses	(763,400)	-	-	8,067,820
Net change in fund balance	47,496	-	-	5,204,836
Fund balance at beginning of the year	11,462,194	-	-	6,632,455
Fund balance at end of the year	$ 11,509,690	$ -	$ -	$ 11,837,291

(cont'd; 1 of 2)

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2014

	Debt Service Fund #41000	Other Governmental Funds	Total Governmental Funds
Revenues:			
Federal sources:			
Public Law 874	$ -	$ 4,901,877	$ 21,942,454
Federal flowthrough grants	-	3,013,924	6,685,425
Federal direct grants	-	5,436,803	5,959,090
USDA Commodities	-	277,650	277,650
State sources:			
State equalization guarantee	-	-	31,119,550
Transportation	-	-	2,364,078
State instructional material	-	-	384,713
State grant	-	3,648,352	4,646,784
Local sources:			
Grant	-	49,159	665,594
District school tax levy	5,599,164	1,634,064	7,628,137
Fees and activities	-	515,382	531,827
Earnings from investments	3,325	-	69,423
Miscellaneous	1,087	1,226	55,026
Total revenue	5,603,576	19,478,437	82,329,751
Expenditures:			
Current:			
Instruction	-	5,296,364	38,631,751
Support Services:			
Students	-	2,180,632	6,145,238
Instruction	-	1,276,603	2,370,755
General Administration	55,194	362,278	1,638,758
School Administration	-	19,253	3,358,003
Central Services	-	227,923	1,905,594
Operation & Maintenance of Plant	-	4,285,286	13,550,629
Student Transportation	-	221,105	2,781,896
Other Support Services	-	-	94,771
Food Services Operations	-	3,462,268	3,462,268
Community Services	-	461,507	553,018
Capital outlay	-	2,390,442	4,935,146
Debt service:			
Principal retirement	5,050,059	-	5,050,059
Bond interest paid	1,304,368	-	1,304,368
Bond issuance costs	59,644	-	170,498
Total expenditures	6,469,265	20,183,661	85,952,752
Excess (deficiency) of revenues over expenditures	(865,689)	(705,224)	(3,623,001)
Other fianincg sources and financing uses:			
Sale of bonds	5,980,000	-	13,980,000
Bond premium	569,358	-	637,178
Transfers in	763,401	226,458	989,859
Transfers out	-	(226,459)	(989,859)
Refunds	-	(5,472)	(5,472)
Total other fianincg sources and financing uses	7,312,759	(5,473)	14,611,706
Net change in fund balance	6,447,070	(710,697)	10,988,705
Fund balance at beginning of the year	6,958,038	4,866,191	29,918,878
Fund balance (deficit) at end of the year	$ 13,405,108	$ 4,155,494	$ 40,907,583

(2 of 2)

The notes to the financial statements are an integral part of this statement.

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STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

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

Net change in fund balance - total governmental funds	$	10,988,705
Govermental funds report capital outlays as expenditures. However, in the statement of activites the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital oulays exceeded depreciation in the current year		
Capital outlay		4,935,146
Depreciation		(7,155,766)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred property taxes at:		
June 30, 2013		(136,392)
June 30, 2014		111,678
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, and similar, items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Current year principal payments		5,050,059
Bonds sold		(13,980,000)
Deferred gain on bond refunding		72,236
Current year bond premiums		(637,178)
Bond premium amortization		277,494
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences at:		
June 30, 2013		378,969
June 30, 2014		(374,271)
Accrued interest at:		
June 30, 2013		666,273
June 30, 2014		(691,550)
Change in net position of governmental activities	$	(494,597)

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:				
Federal sources:				
Public Law 874	$ 18,888,395	$ 18,888,395	$ 17,040,577	$ (1,847,818)
Federal grant	500,000	500,000	505,871	5,871
Federal direct grant	125,000	125,000	177,698	52,698
State sources:				
State equalization guarantee	29,148,823	29,148,823	31,119,550	1,970,727
State flowthrough grant	-	-	26,386	26,386
Transportation	2,252,743	2,361,573	2,364,078	2,505
State instructional material	317,201	317,201	384,713	67,512
Local sources:				
Grant	542,009	542,009	600,257	58,248
District school tax levy	390,768	390,768	393,257	2,489
Fees and activities	4,100	4,100	16,445	12,345
Earnings from investments	55,000	55,000	66,097	11,097
Miscellaneous	-	5,739	52,504	46,765
Total revenues	52,224,039	52,338,608	52,747,433	408,825
Expenditures:				
Current:				
Instruction	37,747,541	37,220,503	29,805,712	7,414,791
Support Services:				
Students	4,714,439	4,281,673	3,723,264	558,409
Instruction	987,448	976,043	874,283	101,760
General Administration	1,138,675	1,134,675	981,995	152,680
School Administration	3,766,302	3,598,048	3,241,947	356,101
Central Services	1,709,158	1,798,618	1,669,342	129,276
Operation & Maintenance of Plant	8,953,012	10,940,952	8,949,655	1,991,297
Student Transportation	2,527,896	3,310,127	2,516,351	793,776
Other Support Services	765,788	765,788	113,247	652,541
Community Services Operations	190,433	118,389	67,279	51,110
Capital outlay:				
Equipment	143,950	210,994	66,084	144,910
Total expenditures	62,644,642	64,355,810	52,009,159	12,346,651
Excess (deficiency) of revenues over expenditures	(10,420,603)	(12,017,202)	738,274	12,755,476
Other financing uses:				
Transfers out	-	-	(763,427)	(763,427)
Net change in fund balance	(10,420,603)	(12,017,202)	(25,153)	11,992,049
Beginning cash balance budgeted	10,420,603	12,017,202	-	(12,017,202)
Fund balance at beginning of the year	-	-	11,462,194	11,462,194
Fund balance at end of the year	$ -	$ -	11,437,041	$ 11,437,041
RECONCILIATION TO GAAP BASIS:				
Change in inventory			128,574	
Change in property tax receivable			(195)	
Change in due from other governments			223	
Change in payables			(68,923)	
Change in accrued liabilities			11,346	
Change in deferred property taxes			1,624	
			$ 11,509,690	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

TITLE I FUND - NO. 24101

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
Federal sources:				
Federal direct grant	$ 2,991,577	$ 4,846,971	$ 1,652,269	$ (3,194,702)
Expenditures:				
Current:				
Instruction	2,423,792	3,595,841	2,870,799	725,042
Support Services:				
Students	213,309	353,309	167,962	185,347
Instruction	100,059	293,059	193,288	99,771
General Administration	211,647	260,601	221,704	38,897
School Administration	-	155,000	16,349	138,651
Operation & Maintenance of Plant	-	5,000	-	5,000
Community Services Operations	42,770	61,323	10,723	50,600
Capital outlay:				
Equipment	-	122,838	-	122,838
Total expenditures	2,991,577	4,846,971	3,480,825	1,366,146
Excess (deficiency) of revenues over expenditures	-	-	(1,828,556)	(1,828,556)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	$ -	$ -	(1,828,556)	$ (1,828,556)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			1,857,950	
Change in payables			(11,619)	
Change in accrued liabilities			(17,775)	
			$ -	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

KINDERGARTEN 3-PLUS FUND - NO. 27166

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:				
State sources:				
State grant	$ 1,549,489	$ 971,264	$ 334,068	$ (637,196)
Expenditures:				
Current:				
Instruction	961,523	714,724	714,724	-
Support Services:				
Students	81,894	67,642	67,277	365
Instruction	27,579	21,989	21,952	37
School Administration	93,020	77,453	76,688	765
Student Transportation	319,473	67,655	59,798	7,857
Community Services Operations	66,000	21,801	13,509	8,292
Total expenditures	1,549,489	971,264	953,948	17,316
Excess (deficiency) of revenues over expenditures	-	-	(619,880)	(619,880)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	$ -	$ -	(619,880)	$ (619,880)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			637,978	
Change in payables			(664)	
Change in accrued liabilities			(17,434)	
			$ -	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT NO. 22

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2014

ASSETS		
Pooled cash and investments	$	798,678
LIABILITIES		
Deposits held for others	$	798,678

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Central Consolidated School District No. 22 (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Towns of Shiprock, Kirtland, Newcomb, Naschitti, and Ojo Amarillo, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

1. Blended Component Units

   The District does not have any component units reported as blended component units.

2. Discretely Presented Component Units

   The District does not have any component units reported as discretely presented component units.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Central Consolidated School District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

During fiscal year 2014, Central Consolidated School District No. 22 adopted the following GASB Statements:

- GASB 66, *Technical Corrections: an amendment to GASB Statements No. 10 and No. 22*, resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This Statement will be effective for the year ended June 30, 2014.
- GASB 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement will be effective for the year ended June 30, 2014.
- GASB 70, *Accounting and Financial Reporting for Nonexchange Financial*, the requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement will be effective for the year ended June 30, 2014.

Other accounting standards that Central Consolidated School District No. 22 is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. This Statement requires the liability of defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. This Statement will be effective for the year ended June 30, 2015.
- GASB 69, *Government Combinations and Disposals of Government Operations*, which distinguishes between a government merger and a government acquisition and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will be effective for the year ended June 30, 2015.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68)*, improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. This Statement will be effective at the implementation of GASB 68.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received during the year but are applicable to subsequent years are reported as deferred inflows of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Expenditures incurred during the year that are for the benefit of subsequent years are reported as deferred outflows of resources.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund – The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Title I Special Revenue Fund – To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

Kindergarten 3-Plus Special Revenue Fund – To account for funds received to provide the opportunity for the district to address early literacy. The fullday kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

Bond Building Capital Projects Fund – This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

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

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources – which are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds – Fiduciary Funds are the agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

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

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the school district. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity (cont'd)

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

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

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due from/to other funds."

The District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB – 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the School District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the School District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. *Inventories*

USDA Commodities are recorded at estimated costs and other inventories are recorded at cost, which approximates market. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from $1,000 to assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity (cont'd)

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

Assets	Years
Buildings	40-50
Building improvements	20
Land Improvements	10-20
Vehicles	5-7
Office equipment	5
Computer equipment	3-5

5. *Compensated absences*

It is the District's policy to permit employees to accumulate 36 days of earned but unused vacation, which will be paid to employees upon retirement from the District's service. The amount for liability has been reported in the government-wide financial statements.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts.

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

7. *Fund balance*

a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2014.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity (cont'd)

d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2014.

e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.

8. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

a. Net investment in capital assets

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. That portion of the debt is included in restricted for capital projects.

b. Restricted Net Position

Net Position are reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted."

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

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

9. *Indirect Costs*

The District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity (cont'd)

10. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received $31,119,550 in state equalization guarantee distributions during the year ended June 30, 2014.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received $2,364,078 in transportation distributions during the year ended June 30, 2014.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

A. Budgetary Information (cont'd)

4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2014 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	Original Budget	Final Budget
General Fund	$ 62,644,642	$ 64,355,810
Special Revenue Fund	21,440,943	27,820,859
Capital Projects Fund	9,954,465	10,165,122
Debt Service Fund	10,966,426	10,966,426
Totals	$ 105,006,476	$ 113,308,217

B. Budgetary Violations

The District exceeded its legal budget in individual funds as referenced in Finding 2014-005 on page 184. The District is aware of legal binding of budgets and has implemented a system of checks that will help prevent any further violations of budgetary control.

C. Deficit Fund Equity

There was no deficit fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

1. *Cash and equivalents*

Cash and equivalents are comprised of the following balances:

		Balance
Banks:		
Wells Fargo	$	33,783,348
Bank of the Southwest		80,902
Bank of Albuquerque		6,348,987
Less Fiduciary cash		(798,679)
Less Investments		(4,006,477)
Less net reconciling items		(4,234,827)
State agencies:		
New Mexico Finance Authority		772,789
New Mexico State Treasurer		7,338
Less restricted cash		(772,789)
Cash on hand		300
Total cash and equivalents	$	31,180,892

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

A listing of individual bank accounts is provided on the Cash Reconciliation schedule on page 172.

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the direct obligations of the Unite States government or are agencies sponsored by the United States government. The pool does not have unit shares. Per Section 6-10-10.1(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary.

As of June 30, 2014, the District's deposits held by the New Mexico State treasurer were $7,338.

At June 30, 2014, the carrying amount of the District's deposits was $32,752,059 and the bank balance was $36,986,887 with the difference consisting of outstanding checks and deposits. Of this balance $580,901 was covered by federal depository insurance and $24,690,923 was covered by collateral held in joint safekeeping by a third party.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2014, $11,965,063 of the District's bank balance of $36,986,887 was exposed to custodial risk as follows:

	Wells Fargo Bank	Bank of the Southwest	State Treasurer	NM Finance Authority	Bank of Albuquerque
Uninsured and uncollateralized	$ 11,184,936	$ -	$ 7,338	$ 772,789	$ -
Uninsured and collateral held by pledging bank's trust dept not in the District's name	18,341,936	80,901	-	-	6,348,987
Total uninsured	29,526,872	80,901	7,338	772,789	6,348,987
Insured (FDIC)	250,000	80,901	-	-	-
Total deposits	$ 29,776,872	$ 80,901	$ 7,338	$ 772,789	$ 6,348,987
State of New Mexico collateral requirement:					
50% of uninsured public fund bank deposits	$ 6,995,153	$ -	$ -	$ -	$ 3,174,494
102% of uninsured public fund bank deposits	7,771,522	-	-	-	-
Pledged security	18,663,601	-	-	-	6,348,987
Over collateralization	$ 3,896,926	$ -	$ -	$ -	$ 3,174,493

The collateral pledged is listed on Page 171 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate and separate from the $250,000 coverage for public unit demand deposits at the same institution.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

Restricted Cash

The District has a reserve account held with New Mexico Finance Authority in the amount of $772,789. The account is a required reserve to be maintained until the maturity of the Series 2006 Revenue Bonds. The interest earned on the account is used to pay interest on the revenue bonds.

2. *Investments*

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a written policy for limiting interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. The District's investments are in time deposits or investments guaranteed by the U.S government and therefore are excluded from this requirement.

Custodial Credit Risk – Investments

As of June 30, 2014, the District's investments are in certificates of deposit of $250,000 or less, or U.S. Government Securities or securities secured by the U.S. Federal Government. Therefore the District is not subject to custodial credit risk.

The District investments held in certificated of deposits as follows:

Current assets:	
Investments	$ 2,503,949
Non-current assets:	
Investments	1,502,798
	$ 4,006,477

B. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the following:

	Receivables		Due from Other	
	Delinquent Property Taxes	Grant	Governments	Funds
Major Funds:				
General	$ 6,771	$ -	$ 1,338	$ 5,368,660
Title I	-	2,040,999	-	-
Entitlement IDEA-B	-	700,019	-	-
Debt Service	120,938	-	22,846	-
Other Governmental Funds	35,063	2,872,921	6,635	-
Total	$ 162,772	$ 5,613,939	$ 30,819	$ 5,368,660

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

B. Receivables (cont'd)

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	$ -	$ 81,308
Delinquent property taxes		
General Fund	4,213	-
Debt Service Fund	83,391	-
Other Governmental Funds	24,074	-
Total deferred/unearned revenue for governmental funds	$ 111,678	$ 81,308

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2014 were:

	Receivables	Payables
General Fund	$ 5,368,660	$ -
Title I	-	2,008,745
Entitlement IDEA-B	-	664,431
Public School Capital Outlay	-	-
Other Governmental Funds	-	2,695,484
Total Due To/Due From Other Funds	$ 5,368,660	$ 5,368,660

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. All loans are expected to be repaid within the next fiscal year.

D. Inter-Fund Transfers

The inter-fund receivables and payables at June 30, 2014 were:

	Transfer In	Transfer Out
General Fund	$ -	$ (763,400)
Debt Service Fund	763,400	-
Other Governmental Funds	226,459	(226,459)
Total Due To/Due From Other Funds	$ 989,859	$ (989,859)

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Restatement	Beginning Balance Restated	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:							
Capital assets not being depreciated:							
Land	$ 454,000	$ -	$ 454,000	$ -	$ -	$ -	$ 454,000
Construction in progress	16,966,009	2,153,720	19,119,729	3,355,758	-	(20,618,040)	1,857,447
Total capital assets not being depreciated	17,420,009	2,153,720	19,573,729	3,355,758	-	(20,618,040)	2,311,447
Capital assets being depreciated:							
Land improvements	15,642,156	-	15,642,156	-	-	(12,204,668)	3,437,488
Buildings and improvements	240,629,100	-	240,629,100	783	-	32,822,708	273,452,591
Furniture, fixtures, and equipment	12,435,200	202,335	12,637,535	1,579,388	-	-	14,216,923
Library books	3,315,114	-	3,315,114	-	-	-	3,315,114
Total capital assets being depreciated	272,021,570	202,335	272,223,905	1,580,171	-	20,618,040	294,422,116
Less accumulated depreciation for:							
Land improvements	(8,617,861)	7,737,972	(879,889)	(132,499)	-	-	(1,012,388)
Buildings and improvements	(91,598,705)	(1,687,283)	(93,285,988)	(6,129,561)	-	-	(99,415,549)
Furniture, fixtures, and equipment	(8,735,717)	(64,845)	(8,800,562)	(744,133)	-	-	(9,544,695)
Library books	(2,996,537)	129,344	(2,867,193)	(149,573)	-	-	(3,016,766)
Total accumulated depreciation	(111,948,820)	6,115,188	(105,833,632)	(7,155,766)	-	-	(112,989,398)
Total capital assets being depreciated, net	160,072,750	6,317,523	166,390,273	(5,575,595)	-	20,618,040	181,432,718
Total capital assets, net	$ 177,492,759	$ 8,471,243	$ 185,964,002	$ (2,219,837)	$ -	$ -	$ 183,744,165

Depreciation has been allocated to the functions by the following amounts:

Depreciation Allocation to Functions	
Instruction	$ 3,729,922
Support Services - Students	593,329
Support Services - Instruction	192,309
Support Services - General Administration	158,224
Support Services - School Administration	324,219
Central Services	183,987
Operations & Maintenance of Plant	1,308,327
Student Transportation	268,595
Other Support Services	9,150
Food Services	334,286
Community Services	53,418
Total Depreciation Expense	$ 7,155,766

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Capital Assets

The Schedule of Capital Assets Used by Source and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

The restatement of capital assets is detailed in Note IV.E on page 40.

Construction commitments

The District is involved in long-term construction projects as part of their master plan for upgrading the district buildings. The amount in the capital projects fund designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

F. Long-Term Debt

General Obligation Bonds

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2014 are as follows:

General Obligations Bonds	Original Amount	Interest Rates	Balance June 30, 2014	Amount Due Within One Year
Series 2005B	$ 7,500,000	3.75% to 5.25%	$ 6,425,000	$ 6,425,000
Series 2006	5,500,000	2.60% to 5.00%	4,900,000	100,000
Series 2010	12,000,000	2.00% to 3.00%	10,000,000	700,000
Series 2013	14,810,000	2.00% to 3.00%	13,110,000	2,260,000
Series 2014	13,980,000	2.25% to 4.00%	13,980,000	1,560,000
Total	$ 53,790,000		$ 48,415,000	$ 11,045,000

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

Annual debt service requirements to maturity for general obligation bonds are as follows:

General Obligation Bonds			
Year Ending June 30,	Principal	Interest	Total Requirements
2015	$ 11,045,000	$ 2,362,463	$ 13,407,463
2016	3,550,000	1,068,175	4,618,175
2017	3,600,000	962,300	4,562,300
2018	3,750,000	862,275	4,612,275
2019	3,000,000	771,200	3,771,200
2020 - 2024	16,350,000	2,340,587	18,690,587
2025 - 2029	7,120,000	519,100	7,639,100
Total	$ 48,415,000	$ 8,886,100	$ 57,301,100

On June 18, 2013 the District was approved to issue up to $20,000,000 of general obligation bonds. The District issued Series 2014 in the amount of $13,980,000 on January 21, 2014 of which $6,810,000 was an advanced refunding bond. The remaining $6,020,000 has not been issue currently. The District will make the first interest payment on August 1, 2014. The bond series will mature on August 1, 2028 with interest rates between 2.25% and 4.0%.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

F. Long-Term Debt (cont'd)

Advance Refunding

On January 21, 2014, the District issued general obligation refunding bonds of $6,180,000 with an effective interest rate of 4.00% to advance refund the Series 2005B (refunded bonds) bonds with an effective interest rate of 7.386% and a par value of $5,980,000. The bond series constituting the refunded bonds are callable on August 31, 2014 (Series 2005B). After paying issue costs of $72,874, the net proceeds were $6,549,358, the District contributed an additional $569,358 from the premium received on the issuance of the total $13,980,000 of general obligation bonds issued. The net proceeds from the issuance of the refunding general obligation bonds and additional contribution was used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the District's government-wide financial statements. As a result of the refunding, the District increased its total debt service requirements by $13,980,000, until August 31, 2014 at which time $6,425,000 will be paid, and the cash in an escrow account is $6,348,987, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $507,408, or 7.386% of the par value of the refunded bonds.

Revenue Bonds

The District also issued bonds where the District pledged income derived from the acquired or constructed assets to pay debt service.

Revenue Bonds		Original Amount	Interest Rates	Balance	Amount Due Within One Year
Series	2006	$ 8,269,675	3.12% to 3.98%	$ 4,706,507	$ 596,679

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Revenue Bonds Principal	Interest	Total Requirements
2015	$ 596,679	$ 170,379	$ 767,058
2016	619,653	147,782	767,435
2017	643,955	123,896	767,851
2018	669,611	98,705	768,316
2019	696,636	72,197	768,833
2020 - 2024	1,479,973	59,353	1,539,326
Total	$ 4,706,507	$ 672,312	$ 5,378,819

Changes in long term debt – During the year ended June 30, 2014 the following changes occurred in liabilities reported in the general obligation bonds account group:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated absences:					
Compensated vacation	$ 378,969	$ 282,836	$ 287,534	$ 374,271	$ 374,271
Bonds payable:					
GO bonds payable	38,910,000	13,980,000	4,475,000	48,415,000	11,045,000
Revenue bonds payable	5,281,566	-	575,059	4,706,507	596,679
Bond premium	886,332	637,178	277,494	1,246,016	133,570
Deferred gain on refunding	196,131	30,345	102,581	123,895	77,894
Total bonds payable	45,274,029	14,647,523	5,430,134	54,491,418	11,853,143
	$ 45,652,998	$ 14,930,359	$ 5,717,668	$ 54,865,689	$ 12,227,414

III. DETAILED NOTES ON ALL FUNDS (cont'd)

F. Long-Term Debt (cont'd)

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2014.

B. Employee Retirement Plan

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

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

Funding Policy

Member Contributions

Plan members whose annual salary is $20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over $20,000 are required to make the following contributions to the Plan: 10.1% of their gross salary in fiscal year 2014 and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

The District contributed 13.15% of gross covered salary in fiscal year 2014. In fiscal year 2015 the District will contribute 13.9% of gross covered salary.

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were $4,973,926, $4,538,469, and $3,908,631, respectively, which equal the amount of the required contributions for each fiscal year.

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits

Plan Description

Central Consolidated School District No. 22 contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are:

1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which 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 postemployment healthcare plan. That report and further information can be obtained by writing to:

Retiree Health Care Authority
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were $755,910, $810,848, and $783,357, respectively, which equal the required contributions for each year.

IV. OTHER INFORMATION (cont'd)

D. Contingent Liabilities

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

E. Restatement

There was a restatement of the financials for $8,472,026. Management increased construction in process for PSFA 2013 Contributions in the amount of $2,049,126, and expenditures for construction in process in the amount of $105,376. In the setup of the new accounting system the assets were increased for assets in the amount of $202,336. In the evaluation of the capital asset some of the useful lives were adjusted to better reflect the useful life of the assets which caused a decrease of the accumulated depreciation of $6,115,188.

F. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

G. Subsequent Events

Subsequent events were evaluated through March 12, 2015, which is the date the financial statements were available to be issued.