

NOTICE
SANTA FE PUBLIC SCHOOL DISTRICT
Santa Fe County, New Mexico

\$30,000,000* General Obligation School Building Bonds, Series 2018 (the "Bonds")
\$11,000,000* General Obligation Education Technology Notes, Series 2018 (the "Notes")

Preliminary Official Statement
June 5, 2018

The Preliminary Official Statement, dated June 5, 2018 (the "Preliminary Official Statement") relating to the above-described Bonds and Notes of the Santa Fe Public School District (the "Issuer" or the "District"), has been posted on the Internet as a matter of convenience. A copy of the Preliminary Official Statement is available from the Issuer by contacting the financial advisor, RBC Capital Markets, LLC, at (505) 872-5999 by electronic mail or upon payment of reasonable copying, handling, and delivery charge. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat 11.0). Although this format should replicate the Preliminary Official Statement available from the Issuer, its appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat 11.0 may cause the Preliminary Official Statement that you view or print to differ in format from the Preliminary Official Statement.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of the Final Official Statement will be filed with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE UNDERTAKING" for a description of the Issuer's undertaking to provide certain information on a continuing basis.

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

For the purposes of compliance with Rule 15c2-12 (the "Rule") promulgated by the United States Securities and Exchange Commission, this document constitutes the "Official Statement" that the Issuer has "deemed final" as of its date with respect to the Bonds and the Notes, except for certain pertinent information permitted by the Rule to be omitted therefrom.

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

The Financial Advisor provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and to investors under the federal securities laws as applied to the facts and circumstances of these transactions, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

THE BONDS AND THE NOTES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS AND NOTES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS AND NOTES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE THEREOF.

None of the Issuer, the Financial Advisor, or the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system described under Appendix C "BOOK-ENTRY-ONLY SYSTEM" as such information has been provided by DTC.

INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE BONDS AND THE NOTES.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS AND THE NOTES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

By choosing to proceed and view the electronic version of the Preliminary Official Statement, the viewer acknowledges reading and understanding this Notice.

*Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT

Dated June 5, 2018

Bond Rating: Moody's (Enhanced) - "Aa2"

S&P (Unenhanced) - "AA"

Note Rating: S&P (Unenhanced) - "AA"

See "RATINGS" herein. See "NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAMS" as it relates to the Bonds.

NEW ISSUES – Book-Entry-Only

SANTA FE PUBLIC SCHOOL DISTRICT (the "District")

Santa Fe County, New Mexico (the "County")

\$30,000,000¹ General Obligation School Building Bonds, Series 2018 (the "Bonds")

\$11,000,000¹ General Obligation Education Technology Notes, Series 2018 (the "Notes")

PURPOSES AND AUTHORITY: Proceeds of the Bonds will be used to pay the costs of (1) erecting, remodeling, making additions to and furnishing school buildings, purchasing and improving school grounds and purchasing computer software and hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of those purposes within the District, and (2) paying costs of issuing of the Bonds. On May 21, 2018, the District's Board of Education (the "Board") delegated, pursuant to a Notice of Sale and Delegation of Authority Resolution (the "Delegation Resolution"), permitted by Section 6-14-10.2, NMSA 1978 (but which delegation authority does not extend to the Notes), pricing of the Bonds and certain other matters to the District's Superintendent, who will approve the "Bond Award" (together with the Delegation Resolution, the "Bond Resolution"), which will contain the final terms of sale and complete the sale of the Bonds. Proceeds of the Notes will be used to pay the costs of (1) securing funds for financing education technology equipment for learning and administrative use in schools and related facilities within the District or any other use pursuant to the Education Technology Equipment Act Section 6-15A-1 et seq., NMSA 1978, as amended, and (2) paying costs of issuing of the Notes. On June 12, 2018, the Board anticipates approving a resolution relating to the Notes (the "Note Resolution") awarding the sale of the Notes.

OBLIGATIONS: The Bonds and the Notes are issuable as fully registered obligations 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 and the Notes will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC participant. Beneficial owners of the Bonds and the Notes will not be entitled to receive physical delivery of the Bonds and the Notes so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds and the Notes. Interest on the Bonds and the Notes is payable on each February 1 and August 1, commencing February 1, 2019. As long as DTC or its nominee is the registered owner of the Bonds and the Notes, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds and the Notes will be made directly to DTC by the Paying Agent/Registrar (identified below). Disbursements of such payments to DTC participants are the responsibility of DTC. See "THE BONDS AND THE NOTES – Limited Book-Entry Responsibilities" and Appendix C - "Book-Entry Only System". BOKF, NA, Albuquerque, New Mexico or its successor is the Registrar/Paying Agent for the Bonds and the Notes.

REDEMPTION: The Bonds are subject to redemption prior to maturity as provided herein. The Notes are not subject to redemption prior to maturity. See "THE BONDS AND THE NOTES – Optional Prior Redemption".

SECURITY: The Bonds are general obligations of the District payable from general (ad valorem) property taxes which are required to be levied against all taxable property within the District without limitation of rate or amount. The Notes are secured by rent payments (the "Rent Payments") made pursuant to a Lease Purchase Arrangement (the "Lease") with The Education Technology Leasing Company, LLC (the "Lessor"), which are general obligations of the District, payable from general (ad valorem) property taxes which are required to be levied against all taxable property in the District without limitation as to rate or amount.

LEGAL OPINIONS: In the opinions of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants in the documents relating to the Bonds and the Notes and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes, is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals, and except as described herein, corporations. Bond Counsel is further of the opinion that the Bonds and the Notes and the income from the Bonds and the Notes are exempt from all taxation by the State or any political subdivision of the State. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds and the Notes.

DELIVERY: When, as and if issued, through DTC's facilities, on or about July 18, 2018.

DATED DATE: July 18, 2018.

INTEREST: Accrues from date of delivery.

DUE DATE: August 1, as shown on the inside cover hereof.

The Bonds and Notes are offered for delivery when, as and if issued and received by the initial purchasers named below (the "Underwriters") and as it relates to the Bonds only, are subject to review of the Attorney General of the State. The Bonds and the Notes will receive the approval of certain legal matters by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel and Disclosure Counsel (see "LEGAL MATTERS"; "APPENDIX D – FORMS OF BOND COUNSEL'S OPINIONS" hereto). Certain matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, San Antonio, Texas, as counsel to the Underwriters.

J.P. MORGAN

BAIRD

¹ Preliminary, subject to change.

MATURITY SCHEDULE*

CUSIP No.⁽¹⁾ PREFIX: 802088

\$30,000,000*
 Santa Fe Public School District
 General Obligation School Building Bonds, Series 2018

Principal Amount (\$)*	Stated Maturity (Aug. 1)	Interest Rate (%)	Initial Yield (%)	CUSIP No. ⁽¹⁾ Suffix	Principal Amount (\$)*	Stated Maturity (Aug. 1)	Interest Rate (%)	Initial Yield (%)	CUSIP No. ⁽¹⁾ Suffix
650,000	2019				3,150,000	2025			
1,350,000	2020				3,150,000	2026			
1,450,000	2021				3,150,000	2027			
1,350,000	2022				3,150,000	2028			
3,150,000	2023				3,150,000	2029			
3,150,000	2024				3,150,000	2030			

(Interest accrues from the Date of Delivery)

The District reserves the right to redeem the Bonds maturing on and after August 1, 20__, in whole or in part, in the principal amount of \$5,000 or any integral multiple thereof, on _____, 20__ or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption. If two or more serial Bonds of consecutive maturity are combined into one or more "term" Bonds (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Resolution. See "THE BONDS AND THE NOTES – Optional Prior Redemption" herein.

\$11,000,000*
 Santa Fe Public School District
 General Obligation Technology Notes, Series 2018

Principal Amount (\$)*	Stated Maturity (Aug. 1)	Interest Rate (%)	Initial Yield (%)	CUSIP No. ⁽¹⁾ Suffix
3,300,000	2019			
3,900,000	2020			
3,800,000	2021			

(Interest accrues from the Date of Delivery)

The Notes are not subject to optional redemption by the District prior to their stated maturity date. See "THE BONDS AND NOTES – Optional Prior Redemption".

* Preliminary, subject to change.

(1) CUSIP numbers are included solely for the convenience of the owners of the Bonds and the Notes. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriters, the District, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

ISSUER

Santa Fe Public School District
Santa Fe County, New Mexico
610 Alta Vista Street
Santa Fe, New Mexico 87505
(505) 982-2631; (505) 995-3301 - Fax

BOARD OF EDUCATION

President: Steven Carrillo
Vice-President: Maureen Cashmon
Secretary: Rudy Garcia
Member: Kate Noble
Member: Lorraine Price

DISTRICT ADMINISTRATION

Superintendent: Dr. Veronica C. Garcia
Chief Operations Officer: Kristy Janda Wagner
Interim Executive Director of Finance & Administration: Richard Halford

FINANCIAL ADVISOR

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

PAYING AGENT/REGISTRAR

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BOND COUNSEL/DISCLOSURE COUNSEL

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(505) 848-1800

UNDERWRITERS' COUNSEL

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San Antonio, Texas 78205

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1125 17th St. Floor 02
Denver, Colorado 80202

CO-MANAGER

Robert W. Baird & Co., Inc.
210 University Blvd., Ste. 460
Denver, Colorado 80206

Use of Information in the Official Statement

This Official Statement is not an offer to sell or solicitation of an offer to buy the Bonds or the Notes in any jurisdiction where it is unlawful to make such offer, solicitation, or sale and no unlawful offer, solicitation, or sale of the Bonds or the Notes 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 questions about this Official Statement, the Bonds, the Notes, or anything else related to these issuances. Such stabilizing, if commenced, may be discontinued at any time.

MARKET STABILIZATION

In connection with these offerings, the Underwriters may over-allot or effect transactions which stabilize and maintain the market price of the Bonds and the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The estimates, forecasts, projections and opinions in this Official Statement are forward looking statements, and no one, including the District, guarantees them.

The District and other reliable sources have provided information for this Official Statement, based upon the information available as of the date hereof.

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico is serving as bond counsel and disclosure counsel to the District, has assisted in the preparation of the Official Statement, has reviewed its contents, and has participated in conferences with representatives of the District, Financial Advisor, and the Underwriters to issue its disclosure counsel opinion. The legal fees to be paid to bond counsel and disclosure counsel for services rendered in connection with the issuance of the Bonds and the Notes are contingent upon the sale and delivery of such Bonds and the Notes, 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 not complete or definitive, and they may omit relevant information. Such documents are qualified in their entirety by reference to the complete documents. Any investor who wishes to review the full text of documents may request copies at no cost from the District or the Financial Advisor as follows:

District
Santa Fe Public School District
610 Alta Vista Street
Santa Fe, New Mexico 87505
Attention: Richard Halford⁽¹⁾

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

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

⁽¹⁾ Mr. Carl Gruenler, former Chief Financial Officer for the District, resigned from his position May 7th, 2018, citing personal reasons. Mr. Halford will serve as the District's Interim Deputy Superintendent of Business Operations through at least June 2018. The District intends to list this job posting in the near future.

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SANTA FE PUBLIC SCHOOL DISTRICT
Santa Fe County, New Mexico

\$30,000,000* General Obligation School Building Bonds, Series 2018

\$11,000,000* General Obligation Education Technology Notes, Series 2018

INTRODUCTION

The Santa Fe Public School District, Santa Fe County, New Mexico (the "District") intends to sell its \$30,000,000* General Obligation School Building Bonds, Series 2018 (the "Bonds") and its \$11,000,000* General Obligation Education Technology Notes, Series 2018 (the "Notes"). This Official Statement provides information regarding the Bonds and Notes, their security, and the risks involved in an investment in the Bonds and Notes.

Although the District has approved this Official Statement, it does not intend it to substitute for competent investment advice, tailored to a particular individual's situation.

The Issuer

The District is a political subdivision of the State of New Mexico (the "State") organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses almost all of Santa Fe County, New Mexico (the "County") located in the north central part of the State. The District's boundaries encompass all of the City of Santa Fe, New Mexico (the "City") and certain unincorporated portions of the County. The District's 2017 assessed valuation is \$6,443,048,335. The District had an enrollment of 12,983 students for the 2017-18 school year based on the 40th day count, which includes charter school enrollment of 392. See "THE DISTRICT" herein.

Security

The Bonds are general obligations of the District payable from general (ad valorem) property taxes which are required to be levied against all taxable property within the District without limitation of rate or amount. The Notes are secured by rent payments (the "Rent Payments") made pursuant to a Lease Purchase Arrangement (the "Lease") with The Education Technology Leasing Company, LLC (the "Lessor"), which are general obligations of the District, payable from general (ad valorem) property taxes which are required to be levied against all taxable property in the District without limitation as to rate or amount. The Lessor has assigned the Rent Payments received from the Lessee to the Paying Agent/Registrar for payment to the owners of the Notes. The District's obligation to make Rent Payments under the Lease is considered a binding general obligation of the District. See APPENDIX A - "LEASE ARRANGEMENT" herein.

Neither the State nor County has any responsibility to pay the debt service on the Bonds or the Notes.

Plan of Finance

Proceeds of the Bonds will be used for the purpose of (1) erecting, remodeling, making additions to and furnishing school buildings, purchasing and improving school grounds and purchasing computer software and hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of those purposes within the District, and (2) paying costs of issuance of the Bonds. The Bonds represent the second series of \$100 million in bonds authorized by voters at an election held on February 7, 2017. After the issuance of the Bonds \$30,000,000* in bonds authorized by the voters at such election shall remain unissued. Proceeds of the Notes will be used for the purpose of (1) securing funds for financing education technology equipment for learning and administrative use in schools and related facilities within the District or any other use pursuant to the Education Technology Equipment Act Section 6-15A-1 et seq., NMSA 1978, as amended, and (2) paying costs of issuance of the Notes. The Notes represent the third and final* series of \$33,000,000 in notes approved by the District held at an election in February 2016. After the issuance of the Notes, no remaining voter authorization shall remain.*

* Preliminary, subject to change.

Limited Role of Auditors

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

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

Selected Debt Ratios

	<u>2017</u>
2017 Assessed Valuation	\$6,443,048,335
2017 Estimated Actual Valuation	\$20,515,188,114 ⁽¹⁾
District General Obligation Debt Outstanding (Including the Bonds & Notes)	\$243,050,000 ⁽²⁾
Less Debt Service Fund Balance	<u>\$23,640,609</u>
District Net General Obligation Debt	\$219,409,391
Estimated Direct & Overlapping G/O Debt	\$451,707,907
<i>District Net Debt as a Percentage of</i>	
Assessed Valuation	3.41%
Estimated Actual Valuation	1.07%
<i>Direct and Overlapping Debt as a % of</i>	
Assessed Valuation	7.01%
Estimated Actual Valuation	2.20%
Estimated Population	125,000
District Net Debt Per Capita	\$1,755.28
Direct & Overlapping Debt Per Capita	\$3,613.66

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

(2) *Preliminary, subject to change.*

THE BONDS AND THE NOTES

State law enables the District to issue the Bonds pursuant to Sections 6-15-1 through 6-15-22, NMSA 1978. The New Mexico Attorney General will provide an opinion with respect to the Bonds. On May 21, 2018, the District's Board of Education (the "Board") delegated, pursuant to a Notice of Sale and Delegation of Authority Resolution (the "Delegation Resolution"), permitted by Section 6-14-10.2, NMSA 1978, pricing of the Bonds and certain other matters to the District's Superintendent, who will approve the "Bond Award" (together with the Delegation Resolution, the "Bond Resolution"), which will contain the final terms of sale and complete the sale of the Bonds.

State law enables the District to issue the Notes pursuant to Section 6-15A-1 through Section 6-15A-17, NMSA 1978. As the delegation authority applicable to the Bonds does not extend to the Notes, the Board, on June 12, 2018, anticipates approving a resolution relating to the Notes (the "Note Resolution") awarding the sale of the Notes. The Notes are payable from periodic Rent Payments composed of principal and interest components which are secured by the full faith and credit of the District and payable thereby from general (ad valorem) property taxes which are levied against all taxable property in the District without

limitation as to rate or amount. The Form of the Notes are attached to the Lease as Appendix F to this Official Statement. The Notes are issuable as fully registered Notes 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"). The New Mexico Attorney General will not provide an opinion with respect to the Notes.

As long as DTC or its nominee is the registered owner of the Bonds and the Notes, reference in the Official Statement to registered owner will mean Cede and Co., and payments to DTC participants are the responsibility of DTC. See "The BONDS AND THE NOTES – Book-Entry-Only System" BOKF, NA or its successor is the Paying Agent/Registrar for the Notes.

General Terms and Description of the Bonds and Notes

The Bonds and Notes will bear interest at the rates and mature in the amounts and on the dates shown in the applicable table appearing on the inside front cover of this Official Statement. Interest on the Bonds and the Notes is payable each February 1 and August 1, commencing February 1, 2019. All Bonds and Notes are fully registered in denominations of \$5,000 or integral multiples thereof in conformance with the Constitution and laws of the State and pursuant to the Bond Resolution and the Note Resolution, respectively. Bond and Note payments are made to the DTC, and DTC will then remit the payments to its participants for disbursement to the beneficial owners of the Bonds and the Notes. See "Book-Entry Only System" in Appendix C.

Paying Agent/Registrar

BOKF, NA will serve as Paying Agent/Registrar for the Bonds and Notes. In the Bond Resolution and the Note Resolution respectively, the District covenants to provide a Paying Agent/Registrar at all times until the Bonds and the Notes 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 and Notes will be maintained by the Paying Agent/Registrar containing the names and addresses of the registered owners of the Bonds and Notes. In the Bond Resolution and Note 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 and Notes the District has agreed to notify each registered owner of the Bonds and the Notes 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.

Optional Prior Redemption

The Bonds

The Bonds maturing on or after August 1, 2027* may be redeemed prior to their scheduled maturities on August 1, 2026*, or on any date thereafter, in whole or in part, at the option of the District, with funds derived from any available and lawful source, at the redemption price of par, plus accrued interest to the date fixed for redemption. If two or more serial Bonds of consecutive maturity are combined into one or more "term" Bonds (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Resolution. If less than all of the Bonds are to be redeemed, the District shall determine the amounts and maturities thereof to be redeemed and shall direct the Paying Agent/Registrar to select by lot the Bonds, or portions thereof, to be redeemed.

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.

* *Preliminary, subject to change.*

The Paying Agent/Registrar must, by first class mail, give redemption notices to the registered owners of the affected Bonds and to DTC and information services not less than 30 days prior to the redemption date. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE BONDHOLDERS FAILED TO RECEIVE SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

No transfer of Bonds called for redemption shall be made within 30 days of the date of redemption.

The Notes

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

Limited Book-Entry Responsibilities

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 and Notes.

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 and Notes received by DTC or its nominees as the holder or any redemption notices (related to the Bonds) 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. See Appendix C - "Book-Entry-Only System".

If the Paying Agent/Registrar gives proper redemption notice (related to the Bonds) 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 Paying Agent/Registrar.

While the Bonds and the Notes 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 (relating to the Bonds) or other communications from DTC which affect them, including notice of interest payments. See "Book-Entry-Only System" in Appendix C.

Record Date

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

Transfers and Exchanges

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

SECURITY AND REMEDIES

The Bonds are general obligations of the District payable from general (ad valorem) property taxes which are required to be levied against all taxable property within the District without limitation of rate or amount. The Notes are secured by Rent Payments which are general obligations of the District paid from general (ad valorem) property taxes which are required to be levied against all taxable property in the District without limitation as to rate or amount.

The District must use all of the property taxes collected for debt service, and any other legally available funds, to pay the debt service on the Bonds and Notes and other general (ad valorem) outstanding debt.

Various State laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. Future legislative changes relating to the assessment and collection of ad valorem property taxes that may have a material impact on the District.

Limitations of Remedies

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

The enforceability of the rights and remedies of the owners of the Bonds and Notes, and the obligations incurred by the District in issuing the Bonds and Notes, 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 and the Notes 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.

The District is eligible to seek relief from its creditors under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without bankruptcy court approval, the prosecution of any other legal action by creditors or debt holders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the bankruptcy court (which could require that the action be heard in bankruptcy court instead of other federal or state court); and the bankruptcy code provides for broad discretionary powers of a bankruptcy court in administering any proceeding brought before it.

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SOURCES AND USES OF FUNDS

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

Sources	
Par Amount	
Net Reoffering Premium	
Total	
Uses	
Project Fund	
Costs of Issuance	
Underwriters' Discount	
Total	

NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

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

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

This provision applies to all State 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 issues prior to the March 30, 2007 effective date of the legislation and a second rating applying to bonds issued on or after the March 30, 2007 effective date. Under the revised 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 a district's total annual SEG distribution may not have sufficient undistributed SEG payments to cover debt service payments in the event of a default.

Moody's Investor's Service, Inc. ("Moody's") downgraded the SEG (Pre and Post-Default) to "Aa2" from "Aa1", and assigned a negative outlook on November 1, 2016, which reflects the State's recent rating downgrade and outlook.

The Moody's rating for the SEG is "Aa2" and extends only to the Bonds.

Moody's assigned the "Aa2" rating to school district bonds upon verification of a requirement in the authorizing bond resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the SEG and received a rating of "Aa2" on the Bonds.

The enhancement program rating does not apply to the Notes.

DEBT AND OTHER FINANCIAL OBLIGATIONS

Article IX, Section 11 of the New Mexico Constitution limits the powers of a district to incur general obligation debt extending beyond the fiscal year. The District can incur such debt for the purpose of erecting, remodeling, making additions to and furnishing school buildings or purchasing or improving school grounds, to purchase computer software and hardware for student use in public schools, to provide matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of these purposes but only after the proposition to create any such debt has been submitted to a vote of the qualified voters 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 issuance of refunding bonds does not have to be submitted to a vote of the qualified electors of the District.

The District also may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the District, but any such debt is subject to the 6% debt limitation.

The assessed valuation of taxable property within the District is \$6,443,048,335 for tax year 2017, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division. The maximum general obligation indebtedness of the District may not exceed 6% of the assessed valuation or \$386,582,900.

After the Bonds and Notes are issued, the ratio of total outstanding general obligation debt of the District to the 2017 assessed valuation will be no greater than 3.80% as summarized in the following table:

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	<u>2017</u>
2017 Assessed Valuation	\$6,443,048,335
2017 Estimated Actual Valuation	\$20,515,188,114 ⁽¹⁾
Total Bonded Debt Outstanding (Including the Bonds & Notes)	\$243,050,000 ⁽³⁾
Less Debt Service Fund Balance	<u>23,640,609</u> ⁽²⁾
NET DEBT	<u>\$219,409,391</u>
Ratio of Estimated Net Debt to 2017 Assessed Valuation:	3.41%
Ratio of Estimated Net Debt to 2017 Estimated Actual Valuation:	1.07%
Per Capita Net Debt:	\$1,755.28
Est. Population:	125,000

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

(2) The cash balance for the debt service fund was \$30,071,713 as of April 25th, 2018.

The amount properly attributable to principal reduction is 73.16%.

(3) Preliminary, subject to change.

Outstanding Debt

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

Series	Original Amount	Final Maturity	Principal Outstanding as of 2018
2009	\$80,000,000	08/01/2019	\$19,150,000
2011	50,000,000	08/01/2020	10,600,000
2012	30,000,000	08/01/2022	16,250,000
2013	50,000,000	08/01/2025	48,500,000
2014	27,000,000	08/01/2025	19,600,000
2015 ETNs	11,000,000	08/01/2018	2,500,000
2015	30,000,000	08/01/2028	29,200,000
2016 ETNs	11,000,000	08/01/2019	5,250,000
2017	40,000,000	08/01/2029	40,000,000
2017 ETNs	11,000,000	08/01/2020	11,000,000
2018 ETNs	11,000,000 ⁽¹⁾	08/01/2021	11,000,000 ⁽¹⁾
2018	30,000,000 ⁽¹⁾	08/01/2030	30,000,000 ⁽¹⁾
Total	\$381,000,000		\$243,050,000

(1) Preliminary, subject to change.

Pro Forma Debt Service Requirements to Maturity

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

Calendar Year	Current G/O Bonds Requirements			Series 2018 G/O Bonds ⁽¹⁾			Total G/O Bonds Requirements ⁽¹⁾			
	Principal	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total
2018	\$21,550,000	\$7,727,889	\$29,277,889					\$21,550,000	\$7,727,889	\$29,277,889
2019	20,750,000	6,582,500	27,332,500	\$650,000	4.250%	\$1,487,500	\$2,137,500	21,400,000	8,070,000	29,470,000
2020	20,150,000	5,799,500	25,949,500	1,350,000	4.250%	1,247,375	2,597,375	21,500,000	7,046,875	28,546,875
2021	19,350,000	4,920,000	24,270,000	1,450,000	4.250%	1,190,000	2,640,000	20,800,000	6,110,000	26,910,000
2022	20,350,000	4,032,500	24,382,500	1,350,000	4.250%	1,128,375	2,478,375	21,700,000	5,160,875	26,860,875
2023	18,450,000	3,095,000	21,545,000	3,150,000	4.250%	1,071,000	4,221,000	21,600,000	4,166,000	25,766,000
2024	18,750,000	2,322,500	21,072,500	3,150,000	4.250%	937,125	4,087,125	21,900,000	3,259,625	25,159,625
2025	19,800,000	1,625,000	21,425,000	3,150,000	4.250%	803,250	3,953,250	22,950,000	2,428,250	25,378,250
2026	6,950,000	894,000	7,844,000	3,150,000	4.250%	669,375	3,819,375	10,100,000	1,563,375	11,663,375
2027	6,950,000	618,500	7,568,500	3,150,000	4.250%	535,500	3,685,500	10,100,000	1,154,000	11,254,000
2028	6,950,000	344,000	7,294,000	3,150,000	4.250%	401,625	3,551,625	10,100,000	745,625	10,845,625
2029	3,300,000	99,000	3,399,000	3,150,000	4.250%	267,750	3,417,750	6,450,000	366,750	6,816,750
2030				3,150,000	4.250%	133,875	3,283,875	3,150,000	133,875	3,283,875
	\$183,300,000	\$38,060,389	\$221,360,389	\$30,000,000		\$9,872,750	\$39,872,751	\$213,300,000	\$47,933,139	\$261,233,139

(1) Preliminary, subject to change.

Calendar Year	Current G/O Ed Tech Requirements			Series 2018 - G/O Ed Tech ⁽¹⁾			Total ETN Requirements ⁽¹⁾			
	Principal	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total
2018	\$9,000,000	\$3,212,439	\$15,424,878					\$9,000,000	\$3,212,439	\$12,212,439
2019	6,250,000	5,320,500	11,570,500	\$3,300,000	2.000%	220,000	\$3,520,000	9,550,000	5,540,500	15,090,500
2020	3,500,000	4,456,500	7,956,500	3,900,000	2.000%	154,000	4,054,000	7,400,000	4,610,500	12,010,500
2021				3,800,000	2.000%	76,000	3,876,000	3,800,000	76,000	3,876,000
	\$18,750,000	\$12,989,439	\$34,951,878	\$11,000,000		\$450,000	\$11,450,000	\$29,750,000	\$13,439,439	\$43,189,439

(1) Preliminary, subject to change.

Statement of Estimated Direct and Overlapping Debt

The following is a calculation of the debt ad valorem load and per capita debt of the District payable from property taxes. In addition to outstanding debt of the District, the calculation takes into account debt attributable to overlapping taxing entities which is the responsibility of taxpayers within the boundaries of the District.

Municipal Entity	Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$57,173,515,395	\$475,735,000	11.27%	\$53,611,949
Santa Fe County	7,008,048,090	129,420,000	91.94%	118,985,958
City of Santa Fe	4,057,690,611	22,425,000	100.00%	22,425,000
Santa Fe Community College	6,443,048,335	13,635,000	100.00%	13,635,000
Santa Fe Public Schools	6,443,048,335	243,050,000 ⁽¹⁾	100.00%	243,050,000 ⁽¹⁾
Total Direct & Overlapping Debt				\$451,707,907⁽¹⁾
Ratio of Estimated Direct & Overlapping Debt to 2017 Assessed Valuation:				7.01%
Ratio of Estimated Direct & Overlapping Debt to 2017 Estimated Actual Valuation:				2.20%
Per Capita Direct & Overlapping Debt:				\$3,613.66

Source: Santa Fe County Assessor's Office and individual entities.

(1) Includes the Bonds and the Notes. Preliminary, subject to change.

TAX BASE

Analysis of Assessed Valuation

Assessed valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33-1/3% is legally subject to ad valorem taxes. After deduction of certain personal exemptions, the 2017 assessed valuation is \$6,443,048,335. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor. The actual value of certain property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of assessed valuation follows.

	2013	2014	2015	2016	2017
Assessments					
Value of Land	\$1,958,283,840	\$1,985,125,236	\$2,009,058,987	\$2,017,025,437	\$2,019,954,425
Improvements	4,315,644,080	3,943,678,688	4,003,956,015	4,173,007,269	4,631,449,940
Personal Property	60,326,864	56,821,750	56,224,040	58,167,612	55,768,209
Mobile Homes	22,379,076	17,840,429	18,028,999	17,984,233	19,065,128
Livestock	646,164	598,553	725,260	850,463	771,222
Assessor's Total Taxable Valuation	\$6,357,280,024	\$6,004,064,656	\$6,087,993,301	\$6,267,035,014	\$6,727,008,924
Less Exemptions					
Head of Family	\$33,699,705	\$34,700,705	\$35,875,179	\$36,169,440	\$37,530,523
Veterans	49,742,076	49,532,286	51,005,138	53,626,040	55,130,993
Other	32,930,010	39,173,826	44,489,332	57,612,566	302,686,187
Total Exemptions	\$116,371,791	\$123,406,817	\$131,369,649	\$147,408,046	\$395,347,703
Assessor's Net Taxable Valuation	\$6,240,908,233	\$5,880,657,839	\$5,956,623,652	\$6,119,626,968	\$6,331,661,221
Centrally Assessed	97,183,376	98,295,656	102,616,365	110,081,013	111,387,114
Total Assessed Valuation	\$6,338,091,609	\$5,978,953,495	\$6,059,240,017	\$6,229,707,981	\$6,443,048,335

	2013	2014	2015	2016	2017
Residential	\$4,843,471,502	\$4,521,891,146	\$4,510,537,725	\$4,704,422,251	\$4,927,940,278
Non-Residential	1,494,620,107	1,457,062,349	1,548,702,292	1,525,285,730	1,515,108,057
Total	\$6,338,091,609	\$5,978,953,495	\$6,059,240,017	\$6,229,707,981	\$6,443,048,335

Source: Santa Fe County Assessor's Office.

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History of Assessed Valuation

Listed below is a 10-year history of assessed valuation for the District compared with the City and County. The tax base of the District has increased 6% since 2008 compared with a 16% increase for City of Santa Fe and a 7% increase for the County.

Tax Year	District	City of Santa Fe	Santa Fe County
2008	\$6,060,182,824	\$3,502,776,192	\$6,550,808,646
2009	6,208,158,480	3,548,321,668	6,703,551,555
2010	6,373,685,905	3,698,558,947	6,916,059,533
2011	6,382,921,805	3,705,370,595	6,916,810,418
2012	6,357,470,139	3,710,979,288	6,896,495,216
2013	6,338,091,609	3,723,985,725	6,877,915,963
2014	5,978,953,495	3,721,987,667	6,522,687,894
2015	6,059,240,017	3,830,361,250	6,610,847,656
2016	6,229,707,981	3,930,466,905	6,779,951,802
2017	6,443,048,335	4,057,690,611	7,008,048,090

Source: Santa Fe County Assessor's Office

Major Taxpayers

As highlighted in the table below, the ten largest taxpayers in the District for tax year 2017 have a combined assessed valuation of \$164,620,369 which represents 2.56% of the District's total 2017 assessed valuation.

Name	Business	2017 AV	% of AV
Public Service Company of NM	Electric Utility	\$55,793,766	0.87%
Truzaf Limited Partnership	Real Estate	14,971,855	0.23%
Glorieta 2.0 Inc	Development	14,884,906	0.23%
Guadalupe Hotel	Hotel	13,769,343	0.21%
C & Z LLC	Real Estate	12,948,609	0.20%
Qwest	Telephone	12,858,609	0.20%
BNSF	Railroad	12,541,224	0.19%
New Mexico Gas Company	Gas Utility	10,224,891	0.16%
La Fonda Holdings, LLC	Real Estate	10,075,371	0.16%
Comcast	Cable Provider	6,551,795	0.10%
Total		\$164,620,369	2.56%

Source: Santa Fe County Assessor's Office.

School Tax Rates

The following table summarizes the historical school tax levies on residential and non-residential property within the District since the 2013 tax year (2013-14 fiscal year). In February 2015, voters re-authorized the Public School Buildings Act levy (the "HB33" levy) at \$1.453 for residential property for property tax years 2015, 2016, 2017, 2018, 2019 and 2020. On February 6, 2018, voters authorized the Public School Capital Improvements Tax Levy (the "Two Mill Levy") for property tax years 2018, 2019, 2020, 2021, 2022, and 2023.

Tax Year	Operational		Two Mill Levy		HB33		Debt Service		Total Debt	Total	
	Resid.	Non-Resid.	Resid.	Non-Resid.	Resid.	Non-Resid.	G/O Bonds	ETNs	Service	Resid.	Non-Resid.
2017	\$0.149	\$0.500	\$1.906	\$2.000	\$1.430	\$1.500	\$4.296	\$1.500	\$5.796	\$9.281	\$9.796
2016	0.151	0.500	1.938	2.000	1.453	1.500	3.760	1.315	5.075	8.617	9.075
2015	0.156	0.494	2.000	1.976	1.500	1.482	3.417	1.499	4.916	8.572	8.868
2014	0.152	0.500	2.000	2.000	1.500	1.500	3.401	1.532	4.933	8.585	8.933
2013	0.133	0.500	2.000	2.000	1.500	1.500	3.416	0.000	3.416	7.049	7.416

Source: New Mexico Department of Finance & Administration.

Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax status on residential property in Santa Fe County for tax year 2017 and the previous four years.

Within 20 Mill Limit for General Purposes					
	2017-2018	2016-17	2015-16	2014-15	2013-14
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Santa Fe County	5.801	5.893	6.065	5.911	5.219
Santa Fe Community College	2.690	2.690	2.776	2.695	2.456
City of Santa Fe	1.625	1.282	1.327	1.308	1.206
Santa Fe Schools	0.149	0.151	0.156	0.152	0.133
Total	\$10.265	\$10.016	\$10.324	\$10.066	\$9.014
Over 20 Mill Limit - Interest, Principal, Judgment, etc.					
	2017-2018	2016-17	2015-16	2014-15	2013-14
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Santa Fe County	2.123	1.971	1.974	1.731	1.641
Santa Fe Community College	1.000	1.000	1.000	0.930	0.930
City of Santa Fe	0.794	1.160	1.045	0.843	0.876
Santa Fe Schools	9.143	8.466	8.416	8.433	6.916
Total	\$14.420	\$13.957	\$13.795	\$13.297	\$11.723
Total Levy					
	2017-2018	2016-17	2015-16	2014-15	2013-14
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Santa Fe County	7.924	7.864	8.039	7.642	6.860
Santa Fe Community College	3.690	3.690	3.776	3.625	3.386
City of Santa Fe	2.419	2.442	2.372	2.151	2.082
Santa Fe Schools	9.292	8.617	8.572	8.585	7.049
Total Residential in City of Santa Fe	\$24.685	\$23.973	\$24.119	\$23.363	\$20.737
Total Non-Residential in City of Santa Fe	\$33.117	\$32.212	\$31.737	\$31.447	\$29.890
Total Residential in Unincorporated County	\$22.266	\$21.531	\$21.747	\$21.212	\$18.655
Total Non-Residential in Unincorporated County	\$29.140	\$28.256	\$27.983	\$27.804	\$26.197

Source: New Mexico Department of Finance & Administration.

Yield Control Limitation

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

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 City and Taos areas which historically experienced large increases in residential property values), 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 State Legislature to provide for valuation of residential property in a manner that limits annual increases in valuation. The New Mexico limitation may be applied to classes of residential property taxpayers based on occupancy, age or income. Further, the limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions for applying the limitations.

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

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

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

On March 28, 2012, the New Mexico Court of Appeals upheld the constitutionality of a law capping residential valuation increases until a home changes ownership. The plaintiff appealed the case to the New Mexico Supreme Court which upheld the constitutionality of the law. The State Legislature has brought up the issue of the disparity in valuations in the past several years, but has not enacted any of the bills into law. To the extent that court or legislative action is taken or a further constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property in the District.

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

1. To property that is being valued for the first time;

2. To a change in valuation resulting from physical improvements made to the property in the preceding year; and
3. To a change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

Tax Collections

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

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

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

Property Tax Collections for Santa Fe County						
Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a % of Net Levied
2017	17/18	\$179,367,959	\$116,547,576	64.98%	\$116,547,576	64.98%
2016	16/17	168,749,501	162,656,064	96.39%	165,790,031	98.25%
2015	15/16	164,860,838	158,750,208	96.29%	163,266,068	99.03%
2014	14/15	159,054,302	152,201,398	95.69%	158,248,940	99.49%
2013	13/14	150,684,994	143,534,371	95.25%	149,927,173	99.50%
2012	12/13	148,112,181	140,793,416	95.06%	147,678,689	99.71%
2011	11/12	150,589,978	144,676,666	96.07%	150,175,380	99.72%
2010	10/11	148,919,734	140,663,676	94.46%	148,840,602	99.95%
2009	09/10	142,298,704	132,269,257	92.95%	142,284,161	99.99%
2008	08/09	133,762,749	123,602,722	92.40%	133,440,732	99.76%

(1) As of June 30 of each year except for tax year 2017. Numbers are as of March 2018 for tax year 2017.

(2) As of March 2018

Source: Santa Fe County Treasurer's Office.

Interest on Delinquent Taxes

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

Penalty for Delinquent Taxes

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

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

Remedies Available for Non-Payment of Taxes

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

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

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

THE DISTRICT

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

Currently the District operates and maintains a variety of facilities in meeting its obligation to provide an educational program within its boundaries that cover 1,016 square miles with an estimated 2017 population of 125,000.

The District is the fourth largest district in the State with a 2017-18 student enrollment of 12,983, which includes charter school enrollment of 392. The District operates 30 school sites - 2 comprehensive high schools, 3 alternative high schools, an International Baccalaureate (IB) school which serves grades 7-12, 3 middle schools, 15 elementary schools and 5 K-8 community schools. In addition, within the District there is 1 district charter school and 5 State charter schools. The District's educational program additionally includes vocational, technical and occupational training.

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

Steven J. Carrillo, President
Term expires December 3, 2019

Lorraine Price, Member
Term expires December 3, 2019

Maureen Cashmon, Vice President
Term expires December 3, 2019

Rudy Garcia, Secretary
Term expires December 3, 2019

Kate Noble, Member
Term expires December 3, 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. The current administrative staff is:

Dr. Veronica C. Garcia, Superintendent. Dr. Veronica C. Garcia has extensive experience working in the policy arena in various capacities, including serving as Executive Director for NM Voices for Children, Executive Director of the New Mexico Coalition of School Administrators, and New Mexico's first Cabinet Secretary of Education. As Cabinet Secretary of Education, she advocated for the passage of many educational reforms including the state's Pre-K Act, Hispanic Education Act, programs that extend the school year for at-risk children (K-3 Plus), and rigorous academic standards that were recognized nationally. She also pushed for a comprehensive approach to educational reform by advocating for increased funding for programs such as school-based health clinics, breakfast in the schools, and elementary physical education. Under her leadership, the State garnered top rankings for school reform, accountability systems, increased teacher quality, data quality, health and wellness policies, parental involvement, and college and career readiness.

Dr. Garcia has also served as the Executive Director of NM Voices for Children, a State children's advocacy organization that champions policies meant to improve child well-being in the areas of education, health, family economic security, and racial and ethnic equity. During her time as Executive Director of NM Voices for Children, she fully integrated the organization's two major work areas—the KIDS COUNT program and the Fiscal Policy Project—which resulted in the creation of the NM KIDS are COUNTing on Us policy campaign, a blueprint for improving child well-being. Her decades of work within the state's K-12 education system has also included teaching in the classroom, serving as principal and regional superintendent in the Albuquerque Public Schools, and serving as associate superintendent and superintendent of the District. Dr. Garcia has received numerous awards including: the National Governor's Association Award for Excellence in State Government, New Mexico Superintendent of the Year, New Mexico Coalition of Educational Leaders Hall of Fame, and the Life Time Achievement Award in Education from Hispanic Magazine. She is a native Spanish speaker and received her doctorate in Educational Leadership from the University of New Mexico. She is a local, national and international keynote speaker having delivered more than a thousand speeches and addresses in her career. Her dissertation, "Ethical Relational Leadership: A New Framework for the Professional Development of Educational Leaders," has been used by many in the field. Dr. Garcia has written a chapter ("Education 2050") in the soon-to-be released book titled *New Mexico 2050*, published by the University of New Mexico Press.

Richard Halford, Interim Executive Director of Finance & Administration, has 24 years of government finance experience with the last nine of which have been with the District. Richard started his career with the District as Comptroller before moving up to Director of Fiscal Operations and five years in his current position as Executive Director of Finance and Administration. Richard grew up in the City and is a product of the District. He graduated from Iowa State University (his father's alma mater) in 1992 with a Bachelors of Arts in Finance. While he was in Iowa, he joined the Iowa National Guard and was deployed to help support Operation Desert Storm.

Kristy Janda Wagner, Chief Operations Officer, began her tenure with the District teaching kindergarten at Salazar Elementary School. After completing her Master of Educational Leadership degree, Ms. Wagner left her teaching position for an assistant principal position at Ramirez Thomas Elementary School in 2004. In 2005, Ms. Wagner became the principal at Carlos Gilbert Elementary School, where she led the school through a major construction project while maintaining ongoing improvement of student achievement and attaining annual Adequate Yearly Progress. After a short maternity leave in early 2010, Ms. Wagner transitioned to the position of Construction Liaison. Ms. Wagner oversaw the renovation of the former Alameda Middle School campus which was converted into a K-6 school in preparation for the arrival of the Aspen Community Magnet School students in September 2010. Ms. Wagner initiated the review and development of the District's K-8 School Design Standards, and expanded the District CMT to include a technology liaison and an additional project manager, responsible for full implementation of the 2009 General Obligation Bond, totaling \$160 million in construction at Turquoise Trail Charter School, Gonzales & El Dorado K-8 Schools, Aspen Community Magnet School Phases 1 & 2, Sweeney, Pinon, Kearny, Agua Fria, and a new K-8 school. Ms. Wagner was appointed to the position of Chief Operations Officer overseeing the departments of Construction Management, General Services, Transportation, Property Management, Energy Conservation, Student Nutrition and Safety & Security. Ms. Wagner led the District CMT and Citizens Review Committee through the District's 2013 Facilities Master Plan update in preparation for an anticipated \$110 million General Obligation Bond in February 2013. Ms. Wagner is a native of Minnesota, who now considers the City home, after living and working in the community for almost 16 years. Ms. Wagner obtained her Bachelor of Arts Degree at the University of Minnesota. She then began teaching preschool while obtaining her K-8 teaching license at St. Catherine's in St. Paul, Minnesota. Ms. Wagner earned her Master of Educational Leadership from the University of New Mexico. She has four children, two of whom attend District schools.

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 liability and casualty insurance program for school districts, board members and public school employees in the State. The Insurance Authority provides risk-related insurance to the District such as workman's compensation, property and casualty insurance, general automobile and fire insurance and general liability insurance for the District, its property, the Board, and employees.

Energy Obligations

During 2016, District Board approved a unique financing agreement which provided \$2,962,734 to construct solar array fields at two school sites. The funding was provided by the New Mexico Finance Authority ("NMFA") through the issuance of the Energy Efficiency and Renewable Energy Bonds, Series 2016A. These bonds are special limited obligations of NMFA, and are payable with pledged revenue, which includes money transferred by the PED from deductions to the SEG distribution of the District. The amount of savings the District expects to gain from the project is designed to be approximately 11% more than the reduction, masking for a positive net impact on the District's finances.

Intergovernmental Agreements

The District has entered into various joint powers' agreements with other governmental entities in the State which permit all the governmental entities to jointly provide certain equipment purchases and other services cooperatively. The agreements allow the District to "piggyback" onto price agreements and allow us to use Cooperative Purchasing entities such as CES (Cooperative Educational Services) and multi-district agreements to purchase food for our Student Nutrition Program. Without these procurement vehicles, the District would have to procure these services on their own and most likely would not receive the same discounts as they do when collaborating with other districts.

School Property

Currently, the District operates and maintains a variety of facilities in meeting its obligations to provide an educational program for the school-aged children residing within its boundaries. The District operates 30 school sites - 2 comprehensive high schools, 3 alternative high schools, an International Baccalaureate (IB) school which serves grades 7-12, 3 middle schools, 15 elementary schools and 5 K-8 community schools. In addition, within the District there is 1 district charter school and 5 state charter schools. The District owns the land upon which school buildings and facilities are located which includes two district administration buildings, a maintenance shop and custodial center, a student nutrition warehouse and numerous vehicles. The District owns a fleet of buses which are used only to transport students to and from school and school activity events. The replacement value of all school facilities and equipment for insurance purposes is estimated to be over \$260 million.

Student Enrollment

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

	2013-14	2014-15	2015-16	2016-17	2017-18 ⁽¹⁾
Elementary	7,057	7,083	6,915	6,714	6,443
Middle School	2,736	2,761	2,849	2,857	2,893
High School	3,115	3,358	3,254	3,224	3,255
Sub-Total:	12,908	13,202	13,018	12,795	12,591
Charter Schools	1,455	1,451	364	378	392
Total	14,363	14,653	13,382	13,173	12,983

Source: New Mexico Public Education Department. □

1) The decline in enrollment is expected to be from the Recession of 2007, which resulted in less babies being born and in turn have seen enrollment steadily decline ever since.

Accreditation

All of the District's high schools are accredited by the North Central Association of Schools and Colleges (the "Association"), a voluntary organization. The District is subject to periodic monitoring by the Association to ensure continued compliance with accreditation standards. The District was most recently accredited by the PED in 2014, and its next regular examination is scheduled for 2018.

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

District Budget Process

Each year, the school district budget process begins with the educational appropriations passed by the State Legislature and signed into law by the Governor. The actual budget process follows specific steps set by the PED.

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

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

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

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

Sources of Revenue for General Fund

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

Local Revenues. Local revenues are a minor source of revenue to the District composed, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each \$1,000 of net taxable value of taxable property. Other sources of local revenues include interest income earned on the District's investments, rentals and sale of property. In fiscal year 2017, the District received \$4,711,679 from local sources.

Federal Revenues. Another minor source of annual revenue for the District's General Fund is derived from federal grant funds related to vocational, special education, and various other programs and federal impact funds paid to the District in lieu of taxes on federal land located in the District. In fiscal year 2017, the District received \$0 in federal revenues for its General Fund.

State Revenues. The District's largest source of annual revenue is derived from the SEG payments described below. During fiscal year 2017, the District received \$98,618,303 from State sources. Such payments represented approximately 95% of actual fiscal year 2017 General Fund revenues.

State Equalization Guarantee

The State Legislature enacted State'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 the State. The objectives of the formula are (1) to equalize educational opportunity Statewide (by crediting certain local and federal support and then distributing State support in an objective manner), and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The formula is divided into three basic parts:

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

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

Even though the current public school funding formula has been in place for more than three decades, some districts have indicated a concern about the fact that some districts receive less revenue per pupil compared to others. In response to these concerns, the State 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 State 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.

SEG payments to the District for the current and previous four fiscal years are as follows:

School Year	Program Unit Value	Number of Program Units	SEG Amount
2017-18	\$4,053.70	24,328.00	\$98,618,303
2016-17	3,979.63	24,464.14	97,358,241
2015-16	4,027.75	24,890.73	100,253,622
2014-15	4,005.75	24,103.60	95,509,377
2013-14	3,817.55	22,711.79	85,680,979

Source: New Mexico Public Education Department.

PED receives federal mineral-leasing funds from which it makes annual allocations to the District for purchasing instructional materials. In fiscal year 2017, the District received \$884,427 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 2017, the District received \$3,117,177 for transportation purposes.

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Statement of Net Position

Below is a five-year history of the Statement of Net Position for the District. See financial statements for the fiscal year ending June 30, 2017 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2017 and the prior four fiscal years can be downloaded from the State Auditor's website.

<u>Statement of Net Assets (Governmental Activities)</u>					
Fiscal Year Ending June 30	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assets					
Cash and Equivalents	\$157,896,616	\$10,434,028	\$23,674,651	\$10,842,427	\$16,721,058
Due from other component unit	25,000	25,000	20,000	15,000	10,000
Receivables	7,042,289	11,159,410	14,334,621	14,092,131	8,772,894
Inventories	343,112	343,112	343,112	343,112	343,112
Restricted cash and cash equivalents	958,415	41,090,000	78,185,000	79,250,000	112,850,000
Investments	-	47,638,804	2,002,858	2,669	-
Internal balances	25,000	-	-	-	-
Bond issuance costs	307,750	-	-	-	-
Capital Assets	<u>304,907,761</u>	<u>377,978,329</u>	<u>388,589,697</u>	<u>394,909,894</u>	<u>388,918,690</u>
Total Assets	\$471,505,943	\$488,668,683	\$507,149,939	499,455,233	\$527,615,754
Deferred Outflow of Resources					
Deferred outflow of resources related to pensions	-	-	\$10,396,099 *	\$22,996,660	\$33,540,952
Liabilities					
Accounts payable	\$8,103,203	\$12,720,918	\$9,756,078	\$6,849,783	\$1,642,731
Other Accrued Liabilities	8,777,880	4,151,261	4,234,986	6,048,597	6,294,344
Deferred Income	319,464	3,819,197	3,625,745	2,560,032	2,770,688
Cash Overdraft	-	-	-	1,700,582	-
Compensated Absences	726,694	672,091	746,688	796,960	712,249
Unamortized Bond Premium	13,626,512	13,848,544	16,783,923	13,577,528	13,914,449
Short-term Liabilities	18,700,000	22,075,000	26,200,000	24,725,000	25,413,580
Due to Primary Government	-	69,501	65,421	101,972	-
Net Pension Liability	-	-	142,279,821	170,512,077	193,348,739
Accrued Liabilities	-	-	-	-	93,116
Long-term Liabilities	<u>159,375,000</u>	<u>175,300,000</u>	<u>190,100,000</u>	<u>176,375,000</u>	<u>204,920,767</u>
Total liabilities	\$209,628,753	\$232,656,512	\$393,792,662	\$403,247,531	\$449,110,663
Deferred Inflows of Resources					
Deferred Inflow of resources related to pensions	-	-	\$15,579,838 *	\$4,272,334	\$1,999,861
Net Assets					
Invested in capital assets, net of related debt	\$108,932,761	\$180,603,329	\$172,289,697	\$193,809,894	\$145,140,101
Restricted	106,850,375	35,389,183	16,070,703	39,255,500	84,525,031
Restricted for Debt Service	40,979,432	29,847,159	11,717,455	57,350,785	37,427,042
Unrestricted	<u>5,114,622</u>	<u>10,172,500*</u>	<u>(91,904,317) *</u>	<u>(175,484,150)</u>	<u>(156,575,785)</u>
Total Net Position	\$261,877,190	\$256,012,171	\$108,173,538	\$114,932,028	\$110,046,182
Total Liabilities, Deferred Inflows of Resources and Net Position	\$471,505,943	\$488,668,683	\$517,546,038	\$522,451,893	\$561,156,706

* Attributable to GASB #68

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for year ending June 30, 2017 is attached as Appendix B.

Statement of Activities

Below is a five-year history of the Statement of Activities for the District. See financial statements for the fiscal year ending June 30, 2017 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2017 and the prior four fiscal years can be downloaded from the State Auditor's website.

Fiscal Year Ending June 30	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:					
Direct Instruction	(\$58,644,810)	(\$55,568,825)	(\$62,746,829)	(\$68,968,076)	(\$71,856,695)
Instructional support					
Student Support Services	(9,369,382)	(13,755,264)	(14,427,796)	(14,336,145)	(13,179,861)
Instruction Support Services	(4,850,578)	(2,609,928)	(2,900,332)	(4,413,691)	(4,783,095)
General Administration Support Services	(2,802,487)	(2,323,524)	(2,500,755)	(2,945,570)	(2,865,594)
School Administration Support Services	(5,483,290)	(2,529,365)	(2,709,029)	(4,775,858)	(4,286,492)
Other Support Services	(242,521)	(313,171)	(433,465)	(261,206)	(20,737)
Administration	-	-	-	-	-
Business/Support services	-	-	-	-	-
Central services	(3,697,187)	(2,996,243)	(2,940,233)	(2,702,604)	(2,580,937)
Operation & maintenance of plant	(42,442,733)	(8,054,917)	(6,856,638)	(5,726,468)	(7,927,719)
Pupil Transportation	(522,448)	(587,823)	64,034	(1,832,406)	(1,421,638)
Food services	132,418	(686,224)	(90,813)	(668,193)	(269,141)
Community services	(19,647)	(59,296)	(51,822)	(56,893)	(29,002)
Unallocated depreciation	(2,540,812)	(212,079)	-		
Interest on long-term debt	(4,589,559)	(4,825,942)	(4,066,460)	(4,506,714)	(7,178,449)
Facilities, Materials, Supplies & Other Services	-	(41,776,406)	(46,449,903)	(33,840,321)	(37,121,065)
Total governmental activities	<u>(\$135,073,036)</u>	<u>(\$136,299,007)</u>	<u>(\$146,110,041)</u>	<u>(\$145,034,145)</u>	<u>(\$153,520,425)</u>
Component Units	(10,677,940)	(12,606,333)	(13,542,720)	(3,196,619)	(3,882,506)
Revenues:					
State Equalization Guarantee	80,798,431	85,916,301	94,302,436	96,721,999	93,911,186
Taxes					
Property Taxes for general purposes	1,228,742	1,381,195	1,438,171	1,441,978	1,466,662
Property Taxes for debt services	20,253,996	21,799,375	29,849,309	29,246,612	31,530,536
Property taxes for capital projects	19,415,577	20,934,360	20,134,515	18,592,448	18,871,672
Grants & contributions not restricted	-	-	-	-	-
Interest and investment earnings	385,042	104,885	43,097	111,087	302,215
Miscellaneous	2,140,301	605,622	696,168	5,678,512	3,022,513
Subtotal, general revenues	<u>124,222,089</u>	<u>130,741,738</u>	<u>146,463,696</u>	<u>151,792,636</u>	<u>149,104,784</u>
Changes in net assets	(10,850,947)	(5,557,269)	353,655	6,758,491	(4,415,641)
Net assets, beginning	272,728,137	261,569,440	256,012,171	108,173,538	114,932,029
GASB 68 Implementation	-	-	(148,192,288)	-	-
Nets assets, ending	<u>\$261,877,190</u>	<u>\$256,012,171</u>	<u>\$108,173,538</u> ⁽¹⁾	<u>\$114,932,029</u>	<u>\$110,516,388</u>

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for year ending June 30, 2017 is attached as Appendix B.

1) In June 2012, the Government Accounting Standards Board ("GASB") issued Statement No. 68 Accounting and Financial Reporting for Pensions, which was later amended by GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date, each in an effort to improve accounting and financial reporting by state and local governments related to pensions. GASB Statement No. 68 requires reporting entities, such as the District, to recognize their proportionate share of the net pension liability and operating statement activity related to changes in collective pension liability.

Balance Sheet – General Fund

Below is a five-year history of the Balance Sheet for the General Fund for the District. See financial statements for the fiscal year ending June 30, 2017 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2017 and the prior four fiscal years can be downloaded from the State Auditor’s website.

Fiscal Year Ending June 30	GENERAL FUND*				
	2013	2014	2015	2016	2017
ASSETS:					
Cash & cash equivalent	\$3,933,937	\$6,100,058	\$5,016,365	\$5,959,725	\$6,998,086
Investments	7,197,261	2,007,582	-	-	-
Accounts receivable					
Taxes	49,776	192,360	182,094	133,881	131,409
Due from other governments	775	-	-	-	-
Interfund receivables	5,324,262	6,333,954	8,806,241	7,147,183	4,595,260
Other	-	420	23,599	5,325	15,206
Due from component unit ¹	25,000	25,000	20,000	15,000	10,000
Inventory	-	343,112	343,112	343,112	-
Total Assets	<u>\$16,531,011</u>	<u>\$15,002,486</u>	<u>\$14,391,411</u>	<u>\$13,604,226</u>	<u>\$11,749,961</u>
LIABILITIES AND FUND BALANCE:					
<i>Liabilities:</i>					
Accounts payable	\$339,530	\$4,194,712	\$3,997,102	\$3,248,428	\$269,971
Accrued liabilities	6,940,250	1,385,373	1,482,879	2,636,983	5,650,403
Interfund payables	-	-	256	-	-
Deferred revenue - property taxes	49,776	152,905	142,286	98,939	97,328
Total Liabilities	<u>\$7,329,556</u>	<u>\$5,732,990</u>	<u>\$5,622,523</u>	<u>\$5,984,350</u>	<u>\$6,017,702</u>
<i>Fund Balance:</i>					
Nonspendable	\$343,112	\$436,996	\$343,112	\$343,112	\$0
Reserved for instructional materials	-	-	125,008	82,475	-
Reserved for General Fund	665,055	-	-	-	-
Unreserved:					
Committed	2,000,000	-	-	-	-
Assigned	5,876,236	-	-	-	-
Unassigned	1,748,532	8,832,500	8,300,768	7,194,289	5,732,259
Total Fund Balance	<u>\$10,632,935</u>	<u>\$9,269,496</u>	<u>\$8,768,888</u>	<u>\$7,619,876</u>	<u>\$5,732,259</u>
Total Liabilities and Fund Balance	<u>\$17,962,491</u>	<u>\$15,002,486</u>	<u>\$14,391,411</u>	<u>\$13,604,226</u> ²	<u>\$11,749,961</u> ²

*General Fund includes Operational, Teacherage, Transportation and Instructional Materials referenced in the independent audit report for the year ending June 30, 2017 attached as Appendix B

1) Academy for Technology and the Classics is a component unit of the District, as defined by GASB, and has a separate governing board. This charter school does not issue separate financial statements. Charter schools, such as the Academy for Technology and the Classics, operate under the Senate Bill 192, Chapter 281, Laws of 1999 and are responsible for maintaining separate accounting records, and are component units of the school districts they operate within.

2) Prior to the 2014-15 fiscal year, the Santa Fe Public Schools adopted a Cash Balance policy to guarantee that the District has sufficient reserves to operate, yet did not withhold more than what was necessary to ensure a successful completion of our instructional mission.. While a general decline in fund balance was observed within the last five years, there was not a single year where this occurred unintentionally and/or without the knowledge and direction of the board. The District hit their cash balance target each of these years, including FY17 despite unprecedented cuts from the legislature.

Source: The figures above have been extracted from the District’s audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for year ending June 30, 2017 is attached as Appendix B.

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

Below is a five-year history of the Statement of Revenues & Expenditures & Changes in Fund Balances (General Fund only) for the District. See financial statements for the fiscal year ending June 30, 2017 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2017 and the prior four fiscal years can be downloaded from the State Auditor's website.

GENERAL FUND*					
Fiscal Year Ending June 30	2013	2014	2015	2016	2017
Revenues:					
Local sources	\$1,359,650	\$1,430,971	\$1,438,171	\$1,441,978	\$1,468,273
State sources	86,286,876	90,503,418	99,951,018	101,290,585	94,505,413
Federal sources	1,187,186	-	-	-	-
Charges for services	7,706	769,441	791,161	785,688	847,246
Investment income	32,400	27,625	19,437	22,347	20,843
Miscellaneous income	801,176	1,922,936	1,192,768	2,505,637	2,375,317
Total Revenues	<u>\$89,674,994</u>	<u>\$94,654,391</u>	<u>\$103,392,555</u>	<u>\$106,046,235</u>	<u>\$99,217,092</u>
Expenditures:					
Direct Instruction	\$58,524,335	\$61,195,381	\$66,009,020	\$68,840,544	\$66,377,589
Student Support Services	9,323,560	10,892,209	12,104,777	11,938,253	10,786,148
Instruction Support Services	2,601,362	2,291,195	2,991,395	3,161,793	3,412,239
General Administration Support Services	1,749,440	1,786,817	2,016,937	2,095,468	1,914,255
School Administration Support Services	5,188,550	5,409,824	5,974,488	6,318,971	6,714,166
Central Services	2,849,251	2,328,731	2,398,254	2,476,387	2,168,401
Operation/Plant Maintenance	7,871,950	8,006,133	7,868,542	8,390,691	8,682,620
Student Transportation	3,401,314	3,507,469	4,115,575	3,344,098	274,354
Other Support Services	242,521	313,171	384,067	261,206	294,800
Total Expenditures	<u>\$91,752,283</u>	<u>\$95,730,930</u>	<u>\$103,863,055</u>	<u>\$106,827,411</u>	<u>\$100,624,572</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(\$2,077,289)</u>	<u>(\$1,076,539)</u>	<u>(\$470,500)</u>	<u>(\$781,176)</u>	<u>(\$1,407,480)</u>
Other financing sources (uses)					
Operating transfers out	\$0	(\$286,900)	(\$30,108)	(\$367,836)	(\$54,550)
Net changes in fund balances	(\$2,077,289)	(\$1,363,439)	(\$500,608)	(\$1,149,012)	(\$1,462,030)
Fund balance at beginning of year	\$12,710,224	\$10,632,711	\$9,269,496	\$8,768,888	\$7,194,289
Fund Balance at Year End	<u>\$10,632,935</u>	<u>\$9,269,496</u>	<u>\$8,768,888</u>	<u>\$7,619,876</u>	<u>\$5,732,259</u>
General Fund Balance as % of Revenues	<u>11.86%</u>	<u>9.79%</u>	<u>8.48%</u>	<u>7.19%</u>	<u>5.78%</u>

* General Fund includes Operational, Teacherage, Transportation and Instructional Materials referenced in the independent audit report for the year ending June 30, 2017 attached as Appendix B

1) Prior to the 2014-15 fiscal year, the Santa Fe Public Schools adopted a Cash Balance policy to guarantee that the District has sufficient reserves to operate, yet did not withhold more than what was necessary to ensure a successful completion of our instructional mission. While a general decline in fund balance was observed within the last five years, there was not a single year where this occurred unintentionally and/or without the knowledge and direction of the board. The District hit their cash balance target each of these years, including FY17 despite unprecedented cuts from the legislature.

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for year ending June 30, 2017 is attached as Appendix B.

At the end of fiscal year 2013, the District's General Fund balance equaled 11.86% of total revenues for that year, exceeding the District's policy to maintain operational cash of between 5-7.5% of revenues. Accordingly, the operating deficits from fiscal years 2013 to 2017 were planned by the District. The General Fund balance of \$5.7 million at the end of fiscal year 2017 was approximately 5.8% of revenues for such year. The District has budgeted expenditure reductions for fiscal year 2018 in order to plan for a balanced budget rather than operating deficit, and to improve reserve levels in the face of recent proposed State funding cuts.

Debt Service Funds

The County Treasurer levies and collects debt service funds sufficient to retire bonded debt as it becomes due and payable. Such funds are distributed to the District and accounted for separately from operating funds. The District is allowed to utilize any lawfully available District funds if the collections are insufficient but such borrowings must be repaid from tax collections. Debt service funds may not be used for general operating purposes.

Capital Projects Funds

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

a) Public School Capital Improvements Act

The Capital Projects Fund is used to account for revenues received under provisions of the Public School Capital Improvements Act Section 22-25-1 et seq., NMSA 1978. The Act provides for imposition of a property tax to produce revenue for maintenance of capital improvements. The Act further provides that funds will be distributed by the State from the Public School Capital Improvements Fund to those school districts that impose the special property tax, provided that local collections are less than \$35 per mill imposed times the number of units generated by full-time equivalent students.

b) Public School Buildings Act

The Capital Projects Fund is also used to account for the costs relating to erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving school grounds. Financing is provided through property taxes authorized by the voters for a period up to five years, as specified by the Public School Buildings Act Sections 22-26-1 et seq., NMSA 1978.

c) Special Building State Appropriations

The State Legislature appropriates general fund and severance tax bond moneys on an annual basis to school districts throughout the state. This money is used for various capital outlay projects. The District accounts for the revenues received and corresponding expenditures in the Capital Projects Fund.

d) General Obligation Debt Obligations

The Capital Projects Fund is used to account for the proceeds of bond issues such as the Bonds and the Notes. Bond and Note proceeds may be used to pay costs associated with the erecting, remodeling, making additions to, and furnishing school buildings and purchasing and improving school grounds, and purchasing computer software and hardware for student use in public school classrooms.

Fiduciary Funds

The District acts as an agent for the various organizations by facilitating collection of revenues and payments of expenses. Agency funds are custodial in nature and do not involve measurement of results of operations. These funds relate primarily to the various activities of the individual high schools, middle schools and elementary schools. While these funds are under the supervision of the District and enhance the District's educational programs, these are funds of the individual schools and/or their student bodies and are not available for use by the District.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. In accordance with 6 NMAC 2.2, the District prepares financial information utilizing a standard chart of accounts. A list of specific funds may be obtained by requesting a copy of the complete 2017 Audited Financial Statements from the District.

Employees and Retirement Plan

The District employs 1,858 permanent employees of which 1,021 (55%) are certified educational staff (teachers/counselors) and 118 (6.4%) are classroom educational assistants for a total of 1,139 (61.3%) direct classroom employees.

Education Retirement Board Pension Plan

Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board ("ERB") is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers and

other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by written request to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Contributions

The contribution requirements of defined benefit plan members and the District are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the State Legislature. For the fiscal year ended June 30, 2017 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.7% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$10,381,419 for the year ended June 30, 2017.

Pension Liabilities

The total ERB pension liability, net pension liability, and certain sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The employer's proportionate share of these amounts, reported as of June 30, 2017, was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of \$193,348,739 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the District's proportion was 2.68673% which was an increase of .05426% from its proportion measured as of June 30, 2015. For the year ended June 30, 2017, the District recognized pension expense of \$20,460,763.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 ("Statement No. 68") which addresses accounting and financial reporting for pensions that are provided to employees of State and local government employers through pension plans that are administered through trusts and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. According to Statement No. 68, the District, as a contributor to ERB, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing, multi-employer plan with ERB. The District continues to assess the full extent of the effect of Statement No. 68 on the District's audited financial statements. Statement No. 68 was effective beginning with the fiscal year ending June 30, 2015 for the District.

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

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

Pension Plan Statistics

Following is a 5-year history of employer and employee contributions statewide and net asset balance held in trust:

Fiscal Year Ending June 30	Employer Contributions	Employee Contributions	Net Assets Held in Trust
2013	\$299,657,530	\$248,785,187	\$10,358,058,861
2014	362,462,537	268,693,991	11,442,171,449
2015	395,129,621	294,560,840	11,642,543,051
2016	396,988,557	295,946,396	11,755,860,387
2017	395,843,795	292,809,008	12,509,355,910

Source: *State of New Mexico Educational Retirement Board.*

Post Employment Benefits

The Retiree Health Care Act ("RHCA") issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. That report and further information can be obtained via written request to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107 or online at www.nmrhca.state.nm.us.

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$1,495,549, \$1,527,991, and \$1,482,943 respectively, which equal the required contributions for each year.

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

TAX MATTERS

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

For taxable years that began before January 1, 2018, interest on the Bonds and Notes owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum tax on such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

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

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

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

Internal Revenue Service Audit Program

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

Existing law may change to reduce or eliminate the benefit to Bondholders and Noteholders of the exclusion of interest on the Bonds and Notes from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Original Issue Discount

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

Original Issue Premium

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

LITIGATION

In the opinion of various officials of the District, except as disclosed in this Official Statement, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the District in any court, agency, or administrative body contesting the validity of the Bonds and Notes or the use of Bond and Note proceeds, the corporate existence of the District or the titles of its officers or contesting or affecting the District's ability to receive taxes that could be used for Bond and Note payments.

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

Pending Litigation

Two lawsuits were previously filed challenging the funding of the State's primary and secondary education system. In March 2014, individual plaintiffs in New Mexico District Court in McKinley County brought suit against the State, among others, alleging, among other things, that the State's educational funding formula violates the sufficiency of education and uniform system of public schools provision of the New Mexico Constitution and asks the court for injunctive relief ordering the State to develop a budget and funding formula that sufficiently, uniformly and equitably funds the public school system. In April 2014, individual plaintiffs in New Mexico District Court in the County brought suit against the State, among others, alleging, among other things, that the State has failed to provide a sufficient and uniform system of education in violation of the sufficiency, uniformity, equal protection and due process provisions of the New Mexico Constitution because of an inadequate and arbitrary funding system. The plaintiffs' now consolidated lawsuit asks for a declaratory judgment and injunctive relief requiring the adoption of a school finance system to remedy these violations. Trial related to the consolidated lawsuits began on June 12, 2017, and after the proceedings, according to the trial court's order dated August 4, 2017, post-trial briefing and submissions were required of each of the parties. In early January 2018, the parties submitted their briefings to the court. The court has not rendered a decision in the case. Because the allegations of violations have not been fully litigated or proven, the State believes it is premature to assess what effect, if any, these lawsuits might have on State budget matters.

RATINGS

S&P Global Ratings ("S&P") assigned a rating of "AA" with a stable outlook to Bonds and Notes, without regard to any enhancement program. S&P also revised its outlook from to stable from negative and affirmed the District's "AA" rating on its existing outstanding general obligation indebtedness. Moody's Investors Service, Inc. ("Moody's") assigned an enhanced rating of "Aa2" on the Bonds based on the New Mexico School District Enhancement Program. These ratings reflect only the views of such rating agencies, and an explanation of the significance of the ratings may be obtained only from each rating agency. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward, upward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an effect on the market price of the Bonds and/or Notes.

On April 4, 2017, Moody's downgraded the District's general obligation unlimited tax debt rating to "Aa2" from "Aa1". The District's outlook remains negative. The downgrade to "Aa2" reflects the District's deteriorating reserve position based on a trend of operating deficits, which has also been compounded by State-aid cuts. The District posted this rating change with the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") on April 7, 2017.

UNDERWRITING

J.P. Morgan Securities LLC ("JPMS"), as the senior and book-running manager of a group of underwriters (the "Underwriters"), has agreed, subject to certain conditions, to purchase the Bonds from the District at the prices indicated on the inside front cover of this Official Statement, less an underwriting discount of \$_____, and no accrued interest. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

JPMS, as the senior and book-running manager of the Underwriters, has agreed, subject to certain conditions, to purchase the Notes from the District at the prices indicated on the inside front cover of this Official Statement, less an underwriting discount of \$_____, and no accrued interest. The Underwriters will be obligated to purchase all of the Notes if any Notes are purchased. The Notes to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Notes into investment trusts) at prices lower than the public offering prices of such Notes, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

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

THE FINANCIAL ADVISOR

RBC Capital Markets, LLC ("RBC CM") is employed as Financial Advisor to District in connection with the issuance of the Bonds and Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds and Notes is contingent upon the issuance and delivery of the Bonds and Notes. RBC CM, in its capacity as Financial Advisor, has relied on the opinions of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the Bond and Note documentation with respect to the federal income tax status of the Bonds and the Notes. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the District for the investment of proceeds or other funds of the District upon the request of the District.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

LEGAL MATTERS

The opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, approving the legality of the Bonds and Notes and relating to the tax-exempt status of the Bonds and Notes will be furnished upon issuance of the Bonds and Notes. The forms of opinions of Bond Counsel are attached hereto as Appendix D.

The District will furnish to the Underwriters respective, complete transcripts of proceedings incident to the authorization and issuance of the Bonds and the Notes. Although it may represent the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds and the Notes, Bond Counsel has been engaged by and only represents the District in the issuance of the Bonds and the Notes. Such firm has reviewed the information appearing herein this Official Statement and Bond Counsel is of the opinion that the information relating to the Bonds and Notes and legal matters contained herein is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds and Notes, such information conforms to the Bond Resolution and the Note Resolution, respectively. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds and Notes is contingent upon the sale and delivery of the Bonds and Notes. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, San Antonio, Texas, whose fee is contingent upon the sale and delivery of the Bonds and the Notes.

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

CONTINUING DISCLOSURE UNDERTAKING

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

Any or all of such information may be incorporated by reference from other documents, as permitted by the Rule. The annual information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, unaudited financial statements must be provided as part of the annual financial information, and audited financial statements when and if audited financial statements become available.

Any such financial statements will be prepared in accordance with generally accepted accounting principles and State law requirements, as in effect from time to time. (See Note 1 of the District's audited financial statements included as Appendix B for a description of the accounting principles currently followed in the preparation of the District's audited annual financial statements.)

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

Event Notices

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds and Notes: 1) principal and interest payment delinquency; 2) non-payment related default, if material; 3) unscheduled draw on debt service reserves reflecting financial difficulties; 4) unscheduled draw on credit enhancements reflecting financial difficulties; 5) substitution of credit or liquidity provider, or their failure to perform; 6) adverse tax opinions, the issuance by the Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security; 7) modification to rights of security holders, if material; 8) bond calls; 9) defeasances; 10) release, substitution or sale of property securing repayment of the security, if material; 11) rating changes; 12) failure to provide event filing information as required; 13) tender offer/secondary market purchases; 14) merger, consolidation or acquisition and sale of all or substantially all assets; 15) bankruptcy, insolvency, receivership or similar event with respect to the District or an obligated person; and 16) appointment of a successor or additional trustee, or the change of name of a trustee, if material. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with the agreement described in Appendix E.

Availability of Information from MSRB

Effective July 1, 2009 (the "EMMA Effective Date"), the SEC implemented amendments to the Rule which approved the establishment by the MSRB of EMMA, which is now the sole successor to the national municipal securities information repositories with respect to filings made in connection with undertakings made under the Rule after the EMMA Effective Date. Commencing with the EMMA Effective Date, all information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds and the Notes will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

For the past five years, the District has complied in all material respects with its existing continuing disclosure agreements in accordance with the Rule. The District has implemented procedures to assure compliance with its continuing disclosure undertakings.

DISCLOSURE CERTIFICATES

The final certificates included in the respective transcripts of legal proceedings will include the following: At closing the Superintendent of Schools and the Executive Director of Finance & Administration will sign certificates stating, after reasonable investigation, that to the best of their knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of their knowledge, threatened in any way contesting the completeness or accuracy of this Final Official Statement, (b) this Final Official Statement, as it pertains to the District, the Bonds and Notes, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (c) no event affecting the District has occurred since the date of this 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.

OTHER PERTINENT INFORMATION

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources, which are believed to be reliable. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Registration and Qualification of Bonds and Notes for Sale

No registration statement relating to the Bonds or the Notes has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). Neither the Bonds nor the Notes have been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Neither the Bonds nor the Notes have been registered or qualified under the Securities Act of the State in reliance upon various exemptions contained therein, nor have the Bonds or the Notes been registered or qualified under the securities act of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds or Notes under the securities laws of any jurisdiction in which the Bonds or the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds or the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Underwriters to register or qualify the sale of the Bonds and the Notes under the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Bonds and Notes or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the District shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

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.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. It is important to note that the District's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

CONCLUDING STATEMENTS

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement has been approved by the Board for distribution in accordance with provisions of the Rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

The respective Resolutions approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the reoffering of the Bonds and the Notes by the Underwriters.

Neither this Official Statement nor any other written or oral information is to be construed as a contract with the holders of the Bonds and Notes.

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

President, Board of Education

Secretary, Board of Education

APPENDIX A

ECONOMIC & DEMOGRAPHIC INFORMATION

General

The District is geographically situated in the north central part of the State. The District's boundaries encompass all of the City plus unincorporated portions of the County. The District covers 1,016 square miles and served 12,983 students in 2017-18 from an estimated population of 125,000. The District is crossed by Interstate Highways 25 and is served by the Burlington North and Santa Fe railroad and the Sunport International Airport. The District is also bisected by the Rio Grande River, which provides irrigation to support continued agriculture despite increased urbanization.

The area within the District is part of the Santa Fe Metropolitan Statistical Area ("Santa Fe MSA") which includes the County and Los Alamos County. The Santa Fe MSA represents one of the largest commercial and industrial centers in the State. The area is economically dynamic as evidenced by strong population growth, continued residential and non-residential construction, and income levels above both the State as a whole and the nation.

Population

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

Census Year	Santa Fe County	State of New Mexico
1960	44,970	951,023
1970	54,774	1,017,055
1980	75,519	1,303,143
1990	98,928	1,515,069
2000	129,292	1,826,280
2010	144,170	2,065,826
2017*	148,750	2,088,070
2018 ⁽¹⁾	149,690	2,081,363
***	***	***
2023 ⁽²⁾	152,700	2,101,278
Projected Growth 2018-2023 ⁽²⁾	2.01%	0.96%

*Estimates. Source: U.S. Census Bureau: State and County QuickFacts, April 2018.

1) Estimates. Source: Spotlight, April 2018.

2) Projected. Source: Spotlight, April 2018.

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Age Distribution

The following table sets forth a comparative age distribution profile for Santa Fe MSA, the State and the United States.

Age Group	Percent of Population		
	Santa Fe MSA	New Mexico	United States
0 - 17	18.74%	23.90%	22.80%
18 - 24	7.74%	9.80%	9.80%
25 - 34	10.96%	13.30%	13.40%
35 - 44	11.45%	11.87%	12.60%
45 - 54	12.61%	11.90%	13.10%
55 and Older	38.50%	29.23%	28.30%

Source: *Spotlight, April 2018.*

Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by The Nielsen Company. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, State and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance. During the period shown in the following chart, the estimated median household income level for Santa Fe MSA compares favorably with the United States and has been consistently higher than the State level over the last 4 years.

Effective Buying Income Group	Santa Fe MSA	New Mexico	United States
Under \$25,000	19.67%	27.27%	20.37%
\$25,000 - \$34,999	9.59%	10.65%	9.21%
\$35,000 - \$49,999	12.82%	13.71%	12.87%
\$50,000 - \$74,999	17.53%	16.84%	17.09%
\$75,000 & Over	40.39%	31.53%	40.46%
2014 Est. Median Household Income	\$50,736	\$44,292	\$51,579
2015 Est. Median Household Income	\$51,473	\$45,633	\$53,706
2016 Est. Median Household Income	\$54,229	\$45,445	\$55,551
2017 Est. Median Household Income	\$56,475	\$47,043	\$57,462
2018 Est. Median Household Income	\$60,373	\$48,044	\$60,133

Source: *Spotlight, April 2018.*

Gross Receipts

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

Fiscal Year 30-Jun	City of Santa Fe		Santa Fe County		State of New Mexico	
	Retail Trade	Total	Retail Trade	Total	Retail Trade	Total
2017	\$1,670,318,156	\$4,776,520,462	\$1,934,682,248	\$6,528,263,382	\$22,390,695,699	\$95,719,119,259
2016	1,749,481,963	4,748,616,839	2,136,907,970	6,185,403,050	24,532,529,977	108,784,679,530
2015	2,256,457,016	5,851,139,929	2,300,270,704	6,667,684,125	27,481,308,472	119,726,977,705
2014	1,904,870,941	4,997,226,203	2,139,843,626	6,071,042,366	24,395,913,091	107,584,699,939
2013	1,654,142,992	4,822,742,019	1,877,184,450	5,884,347,249	24,239,671,094	108,060,633,566
2012	1,647,249,743	4,885,399,257	1,867,655,937	5,911,392,010	23,914,774,353	104,221,140,556
2011	1,642,668,308	4,832,778,101	1,862,958,009	6,279,234,548	23,789,930,180	102,715,750,442
2010	1,592,200,186	4,602,114,106	1,814,632,032	6,178,139,544	24,608,799,717	94,722,576,401
2009	1,781,022,501	4,933,803,384	2,045,956,648	6,593,215,020	23,812,635,284	104,562,006,074
2008	1,929,208,741	5,378,841,069	2,184,056,446	7,201,235,320	25,711,762,198	110,710,199,751
2007	1,900,011,285	5,284,940,869	2,131,815,854	6,820,901,645	26,012,239,571	104,559,300,501

1) Data as of Second Quarter of 2017.

Source: New Mexico Taxation & Revenue Department.

Employment

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

Year ⁽¹⁾	Santa Fe MSA		State of New Mexico		United States
	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2018 ⁽²⁾	73,415	4.60%	934,178	5.80%	4.40%
2017	72,851	5.10%	929,567	6.20%	4.40%
2016	72,574	5.40%	927,355	6.70%	4.90%
2015	71,658	5.40%	919,889	6.60%	5.30%
2014	71,564	5.60%	918,206	6.50%	6.20%
2013	72,592	5.60%	922,960	6.90%	7.40%
2012	73,156	5.80%	928,050	7.10%	8.10%
2011	73,079	6.30%	929,862	7.60%	8.90%
2010	73,760	6.80%	936,088	8.10%	9.60%
2009	76,501	6.60%	940,352	7.50%	9.30%

1) - Presented as annual averages.

2) - Data for the month of February 2018. Preliminary; subject to change.

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

Non-Agricultural Wage and Salary Employment by Major Sector

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

Santa Fe MSA					
	2013	2014	2015	2016	2017 ⁽¹⁾
Grand Total	60,681	60,246	61,229	60,850	60,850
Total Private	43,774	43,496	44,481	45,340	46,026
Accommodation and Food Services	8,379	8,444	8,703	9,206	9,680
Administrative and Waste Services	1,830	1,754	1,845	1,889	2,116
Agriculture, Forestry, Fishing & Hunting	157	172	166	173	256
Arts, Entertainment, and Recreation	969	1,060	1,116	1,173	1,548
Construction	2,789	2,566	2,588	2,639	2,799
Educational Services	1,492	1,561	1,624	1,698	1,372
Finance and Insurance	1,781	1,649	1,583	1,558	1,527
Health Care and Social Assistance	8,220	8,288	8,693	8,865	8,838
Information	846	785	816	849	809
Management of Companies and Enterprises	194	182	230	229	238
Manufacturing	828	839	865	851	912
Mining	86	102	146	141	98
Other Services, Ex. Public Admin	2,452	2,491	2,555	2,570	2,632
Professional and Technical Services	2,389	2,342	2,432	2,394	2,489
Real Estate and Rental and Leasing	799	815	798	837	822
Retail Trade	8,934	8,799	8,648	8,592	8,238
Transportation and Warehousing	559	602	558	540	530
Utilities	124	125	131	136	120
Wholesale Trade	947	921	985	1000	1001
Total Government	16,907	16,931	16,748	15,663	14,581

(1) Data as of Third Quarter of 2017

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

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

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Major Employers

The following are the largest employers located in the Santa Fe MSA:

Employer	Type	# of Employees
State of New Mexico	Government	23,152
Los Alamos National Laboratory	Government	11,300
Christus St. Vincent Hospital	Health Care	2,150
Santa Fe School District	Education	2,151
City of Santa Fe	Government	1,469
Buffalo Thunder	Casino	1,060
County of Santa Fe	Government	844
Santa Fe Community College	Education	800
Santa Fe Opera	Fine Arts	791
Peters Corporation	Retail	518
Total Top 10		44,235

Source: Santa Fe Chamber of Commerce, 2018.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS – JUNE 30, 2017

The information contained in this appendix consists of the Santa Fe Public School District Audited Financial Statements (the "Report") for the fiscal year ended June 30, 2017.

The information presented represents only a part of the Report and does not purport to be a complete statement of the District's financial condition. Reference is made to the complete Report for additional information.



**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
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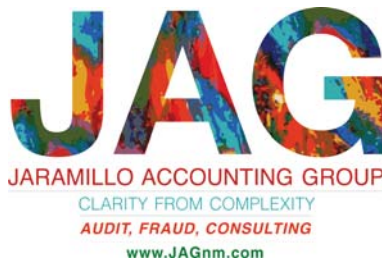
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**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
OFFICIAL ROSTER
JUNE 30, 2017**

Name	Title
<u>Board of Education</u>	
Susan Duncan	President
Lorraine Price	Vice President
Maureen Cashmon	Secretary
Steven J. Carrillo	Member
Linda Trujillo	Member

<u>School Officials</u>	
Veronica Garcia	Superintendent
Carl Gruenler	Chief Business Officer
Richard Halford	Executive Director of Finance & Administration



INDEPENDENT AUDITOR'S REPORT

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund of the Santa Fe Public Schools (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the Table of Contents. We also have audited the financial statements of the District's fiduciary fund.

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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position, and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary fund of the District as of June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages vii through xvii and the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of the District's Contributions on pages 48 and 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information as required by the New Mexico State Audit Rule (NMAC 2.2.2) 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 is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

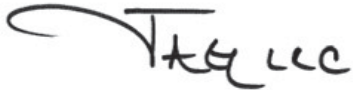
The combining and individual nonmajor fund financial statements, other supplementary information required by NMAC 2.2.2, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used 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 Board of Education
Santa Fe Public Schools and
Mr. Timothy Keller
New Mexico State Auditor

auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information required by NMAC 2.2.2, and the Schedule of Expenditures of Federal Awards 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 November 15, 2017 on our consideration of the Santa Fe Public School'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 Santa Fe Public School's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 15, 2017

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

This Management's Discussion and Analysis of the fiscal performance of the Santa Fe Public Schools (SFPS or District) for the period ending June 30, 2017 is an analysis of the District's financial reporting and is an objective and easily readable discussion of the District's financial activities. The discussion and analysis, as well as the final statements in the audit report, provide a review of the District's overall financial activities for the year ending June 30, 2017. The Fund Financial Statements are reported on a modified accrual basis of accounting.

This annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Report of Independent Auditor's on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and the Report of Independent Auditor's on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance, and a Schedule of Findings and Questioned Costs. These statements and information were included in past reporting by the District.

Santa Fe Public Schools Accounting and Finance

We believe this overview and the accompanying financial report from our auditors will indicate to the reader that we have managed District financial affairs to the highest professional standards and developed a budget focused on our instructional mission with flexibility to address an uncertain economy. The District continues to monitor the state and national economy in planning future year budgets and programs. Audit reports, bond ratings, stability of the fund balances, cash on hand and creative budget management all are signs of District financial health and solid fiscal management. To enable high levels of financial performance, the District maintains a financial and accounting staff with strong levels of education, technical experience, and school business licensure.

In order to define and support internal controls, the School Business Office utilizes a Comptrollership model organizational structure. This structure provides an independent reconciliation process and internal audits as time allows. The District has utilized the Visions Accounting System from Tyler Technologies (formerly Windsor Management System) since July 2008 for Human Capital Management and Business Services and provides a web-based program for schools and other departments to access their financial position on a real-time basis to support decisions. The system is utilized by over 87% (77 of 89) of the school districts in New Mexico and many states throughout the southwest. The District is a part of a user's group to ensure timely system enhancements are developed and implemented to meet state and federal reporting and to improve financial reports.

As an integral part of the District accountability process, the Board of Education monitors District expenditures through a formal monthly reporting process, and budgets are carefully reviewed on a quarterly basis. These reports are provided at a public meeting and become a part of the Board of Education's permanent public record. These reports are public documents and open to public inspection.

In May 2009, the Board of Education appointed an Audit Committee to provide greater public transparency in its accounting operations. The committee has five community and two Board members plus two ex-officio members, the Superintendent and Chief Financial Officer. The committee meets monthly during the audit season and on an as-needed basis the remainder of the year.

In 2011, and in response to Legislative law CS/HB 227 & 251, the District created a Finance sub-committee comprised of the five-member Board and two ex-officio members; the Superintendent and Chief Financial

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Officer. This committee meets quarterly in a public meeting in compliance with the Open Meetings Act, and more frequently from January through June of each year as the annual District Operating Budget is being prepared. The District has consistently reported its financial standing on a monthly and quarterly basis to the Board of Education as well as consistently met the New Mexico Public Education Department's guidelines on reporting and approval of financial activity to the Board.

About the Community

Santa Fe Public Schools is in north central New Mexico and is located within a 1,016 square mile area in Santa Fe County including the City of Santa Fe, New Mexico. According to the last general census, the population of the area is about 125,000, including all the City of Santa Fe and portions of Santa Fe County. The city is an arts, retail and tourism center. The area employment base is heavily weighted towards hospitality and state government, as Santa Fe is the state capital.

About the Santa Fe Public Schools

To better understand its financial performance, it is important to understand more about the District. The District's 2016-17 student membership at the preschool through 12th grade level, which is the basis for our funding, was 12,794 on the 40th day membership report. Including our lone district charter school, Academy for Technology and the Classics (ATC) this number rises to 13,169. SFPS operates 28 schools, which consist of two comprehensive high schools, two alternative high schools, two comprehensive middle schools, one International Baccalaureate (IB) school (7-10 in 2016-17), five community schools (K-8), fifteen elementary schools, and one early childhood center. Included in this number is the newest alternative school, Early College Opportunities (ECO), which opened in August 2016. As mentioned previously, SFPS has one charter school, ATC, which is considered a component unit in the financial statements. SFPS owns the land upon which all the school buildings are located including the land Turquoise Trail Charter School occupies. The District also owns administrative facilities including the District administration building; maintenance shop and custodial center; food services warehouse; and transportation, maintenance and storage facilities. The District manages its own fleet of buses and vehicles for maintenance staff and a few for administrative duties.

SFPS's instructional focus is on literacy and mathematics. To that end, the District invests in quality and sustained professional development for teachers. We focus on early intervention and as a result, invest in reducing class size in the primary grades. Leadership training is provided to school and District administrators for the purpose of developing instructional leadership skills. Funds for hiring and training additional teachers come primarily from federal grants.

Santa Fe's assessed valuation was \$6.23 billion for the 2016 tax year. Voter-approved property tax assessments are used to generate revenue, which in turn, is used as the basis to sell general obligation bonds that are authorized to total up to 6% of the assessed valuation. SFPS is currently 47.2% bonded to capacity. In February 2017, voters approved by a 4:1 margin the authority to issue up to \$100 million in bonds over four years.

The general obligation bond (GO Bond) proceeds are used to expand and improve District infrastructure through the construction of new schools plus the remodeling and expansion of existing school facilities to meet the needs of the student population. Although student enrollment continues to decline slightly each year due largely to declining kindergarten enrollments resulting from the Great Recession beginning in 2008, populations

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

continue to move towards the western and southwestern parts of Santa Fe from central and eastern neighborhoods.

To set facility priorities, the District uses a detailed Facilities Master Plan. The District's Board-appointed Citizen's Review Committee (CRC) implements the Facilities Master Plan and attracts professional expertise from the community in its membership.

Property taxes approved by voters also support two additional mill levy revenue sources that are used for remodeling, furnishings, equipment, maintenance and technology. With HB33 and SB9 funding, the District funds the replacement of aging and deficient major systems and roofs; the repairs of facilities, systems and equipment; the purchase and repair of technology and communications equipment; the purchase of and license fees for software; and salary and benefits for school-based maintenance and technology staff.

In February 2014, the Santa Fe School Board approved a 5-year \$55.0M Digital Learning Plan funded by annual approval of \$11.0 million Education Technology Notes (ETN). The Digital Learning Plan charts a course for enabling differentiated instruction and blended learning, and is a key part of the overall District transformation strategy to improve student-learning outcomes. The ETN funds district and school technology infrastructure, classroom equipment leading to 1:1 where each student will be assigned an age-appropriate device, and ongoing professional development and embedded support for teachers. The ETN also supports the technology and digital learning needs of six local charter schools.

Significant Financial Highlights for the Year Ending June 30, 2017

The District completed the 2015-16 audit with twenty-two (22) audit findings overall with thirteen (13) attributed directly to the District and the remaining nine (9) to our charter school, ATC. For this 2016-17 audit, the District cleared all but three of the 2015-16 findings, and had seven (7) findings overall. ATC had thirteen (13) 2016-17 audit findings, continues to struggle with the complexity of charter school finances, and will need District intervention and support going forward.

The 2016-17 financial crisis for the State of New Mexico was unprecedented. With the \$1.5 million SEG claw back in the 2016 Special Session and the \$1.9 million cash reserves sweep in the 2017 Legislative 60-day Regular Session both due to mounting State financial insolvency, the District lost much of its own cash reserves. Prudent financial management and \$1.0 million infusion of cash from the second installment of a sale of property precluded the District from its own solvency crisis, yet impacted our Moody's bond rating for Aa1 to Aa2. The District is on track likely in 2017-18 to restore cash reserves to the minimal level in Board policy of 5% of Operational revenue.

The District did not have a General Obligation Bond sale in 2017 but did have the fourth \$11.0M sale of an Education Technology Note.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

DISTRICT WIDE FINANCIAL STATEMENTS

Statement of Net Position

This is the fourteenth year of the GASB 34 requirements; the overall Statement of Net Position of the Santa Fe Public Schools is prepared using the accrual method of accounting. Comparison of the last two years is below:

	<u>Primary Government</u>		<u>Component Units</u>	
	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Assets				
Cash and Cash Equivalents	\$ 10,842,427	\$ 16,721,058	\$ 378,261	\$ 397,959
Investments	2,669	8,772,894	-	-
Receivables	14,092,131	-	-	96,711
Due from Comp Unit /Prim Govt	15,000	10,000	71,636	-
Prepays	-	-	643	647
Internal Balances	-	-	-	-
Inventories	343,112	343,112	-	-
Restricted Cash & Equiv	79,250,000	112,850,000	-	-
Bond Issuance Cost	-	-	-	-
Capital assets, net	<u>394,909,894</u>	<u>389,388,897</u>	<u>5,186,289</u>	<u>5,013,934</u>
Total assets	499,455,233	528,085,961	5,636,829	5,509,251
Deferred Outflows of Resources				
Related to Pensions	<u>22,996,660</u>	<u>33,540,952</u>	<u>464,878</u>	<u>659,848</u>
Liabilities				
Accounts Payable	6,849,170	1,642,731	8,709	22,353
Other Accrued Liabilities	6,733,968	6,294,344	115,127	290,772
Accrued Interest	2,540,032	2,770,688	-	961
Unearned Grant Revenue	20,000	-	-	-
Current portion Long-Term Debt	24,725,000	25,413,580	86,294	75,288
Due to Primary Govt / CompUnit	(151,852)	-	-	-
Accrued Comp Absences-Current	111,590	712,249	-	10,395
Bonds Due in More than One Year	176,375,000	204,920,767	3,883,794	3,821,408
Net Pension Liability	170,512,077	193,348,739	4,021,729	4,358,160
Unamortized Bond Premium	13,577,528	13,914,449	-	-
Accrued Comp Absences-Long Tern	-	<u>93,116</u>	-	-
Total liabilities	401,292,513	449,110,663	8,115,653	8,579,337
Deferred Inflows of Resources				
Related to Pensions	<u>4,272,334</u>	<u>1,999,861</u>	<u>92,663</u>	<u>113,439</u>
Invested in capital assets, net of related debt	193,809,894	145,140,101	1,216,201	1,117,238
Restricted for Debt Service	57,350,785	37,427,042	-	-
Restricted for Capital Projects	35,876,479	80,961,553	-	-
Other	3,379,021	3,563,478	349,656	117,518
Unrestricted (deficit)	<u>(175,483,538)</u>	<u>(156,575,785)</u>	<u>(3,672,466)</u>	<u>(3,758,433)</u>
Total Net Position (Deficit)	<u>\$ 114,932,641</u>	<u>\$ 110,516,389</u>	<u>\$ (2,106,609)</u>	<u>\$ (2,523,677)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

GASB 34 rules require public entities to depreciate capital assets. The District utilizes a "straight-line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

Statement of Activities

This is also the eleventh year for the Statement of (Governmental) Activities and is a statement required by GASB 34 and is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the District's net assets for the fiscal year ending June 30, 2017. Comparison of the last two years is shown below:

	Primary Government		Component Units	
	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017
Governmental Activities				
Total Government Activities	\$ 175,789,556	\$ 184,174,422	\$ 3,866,793	\$ 4,431,496
Less Charges For Services	(1,605,829)	(1,595,771)	(31,266)	(34,961)
Less Operating Grants and Contributions	(27,052,595)	(28,219,792)	(72,145)	(92,401)
Less Capital Grants and Contributions	<u>(2,097,599)</u>	<u>(838,435)</u>	<u>(566,763)</u>	<u>(421,628)</u>
Net (Expenses) Revenues and Changes in Net Position	145,033,533	153,520,424	3,196,619	3,882,506
General Revenues				
State Equalization Guarantee	96,721,999	93,911,186	2,559,413	2,577,943
Taxes - General, Debt Service, Cap Prjcts	49,281,038	51,868,870	472,949	341,167
Interest and Earnings on Investment	111,087	302,215	-	-
Gain of Sale of Fixed Assets	-	-	-	-
Miscellaneous	5,761,463	3,028,309	376,558	546,328
Transfers	<u>(82,951)</u>	<u>(5,796)</u>	<u>-</u>	<u>-</u>
Subtotal, General Revenues	<u>151,792,636</u>	<u>149,104,784</u>	<u>3,408,920</u>	<u>3,465,438</u>
Changes in Net Position	6,759,103	(4,415,640)	212,301	(417,068)
Net position - beginning (deficit)	108,190,397	114,932,029	(2,318,910)	(2,106,609)
GASB 68 implantation	-	-	-	-
Net position, beginning as restated	<u>(17,471)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - ending (deficit)	<u>\$ 114,932,029</u>	<u>\$ 110,516,389</u>	<u>\$ (2,106,609)</u>	<u>\$ (2,523,677)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Fund Accounting and District Operating Funds

The District uses funds and a standardized chart of accounts to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and support financial management by segregating transactions related to certain functions or activities. A fund is a separate account entity with a self-balancing set of accounts. Funds are grouped according to the Uniform Chart of Accounts (UCOA) as produced by our federal government and adopted by each state.

The District maintains over 40 funds that comprise our New Mexico Public Education Department (NMPED)-approved District Operating Budget as defined by the NMPED’s *Uniform Chart of Accounts: Manual of Operating Procedures*. This process is used to account for all federal, state, local and privately funded activities. The following fund classifications are used to group District activities:

General Fund – This fund type includes the Operational, Transportation, and Instructional Materials budgets.

This Operational fund is the major fund used to account for financial transactions and expenditures associated with the administration and daily operations of our schools. The State Equalization Guarantee (SEG) is the major revenue component of this fund. School districts in the State of New Mexico receive SEG, which is defined as “that amount of money distributed to each school district to ensure 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) training and experience of teachers, 6) school size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The SEG is a student enrollment-driven formula that uses the average of the 80th and 120th day membership to determine units upon which our district is funded. Each year NMPED establishes a “Unit Value”. The Unit Value is multiplied by the total district program units (membership units multiplied by a number of factors) to determine the total program cost. The total program cost is reduced by a series of non-categorical revenue credits to determine the SEG. SEG is set in April to support budgeting, and finalized the following January based on available State resources.

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. As a categorical fund, the allocation is to be used only for the purpose of making payments for the “to-and-from” school transportation costs of students in grades K through twelve attending public school within the school district.

The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of instructional materials. Of each allocation, 50% is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, and 50% is available for purchases to vendors chosen by the District.

Special Revenue Funds – This fund type includes Food Service, Federal Flow-through and Direct grants, State Flow-through and Direct grants, plus City, Local and Private grants.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

The District receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department. The District manages a Food Service budget of approximately \$6.0 million to provide students lunch and breakfast. Roughly three-quarters of District students are qualified to receive meals at reduced prices under the federal free and reduced lunch program.

The District budgets its athletic activity fund in the Special Revenue category, accounting for game receipts and game-related expenditures.

The District receives federal Title program grants to support additional instruction for schools with high poverty, professional development for teachers, and bilingual programs; IDEA-B special education grants to fund new and growing requirements for students; and grants for safe drug free schools, Indian education, and ROTC programs.

The District also receives a variety of state, local and private grants. The largest of these are Pre-K, K-3+, and Medicaid.

Capital Projects Funds – The District maintains capital projects funds to account for all resources used for acquiring and improving schools, constructing and equipping new school facilities, and renovations. These funds include proceeds from general obligation bond sales (GO Bond) to the private bond market, SB9 and HB33 mill levy elections, the ETN introduced during 2013-2014 to fund the District Digital Learning Plan, and small allocations from legislative and state direct appropriations. The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be ‘measurable’ and ‘available’. Beginning for the 2013 Calendar year, charter schools received SB-9 funds directly from the county based on a formula that considers the 40th day student count from the previous year. The amount re-directed to the six district and state local charter schools was approximately 12% in 2016-17.

Descriptions of the individual debt service and capital outlay funds contained in the financial statements include information regarding the authority for the collection and use of these taxes. Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Santa Fe County collects County, City and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

Debt Service Funds - The District operates one debt service fund that is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

2016-17 Budget to Actual Expenditures

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2017. Detail budget performance is examined through the Budgetary Comparison Statement for each major fund and the Schedule of Revenues and Expenditures Budget and Actual for the combined Special Revenue Funds and Capital Projects Funds.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
Operations	\$ 104,488,398	\$ 100,624,049	\$ 3,864,349
Transportation	\$ 3,117,177	\$ 3,117,177	\$ -
Instructional Materials	\$ 884,427	\$ 690,439	\$ 193,988
Student Nutrition	\$ 7,624,135	\$ 5,892,973	\$ 1,731,162
Bond Building	\$ 29,489,481	\$ 8,169,321	\$ 21,320,160
Capital Improvement - HB-33	\$ 12,092,004	\$ 5,300,838	\$ 6,791,166
Capital Improvement - SB-9	\$ 15,471,794	\$ 12,937,694	\$ 2,534,100
Education Technology	\$ 22,391,559	\$ 10,795,902	\$ 11,595,657
Debt Service	\$ 64,336,292	\$ 32,100,142	\$ 32,236,150

NOTE: Large variance in Operational due to PEDs requirement that the anticipated Cash Balance be budgeted and therefore is included in the "Final Budget" total but not in the Actual amount. Additionally, cash balances in Capital Funds carry over into future years.

COMBINED NONMAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

All funds fell within the regulatory criteria set by the State Department of Education and New Mexico Statute. Both the Manual of Procedures for Public School Accounting and NMSA 8-22-5, Annotated require that budget expenditures be within the authorization of the approved budget.

Fund Type	Final Budget	Actual	Variance
Federal & State Flowthrough	\$ 16,484,437	\$ 15,127,795	\$ 1,356,642
Direct - Fed / State & Other	\$ 7,331,202	\$ 5,617,943	\$ 1,713,259
Special Capital Outlay - State	\$ 1,014,779	\$ 370,001	\$ 644,778

The 2017-18 Operational Budget

The 2016-17 fiscal year saw a \$1.5 million reduction in SEG plus a \$1.9 million cash sweep due to State solvency legislation. Although Budget SEG for 2017-18 recovered to pre-solvency-reduction levels, the Operational cash balance was reduced to \$4.1 million to begin the year.

Revenue Highlights

For the 2017-18 school year, the State Equalization Guarantee (SEG) of \$97.15 million decreased from 2016-17 Budget SEG by less than \$.1 million, and increased from the 2016-17 Final SEG (reduced by State solvency legislation) by \$1.4 million. Unit Value for the 2017-18 school year recovered to \$4,053.55. The SEG comprises 96% of the revenue in the Operational budget. Other state and local sources accounted for \$4.0 million or 4% of the revenue total, and federal sources including e-Rate.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Cash Balance

The District's actual June 30, 2017 cash balance, as reported to NMPED including the \$1.8 million loan to federal programs is \$5.9 million. The amount available for operating purposes is \$4.1 million (without the loan which is needed to fund the timing difference of reimbursed federal funds), reconciled as follows:

RECONCILIATION FROM AUDIT REPORT TO PED CASH REPORT OPERATIONAL (GENERAL) FUND 11000 FY 16-17	
TOTAL CASH AND INVESTMENTS (Financial Statements)	\$ 6,998,086
Interfund Receivable	4,595,260
Other Receivables	146,615
Accounts Payable	(269,971)
Accrued Expenses - Payroll	(5,650,403)
Deferred Inflows - Property Taxes	(97,328)
FY 16 Adjustments	268,086
FY 16 Adjustments	(29,372)
Due from Component Units (Charter)	(10,000)
Permanent Cash Transfers	(54,550)
FY 17 Other	(164,164)
TOTAL ADJUSTMENTS	<u>(1,265,827)</u>
TOTAL CASH AND INVESTMENTS (Bottom Line, PED Report)	<u>\$ 5,732,259</u>

Capital Program Elections and Sales in 2016-17

There was not a GO Bond sale in 2016. During the process of review for selling a \$40 million Series 2017 GO Bond and \$11 million Series 2017 ETN, the District determined with the support of its Bond Advisor, RBC Capital Markets, that only one rating agency report was necessary. For consistency statewide, the District retained the investment rating services of Moody's Investor Services. As a result of the solvency measures in significantly reducing the District's cash balance (SEG and cash sweep) and uncertainties in State finances, Moody's Investor Services reduced the District's bond rating from Aa1 to Aa2 even with the financial strength of the Santa Fe County tax base and the consistency and competency of District leadership.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

The table below reflects the schedule of Board, GO Bond mill levy and ETN public elections.

SFPS PUBLIC ELECTIONS					
Year	Board	GO Bond <i>4.3 mils</i>	SB9 <i>2.0 mils</i>	HB33 <i>1.5 mils</i>	ETN <i>1.5 mils</i>
2015	X			X	
2016					X
2017	X	X			
2018			X		
2019	X				X
2020					
2021	X	X		X	

Conclusion

The 2016-17 financial crisis for the State of New Mexico was unprecedented. With the \$1.5 million SEG claw back in the 2016 Special Session and the \$1.9 million cash reserves sweep in the 2017 Legislative 60-day Regular Session both due to mounting State financial insolvency, the District lost much of its own cash reserves. Prudent financial management and \$1.0 million infusion of cash from the second installment of a sale of property precluded the District from its own solvency crisis, yet impacted our Moody’s bond rating from Aa1 to Aa2. The District is on track likely in 2017-18 to restore cash reserves to the minimal level in Board policy of 5% of Operational revenue. Additionally, the sufficiency lawsuit filed against the State of New Mexico of which the District is a party, moved forward and was heard by the courts this summer and fall. As of this date, hearings and testimony have concluded, and the judge is expected to render her decision by calendar year end. Funding challenges were abundant in the last fiscal year. The near-term forecasts are improving.

The District is committed to continuous improvement, community transparency, and service to all those educating our children. The challenge for the District finance team, however, goes beyond meeting the professional standards for fiscal operations represented in this 2016-17 annual audit. The deeper challenge is to partner in strategies that enhance teaching and learning and improve student outcomes

Included in this broader challenge is a holistic, forward looking, creative, and mission-focused approach to the annual budget process. This includes ensuring all activities/agreements/plans/budgets tie to the best possible instruction and literacy advancements for our students; working towards the alignment of strategic, collective bargaining, and property plans to a common understanding of our educational mission; ensuring budgets are student centric and reflect NMPED guidance and Board goals; and encouraging the accountability of all stakeholders to our common purpose through the effective use of resources.

Further yet, the District finance team can be a positive force for “creative disruption” that fosters collaborative movement to modern best practice. One example of this contribution is the advocacy for the Digital Learning Plan supported by sustainable funding from the community via the Educational Technology Note. Having a solid foundation of fiscal operations with evidence available for public scrutiny builds and validates public trust, and supports a strong and expanding partnership with the community.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Our SFPS community continues to experience the paradox between insufficient state and federal funding and the increasing resources needed to improve student outcomes. We see changing student needs and demographics; ongoing challenges with special education and English language learners; increasing numbers of families in poverty, mobility, uncertainty, and crisis; a growing need to increase student relevancy and instructional transformation through the emphasis of good teaching integrated with the tools and opportunities of this generation; expanding program options for students and parental choice; and the decreasing availability of highly-qualified teachers and support staff. In this ongoing socio-economic instability and funding insufficiency, our challenge remains with high energy and urgency to develop the character and innate intellectual capacity of every child. This means increasing student literacy and graduation rates by the ever-evolving alignment of strategy and professional initiatives, the deepening consciousness of shared responsibilities, and the thoughtful, collaborative and creative utilization of resources.

The educational way forward for our District, students and families, and Santa Fe community remains in collaboratively embracing a new era of change. Together, our challenge is to re-invent the effective delivery of instruction for a new generation of students, and do so with the resources provided from the State, federal government, and our generous supportive community. Our students deserve nothing less than our very best. Community of Santa Fe, we are grateful for your support.

Contacting the Santa Fe Public School District

This financial report is designed to provide our community, taxpayers, investors and creditors with an overview of the Santa Fe Public School District’s financial condition and to provide accountability for the funds the District receives. If you have questions about our report or about the operations of the District, please contact:

Dr. Veronica C. Garcia
Superintendent of Schools
Santa Fe Public School District or
610 Alta Vista
Santa Fe, NM 87505

Carl H. Gruenler
Chief Financial & Government Relations Officer
Santa Fe Public School District
610 Alta Vista
Santa Fe, NM 87505

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities	
	Primary Government	Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,721,058	\$ 397,959
Investments	-	-
Receivables	8,782,894	96,711
Inventory	343,112	-
Prepaid expenses	-	647
Total current assets	25,847,064	495,317
Non-current assets		
Restricted investments	112,850,000	-
Capital assets, net of accumulated depreciation	389,388,897	5,013,934
Total non-current assets	502,238,897	5,013,934
Total assets	528,085,961	5,509,251
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	33,540,952	659,848
LIABILITIES		
Current liabilities		
Accounts payable	1,642,731	22,353
Accrued liabilities	6,294,344	290,772
Current portion of compensated absences	712,249	10,395
Accrued interest	2,770,688	961
Current portion of long-term debt	25,413,580	75,288
Total current liabilities	36,833,592	399,769
Non-current liabilities		
Bond premiums, net of amortization	13,914,449	-
Net pension liability	193,348,739	4,358,160
Long-term portion of compensated absences	93,116	-
Long-term portion of debt	204,920,767	3,821,408
Total non-current liabilities	412,277,071	8,179,568
Total liabilities	449,110,663	8,579,337
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	1,999,861	113,439
NET POSITION		
Net investment in capital assets	145,140,101	1,117,238
Restricted for		
Debt service	37,427,042	-
Capital projects	80,961,553	-
Other	3,563,478	117,518
Unrestricted (deficit)	(156,575,785)	(3,758,433)
TOTAL NET POSITION (DEFICIT)	\$ 110,516,389	\$ (2,523,677)

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net	Component Unit
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	(Expenses) Revenues and Changes in Net Position	
Primary Government:						
Governmental activities						
Instruction	\$ 87,909,208	\$ 847,246	\$ 15,205,267	\$ -	\$ (71,856,695)	
Support Services						
Students	14,498,877	159,106	1,159,910	-	(13,179,861)	
Instruction	4,783,095	-	-	-	(4,783,095)	
General Administration	2,924,075	-	58,482	-	(2,865,594)	
School Administration	7,144,153	-	2,857,661	-	(4,286,492)	
Other	20,737	-	-	-	(20,737)	
Central Services	2,580,937	-	-	-	(2,580,937)	
Operation & Maintenance of Plant	8,766,154	-	-	838,435	(7,927,719)	
Student Transportation	4,538,815	-	3,117,177	-	(1,421,638)	
Food Services Operation	6,679,855	589,419	5,821,295	-	(269,141)	
Community Services Operations	29,002	-	-	-	(29,002)	
Facilities, Materials, Supplies, and Other	37,121,065	-	-	-	(37,121,065)	
Interest/amortization and bond cost on long-term debt	7,178,449	-	-	-	(7,178,449)	
Total governmental activities	\$ 184,174,422	\$ 1,595,771	\$ 28,219,792	\$ 838,435	\$ (153,520,424)	
Component Unit:	\$ 4,431,496	\$ 34,961	\$ 92,401	\$ 421,628		\$ (3,882,506)
General Revenues:						
Property taxes:						
Levied for general purposes				1,466,662	-	
Levied for debt service				31,530,536	-	
Levied for capital projects				18,871,672	341,167	
State Equalization Guarantee Revenue				93,911,186	2,577,943	
Unrestricted investment earnings				302,215	-	
Transfers				(5,796)	-	
Miscellaneous				3,028,309	546,328	
Total general revenues				149,104,784	3,465,438	
Changes in net position				(4,415,640)	(417,068)	
Net position - beginning (deficit)				114,932,029	(2,106,609)	
Net position - ending (deficit)				\$ 110,516,389	\$ (2,523,677)	

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	General Fund			
	General	Pupil	Instructional	Bond
	11000	Transportation 13000	Materials 14000	Building 31100
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,998,086	\$ 131,836	\$ 182,095	\$ -
Investments	-	-	-	62,500,000
Accounts receivable				
Taxes	131,409	-	-	-
Due from other governments	10,000	-	-	-
Interfund receivable	4,595,260	-	-	-
Other receivables	15,206	-	-	39,755
Inventory	-	343,112	-	-
Total assets	<u>\$ 11,749,961</u>	<u>\$ 474,948</u>	<u>\$ 182,095</u>	<u>\$ 62,539,755</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ 269,971	\$ -	\$ -	\$ 768,092
Cash overdraft	-	-	-	-
Due to government	-	-	-	-
Accrued expenses	5,650,403	131,836	-	-
Unspent grant revenue	-	-	-	-
Interfund payables	-	-	-	344,923
Total liabilities:	<u>5,920,374</u>	<u>131,836</u>	<u>-</u>	<u>1,113,015</u>
Deferred inflows				
Property taxes	97,328	-	-	-
Fund balances				
Nonspendable	-	343,112	-	-
Restricted for transportation	-	-	-	-
Restricted for instructional materials	-	-	182,095	-
Restricted for debt service	-	-	-	-
Restricted by grantor	-	-	-	-
Restricted for capital projects	-	-	-	61,426,740
Unassigned	5,732,259	-	-	-
Total fund balances	<u>5,732,259</u>	<u>343,112</u>	<u>182,095</u>	<u>61,426,740</u>
Total liabilities and fund balances	<u>\$ 11,749,961</u>	<u>\$ 474,948</u>	<u>\$ 182,095</u>	<u>\$ 62,539,755</u>

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,901	\$ 9,405,140	\$ 16,721,058
Investments	27,200,000	23,150,000	112,850,000
Accounts receivable			
Taxes	1,617,521	1,886,681	3,635,611
Due from other governments	-	5,024,636	5,034,636
Interfund receivable	-	-	4,595,260
Other receivables	11,245	46,441	112,647
Inventory	-	-	343,112
	<u>-</u>	<u>-</u>	<u>343,112</u>
Total assets	<u>\$ 28,832,667</u>	<u>\$ 39,512,898</u>	<u>\$ 143,292,324</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ -	\$ 604,668	\$ 1,642,731
Cash overdraft	-	-	-
Due to government	-	-	-
Accrued expenses	-	512,105	6,294,344
Unspent grant revenue	-	-	-
Interfund payables	-	4,250,337	4,595,260
	<u>-</u>	<u>4,250,337</u>	<u>4,595,260</u>
Total liabilities:	<u>-</u>	<u>5,367,110</u>	<u>12,532,335</u>
Deferred inflows			
Property taxes	<u>1,133,854</u>	<u>1,319,268</u>	<u>2,550,450</u>
Fund balances			
Nonspendable	-	-	343,112
Restricted for transportation	-	-	-
Restricted for instructional materials	-	-	182,095
Restricted for debt service	27,698,813	9,728,229	37,427,042
Restricted by grantor	-	3,563,478	3,563,478
Restricted for capital projects	-	19,534,813	80,961,553
Unassigned	-	-	5,732,259
	<u>-</u>	<u>-</u>	<u>5,732,259</u>
Total fund balances	<u>27,698,813</u>	<u>32,826,520</u>	<u>128,209,539</u>
Total liabilities and fund balances	<u>\$ 28,832,667</u>	<u>\$ 39,512,898</u>	<u>\$ 143,292,324</u>

See notes to financial statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

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

Fund balances - total governmental funds	\$	128,209,539
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		389,388,897
Deferred outflow of resources related to pensions		33,540,952
Deferred inflow of resources related to pensions		(1,999,861)
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		
Property taxes		2,550,450
Original issue discounts and premiums are not financial resources and, therefore, are not reported in the funds		
Bond issuance premiums, net of accumulated amortization		(13,914,449)
Accrued interest		(2,770,688)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Pension liability		(193,348,739)
Accrued compensated absences		(805,365)
Long-term debt		(230,334,347)
		(424,488,451)
Net Position - Total Governmental Activities	\$	110,516,389

See notes to financial statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund			
	General	Pupil	Instructional	Bond
	11000	Transportation 13000	Materials 14000	Building 31100
Revenues				
Property taxes	\$ 1,468,273	\$ -	\$ -	\$ -
State grants	94,134,296	3,117,177	790,018	163,106
Federal grants	371,117	-	-	-
Charges for services	847,246	-	-	-
Miscellaneous	2,375,317	-	41	-
Interest	20,843	-	-	159,424
Total revenues	<u>99,217,092</u>	<u>3,117,177</u>	<u>790,059</u>	<u>322,530</u>
Expenditures				
Current				
Instruction	66,377,589	-	690,439	-
Support Services				
Students	10,786,148	-	-	-
Instruction	3,412,239	-	-	-
General Administration	1,914,255	-	-	-
School Administration	6,714,166	-	-	-
Central Services	2,168,401	-	-	-
Operation & Maintenance of Plant	8,682,620	-	-	-
Student Transportation	274,354	3,117,177	-	-
Other Support Services	20,737	-	-	-
Food Services Operations	274,063	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	8,385,271
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>100,624,572</u>	<u>3,117,177</u>	<u>690,439</u>	<u>8,385,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,407,480)</u>	<u>-</u>	<u>99,620</u>	<u>(8,062,741)</u>
Other financing sources (uses)				
Bond issuance premiums	-	-	-	-
Proceeds from loans and bonds	-	-	-	40,000,000
Operating transfers	(54,550)	-	-	-
Total other financing sources (uses)	<u>(54,550)</u>	<u>-</u>	<u>-</u>	<u>40,000,000</u>
Net changes in fund balances	(1,462,030)	-	99,620	31,937,259
Fund balances, beginning of year	<u>7,194,289</u>	<u>343,112</u>	<u>82,475</u>	<u>29,489,481</u>
Fund balances, end of year	<u>\$ 5,732,259</u>	<u>\$ 343,112</u>	<u>\$ 182,095</u>	<u>\$ 61,426,740</u>

See notes to financial statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 23,317,362	\$ 27,072,817	\$ 51,858,452
State grants	107,635	7,840,132	106,152,364
Federal grants	-	16,445,932	16,817,049
Charges for services	-	748,525	1,595,771
Miscellaneous	-	652,951	3,028,309
Interest	58,984	62,964	302,215
	<u>23,483,981</u>	<u>52,823,321</u>	<u>179,754,160</u>
Total revenues			
Expenditures			
Current			
Instruction	-	10,766,005	77,834,033
Support Services			
Students	-	3,711,714	14,497,862
Instruction	-	1,370,856	4,783,095
General Administration	232,362	775,158	2,921,775
School Administration	-	429,987	7,144,153
Central Services	-	411,536	2,579,937
Operation & Maintenance of Plant	-	83,534	8,766,154
Student Transportation	-	648,060	4,039,591
Other Support Services	-	-	20,737
Food Services Operations	-	6,341,033	6,615,096
Community Service	-	29,002	29,002
Capital outlay	-	29,855,566	38,240,837
Debt service			
Principal	16,746,617	8,000,000	24,746,617
Interest	6,600,699	546,390	7,147,089
	<u>23,579,678</u>	<u>62,968,841</u>	<u>199,365,978</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(95,697)</u>	<u>(10,145,520)</u>	<u>(19,611,818)</u>
Other financing sources (uses)			
Bond issuance premiums	5,005,822	855,075	5,860,897
Proceeds from loans and bonds	-	11,605,633	51,605,633
Operating transfers	-	48,754	(5,796)
	<u>5,005,822</u>	<u>12,509,462</u>	<u>57,460,734</u>
Total other financing sources (uses)			
Net changes in fund balances	4,910,125	2,363,942	37,848,916
Fund balances, beginning of year	<u>22,788,688</u>	<u>30,462,578</u>	<u>90,360,623</u>
Fund balances, end of year	<u>\$ 27,698,813</u>	<u>\$ 32,826,520</u>	<u>\$ 128,209,539</u>

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

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

Net changes in fund balances - total governmental funds	\$ 37,848,916
District pension contribution	10,381,419
Pension expense per GASB 68	(20,460,763)
Increase in accrued compensated absences	(8,405)
Increase in unavailable revenue related to property tax receivable	10,418

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation for the period.

Depreciation expense	(21,107,105)
Capital expenditures recorded in capital outlays	15,532,630
Transfers/adjustments	53,478

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

Change in bond premiums	2,262,557
Decrease in accrued interest payable	305,562
Proceeds from loans and bonds	(53,980,964)
Principal payments on debt	24,746,617

Changes in Net Position - Total Governmental Activities	<u>\$ (4,415,640)</u>
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See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ 1,468,700	\$ 1,468,700	1,469,134	\$ 434
State grants	97,509,467	94,081,776	94,134,296	52,520
Federal grants	196,000	196,000	371,117	175,117
Charges for services	791,750	791,750	847,246	55,496
Miscellaneous	2,323,700	2,323,700	2,360,109	36,409
Interest	18,000	18,000	26,168	8,168
Total revenues	<u>102,307,617</u>	<u>98,879,926</u>	<u>99,208,070</u>	<u>328,144</u>
Expenditures				
Current				
Instruction	67,150,901	66,520,883	66,397,579	123,304
Support Services				
Students	12,181,944	12,181,944	10,752,086	1,429,858
Instruction	3,153,495	3,153,495	3,410,310	(256,815)
General Administration	2,460,447	2,460,447	1,909,466	550,981
School Administration	6,853,146	6,853,146	6,714,148	138,998
Central Services	2,668,152	2,668,152	2,162,144	506,008
Operation & Maintenance of Plant	8,752,165	8,752,165	8,709,308	42,857
Student Transportation	-	238,000	274,354	(36,354)
Other Support Services	4,787,857	1,360,166	20,591	1,339,575
Food Services Operations	-	300,000	274,063	25,937
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>108,008,107</u>	<u>104,488,398</u>	<u>100,624,049</u>	<u>3,864,349</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,700,490)</u>	<u>(5,608,472)</u>	<u>(1,415,979)</u>	<u>4,192,493</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	(54,550)	(54,550)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(54,550)</u>	<u>(54,550)</u>
Net changes in fund balances	<u>(5,700,490)</u>	<u>(5,608,472)</u>	<u>(1,470,529)</u>	<u>4,137,943</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>15,195,823</u>	<u>15,195,823</u>
Fund balances - end of year	<u>\$ (5,700,490)</u>	<u>\$ (5,608,472)</u>	<u>\$ 13,725,294</u>	<u>\$ 19,333,766</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			(2,386)	
Adjustments to expenditures			10,885	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (1,462,030)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PUPIL TRANSPORTATION FUND (13000)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	3,599,160	3,117,177	3,117,177	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>3,599,160</u>	<u>3,117,177</u>	<u>3,117,177</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	3,599,160	3,117,177	3,117,177	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,599,160</u>	<u>3,117,177</u>	<u>3,117,177</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	358,299	297,214	790,018	492,804
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	41	41
Total revenues	<u>358,299</u>	<u>297,214</u>	<u>790,059</u>	<u>492,845</u>
Expenditures				
Current				
Instruction	1,006,597	884,427	690,439	193,988
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,006,597</u>	<u>884,427</u>	<u>690,439</u>	<u>193,988</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(648,298)</u>	<u>(587,213)</u>	<u>99,620</u>	<u>686,833</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(648,298)</u>	<u>(587,213)</u>	<u>99,620</u>	<u>686,833</u>
Fund balances - beginning of year	-	-	125,139	125,139
Fund balances - end of year	<u>\$ (648,298)</u>	<u>\$ (587,213)</u>	<u>\$ 224,759</u>	<u>\$ 811,972</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources over expenditures (GAAP Basis)			<u>\$ 99,620</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2017**

ASSETS	
Cash	<u>\$ 1,291,626</u>
Total assets	<u><u>\$ 1,291,626</u></u>
LIABILITIES	
Deposits held in trust for others	<u>\$ 1,291,626</u>
Total liabilities	<u><u>\$ 1,291,626</u></u>

See notes to financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Santa Fe Public School Board was created under the provision of Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the state of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected.

The School Board provides educational services to approximately 12,000 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

The financial statements of Santa Fe Public Schools (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

A. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential Component Unit for which the District may be financially accountable and, as such, should be included within the District's financial statements. The District (the primary government) is financially accountable if (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District. Organizations for which the District is not financially accountable are also included when doing so is necessary in order to prevent the District's financial statements from being misleading. Discretely presented Component Unit are reported in separate columns in the government-wide financial statements. Based upon the application of these criteria, the following is a brief review of the potential Component Unit addressed in defining the government's reporting entity:

Academy for Technology and the Classics is a Component Unit of the District, as defined by GASB Statement No. 14 and/or GASB Statement No. 39, and have a separate governing board. The Charter Schools do not issue separate financial statements. Charter schools operate under the Senate Bill 192, Chapter 281, Laws of 1999 and are responsible for maintaining separate accounting records, and are Component Units of the school districts they operate within. Academy for Technology and the Classics operates foundations as a Component Unit of the Charter School as defined by GASB Statements No. 14 and 39. See Note 17 for certain information on Charter School assets and liabilities.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

Deferred outflows of resources – a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred inflows of resources – an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net position – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Proprietary fund operating revenue, such as charges for service, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenue, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the General Fund and the subgroup operating funds noted below, as well as the following funds:

Governmental funds include:

The General Fund (Fund 11000) is the primary operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. In addition to Fund 11000, the following funds are subgroups of the operating fund:

The Pupil Transportation Fund (Fund 13000) is used to account for the State Equalization received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

The Instructional Materials Fund (Fund 14000) is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There are no major special revenue funds. Each nonmajor special revenue fund is presented following the notes to the financial statements.

The Debt Service Funds account for the services of long-term debt not being financed by proprietary or nonexpendable trust funds. The following fund is a major debt service fund:

The Debt Service (Fund 41000) is used to account for the accumulation of resources for, and the payment of, GO Bond principal and interest.

Each nonmajor debt service fund is presented following the notes to the financial statements.

The Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds. The following fund is a major capital projects fund:

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Bond Building Capital Projects Fund (Fund 31100) is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

Each nonmajor capital project fund is presented following the notes to the financial statements.

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

The Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or student organizations.

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

Program revenues included in the statement of activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I, IDEA-B, Charter Schools, and other State and Federal funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as bond building, SB-9 and special capital outlay funding to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. There is no allowance for doubtful account in the current year. The District receives monthly income from a tax levy in Santa Fe County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the Santa Fe County Treasurer in July 2017 and August 2017 is considered measurable and available and, accordingly, is recorded as revenue during the year ended June 30, 2017.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

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

Instructional Materials: The New Mexico State Department of Education receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 70% is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while 30% of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the 70% account for requisition of material from the adopted list.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

Inventory: Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the Special Revenue Funds consists of USDA commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No unearned revenue was recorded for unused commodity inventory as of June 30, 2017. Inventories in the Transportation Fund consisted of related supplies.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per Section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide financial statements. However, infrastructure assets have not been included in the June 30, 2017 financial statements of Santa Fe Public Schools since the District did not own any infrastructure assets as of June 30, 2017. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally-developed software. The District expenses the cost of library books when purchased. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2017.

Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements and have been included as capital assets in the District's government-wide financial statements.

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

Land Improvements	20 years
Buildings	20-50 years
Building Improvements	7-30 years
Equipment	5-20 years
Furniture & Fixtures	20 years
Vehicles	5-12 years

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

Unearned Revenues: The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Compensated Absences: The District permits administrative employees to accumulate a limited amount of earned but not used vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with the District policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result from resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employees.

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 are deferred and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Pensions: For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Educational Retirement Board (ERB), and additions to/deductions from ERB’s fiduciary net position have been determined on the same basis as they are reported by the ERB; on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position or Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

Net investment in capital assets: 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.

Restricted Net Position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt service or capital projects.”

Unrestricted Net Position: All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

In the governmental fund financial statements, fund balance is classified and is displayed in five components:

Nonspendable – Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed – Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned – Consist of amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – 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.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity (Continued)

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it, that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financial statements include management's estimate of the useful lives of capital assets.

E. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to ensure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Article 8, Section 22-8-25, 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, and 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1 of each year to be paid in whole or in two installments by November 10 and April 10 of each year. Santa Fe County collects County, City and School taxes and distributes them to each fund once per month, except in June when the taxes are distributed twice to close out the fiscal year.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 70% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 30% of each allocation is available for purchases directly from vendors.

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the Federal Department or the flow through agency (usually the New Mexico Department of Education). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report separate sections for deferred outflows/inflows of resources. These separate financial statement elements, deferred outflows/inflows of resources, represents a decrease/increase of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue/income) until then. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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 debt service expenditures.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the cash basis, excluding encumbrances, and secure appropriation of funds for only one year and reconciled to the modified accrual GAAP financial statements. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

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 District follows these procedures in establishing the budgetary data reflected in the financial statements:

In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the PED.

In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.

The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.

The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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 PED.

Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.

Legal budget control for expenditures is by major function.

Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Santa Fe Public Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

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

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a cash basis and are reconciled on a GAAP basis. 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. New Mexico state law prohibits a Governmental Agency from exceeding an individual line item.

The accompanying statements of revenues, expenditures and changes in fund balance – budget and actual present comparisons of the legally adopted budget with actual data on a budgetary basis and reconciled to the GAAP basis.

NOTE 3. CASH AND TEMPORARY INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2017.

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

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 3. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

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 100% of the asked price on United States treasury bills of the same maturity on the day of deposit.

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

The collateral pledged is listed on the Schedule of Changes in Fiduciary Assets and Liabilities. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for at least one half of the amount on deposit with the institution. The schedule presented below meets the requirements in reporting the insured portion of the deposits.

	First National Bank of Santa Fe	Wells Fargo	Morgan Stanley	Total
Total amounts of deposits	\$ 17,290,310	\$ 1,161,364	\$ 198,856	\$ 18,650,530
FDIC coverage	(500,000)	(250,000)	-	(750,000)
Total uninsured public funds	16,790,310	911,364	198,856	17,900,530
Collateral requirement (50% of uninsured Public funds)	8,395,155	455,682	99,428	8,950,265
Pledged collateral held by pledging bank trust department or agent but not in District's name	24,570,063	418,302	-	24,988,365
Total under (over) collateralized	<u>\$ (16,174,908)</u>	<u>\$ 37,380</u>	<u>\$ 99,428</u>	<u>\$ (16,038,100)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 3. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, the District was not exposed to custodial credit risk.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. There are no Level 2 or Level 3 inputs.

As of June 30, 2017, the District had the following investments and maturities:

Investment Type (Level 1 inputs)	Fair Value
New MexiGROW LGIP	\$ 112,850,000

The New MexiGROW LGIP is invested in the following at June 30, 2017: 13% in U.S. Treasuries, 42% in U.S. government agencies, 2% in collateralized demand deposit accounts with qualified banking institutions, 23% in floating rate securities, and 20% in overnight repurchase agreements.

Interest Rate Risk – Investments: The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The District’s investments were rated AAAM by Standard & Poors and have a weighted-average days to maturity (WAM) as follows: WAM(R) was 58 days and the WAM(F) was 108 days.

Concentration Credit Risk – Investments: For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in the State Pool LGIP Fund represent 100% of the investment portfolio. Since the District only purchases investment with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District’s policy related to concentration risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4. RECEIVABLES

Receivables as of June 30, 2017 are as follows:

	Operational	Bond Building	Debt Service	Other Governmental	Total
Property taxes	\$ 131,409	\$ -	\$ 1,617,521	\$ 1,886,681	\$ 3,635,611
Intergovernmental - grants	10,000	-	-	5,024,636	5,034,636
Other	15,206	39,755	11,245	46,441	112,647
Total	<u>\$ 156,615</u>	<u>\$ 39,755</u>	<u>\$ 1,628,766</u>	<u>\$ 6,957,758</u>	<u>\$ 8,782,894</u>

The above receivables are deemed 100% collectible. Property tax revenue recognized on property tax receivables in the governmental fund financial statements are net of deferred inflows-property taxes of \$2,550,450.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for reimbursements. The composition of interfund balances as of June 30, 2017 is as follows:

	Receivables	Payables
Major Funds		
General Fund	\$ 4,595,260	\$ -
Bond Building Fund	-	344,923
Nonmajor Funds		
Capital Project Funds	-	675,329
Special Revenue Funds	-	3,575,008
Total	<u>\$ 4,595,260</u>	<u>\$ 4,595,260</u>

Operating transfers have primarily been recorded when expenditures were not moved from one fund to another and reimbursement was received for those expenditures. Transfers for the year ended June 30, 2017 consist of the following:

	Transfer In	Transfer Out
Major Funds		
General Fund	\$ -	\$ 54,550
Nonmajor Funds		
Special Revenue Funds	50,061	1,307
Agency Funds	5,796	-
Total	<u>\$ 55,857</u>	<u>\$ 55,857</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land is not subject to depreciation.

	Balance June 30, 2016	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2017
Governmental Activities					
Capital Assets not depreciated					
Construction in progress	\$ 28,382,794	\$ 4,816,151	\$ -	\$ (2,187,714)	\$ 31,011,231
Land	<u>2,969,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,969,852</u>
Total Capital Assets not being depreciated	<u>31,352,646</u>	<u>4,816,151</u>	<u>-</u>	<u>(2,187,714)</u>	<u>33,981,083</u>
Capital Assets subject to depreciation					
Land improvements	33,147,620	1,677,336	-	-	34,824,956
Buildings and building improvements	511,206,653	5,167,171	-	2,187,714	518,561,538
Furniture, fixtures and equipment	<u>29,370,831</u>	<u>3,871,972</u>	<u>-</u>	<u>67,553</u>	<u>33,310,356</u>
Total Capital Assets being depreciated	<u>573,725,104</u>	<u>10,716,479</u>	<u>-</u>	<u>2,255,267</u>	<u>586,696,850</u>
Accumulated Depreciation					
Land improvements	(15,190,030)	(1,443,994)	-	-	(16,634,024)
Buildings and building improvements	(177,633,099)	(16,303,374)	-	-	(193,936,473)
Furniture, fixtures and equipment	<u>(17,344,727)</u>	<u>(3,359,737)</u>	<u>-</u>	<u>(14,075)</u>	<u>(20,718,539)</u>
Total accumulation depreciation	<u>(210,167,856)</u>	<u>(21,107,105)</u>	<u>-</u>	<u>(14,075)</u>	<u>(231,289,036)</u>
Governmental activities capital assets, net	<u>\$394,909,894</u>	<u>\$ (5,574,475)</u>	<u>\$ -</u>	<u>\$ 53,478</u>	<u>\$389,388,897</u>

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

Instruction	\$ 46,873
Support Services - Students	1,015
Support Services - General Administration	2,300
Central Services	1,000
Transportation	499,224
Food Services	64,759
Capital Outlay	<u>20,491,934</u>
Total	<u>\$ 21,107,105</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 7. LONG-TERM DEBT

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Bonds/notes payable	\$ 201,100,000	\$ 53,980,964	\$ (24,746,617)	\$ 230,334,347	\$ 25,413,580
Compensated absences	796,960	712,249	(703,844)	805,365	712,249
Total	\$ 201,896,960	\$ 54,693,213	\$ (25,450,461)	\$ 231,139,712	\$ 26,125,829

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds; payable solely from general property taxes that are levied against all taxable property in the District.

The District's Education Technology notes were issued for the purposes of purchasing technology equipment for use in school classrooms and are payable solely from the proceeds of their sale to a third-party. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually on August 1. Interest rates on the bonds range from 2% to 5%. Principal payments in varying amounts are due annually on August 1 through 2028. The notes are payable out of the Debt Service Fund (Fund 43000). Interest payments are due semi-annually on August 1. Interest rates range from .35% to 5%. For the 2017 notes, principal payments of \$7,750,000, \$6,750,000, and \$6,500,000 are due August 1 of 2019, 2020, and 2021, respectively.

During 2016, Santa Fe Public School (SFPS) District Board of Education approved a unique financing agreement which provided \$2,962,734 to construct solar array fields at two (2) school sites. The funding was provided by the NM Finance Authority (NMFA) issuance of 2016A Series Energy Efficiency and Renewable Energy Bonds. The Bonds are special limited obligations of NMFA, and are payable with pledged revenue, which includes money transferred by the Public Education Department from deductions to the State Equalization Guarantee (SEG) distribution of the District. The amount of savings the District expects to gain from the project is designed to be approximately 11% more than the reduction, masking for a positive net impact on the finances.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the General Obligation Bonds, Bond Anticipation Notes, and Solar Array Note Payable as of June 30, 2017, including interest payments are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 25,413,580	\$ 7,877,678	\$ 33,291,259
2019	30,642,014	7,677,010	38,319,024
2020	27,095,678	6,548,988	33,644,666
2021	23,731,479	5,523,745	29,255,224
2022	19,426,268	4,551,903	23,978,171
2023-2026	81,133,323	8,606,047	89,739,370
2027-2031	21,360,227	3,074,076	24,434,302
2032-2036	751,207	210,731	961,938
2037-2041	<u>780,571</u>	<u>102,253</u>	<u>882,824</u>
Total	<u>\$ 230,334,347</u>	<u>\$ 44,172,431</u>	<u>\$ 274,506,778</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

NOTE 8. RISK MANAGEMENT

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery, and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers, and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2017, there have been no claims that have exceeded insurance coverage.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balance of individual funds. The following funds reported a deficit fund balance at June 30, 2017:

None

- B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2017:

Fund 28203	Support Services	\$4,693
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NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

Plan description. The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB’s comprehensive annual financial report. The report can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is considered a component unit of the State’s financial reporting entity. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan which is a pension benefit trust fund of the State of New Mexico. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-112, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Benefits provided. A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

Summary of Plan Provisions for Retirement Eligibility. For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements:

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits
- The member's age is 67, and has earned 5 or more years of service credit.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Forms of Payment. The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

Benefit Options. The Plan has three benefit options available:

- **Option A – Straight Life Benefit.** The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit.** The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Disability Benefit. An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

Cost of Living Adjustment (COLA). All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

Refund of Contributions. Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions. The contribution requirements of defined benefit plan members and the District and Charter are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017, Employees earning \$20,000 or less contributed 7.9% and employees earning more than \$20,000 contributed 10.7% of their gross annual salary. Contributions to the pension plan from the District were \$10,381,419 for the year ended June 30, 2017, which equals the required contribution. Contributions to the pension plan from the Charter for the year ended June 30, 2017 were \$245,203, which equals the required contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the District reported a liability of \$193,348,739 for its proportionate share of the net pension liability. At June 30, 2017, the Charter reported a liability of \$4,358,160 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the District's and Charter's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District's and Charter's proportion of the net pension liability was based on a projection of the District and Charter long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016, the District's proportion was 2.68673%, which was an increase of 0.05426% from its proportion measured at June 30, 2015. At June 30, 2016, the Charter's proportion was 0.06056%, which was a decrease of 0.00153% from its proportion measured at June 30, 2015.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

For the year ended June 30, 2017, the District recognized pension expense of \$20,460,763. For the year ended June 30, 2017, the Charter recognized pension expense of \$408,892. At June 30, 2017, the District and Charter reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District:		
Difference between expected and actual actuarial experience change of assumptions	\$ 838,819	\$ 1,838,991
Net difference between projected and actual earnings on pension plan investments	11,541,310	-
Changes in assumptions	3,935,805	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,843,599	160,870
District contributions subsequent to the measurement date	10,381,419	-
Total	\$ 33,540,952	\$ 1,999,861
	Deferred Outflows of Resources	Deferred Inflows of Resources
Charter:		
Difference between expected and actual actuarial experience change of assumptions	\$ 18,907	\$ 41,451
Net difference between projected and actual earnings on pension plan investments	260,146	-
Changes in assumptions	88,715	-
Changes in proportion and differences between Charter contributions and proportionate share of contributions	46,877	71,988
Charter contributions subsequent to the measurement date	245,203	-
Total	\$ 659,848	\$ 113,439

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

The District reported \$10,381,419, and the Charter reported \$245,203, as deferred outflows of resources related to pensions resulting from the District’s and Charter’s contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

District:

Year Ending June 30,	
2018	\$ 5,803,706
2019	6,367,127
2020	6,174,378
2021	2,814,462
2022	-
Total	\$ 21,159,673

Charter:

Year Ending June 30,	
2018	\$ 74,413
2019	60,189
2020	103,166
2021	63,439
2022	-
Total	\$ 301,207

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Composed of 3% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75% real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and imbalances , capital flows, etc..) developed for each major asset class.
Average of Expected Remaining Service Lives	3.77 years.
Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	2% per year, compounded annually.
Payroll growth	3.5% per year (with no allowance for membership growth).
Contribution accumulation	5.5% increase per year for all years prior to the valuation date. (Contributions are credited with 4% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

The actuarial assumptions and methods are set by the Plan’s Board of Trustees, based upon recommendations made by the Plan’s actuary. The Board adopted new assumptions on June 12, 2015 in conjunction with the six-year actuarial experience study period ending June 30, 2014. At that time, the Board adopted several assumption changes, which included a decrease in the annual wage inflation rate from 4.25% to 3.75%, and changes to the mortality rates, disability rates, and retirement rates for members who joined the plan after June 30, 2010. In addition, the board lowered the population growth rate assumption to zero.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	35%	
Fixed income	28%	
Alternatives	36%	
Cash	1%	
	100%	7.75%

Discount rate. A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.75%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the District’s and Charter’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s and Charter’s proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the employer name’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

	1 % Decrease 6.75%	Current Discount Rate 7.75%	1 % Increase 8.75%
District's proportionate share of the net pension liability	<u>\$ 256,085,915</u>	<u>\$ 193,348,739</u>	<u>\$ 141,294,608</u>
Charter's proportionate share of the net pension liability	<u>\$ 5,772,282</u>	<u>\$ 4,358,160</u>	<u>\$ 3,184,839</u>

Pension Plan Fiduciary Net Position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for the years ended June 30, 2017 and 2016, which are publicly available at www.nmerb.org.

Payables to the Pension Plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2017, there were no contributions due and payable for the District or the Charter.

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. The District 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 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 the RHCA at 4308 Carlisle NE, Suite 104, Albuquerque, New Mexico 87107.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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 changes by the New Mexico State Legislature. Employers that chose 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, 2017, the statutes 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, 2017, the statute required each participating employer to contribute 2.0% of each participating employee’s annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1, NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the RHCA.

The Santa Fe Public School’s contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$1,495,549, \$1,527,991, and \$1,482,943, respectively, which equal the required contributions for each year.

NOTE 12. CONTINGENT LIABILITIES

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits in not presently determinable, it is the opinion of the District’s legal counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 13. JOINT POWERS AGREEMENTS

Medicaid School – Based Services Program

Participants	Santa Fe Public Schools NM Health Services Department
Responsible party	Santa Fe Public Schools and NMHSD
Description	To improve the health and development outcomes of children and youth in New Mexico by providing quality health care and service through the program and assuring the appropriate use of public funds in accordance with applicable state and federal requirements.
Term of agreement	Indefinite term beginning May 9, 2003
Amount of Project	Not to exceed \$500,000 each fiscal year
District contributions	None
Audit responsibility	Santa Fe Public Schools

NOTE 14. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 15. TAX ABATEMENTS

GASB Statement No. 77, Tax Abatement Disclosures has been implemented by governmental entities for the fiscal year ended June 30, 2017. The District does not abate taxes and has not been materially impacted by any tax abatement agreements entered into by other governmental entities.

NOTE 16. NEW ACCOUNTING PRONOUNCEMENT EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2018

The Governmental Accounting Standards Board (GASB) has issued a new accounting pronouncement (*Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*) effective for the year ended June 30, 2018. As a cost-share employer participating in the Retiree Health Care Authority (Plan or “RHCA”) (see Note 11), the District will be required to include in its June 30, 2018 financial statements, the pro rata share of the Plan’s collective “Net Retiree Healthcare Liability”. The Plan’s “Net Retiree Healthcare Liability” represents the difference between Plan’s Total Plan Liability and the Plan’s Net Plan Position, reported at the market value of the investment assets.

The amount of the District’s pro rata share of the Plan’s collective “Net Retiree Healthcare Liability” is currently unknown. However, the amount to be included in the District’s June 30, 2018 financial statements, is expected to be material.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. COMPONENT UNIT

The following charter school was formed under NMSA 22-8A and as such are presented here as discrete Component Unit of Santa Fe Public Schools:

Academy for Technology & the Classics (ATC)

District management has determined that the charter school is a Component Unit under GASB Statement No. 61 since their operating budget and charter are presented and approved by the District's board and a financial burden exists upon closure of a school or when the school is in need of financial assistance. The charter school is considered a legally separate entity and has a separate board from the District board. The District does not appoint members of the charter school board. The New Mexico State Auditor has determined that a charter school is a major Component Unit of their respective Districts. Refer to previous footnotes for significant policies of the charter schools, as they are subject to the same State and Federal regulations and follow the same policies as the District. The following are summarized details of the charter school balances and transactions as of June 30, 2017 and for the year then ended:

In defining the reporting entity of Academy for Technology (ATC), management considered all possible Component Unit and it was determined (due to the significance of the relationship between the ATC Foundation, a non-profit corporation under the IRC Sec. 501(c)(3) and ATC), the Foundation qualified for inclusion in the financial statements of ATC as a blended Component Unit. This Component Unit has a separate appointed board and provides the building that houses ATC under the terms of a 30-year cancelable lease. For tax purposes, the ATC foundation has a December 31 year-end.

A. Cash and Temporary Investments

Deposits:

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for a least one half of the amount on deposit with the institution. The schedule presented below meets the requirements in reporting the insured portion of the deposits.

	Academy for Technology and the Classics
Total amounts of deposit	\$ 688,579
FDIC coverage	337,360
Total uninsured public funds	\$ 351,219
Collateral requirement (50% of uninsured public funds)	\$ 175,610
Pledged security	415,477
Total under (over) collateralized	\$ (239,868)

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. COMPONENT UNIT (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, none of the Charter School’s bank was exposed to custodial credit risk.

B. Accounts Receivable

As of June 30, 2017, accounts receivable consists of the following:

	<u>Academy for Technology and the Classics</u>
Due from other governments	\$ <u>96,711</u>

C. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Academy for Technology and the Classics				
Furniture, fixtures and equipment	\$ 176,955	\$ -	\$ -	\$ 176,955
Land and land improvements	537,007		-	537,007
Building and building improvements	5,818,482	-	-	5,818,482
Accumulated depreciation	<u>(1,346,155)</u>	<u>(172,355)</u>	-	<u>(1,518,510)</u>
Capital assets, net	<u>\$ 5,186,289</u>	<u>\$ (172,355)</u>	<u>\$ -</u>	<u>\$ 5,013,934</u>

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

Capital outlay	\$ 24,925
Foundation	<u>147,430</u>
Total	<u>\$ 172,355</u>

D. Commitment and Liabilities

Academy for Technology & the Classics – The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was \$125,894. The school had a compensated absences balance of \$22,027 at the beginning of the fiscal year. Deletions to the balance were \$11,632 which resulted in an ending balance of \$10,395. Of this balance, \$10,395 is considered to be current.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. COMPONENT UNIT (CONTINUED)

D. Commitment and Liabilities (Continued)

Five year Payout-For Footnote Disclosure for Rent Expense					
2018	2019	2020	2021	2022	
\$ 378,000	\$ 378,000	\$ 378,000	\$ 378,000	\$ 378,000	

On September 29, 2014, ATC Foundation refinanced an outstanding principal balance amount of \$4,200,000 with Los Alamos National Bank; total amount of loan, including financed fees was \$4,300,000. In addition, as part of the agreement with Los Alamos National Bank, ATC agreed to the conditional guarantee of 80% of the loan amount with Unites States Department of Agriculture (Rural Development program). The loan guarantee is subject to an annual renewal fee of .50% of the guaranteed portion of the outstanding principal balance as of December 31 of each year. Annual renewal fee payments not received by April 1 of the following year are considered delinquent and may result in cancellation of the guarantee to the lender.

The long-term mortgage payable as of June 30, 2017 is as follows:

Los Alamos National Bank Mortgage; interest rate 4.25%; matures September 29, 2044, secured by building	<u>\$3,896,696</u>
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The Foundation had an accrued interest payable at year-end of \$961.

	2018	2019	2020	2021	2022	Thereafter
Mortgage payable, 4.25%; matures Septmeber 29, 2044, secured by building	\$ 75,288	\$ 78,038	\$ 81,623	\$ 85,373	\$ 89,295	\$ 3,487,079

E. Retiree Health Care (RHC) Contributions

During fiscal year 2017, RHC remitted by the School was \$35,296 in employer contributions as well as \$17,648 in employee contributions.

F. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements of certain information concerning individual funds, including:

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. COMPONENT UNIT (CONTINUED)

F. Other Required Individual Fund Disclosures (Continued)

- A. Excess of expenditures over appropriations.
- B. Receivables and payables from interfund transactions as of June 30, 2017, with funds which interfund transactions.
- C. Deficit fund balance of individual funds.

Academy for Technology & the Classics:

- A. Excess of expenditures over appropriations:

General Fund		
Instruction	\$	103,575
Support Services		28,534
Food Services Fund		
Operation of Non-instructional Services		14,011
IDEA-B Fund		
Support Services		2,239
Teacher and School Leader Incentive Pay		
Instruction		30,548
School Leader Incentive Pay-Group		
Support Services		37
City/County Fund		
Instruction		3,018
Special Capital Outlay - State		
Capital Outlay		2,120
Capital Improvements - HB33		
Instruction		644
Support Services		3,303
Capital Outlay		31,847
Capital Improvements - SB-9		
Support Services		7,157
Capital Outlay		392,514

- B. Receivables and payables from interfund transactions as of June 30, 2017 are listed below. Funds which interfund transactions were affected or created due to cash overdrafts are represented.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 17. COMPONENT UNIT (CONTINUED)

F. Other Required Individual Fund Disclosures (Continued)

	Due To Other Funds	Due From Other Funds
General Activity	\$ 11,274	\$ -
Music and Audio Production	500	-
Education Technology	<u>-</u>	<u>11,774</u>
Total	<u>\$ 11,774</u>	<u>\$ 11,774</u>

C. The following funds reported a deficit fund balance at June 30, 2017:

Operational	\$ 45,497
Food Services	19,373
Athletics	2,167
Entitlement IDEA-B	1,930
Student Library GO Fund	537
Teacher and School Leader Incentive Pay	30,699
School Leader Incentive Pay-Group	3,267
Special Capital Outlay - State	2,120
Capital Improvements HB-33	<u>24,180</u>
Total	<u>\$ 129,770</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016, AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

Fiscal Year Measurement Date	2017 2016	2016 2015	2015 2014
District's proportion of the net pension liability	2.68673%	2.63247%	2.49363%
District's proportionate share of the net pension liability	\$ 193,348,739	\$ 170,512,077	\$ 142,279,821
District's covered employee payroll	\$ 74,686,466	\$ 71,874,864	\$ 68,733,558
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	259%	237%	207%
Plan fiduciary net position as a percentage of total pension liability	61.58%	63.97%	66.54%

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years which information is available.

See notes to required supplementary information.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016, AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contributions	\$ 10,381,419	\$ 10,655,553	\$ 10,401,683
Contributions in relation to contractually required contributions	<u>10,381,419</u>	<u>10,655,553</u>	<u>10,401,683</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered employee payroll	\$ 74,686,466	\$ 71,874,864	\$ 71,874,864
Contributions as a percentage of covered employee payroll	13.90%	14.83%	14.47%

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years which information is available.

See notes to required supplementary information.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2017**

Changes of benefit terms and assumptions. For the overall NMERB Plan, there were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2%, which resulted in a net \$138 million decrease on the unfunded actuarial accrued liability.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 3,379,612	\$ 6,019,459	\$ 6,069	\$ 9,405,140
Investments	-	13,600,000	9,550,000	23,150,000
Receivables				
Taxes	-	1,441,087	445,594	1,886,681
Due from other governments	4,349,307	675,329	-	5,024,636
Interfund receivables	-	-	-	-
Other receivables	31,803	9,099	5,539	46,441
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 7,760,722</u>	<u>\$ 21,744,974</u>	<u>\$ 10,007,202</u>	<u>\$ 39,512,898</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ 130,383	\$ 474,285	\$ -	\$ 604,668
Cash overdraft	-	-	-	-
Due to government	-	-	-	-
Accrued payroll liabilities	491,853	20,252	-	512,105
Interfund payables	3,575,008	675,329	-	4,250,337
<i>Total liabilities</i>	<u>4,197,244</u>	<u>1,169,866</u>	<u>-</u>	<u>5,367,110</u>
<i>Deferred inflows</i>				
Property taxes	-	1,040,295	278,973	1,319,268
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	3,563,478	19,534,813	9,728,229	32,826,520
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>3,563,478</u>	<u>19,534,813</u>	<u>9,728,229</u>	<u>32,826,520</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 7,760,722</u>	<u>\$ 21,744,974</u>	<u>\$ 10,007,202</u>	<u>\$ 39,512,898</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
Revenues				
Property taxes	\$ -	\$ 18,918,564	\$ 8,154,253	\$ 27,072,817
State grants	7,164,803	675,329	-	7,840,132
Federal grants	16,445,932	-	-	16,445,932
Charges for services	748,525	-	-	748,525
Miscellaneous	652,951	-	-	652,951
Interest	210	42,757	19,997	62,964
Total revenues	<u>25,012,421</u>	<u>19,636,650</u>	<u>8,174,250</u>	<u>52,823,321</u>
Expenditures				
Current				
Instruction	10,766,005	-	-	10,766,005
Support Services				
Students	3,711,714	-	-	3,711,714
Instruction	1,370,856	-	-	1,370,856
General Administration	504,212	189,237	81,709	775,158
School Administration	429,987	-	-	429,987
Central Services	411,536	-	-	411,536
Operation & Maintenance of Plant	83,534	-	-	83,534
Student Transportation	648,060	-	-	648,060
Other Support Services	-	-	-	-
Food Services Operations	6,341,033	-	-	6,341,033
Community Service	29,002	-	-	29,002
Capital outlay	760,153	29,095,413	-	29,855,566
Debt service				
Principal	-	-	8,000,000	8,000,000
Interest	-	-	546,390	546,390
Total expenditures	<u>25,056,092</u>	<u>29,284,650</u>	<u>8,628,099</u>	<u>62,968,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,671)</u>	<u>(9,648,000)</u>	<u>(453,849)</u>	<u>(10,145,520)</u>
Other financing sources				
Operating transfers	48,754	-	-	48,754
Proceeds from loans and bonds	605,633	11,000,000	-	11,605,633
Bond issuance premiums	-	-	855,075	855,075
Total other financing sources	<u>654,387</u>	<u>11,000,000</u>	<u>855,075</u>	<u>12,509,462</u>
Net changes in fund balances	610,716	1,352,000	401,226	2,363,942
Fund balances, beginning of year	2,952,762	18,182,813	9,327,003	30,462,578
Fund balances, end of year	<u>\$ 3,563,478</u>	<u>\$ 19,534,813</u>	<u>\$ 9,728,229</u>	<u>\$ 32,826,520</u>

See Notes to Financial Statements.

NONMAJOR SPECIAL REVENUE FUNDS

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

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

Food Services (21000) – This fund is used to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

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

Title I IASA (24101) – same as Title I School Imp (24162) - The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. 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. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

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

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

Education of Homeless (24113) – To ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to establish or designate an office in each State educational agency (SEA) for the coordination of education for homeless children and youth; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth; and to provide grants to local educational agencies (LEAs). Authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

IDEA-B Private School Share (24115) - A proportionate allocation subtracted from the total IDEA-B Entitlement (24106) award to the Private school students with disabilities.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

21st Century Community Learning Centers 2008-2014 (24119) – To provide assistance for graduates in achieving jobs in their field of education. Authority: Carl D. Perkins Vocational and Technical Education Act of 1998, Title I; Workforce Investment Act, Section 503.

English Language Acquisition (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards.

Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students.

Safe & Drug Free Schools & Community (24157) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

Title I School Improvement (24162) – (same as 24101) - To provide supplemental educational opportunity for academically disadvantaged children in the area residing. 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. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

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

USHHS/CDC School Health (24186) – New Mexico Public Education Department Intergovernmental Agreement Amendment #IGA#16-924-00266-A1 funding to carry out the Youth Resiliency Project in Santa Fe Schools.

Johnson O'Malley (25131) – To account for revenues and expenditures funded by the Department of Interior, Bureau of Indian Affairs, through the Navajo Tribe provided to supplement programs in special education and other special needs for New Mexico public schools where eligible Indian children are enrolled. The fund was created by the authority of federal grant provisions. (PL 103-382).

XIX Medicaid (25153) – To account for a program providing school-based screening, diagnostic services, and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for creation of this fund is the Public Education Department.

Santa Fe Underage Drinking Alliance (25181) – The Drug-Free Communities Support Program is a collaborative effort between the Office of Nation Drug Control Policy and the Substance Abuse and Mental Health Services

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

Administration. Grant awards are issued to community coalitions through an interagency agreement with SAMHSA. The purpose of DFC funding is to address two major goals: 1) establish and strengthen collaboration among communities, public and private non-profit agencies, and Federal, State, Local and Tribal governments to support the efforts of community coalitions, and 2) reduce substance abuse among youth and over time young adults.

Indian Education Formula Grant (25184) – To make grants to State, Territories, Tribes and tribal organizations serving federally-recognized tribes (public institutions of higher education and hospitals are not eligible applicants) for child care assistance for low-income families and to: 1) allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State; 2) promote parental choice to empower working parents to make their own decisions on the child care that best suits their families’ needs; 3) encourage States to provide consumer education information to help parents make informed choices about child care; 4) assist States to provide child care to parents trying to achieve independence from public assistance; and 5) assist States in implementing the health, safety, licensing and registration standards established in State regulations.

ROTC (25200) – To provide financial assistance to school districts to reimburse a portion of the salaries paid to R.O.T.C. instructors. The funding is provided by the U.S. Marine Corps.

GEAR UP (25205) – Gear Up New Mexico funds will support successful high school graduation and post-secondary attendance.

Safe Drug Free School/Community (25243) - PL 107-110 Safe & Drug Free Schools & Communities Act of ESEA, as amended by NCLB Program Title: Safe and Drug-Free Schools and Communities- National Programs.

LANL Foundation (26113) – Educational enrichment grant received from Los Alamos National Laboratory.

Dual Credit Instructional Materials (27103) – A one-time appropriation for school year 2009-2011 for dual credit materials for fall and spring semesters.

2012 G.O. Bond Student Library Fund (SB 66) (27107) – Funds used to purchase books, supplies and other media for school libraries. Laws of 2012. This fund replaced 27106.

New Mexico Reads to Lead (27114) – K-3 Reading Initiative legislative funded.

Truancy Initiative PED (27141) – To hire Truancy and Dropout Prevention Coaches with appropriate state licensure. The coaches will monitor and report on the performance of each school assigned a coach. The reporting will include information about truancy and dropout statistics, as well as documentation about various events and programming provided by the school as related to truancy and dropout prevention.

Pre-K Initiative (27149) – To provide high quality Pre-K services that align to NM Pre-K standards to underserved 4-year-olds in the District. To expand early childhood educational capacity so that all families of 4-year-olds in the district who want to enroll their child in a high-quality Pre-K program can do regardless of income or ethnicity.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

Indian Education Act (27150) – To account for funds to help support the educational reform initiatives outlined in the District’s Educational Plan for Student Success (EPSS). The grant expenditures must support how the identified EPSS focus areas/ activities/ strategies will be deployed for addressing the needs of American Indian students to ensure improved academic performance and closing of the achievement gap.

Breakfast for Elementary Students (27155) – The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation.

School Improvement Framework (27164) – The grant was awarded as a result of meeting adequate yearly progress for two consecutive years. These funds are to be used for library materials.

Legislative Appr. of 2007 (27165) – To provide funds for college readiness and high school redesign initiative.

Kindergarten – Three Plus (27166) – The funding is part of a pilot project for Kindergarten through third grade students at both Ann Parish Elementary and Desert View Elementary. Funds are used for teachers, educational assistants, nurses, an academic coach, and PE coach at both schools. HB 198 Laws 2007 Parkinson/Paolillo.

Libraries SB301 GO BONDS (27170) – In the November 2004 election, New Mexico voters approved GO bond C for \$6,156,000 to fund public school and juvenile detention libraries statewide. Statute specifies that the funds are available to acquire library books, equipment and library resources for public schools and juvenile detention libraries.

2013 School Bus (27178) – Appropriation to purchase school buses statewide. Laws of 2013 SB60 Section 53.

Early College High School Start Up (27180) - New Mexico State Legislation appropriation information specific to this award: Early College High School Initiative, Funding Agency: New Mexico Public Education Department, Special Appropriation Fund.

NM Grown FFV (27183) – Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. 2013 HB2 Special Appropriation, Section 5, Page 217.

Teacher and Leader Incentive Pay Program – Group (27190) – The New Mexico Pay for Performance Pilot (PPP) establishes group and individual-based incentive programs designed to recognize and reward New Mexico’s high performing teachers and principals. By using local expertise and negotiating with local partners, PPP grantees will create innovative systems primarily to reward teachers and principals for their excellence. Authority for creating this fund are the Laws of 2014.

Early Intervention CYFD (28108) – The purpose of this program is to provide nursery services for babies of teen students. Funds were provided through a discretionary grant from CYFD. Authority for creation of this fund is authorization of the New Mexico Public Education Department.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

ASSIST Tobacco DOH (28122) – To account for monies received from the State of New Mexico to be used for the implementation of prevention and intervention programs for student use of tobacco, including professional development for teachers.

Sub Abuse Ed/ Prev DOH (28142) – To account for revenues received for the implementation of innovative and accessible school-based programs which effectively address the mental health and substance abuse needs of high-risk children, youth and their families. Authority: NMSA Section 29-17-2.

NM Grads Childcare (28189) – Program to provide licensed child care services for parenting teens, as described in the GRADS “Scope of Work” with the NM Public Education Department for the well-being of children born to Parenting Teen Families. Authority for creating this fund are the Laws of 2014.

NM Grads Instructional (28190) – Program to provide summer case management for parenting teens, as described in the GRADS “Scope of Work” with the NM Public Education Department for the well-being of children born to Parenting Teen Families. Authority for creating this fund are the Laws of 2014.

State Underage Drinking Prevention – Department of Transportation (28196) – State of New Mexico, New Mexico Department of Transportation, Programs Division, Traffic Safety Division. Purpose: to fund activities to reduce DWI, which are of permanent direct benefit to traffic safety in New Mexico. Funding for this underage drinking prevention program are from state funds authorized by NMSA 66-5-35 “limited driving privilege upon suspension or revocation” which includes a \$45 interlock fee collected and transferred to the Department to be used for DWI prevention and education programs for elementary and secondary school students.

Energy Minerals and Natural Resources Grant (28197) – New Mexico Finance Authority Energy Efficiency and Renewable Energy Bonds (Santa Fe Public School District), Series 2016A for the purpose of providing funds for the construction of PV Solar Array Systems at Santa Fe High School and Ramirez Thomas Elementary School.

Grads Plus (28203) – Program to provide GRADS PLUS: Making Connections for Success model services at Capital and Santa Fe High School. Authority for creation of this fund are the Laws of 2014.

Private Dir Grants (Categorical) (29102) – To account for local grants awarded to provide additional funding for specific projects. AEL was awarded to provide training for the LLHS Administration. Milken was used for beautification purposes at a school site.

City/County Grant (29107) – To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support nutrition-focused event for the school.

McCune Charitable Foundation (29114) – Santa Fe Public School E-STEM Program - Preparing Today's Students for Tomorrow's Challenges. Energy and Water Conservation Program.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,201,191	\$ 14,278	\$ 189,565	\$ 38,027
Receivables				
Taxes	-	-	-	-
Due from other governments	612,175	-	1,063,188	360,672
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 1,813,366</u>	<u>\$ 14,278</u>	<u>\$ 1,252,753</u>	<u>\$ 398,699</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ 123,310	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	59,998	-	189,565	38,027
Interfund payables	-	-	1,063,188	360,672
<i>Total liabilities</i>	<u>183,308</u>	<u>-</u>	<u>1,252,753</u>	<u>398,699</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	1,630,058	14,278	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>1,630,058</u>	<u>14,278</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 1,813,366</u>	<u>\$ 14,278</u>	<u>\$ 1,252,753</u>	<u>\$ 398,699</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	IDEA-B Preschool 24109	Education of Homeless 24113	IDEA-B Private School 24115	21st Century Community Learning Centers 24119
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 1,830	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	6,586	2,048	22,597	111,768
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 6,586</u>	<u>\$ 3,878</u>	<u>\$ 22,597</u>	<u>\$ 111,768</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	1,829	-	-
Interfund payables	<u>6,586</u>	<u>2,049</u>	<u>22,597</u>	<u>111,768</u>
<i>Total liabilities</i>	<u>6,586</u>	<u>3,878</u>	<u>22,597</u>	<u>111,768</u>
<i>Deferred inflows</i>				
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 6,586</u>	<u>\$ 3,878</u>	<u>\$ 22,597</u>	<u>\$ 111,768</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Safe & Drug Free School & Community 24157
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 4,054	\$ 4,225	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	37,165	137,400	222,697	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 37,165</u>	<u>\$ 141,454</u>	<u>\$ 226,922</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	4,054	4,225	-
Interfund payables	<u>37,165</u>	<u>137,400</u>	<u>222,697</u>	<u>-</u>
<i>Total liabilities</i>	<u>37,165</u>	<u>141,454</u>	<u>226,922</u>	<u>-</u>
<i>Deferred inflows</i>				
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 37,165</u>	<u>\$ 141,454</u>	<u>\$ 226,922</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Title I School Improvement 24162	Carl D. Perkins Secondary Current 24174	Carl D. Perkins Secondary Redistribution 24176	USHHS/CDC School Health 24186
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	-	60,343	4,916	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 60,343</u>	<u>\$ 4,916</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	60,343	4,916	-
<i>Total liabilities</i>	<u>-</u>	<u>60,343</u>	<u>4,916</u>	<u>-</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ 60,343</u>	<u>\$ 4,916</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Johnson O'Malley 25131	Title XIX Medicaid 3/21 Years 25153	Santa Fe Underage Drinking Alliance 25181	Indian Education Formula Grant 25184
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 875,567	\$ 446	\$ 2,072
Receivables				
Taxes	-	-	-	-
Due from other governments	11,153	98,582	33,505	19,039
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>11,153</u>	<u>974,149</u>	<u>33,951</u>	<u>21,111</u>
<i>Total assets</i>	<u>\$ 11,153</u>	<u>\$ 974,149</u>	<u>\$ 33,951</u>	<u>\$ 21,111</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ 5,144	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	30,682	445	2,072
Interfund payables	11,153	-	33,506	19,039
	<u>11,153</u>	<u>35,826</u>	<u>33,951</u>	<u>21,111</u>
<i>Total liabilities</i>	<u>11,153</u>	<u>35,826</u>	<u>33,951</u>	<u>21,111</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	938,323	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>938,323</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>938,323</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 11,153</u>	<u>\$ 974,149</u>	<u>\$ 33,951</u>	<u>\$ 21,111</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	ROTC 25200	GEAR UP 25205	Safe Drug Free School Comm 25243	LANL Foundation 26113
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 27,664	\$ 9,007	\$ -	\$ 701,665
Receivables				
Taxes	-	-	-	-
Due from other governments	-	117,870	-	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>\$ 27,664</u>	<u>\$ 126,877</u>	<u>\$ -</u>	<u>\$ 701,665</u>
<i>Total assets</i>				
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	1,427	9,007	-	-
Interfund payables	-	117,870	-	-
	<u>1,427</u>	<u>126,877</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>				
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	26,237	-	-	701,665
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>26,237</u>	<u>-</u>	<u>-</u>	<u>701,665</u>
<i>Total fund balances</i>				
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 27,664</u>	<u>\$ 126,877</u>	<u>\$ -</u>	<u>\$ 701,665</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Dual Credit Instructional Materials/HB2 27103	2012 GO Bonds - Student Library SB-66 27107	New Mexico Reads to Lead 27114	Truancy Initiative PED 27141
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 21,067
Receivables				
Taxes	-	-	-	-
Due from other governments	-	24,366	-	53,153
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 24,366</u>	<u>\$ -</u>	<u>\$ 74,220</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	-	21,067
Interfund payables	-	24,366	-	53,153
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>-</u>	<u>24,366</u>	<u>-</u>	<u>74,220</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ 24,366</u>	<u>\$ -</u>	<u>\$ 74,220</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Pre K Initiative 27149	Indian Educational Act 27150	Breakfast for Elementary Students 27155	School Improvement Framework 27164
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 119,089	\$ -	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	402,963	8,131	-	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>522,052</u>	<u>8,131</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 522,052</u>	<u>\$ 8,131</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	119,089	-	-	-
Interfund payables	<u>402,963</u>	<u>8,131</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>522,052</u>	<u>8,131</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows</i>				
Property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 522,052</u>	<u>\$ 8,131</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Legislative Appropriations Math Grant 27165	Kindergarten - Three Plus 27166	Libraries G.O. Bonds Laws of 2006 27170	School Bus Replacement 27178
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	-	273,842	-	439,155
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ 273,842	\$ -	\$ 439,155
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	273,842	-	439,155
<i>Total liabilities</i>	-	273,842	-	439,155
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	-	-	-	-
<i>Total liabilities, deferred inflows and fund balances</i>	\$ -	\$ 273,842	\$ -	\$ 439,155

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Early College High School Start Up 27180	NM Grown FVV 27183	Teacher and Leader Incentive Pay Program 27188	School Leader Incentive Pay Program 27190
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Due from other governments	-	-	7,412	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,412</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	7,412	-
	<u>-</u>	<u>-</u>	<u>7,412</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>7,412</u>	<u>-</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,412</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Early Intervention CYFD 28108	ASSIST Tobacco DOH 28122	Substance Abuse Ed/Prev DOH 28142	GRADS - Child Care 28189
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 58,320	\$ 10,241	\$ 7
Receivables				
Taxes	-	-	-	-
Due from other governments	-	9,100	40,793	-
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 67,420</u>	<u>\$ 51,034</u>	<u>\$ 7</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 1,929	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	-	226	-
Interfund payables	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u> </u>	<u> </u>	<u>2,155</u>	<u> </u>
<i>Deferred inflows</i>				
Property taxes	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	67,420	48,879	7
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u> </u>	<u>67,420</u>	<u>48,879</u>	<u>7</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ 67,420</u>	<u>\$ 51,034</u>	<u>\$ 7</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	GRADS - Instruction 28190	State Underage Drinking Prevention DOT 28196	Energy Minerals and Nat Resources Grant 28197	GRADS Plus 28203
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 682	\$ -	\$ 2,603
Receivables				
Taxes	-	-	-	-
Due from other governments	-	9,730	-	8,438
Interfund receivables	-	-	-	-
Other receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 10,412</u>	<u>\$ -</u>	<u>\$ 11,041</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to government	-	-	-	-
Accrued payroll liabilities	-	681	-	2,603
Interfund payables	-	9,731	-	8,438
<i>Total liabilities</i>	<u>-</u>	<u>10,412</u>	<u>-</u>	<u>11,041</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ 10,412</u>	<u>\$ -</u>	<u>\$ 11,041</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	Private Dir Grants (Categorical) 29102	City/County Grants 29107	McCune Charitable Foundation 29114	Total
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 63,927	\$ 6,176	\$ 27,909	\$ 3,379,612
Receivables				-
Taxes	-	-	-	-
Due from other governments	-	150,520	-	4,349,307
Interfund receivables	-	-	-	-
Other receivables	31,803	-	-	31,803
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 95,730</u>	<u>\$ 156,696</u>	<u>\$ 27,909</u>	<u>\$ 7,760,722</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 130,383
Due to government	-	-	-	-
Accrued payroll liabilities	681	6,175	-	491,853
Interfund payables	-	136,868	-	3,575,008
<i>Total liabilities</i>	<u>681</u>	<u>143,043</u>	<u>-</u>	<u>4,197,244</u>
<i>Deferred inflows</i>				
Property taxes	-	-	-	-
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	95,049	13,653	27,909	3,563,478
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>95,049</u>	<u>13,653</u>	<u>27,909</u>	<u>3,563,478</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 95,730</u>	<u>\$ 156,696</u>	<u>\$ 27,909</u>	<u>\$ 7,760,722</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	218,627	-	-	-
Federal grants	5,602,668	-	3,655,713	2,308,914
Charges for services	589,419	159,106	-	-
Miscellaneous	15,051	1,156	-	-
Interest	210	-	-	-
Total revenues	<u>6,425,975</u>	<u>160,262</u>	<u>3,655,713</u>	<u>2,308,914</u>
Expenditures				
Current				
Instruction	-	147,937	2,948,748	262,630
Support Services				
Students	-	-	133,295	1,805,969
Instruction	-	-	402,337	-
General Administration	145,974	-	90,555	57,186
School Administration	-	-	11,443	-
Central Services	-	-	54,378	112,727
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	70,080
Other Support Services	-	-	-	-
Food Services Operations	6,194,678	-	-	-
Community Service	-	-	14,957	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,340,652</u>	<u>147,937</u>	<u>3,655,713</u>	<u>2,308,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,323</u>	<u>12,325</u>	<u>-</u>	<u>322</u>
Other financing sources (uses)				
Operating transfers	-	-	(74)	(322)
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(322)</u>
Net changes in fund balances	85,323	12,325	(74)	-
Fund balances, beginning of year	<u>1,544,735</u>	<u>1,953</u>	<u>74</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,630,058</u>	<u>\$ 14,278</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	IDEA-B Preschool 24109	Education of Homeless 24113	IDEA-B Private School 24115	21st Century Community Learning Centers 24119
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	46,058	62,247	32,181	1,034,721
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>46,058</u>	<u>62,247</u>	<u>32,181</u>	<u>1,034,721</u>
Expenditures				
Current				
Instruction	-	-	20,820	772,349
Support Services				
Students	2,901	-	11,361	-
Instruction	-	62,247	-	-
General Administration	1,132	-	-	25,631
School Administration	42,025	-	-	31,458
Central Services	-	-	-	205,283
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>46,058</u>	<u>62,247</u>	<u>32,181</u>	<u>1,034,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	59
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>
Net changes in fund balances	-	-	-	59
Fund balances, beginning of year	-	-	-	(59)
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	IDEA-B Results Plan 24132	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Safe & Drug Free School & Community 24157
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	85,518	307,853	624,395	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>85,518</u>	<u>307,853</u>	<u>624,395</u>	<u>-</u>
Expenditures				
Current				
Instruction	85,518	203,038	446,298	-
Support Services				
Students	-	-	-	-
Instruction	-	98,779	140,744	-
General Administration	-	6,036	15,467	-
School Administration	-	-	-	-
Central Services	-	-	21,886	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>85,518</u>	<u>307,853</u>	<u>624,395</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Title I School Improvement 24162	Carl D. Perkins Secondary Current 24174	Carl D. Perkins Secondary Redistribution 24176	USHHS/CDC School Health 24186
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	115,108	140,077	5,504	4,938
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>115,108</u>	<u>140,077</u>	<u>5,504</u>	<u>4,938</u>
Expenditures				
Current				
Instruction	115,108	138,617	5,489	4,938
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	1,460	15	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>115,108</u>	<u>140,077</u>	<u>5,504</u>	<u>4,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Johnson O'Malley 25131	Title XIX Medicaid 3/21 Years 25153	Santa Fe Underage Drinking Alliance 25181	Indian Education Formula Grant 25184
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	19,410	1,650,704	119,072	69,774
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>19,410</u>	<u>1,650,704</u>	<u>119,072</u>	<u>69,774</u>
Expenditures				
Current				
Instruction	18,609	-	751	12,944
Support Services				
Students	-	805,327	115,371	-
Instruction	320	180,493	-	55,101
General Administration	481	111,486	2,950	1,729
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>19,410</u>	<u>1,097,306</u>	<u>119,072</u>	<u>69,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>553,398</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	553,398	-	-
Fund balances, beginning of year	-	384,925	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 938,323</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	ROTC 25200	GEAR UP 25205	Safe Drug Free School Comm 25243	LANL Foundation 26113
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	115,825	445,252	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>115,825</u>	<u>445,252</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	89,823	331,515	-	-
Support Services				
Students	-	-	-	-
Instruction	-	102,661	-	-
General Administration	-	11,076	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>89,823</u>	<u>445,252</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,002</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	26,002	-	-	-
Fund balances, beginning of year	<u>235</u>	<u>-</u>	<u>-</u>	<u>701,665</u>
Fund balances, end of year	<u>\$ 26,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701,665</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Dual Credit Instructional Materials/HB2 27103	2012 GO Bonds - Student Library SB-66 27107	New Mexico Reads to Lead 27114	Truancy Initiative PED 27141
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	14,654	24,366	-	256,208
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>14,654</u>	<u>24,366</u>	<u>-</u>	<u>256,208</u>
Expenditures				
Current				
Instruction	14,654	-	-	-
Support Services				
Students	-	-	-	256,208
Instruction	-	24,366	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>14,654</u>	<u>24,366</u>	<u>-</u>	<u>256,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Pre K Initiative 27149	Indian Educational Act 27150	Breakfast for Elementary Students 27155	School Improvement Framework 27164
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,795,467	15,045	33,116	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>1,795,467</u>	<u>15,045</u>	<u>33,116</u>	<u>-</u>
Expenditures				
Current				
Instruction	1,597,192	1,000	-	-
Support Services				
Students	-	-	-	-
Instruction	177,110	-	-	-
General Administration	17,776	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	3,389	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	33,116	-
Community Service	-	14,045	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,795,467</u>	<u>15,045</u>	<u>33,116</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	(694)	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>(694)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(694)	-	-	-
Fund balances, beginning of year	694	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Legislative Appropriations Math Grant 27165	Kindergarten - Three Plus 27166	Libraries G.O. Bonds Laws of 2006 27170	School Bus Replacement 27178
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	1,117,965	-	439,155
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>1,117,965</u>	<u>-</u>	<u>439,155</u>
Expenditures				
Current				
Instruction	-	953,563	-	-
Support Services				
Students	-	857	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	145,502	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	16,064	-	-
Student Transportation	-	52,040	-	439,155
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>1,168,026</u>	<u>-</u>	<u>439,155</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(50,061)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	50,061	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>50,061</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Early College High School Start Up 27180	NM Grown FVV 27183	Teacher and Leader Incentive Pay Program 27188	School Leader Incentive Pay Program 27190
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	14,310	2,934,907	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>14,310</u>	<u>2,934,907</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	2,304,357	(276)
Support Services				
Students	-	-	131,425	-
Instruction	-	-	32,509	-
General Administration	-	-	-	-
School Administration	-	-	199,559	-
Central Services	-	-	17,262	-
Operation & Maintenance of Plant	-	-	64,081	-
Student Transportation	-	-	86,785	-
Other Support Services	-	-	-	-
Food Services Operations	-	14,310	98,929	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>14,310</u>	<u>2,934,907</u>	<u>(276)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>276</u>
Other financing sources (uses)				
Operating transfers	-	-	-	(276)
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(276)</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Early Intervention CYFD 28108	ASSIST Tobacco DOH 28122	Substance Abuse Ed/Prev DOH 28142	GRADS - Child Care 28189
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	34,200	177,451	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>34,200</u>	<u>177,451</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	2,037	70	-
Support Services				
Students	-	20,927	146,081	-
Instruction	-	-	-	-
General Administration	-	583	3,663	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>23,547</u>	<u>149,814</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>10,653</u>	<u>27,637</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	10,653	27,637	-
Fund balances, beginning of year	<u>-</u>	<u>56,767</u>	<u>21,242</u>	<u>7</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ 67,420</u></u>	<u><u>\$ 48,879</u></u>	<u><u>\$ 7</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	GRADS - Instruction 28190	State Underage Drinking Prevention DOT 28196	Energy Minerals and Nat Resources Grant 28197	GRADS Plus 28203
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	49,813	-	39,519
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>49,813</u>	<u>-</u>	<u>39,519</u>
Expenditures				
Current				
Instruction	-	1,171	-	40,857
Support Services				
Students	-	51,187	-	4,693
Instruction	-	-	-	-
General Administration	-	1,329	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	760,153	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>53,687</u>	<u>760,153</u>	<u>45,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3,874)</u>	<u>(760,153)</u>	<u>(6,031)</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from loans and bonds	-	-	605,633	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>605,633</u>	<u>-</u>
Net changes in fund balances	-	(3,874)	(154,520)	(6,031)
Fund balances, beginning of year	-	3,874	154,520	6,031
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Private Dir Grants (Categorical) 29102	City/County Grants 29107	McCune Charitable Foundation 29114	Total
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	7,164,803
Federal grants	-	-	-	16,445,932
Charges for services	-	-	-	748,525
Miscellaneous	147,826	448,918	40,000	652,951
Interest	-	-	-	210
Total revenues	<u>147,826</u>	<u>448,918</u>	<u>40,000</u>	<u>25,012,421</u>
Expenditures				
Current				
Instruction	91,161	155,087	-	10,766,005
Support Services				
Students	32,585	193,527	-	3,711,714
Instruction	-	82,098	12,091	1,370,856
General Administration	827	8,856	-	504,212
School Administration	-	-	-	429,987
Central Services	-	-	-	411,536
Operation & Maintenance of Plant	-	-	-	83,534
Student Transportation	-	-	-	648,060
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	6,341,033
Community Service	-	-	-	29,002
Capital outlay	-	-	-	760,153
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>124,573</u>	<u>439,568</u>	<u>12,091</u>	<u>25,056,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,253</u>	<u>9,350</u>	<u>27,909</u>	<u>(43,671)</u>
Other financing sources (uses)				
Operating transfers	-	-	-	48,754
Proceeds from loans and bonds	-	-	-	605,633
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>654,387</u>
Net changes in fund balances	23,253	9,350	27,909	610,716
Fund balances, beginning of year	<u>71,796</u>	<u>4,303</u>	<u>-</u>	<u>2,952,762</u>
Fund balances, end of year	<u>\$ 95,049</u>	<u>\$ 13,653</u>	<u>\$ 27,909</u>	<u>\$ 3,563,478</u>

See Notes to Financial Statements.

NONMAJOR CAPITAL PROJECTS FUNDS

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District has the following separate funds classified as Capital Projects Funds:

Special Capital Outlay State (31400) – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading the school facilities.

Capital Improvements HB-33 (31600) – To account for monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings, purchasing or improving public school grounds.

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

Education Technology Equipment Act Fund (31900) – To account for proceeds of Education Technology Notes. The proceeds are restricted to the purchase of technology equipment for use in school classrooms.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017**

	Special Capital Outlay State <u>31400</u>	Capital Improvements HB-33 <u>31600</u>	Capital Improvements SB-9 State <u>31700</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ -	\$ 3,093,658	\$ -
Investments	-	3,200,000	-
Accounts receivable			
Taxes	-	623,402	-
Due from other governments	370,001	-	305,328
Interfund receivables	-	-	-
Other	-	1,115	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 370,001</u>	<u>\$ 6,918,175</u>	<u>\$ 305,328</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	\$ -	-	-
Due to Government	-	-	-
Accrued payroll liabilities	-	3,294	-
Interfund payables	<u>370,001</u>	<u>-</u>	<u>305,328</u>
<i>Total liabilities</i>	<u>370,001</u>	<u>3,294</u>	<u>305,328</u>
<i>Deferred inflows</i>			
Property taxes	<u>-</u>	<u>452,042</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable	-	-	-
Restricted	-	6,462,839	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>6,462,839</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 370,001</u>	<u>\$ 6,918,175</u>	<u>\$ 305,328</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)
JUNE 30, 2017**

	Capital Improvements SB-9 Local 31701	Capital Improvements Educ. Tech. 31900	Total
	<u>31701</u>	<u>31900</u>	<u>Total</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,624,269	\$ 1,301,532	\$ 6,019,459
Investments	-	10,400,000	13,600,000
Accounts receivable			
Taxes	817,685	-	1,441,087
Due from other governments	-	-	675,329
Interfund receivables	-	-	-
Other	1,113	6,871	9,099
Prepaid expenditures	-	-	-
Inventory	-	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 2,443,067</u>	<u>\$ 11,708,403</u>	<u>\$ 21,744,974</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
<i>Current liabilities</i>			
Accounts payable	345,124	129,161	474,285
Due to Government	-	-	-
Accrued payroll liabilities	-	16,958	20,252
Interfund payables	-	-	675,329
	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>345,124</u>	<u>146,119</u>	<u>1,169,866</u>
<i>Deferred inflows</i>			
Property taxes	588,253	-	1,040,295
	<u> </u>	<u> </u>	<u> </u>
<i>Fund balances</i>			
Nonspendable	-	-	-
Restricted	1,509,690	11,562,284	19,534,813
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>1,509,690</u>	<u>11,562,284</u>	<u>19,534,813</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 2,443,067</u>	<u>\$ 11,708,403</u>	<u>\$ 21,744,974</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Capital Outlay State 31400	Capital Improvements HB-33 31600	Capital Improvements SB-9 State 31700
Revenues			
Property taxes	\$ -	\$ 8,047,033	\$ -
State grants	370,001	-	305,328
Federal grants	-	-	-
Miscellaneous	-	-	-
Interest	-	5,555	-
Total revenues	<u>370,001</u>	<u>8,052,588</u>	<u>305,328</u>
Expenditures			
Current			
Instruction	-	-	-
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	80,499	-
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	-	-	-
Community Service	-	-	-
Capital outlay	370,001	5,220,339	305,328
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>370,001</u>	<u>5,300,838</u>	<u>305,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,751,750</u>	<u>-</u>
Other financing sources (uses)			
Proceeds from loans and bonds	-	-	-
Operating transfers	-	-	(3,080,165)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,080,165)</u>
Net changes in fund balances	<u>-</u>	<u>2,751,750</u>	<u>(3,080,165)</u>
Fund balances, beginning of year	-	3,711,089	3,080,165
Fund balances, end of year	<u>\$ -</u>	<u>\$ 6,462,839</u>	<u>\$ -</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECT FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Capital Improvements SB-9 Local 31701	Capital Improvements Educ. Tech. 31900	Total
Revenues			
Property taxes	\$ 10,871,531	\$ -	\$ 18,918,564
State grants	-	-	675,329
Federal grants	-	-	-
Miscellaneous	-	-	-
Interest	8,616	28,586	42,757
Total revenues	<u>10,880,147</u>	<u>28,586</u>	<u>19,636,650</u>
Expenditures			
Current			
Instruction	-	-	-
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	108,738	-	189,237
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	-	-	-
Community Service	-	-	-
Capital outlay	12,341,884	10,857,861	29,095,413
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>12,450,622</u>	<u>10,857,861</u>	<u>29,284,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,570,475)</u>	<u>(10,829,275)</u>	<u>(9,648,000)</u>
Other financing sources (uses)			
Proceeds from loans and bonds	-	11,000,000	11,000,000
Operating transfers	3,080,165	-	-
Total other financing sources (uses)	<u>3,080,165</u>	<u>11,000,000</u>	<u>11,000,000</u>
Net changes in fund balances	<u>1,509,690</u>	<u>170,725</u>	<u>1,352,000</u>
Fund balances, beginning of year	-	11,391,559	18,182,813
Fund balances, end of year	<u>\$ 1,509,690</u>	<u>\$ 11,562,284</u>	<u>\$ 19,534,813</u>

See Notes to Financial Statements.

NONMAJOR DEBT SERVICE FUND

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
DEBT SERVICE FUND
JUNE 30, 2017**

43000 – This fund is used to account for the accumulation of resources for, and the payment of, Educational Technology note principal and interest.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2017

	Education Technology Debt <u>43000</u>
ASSETS	
<i>Current assets</i>	
Cash and cash equivalents	\$ 6,069
Investments	9,550,000
Accounts receivable	
Taxes	445,594
Due from other governments	-
Interfund receivables	-
Other	5,539
Inventory	<u>-</u>
<i>Total assets</i>	<u><u>\$ 10,007,202</u></u>
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
<i>Current liabilities</i>	
Accounts payable	\$ -
Cash overdraft	-
Due to government	-
Accrued expenses	-
Accrued compensated absences	-
Interfund payables	<u>-</u>
<i>Total liabilities</i>	<u>-</u>
 <i>Deferred inflows</i>	
Property taxes	<u>278,973</u>
 <i>Fund balances</i>	
Nonspendable	-
Restricted for capital projects	9,728,229
Unassigned	<u>-</u>
<i>Total fund balances</i>	<u>9,728,229</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u><u>\$ 10,007,202</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR DEBT SERVICE FUND
FOR THE YEAR ENDING JUNE 30, 2017**

	Education Technology Debt 43000
Revenues	
Property taxes	\$ 8,154,253
State grants	-
Federal grants	-
Miscellaneous	-
Interest	<u>19,997</u>
Total revenues	<u>8,174,250</u>
Expenditures	
Current	
Instruction	-
Support Services	
Students	-
Instruction	-
General Administration	81,709
School Administration	-
Cenertal Services	-
Operation & Maintenance of Plant	-
Student Transportation	-
Other Support Services	-
Food Services Operations	-
Community Service	-
Facilities, Materials and Supplies	-
Capital Outlay	
Debt service	
Principal	8,000,000
Interest	<u>546,390</u>
Total expenditures	<u>8,628,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(453,849)</u>
Other financing sources	
Operating transfers in	-
Operating transfers out	-
Bond issuance premiums	<u>855,075</u>
Total other financing sources	<u>855,075</u>
Net changes in fund balances	401,226
Fund balances- beginning of year	<u>9,327,003</u>
Fund balances - end of year	<u>\$ 9,728,229</u>

See Notes to Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Adjustments / Transfers	Balance June 30, 2017
Academy	\$ 6,555	\$ 795	\$ 2,367	\$ -	\$ 4,983
Acequia Madre	1,571	1,772	3,074	-	269
Administrative	133,323	108,160	149,238	-	92,245
Administrative - HSP	-	141	141	-	-
El Camino (was Agua Fria)	13,520	70,161	50,273	-	33,408
Amy Biehl	1,732	11,610	9,977	-	3,365
Aspen	12,338	15,925	19,080	-	9,183
Atalaya	13,782	52,259	43,028	-	23,013
BF Young Coke Funding	266	348	422	-	192
Capital High	139,879	228,004	208,117	-	159,766
Capshaw	17,694	27,469	25,750	-	19,413
Carlos Gilbert	13,669	13,973	19,131	-	8,511
Cesar Chavez	11,163	20,327	5,264	-	26,226
Chaparral	17,188	14,270	6,077	-	25,381
De Vargas	15,269	2,209	10,683	-	6,795
District	1,873	5,795	6,122	-	1,546
EJ Martinez	15,643	935	8,619	-	7,959
El Dorado	91,843	148,871	96,555	-	144,159
Gonzales	9,939	3,885	5,715	348	8,457
Kearny	64,769	73,688	85,731	-	52,726
Music Sunshine Club	1,719	247	1,621	-	345
Nava	19,133	3,463	7,199	-	15,397
Nelson Mandela	15,201	41,040	47,966	-	8,275
Nino Otero	6,455	22,954	20,819	-	8,590
NYE	4,316	6,482	3,189	-	7,609
Ortiz	13,317	20,975	23,632	-	10,660
Pinon	12,861	778	2,324	-	11,315
Salazar	18,636	181	5,726	-	13,091
Santa Fe High	209,948	279,321	269,092	(227)	219,950
Student Nutrition	574	979	1,032	-	521
Student Wellness	14,225	43,817	40,396	42	17,688
Students Assistance	5,351	-	-	-	5,351
Summer School	3,628	53,914	42,879	1	14,664
Superintendent	-	838	819	-	19
Sweeny	47,391	51,643	49,866	-	49,168
Tech Coke Funding	374	29	16	-	387
Tesuque	8,925	2,883	3,741	-	8,067
Ramirez Thomas	4,090	3,674	4,972	-	2,792
Transportation	64,858	719,468	710,827	-	73,499
Truancy	176	-	-	-	176
Wood Gormley	35,141	128,153	144,273	(121)	18,900
Clyde Faucett	177,565	-	-	-	177,565
District	8,087	-	-	(8,087)	-
Unallocated	9,037	-	-	(9,037)	-
Total assets	<u>\$ 1,263,024</u>	<u>\$ 2,181,436</u>	<u>\$ 2,135,753</u>	<u>\$ (17,081)</u>	<u>\$ 1,291,626</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2017**

Name of Depository	Description of Pledged Collateral	Type	Maturity	CUSIP Number	Face Value or Fair Market Value
<u>First National Bank of Santa Fe</u>					
First National Bank of Denver	FGPC	Bond	6/1/1933	3128P73T8	\$ 237,880
First National Bank of Denver	FGPC	Bond	2/1/1934	3128P75H2	2,089,557
First National Bank of Denver	FGPC	Bond	11/1/1934	3132J4A90	3,201,320
First National Bank of Denver	FNRM	Bond	5/25/1942	3136AATT2	3,242,122
First National Bank of Denver	FGRM	Bond	8/15/2025	3137B9AC9	2,678,690
First National Bank of Denver	FNAR	Bond	11/1/1943	3138EL3D3	1,470,045
First National Bank of Denver	FNAR	Bond	12/1/1943	3138XBKR4	1,406,648
First National Bank of Denver	FNAR	Bond	9/1/1943	3138X6RG2	1,268,516
First National Bank of Denver	FNMS	Bond	2/1/1945	3138YBUC5	1,129,562
First National Bank of Denver	FNMS	Bond	12/1/1946	31417ARG6	1,525,677
First National Bank of Denver	FNMS	Bond	2/1/1933	31417FK80	3,931,663
First National Bank of Denver	FNMS	Bond	1/1/1934	31418A5Z7	<u>2,388,386</u>
Total First National Bank of Santa Fe					\$ <u>24,570,063</u>
<u>Wells Fargo Bank</u>					
Bank of New York Mellon	FNMA	Bond	6/1/2043	3138WVGK1	\$ 3,972
Bank of New York Mellon	FNMA	Bond	6/1/2043	3138WVGK1	407,172
Bank of New York Mellon	FNMA	Bond	6/1/2043	3138WVGK1	<u>4,158</u>
Total Wells Fargo Bank					\$ <u>415,302</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2017**

Bank Account Type	First National Bank of Santa Fe	Wells Fargo	Morgan Stanley	Total
Checking - Accounts Payable Clearing	\$ 839,625	\$ -	\$ -	\$ 839,625
Checking - Payroll Clearing	5,959,718	-	-	5,959,718
Checking - Operational Account	4,253,987	-	-	4,253,987
Checking - Debt Service	9,970	-	-	9,970
Checking - Capital Projects	5,044,018	-	-	5,044,018
Checking - Payroll ACH	-	-	-	-
Checking - Student Nutrition Fund (Cafeteria)	1,182,992	-	-	1,182,992
Checking - Activity	-	1,161,364	-	1,161,364
Investment Accounts	-	-	198,856	198,856
Total on Deposit	<u>17,290,310</u>	<u>1,161,364</u>	<u>198,856</u>	<u>18,650,530</u>
Reconciling Items	<u>(6,877,874)</u>	<u>(54,316)</u>	<u>-</u>	<u>(6,932,190)</u>
Reconciled Balance, June 30, 2017	<u>\$ 10,412,436</u>	<u>\$ 1,107,048</u>	<u>\$ 198,856</u>	11,718,340
Checks held at year-end				6,294,344
Investments with State of New Mexico Treasurer's Office				<u>112,850,000</u>
				<u>\$ 130,862,684</u>
Fiduciary Assets & Liabilities - Agency Funds				\$ 1,291,626
Cash and Investments per Government-Wide Financial Statements				<u>129,571,058</u>
				<u>\$ 130,862,684</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Operational Account 11000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2016	\$ 7,423,472	\$ -	\$ 82,475	\$ 1,381,575
Add:				
2016-17 revenues	99,208,069	3,117,177	790,059	5,532,727
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	106,631,541	3,117,177	872,534	6,914,302
Less:				
2016-17 expenditures	(100,624,049)	(3,117,177)	(690,439)	(5,892,973)
Permanent cash transfers	(54,550)	-	-	-
Charge backs (overdrafts)	-	-	-	-
Receivables/payables	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	5,952,942	-	182,095	1,021,329
Reconciliations to GAAP Basis				
Audit reclassifications to cash	1,045,144	131,836	-	179,862
Cash per books	6,998,086	131,836	182,095	1,201,191
Fund Balance Reconciliation to GAAP Basis				
Modified accrual adjustments	(1,265,827)	211,276	-	428,867
Fund Balance, Modified Accrual Basis	<u>\$ 5,732,259</u>	<u>\$ 343,112</u>	<u>\$ 182,095</u>	<u>\$ 1,630,058</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Athletics Account 22000	Non-Instruction Account 23000	Federal Flowthrough 24000	Federal Direct 25000
Cash, June 30, 2016	\$ 3,726	\$ -	\$ (3,564,065)	\$ 45,779
Add:				
2016-17 revenues	160,262	-	10,055,906	2,484,382
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	163,988	-	6,491,841	2,530,161
Less:				
2016-17 expenditures	(149,710)	-	(8,422,905)	(1,840,462)
Permanent cash transfers	-	-	(98,312)	-
Charge backs (overdrafts)	-	-	-	-
Receivables/payables	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	14,278	-	(2,029,376)	689,699
Reconciliations to GAAP Basis				
Audit reclassifications to cash	-	-	2,267,077	225,057
Cash per books	14,278	-	237,701	914,756
Fund Balance Reconciliation to GAAP Basis				
Modified accrual adjustments	-	-	(237,701)	49,804
Fund Balance, Modified Accrual Basis	\$ 14,278	\$ -	\$ -	\$ 964,560

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Local Grants 26000	State Flowthrough 27000	State Direct 28000	Local or State Fund 29000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2016	\$ 701,665	\$ (2,863,282)	\$ 50,164	\$ (46,759)
Add:				
2016-17 revenues	-	8,309,238	3,186,390	577,279
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash available	701,665	5,445,956	3,236,554	530,520
Less:				
2016-17 expenditures	-	(6,704,891)	(3,186,381)	(576,233)
Permanent cash transfers	-	49,916	-	-
Charge backs (overdrafts)	-	-	-	-
Receivables/payables	-	-	-	-
Change due to held checks and liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	-	-	-
Cash, June 30, 2017	701,665	(1,209,019)	50,173	(45,713)
Reconciliations to GAAP Basis				
Audit reclassifications to cash	<u> </u>	<u>1,349,175</u>	<u>21,680</u>	<u>143,725</u>
Cash per books	701,665	140,156	71,853	98,012
Fund Balance Reconciliation to GAAP Basis				
Modified accrual adjustments	<u> </u>	<u>(140,156)</u>	<u>44,453</u>	<u>38,599</u>
Fund Balance, Modified Accrual Basis	<u>\$ 701,665</u>	<u>\$ -</u>	<u>\$ 116,306</u>	<u>\$ 136,611</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Bond Building 31100	Special Capital Outlay State 31400	Capital Improvement HB 33 31600	Cap. Improv. SB9 - State 31700
Cash, June 30, 2016	\$ 30,064,259	\$ (344,228)	\$ 3,536,439	\$ 2,760,858
Add:				
2016-17 revenues	40,282,775	314,239	8,054,764	-
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	70,347,034	(29,989)	11,591,203	2,760,858
Less:				
2016-17 expenditures	(8,161,968)	(370,001)	(5,300,838)	(305,328)
Permanent cash transfers	-	-	-	-
Charge backs (overdrafts)	-	-	-	-
Receivables/payables	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	62,185,066	(399,990)	6,290,365	2,455,530
Reconciliations to GAAP Basis				
Audit reclassifications to cash	314,934	399,990	3,293	(2,455,530)
Cash per books	62,500,000	-	6,293,658	-
Fund Balance Reconciliation to GAAP Basis				
Modified accrual adjustments	(1,073,260)	-	169,181	-
Fund Balance, Modified Accrual Basis	<u>\$ 61,426,740</u>	<u>\$ -</u>	<u>\$ 6,462,839</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Cap. Improv. SB9 - Local 31701	Ed Tech Equip Act Fund 31900	Debt Service Fund 41000	Ed Tech Debt Service Fund 43000	Total
Cash, June 30, 2016	\$ -	\$ 11,454,586	\$22,340,249	\$ 9,143,744	\$ 82,170,657
Add:					
2016-17 revenues	11,495,777	11,025,890	28,335,695	9,040,424	241,971,053
Repayment of loans	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	11,495,777	22,480,476	50,675,944	18,184,168	324,141,710
Less:					
2016-17 expenditures	(12,632,367)	(10,795,902)	(23,472,043)	(8,628,099)	(200,871,766)
Permanent cash transfers	-	-	-	-	(102,946)
Charge backs (overdrafts)	-	-	-	-	-
Receivables/payables	-	-	-	-	-
Change due to held checks and liabilities	-	-	-	-	-
Cash, June 30, 2017	(1,136,590)	11,684,574	27,203,901	9,556,069	123,166,998
Reconciliations to GAAP Basis					
Audit reclassifications to cash	2,760,859	16,958	-	-	6,404,060
Cash per books	1,624,269	11,701,532	27,203,901	9,556,069	129,571,058
Fund Balance Reconciliation to GAAP Basis					
Modified accrual adjustments	(114,579)	(139,248)	494,912	172,160	(1,361,519)
Fund Balance, Modified Accrual Basis	<u>\$ 1,509,690</u>	<u>\$ 11,562,284</u>	<u>\$27,698,813</u>	<u>\$ 9,728,229</u>	<u>\$ 128,209,539</u>

COMPONENT UNIT

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY OF TECHNOLOGY AND CLASSICS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 397,959
Accounts receivables	96,711
Prepaid expenses	647
Total current assets	495,317
Non-current assets	
Capital assets, net	5,013,934
Total assets	5,509,251
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	659,848
LIABILITIES	
Current liabilities	
Accounts payable	22,353
Accrued salaries and benefits	290,772
Compensated absences	10,395
Accrued interest payable	961
Mortgage payable	75,288
Total current liabilities	399,769
Non-current liabilities	
Net pension liability	4,358,160
Mortgage payable	3,821,408
Total non-current liabilities	8,179,568
Total liabilities	8,579,337
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	113,439
NET POSITION	
Net investment in capital assets	1,117,238
Restricted	117,518
Unrestricted (deficit)	(3,758,433)
Total net position (deficit)	\$ (2,523,677)

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 2,317,366	\$ -	\$ 92,401	\$ 253,392	\$ (1,971,573)
Support services					
Students	181,887	-	-	-	(181,887)
Instruction	3,615	-	-	-	(3,615)
General Administration	42,178	-	-	-	(42,178)
School Administration	311,727	-	-	-	(311,727)
Central Services	97,854	-	-	-	(97,854)
Operation & Maintenance of Plant	308,949	-	-	-	(308,949)
Student Transportation	10	-	-	-	(10)
Food Services Operation	42,333	34,961	-	-	(7,372)
Non-Instructional Support	-	-	-	-	-
Facilities Materials, Supplies & Other Services	952,773	-	-	-	(952,773)
Interest/amortization	172,804	-	-	168,236	(4,568)
Total governmental activities	<u>\$ 4,431,496</u>	<u>\$ 34,961</u>	<u>\$ 92,401</u>	<u>\$ 421,628</u>	(3,882,506)

General Revenues:

Property taxes	341,167
State Equalization Guarantee	2,577,943
Miscellaneous	<u>546,328</u>

Total general revenues 3,465,438

Changes in net position (417,068)

Net position, beginning (deficit) (2,106,609)

Net position - ending (deficit) \$ (2,523,677)

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Operational Fund			
	General* 11000	Instructional Materials* 14000	Food Services 21000	Athletics 22000
ASSETS				
Current assets				
Cash and cash equivalents	\$ 99,789	\$ 20,082	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other funds	140,127	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 239,916	\$ 20,082	\$ -	\$ -
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ -	\$ 3,722	\$ -	\$ -
Accrued payroll liabilities	285,413	-	-	-
Interfund payables	-	-	19,373	2,167
Total liabilities	285,413	3,722	19,373	2,167
Fund balances				
Restricted	-	16,360	-	-
Unassigned	(45,497)	-	(19,373)	(2,167)
Total fund balances	(45,497)	16,360	(19,373)	(2,167)
Total liabilities and fund balances	\$ 239,916	\$ 20,082	\$ -	\$ -

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	Title I IASA 24101	IDEA-B Entitlement 24106	English Language Acquisition 24153	Teacher / Principal Training & Recruiting 24154
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 755
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 755</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	628	-	-
Interfund payables	-	1,302	-	-
Total liabilities	<u>-</u>	<u>1,930</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted	-	-	-	755
Unassigned	-	(1,930)	-	-
Total fund balances	<u>-</u>	<u>(1,930)</u>	<u>-</u>	<u>755</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 755</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	Student Library GO Fund 27106	2012 GO Bond Student Library 27107	Teacher and School Leader Incentive Pay* 27188	School Leader Incentive Pay Group 27190
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	30,632	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,632</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	452	-
Interfund payables	-	537	60,879	3,267
Total liabilities	<u>-</u>	<u>537</u>	<u>61,331</u>	<u>3,267</u>
Fund balances				
Restricted	-	-	-	-
Unassigned	-	(537)	(30,699)	(3,267)
Total fund balances	<u>-</u>	<u>(537)</u>	<u>(30,699)</u>	<u>(3,267)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,632</u>	<u>\$ -</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	Private Dir Grants (Categorical) 29102	Public School Capital Outlay* 31200	Special Capital Outlay - State 31400	Capital Improvements HB-33 31600
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,223	\$ -	\$ -	\$ -
Accounts receivable	-	66,079	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 7,223</u>	<u>\$ 66,079</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ -	\$ 10,000	\$ -	\$ -
Accrued payroll liabilities	-	-	-	4,279
Interfund payables	-	30,581	2,120	19,901
Total liabilities	<u>-</u>	<u>40,581</u>	<u>2,120</u>	<u>24,180</u>
Fund balances				
Restricted	-	-	-	-
Unassigned	7,223	25,498	(2,120)	(24,180)
Total fund balances	<u>7,223</u>	<u>25,498</u>	<u>(2,120)</u>	<u>(24,180)</u>
Total liabilities and fund balances	<u>\$ 7,223</u>	<u>\$ 66,079</u>	<u>\$ -</u>	<u>\$ -</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
BALANCE SHEET -
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	Capital Improvements SB-9* <u>31700</u>	Education Technology 31900 <u> </u>	ATC Foundation * <u> </u>	Total Governmental Funds <u> </u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 101,903	\$ 12,647	\$ 155,560	\$ 397,959
Accounts receivable	-	-	-	96,711
Due from other funds	-	-	-	140,127
Prepaid expenses	-	-	647	647
Total assets	<u>\$ 101,903</u>	<u>\$ 12,647</u>	<u>\$ 156,207</u>	<u>\$ 635,444</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ 1,500	\$ 5,653	\$ 1,478	\$ 22,353
Accrued payroll liabilities	-	-	-	290,772
Interfund payables	-	-	-	140,127
Total liabilities	<u>1,500</u>	<u>5,653</u>	<u>1,478</u>	<u>453,252</u>
Fund balances				
Restricted	100,403	-	-	117,518
Unassigned	-	6,994	154,729	64,674
Total fund balances	<u>100,403</u>	<u>6,994</u>	<u>154,729</u>	<u>182,192</u>
Total liabilities and fund balances	<u>\$ 101,903</u>	<u>\$ 12,647</u>	<u>\$ 156,207</u>	<u>\$ 635,444</u>

* Major fund

See Notes to Financial Statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total governmental funds	\$ 182,192
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,013,934
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	659,848
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences	(10,395)
Accrued interest	(961)
Net pension liability	(4,358,160)
Mortgage payable	(3,896,696)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds	<u>(113,439)</u>
Net Position-Total Governmental Activities (Deficit)	<u><u>\$ (2,523,677)</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Operational Fund			
	General*	Instructional	Food	Athletics
	11000	Materials* 14000	Services 21000	22000
Revenues				
Interest income	\$ 550	\$ -	\$ -	\$ -
State grants	2,577,943	23,429	-	-
Federal grants	-	-	-	-
Property taxes	-	-	-	-
Miscellaneous income	49,648	3,027	34,961	10,441
Total revenues	<u>2,628,141</u>	<u>26,456</u>	<u>34,961</u>	<u>10,441</u>
Expenditures				
Current				
Instruction	1,959,828	27,920	-	12,608
Support Services				
Students	162,085	-	-	-
Instruction	3,078	-	-	-
General Administration	42,178	-	-	-
School Administration	305,780	-	-	-
Central Services	97,854	-	-	-
Operation & Maintenance of Plant	133,985	-	-	-
Student Transportation	10	-	-	-
Food Services Operations	-	-	42,333	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,704,798</u>	<u>27,920</u>	<u>42,333</u>	<u>12,608</u>
Other financing sources				
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,657)</u>	<u>(1,464)</u>	<u>(7,372)</u>	<u>(2,167)</u>
Net changes in fund balances	(76,657)	(1,464)	(7,372)	(2,167)
Fund balances, beginning of year	31,160	17,824	(12,001)	-
Fund balances (deficit), end of year	<u>\$ (45,497)</u>	<u>\$ 16,360</u>	<u>\$ (19,373)</u>	<u>\$ (2,167)</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Title I IASA 24101	IDEA-B Entitlement 24106	English Language 24153	Teacher / Principal Training & Recruiting 24154
Revenues				
Interest income	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	38,340	-	-
Property taxes	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>-</u>	<u>38,340</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	20,468	-	-
Support Services				
Students	-	19,802	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Services Operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>40,270</u>	<u>-</u>	<u>-</u>
Other financing sources				
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,930)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	(1,930)	-	-
Fund balances, beginning of year	-	-	-	755
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ (1,930)</u>	<u>\$ -</u>	<u>\$ 755</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Student Library GO Fund 27106	2012 GO Bond Student Library 27107	Teacher and School Leader Incentive Pay* 27188	School Leader Incentive Pay Group 27190
Revenues				
Interest income	\$ -	\$ -	\$ -	\$ -
State grants	-	-	30,632	-
Federal grants	-	-	-	-
Property taxes	-	-	-	-
Miscellaneous income	1,457	-	101,023	-
Total revenues	<u>1,457</u>	<u>-</u>	<u>131,655</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	140,824	-
Support Services				
Students	-	-	-	-
Instruction	-	537	-	-
General Administration	-	-	-	-
School Administration	-	-	-	37
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Services Operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>537</u>	<u>140,824</u>	<u>37</u>
Other financing sources				
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,457</u>	<u>(537)</u>	<u>(9,169)</u>	<u>(37)</u>
Net changes in fund balances	1,457	(537)	(9,169)	(37)
Fund balances, beginning of year	(1,457)	-	(21,530)	(3,230)
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ (537)</u>	<u>\$ (30,699)</u>	<u>\$ (3,267)</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Private Dir Grants (Categorical) 29102	Public School Capital Outlay* 31200	Special Capital Outlay - State 31400	Capital Improvements HB-33 31600
Revenues				
Interest income	\$ -	\$ -	\$ -	\$ -
State grants	-	168,236	-	-
Federal grants	-	-	-	-
Property taxes	-	-	-	144,864
Miscellaneous income	10,241	-	-	-
Total revenues	<u>10,241</u>	<u>168,236</u>	<u>-</u>	<u>144,864</u>
Expenditures				
Current				
Instruction	3,018	-	-	643
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	654
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	2,649
Student Transportation	-	-	-	-
Food Services Operations	-	-	-	-
Capital outlay	-	59,816	2,120	238,957
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,018</u>	<u>59,816</u>	<u>2,120</u>	<u>242,903</u>
Other financing sources				
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,223</u>	<u>108,420</u>	<u>(2,120)</u>	<u>(98,039)</u>
Net changes in fund balances	7,223	108,420	(2,120)	(98,039)
Fund balances, beginning of year	-	(82,922)	-	73,859
Fund balances (deficit), end of year	<u>\$ 7,223</u>	<u>\$ 25,498</u>	<u>\$ (2,120)</u>	<u>\$ (24,180)</u>

* Major fund

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Capital Improvements SB-9* 31700	Education Technology 31900	ATC Foundation *	Total Governmental Funds
Revenues				
Interest income	\$ -	\$ -	\$ -	\$ 550
State grants	-	-	-	2,800,240
Federal grants	-	-	-	38,340
Property taxes	196,303	-	-	341,167
Miscellaneous income	-	-	369,941	580,739
Total revenues	<u>196,303</u>	<u>-</u>	<u>369,941</u>	<u>3,761,036</u>
Expenditures				
Current				
Instruction	-	-	-	2,165,309
Support Services				
Students	-	-	-	181,887
Instruction	-	-	-	3,615
General Administration	-	-	-	42,178
School Administration	5,256	-	-	311,727
Central Services	-	-	-	97,854
Operation & Maintenance of Plant	1,901	-	23,439	161,974
Student Transportation	-	-	-	10
Food Services Operations	-	-	-	42,333
Capital outlay	381,694	245,261	-	927,848
Debt Service				
Principal	-	-	73,392	73,392
Interest	-	-	173,765	173,765
Total expenditures	<u>388,851</u>	<u>245,261</u>	<u>270,596</u>	<u>4,181,892</u>
Other financing sources				
Proceeds from bond issues	-	253,392	-	253,392
Total other financing sources	<u>-</u>	<u>253,392</u>	<u>-</u>	<u>253,392</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(192,548)</u>	<u>8,131</u>	<u>99,345</u>	<u>(167,464)</u>
Net changes in fund balances	(192,548)	8,131	99,345	(167,464)
Fund balances, beginning of year	<u>292,951</u>	<u>(1,137)</u>	<u>55,384</u>	<u>349,656</u>
Fund balances (deficit), end of year	<u>\$ 100,403</u>	<u>\$ 6,994</u>	<u>\$ 154,729</u>	<u>\$ 182,192</u>

* Major fund

See Notes to Financial Statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	\$ (167,464)
Charter pension contribution	245,203
Pension expense per GASB 68	(408,892)
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.</p>	
Depreciation expense	(172,355)
<p>The issuance of long-term debt 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.</p>	
Accrued interest	961
Decrease in accrued compensated absences	12,087
Principal payments on debt	<u>73,392</u>
Changes in Net Position-Total Governmental Activities	<u><u>\$ (417,068)</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF BUDGET COMPARISONS - BUDGETARY BASIS
GENERAL FUND (11000)
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ 600	\$ 600	\$ 550	\$ (50)
State grants	2,632,712	2,630,857	2,577,944	(52,913)
Federal grants	-	-	-	-
Miscellaneous	16,915	16,915	49,647	32,732
Total revenues	<u>2,650,227</u>	<u>2,648,372</u>	<u>2,628,141</u>	<u>(20,231)</u>
Expenditures				
Current				
Instruction	1,882,027	1,882,027	1,985,602	(103,575)
Support Services				
Students	222,331	222,331	162,085	60,246
Instruction	8,300	8,300	3,078	5,222
General Administration	21,300	21,300	42,178	(20,878)
School Administration	234,511	232,656	305,780	(73,124)
Central Services	131,587	131,587	97,854	33,733
Operation & Maintenance of Plant	171,875	171,875	133,985	37,890
Student Transportation	2,125	2,125	10	2,115
Other Support Services	31,441	31,441	-	31,441
Capital Outlay	-	-	-	-
Total expenditures	<u>2,705,497</u>	<u>2,703,642</u>	<u>2,730,572</u>	<u>(26,930)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(102,431)</u>	<u>(47,161)</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>(102,431)</u>	<u>(102,431)</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>28,050</u>	<u>28,050</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74,381)</u>	<u>\$ (74,381)</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>25,774</u>	
Changes in fund balances			<u>\$ (76,657)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF BUDGET COMPARISONS - BUDGETARY BASIS
INSTRUCTIONAL FUND (14000)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ -	\$ -
State grants	20,129	20,129	23,428	3,299
Federal grants	-	-	-	-
Miscellaneous	-	-	3,028	3,028
Total revenues	<u>20,129</u>	<u>20,129</u>	<u>26,456</u>	<u>6,327</u>
Expenditures				
Current				
Instruction	28,084	28,084	16,203	11,881
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>28,084</u>	<u>28,084</u>	<u>16,203</u>	<u>11,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>10,253</u>	<u>18,208</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>10,253</u>	<u>10,253</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>17,824</u>	<u>17,824</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,077</u>	<u>\$ 28,077</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>(11,717)</u>	
Changes in fund balances			<u>\$ (1,464)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF BUDGET COMPARISONS - BUDGETARY BASIS
TEACHER AND SCHOOL LEADER INCENTIVE PAY FUND (27188)
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest Income	\$ -	\$ -	\$ -	\$ -
State grants	127,500	127,500	-	(127,500)
Federal grants	-	-	-	-
Miscellaneous	-	-	101,023	101,023
Total revenues	<u>127,500</u>	<u>127,500</u>	<u>101,023</u>	<u>(26,477)</u>
Expenditures				
Current				
Instruction	-	110,276	140,824	(30,548)
Support Services				
Students	-	8,612	-	8,612
Instruction	-	8,612	-	8,612
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>127,500</u>	<u>140,824</u>	<u>(13,324)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(39,801)</u>	<u>(39,801)</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>(39,801)</u>	<u>(39,801)</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>(2,153)</u>	<u>(2,153)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,954)</u>	<u>\$ (41,954)</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ 30,632	
Adjustments to expenditures			<u>-</u>	
Changes in fund balances			<u>\$ (9,169)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2017**

ASSETS

Cash \$ 120,577

Total assets **\$ 120,577**

LIABILITIES

Accounts payable \$ 11,864

Deposits held in trust for others 108,713

Total liabilities **\$ 120,577**

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF THE CHARTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016, AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

Fiscal Year Measurement Date	2017 2016	2016 2015	2015 2014
Charter's proportion of the net pension liability	0.06056%	0.06209%	0.10700%
Charter's proportionate share of the net pension liability	\$ 4,358,160	\$ 4,021,729	\$ 3,505,021
Charter's covered employee payroll	\$ 1,764,053	\$ 1,695,256	\$ 1,693,182
Charter's proportionate share of the net pension liability as a percentage of its covered employee payroll	247%	237%	207%
Plan fiduciary net position as a percentage of total pension liability	61.58%	63.97%	66.54%

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for those years which information is available.

See Notes to Required Supplementary Information.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF THE CHARTER'S CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016, AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contributions	\$ 245,203	\$ 240,351	\$ 332,508
Contributions in relation to contractually required contributions	<u>245,203</u>	<u>240,351</u>	<u>332,508</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter's covered employee payroll	\$ 1,764,053	\$ 1,695,256	\$ 1,693,182
Contributions as a percentage of covered employee payroll	13.90%	14.18%	14.47%

* The amounts presented were determined as of June 30. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for those years which information is available.

See Notes to Required Supplementary Information.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND THE CLASSICS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2017

Changes of benefit terms and assumptions. For the overall NMERB Plan, there were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2%, which resulted in a net \$138 million decrease on the unfunded actuarial accrued liability.

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash in bank	\$ 81,718	\$ 224,371	\$ (185,512)	\$ 120,577
Total assets	<u>\$ 81,718</u>	<u>\$ 224,371</u>	<u>\$ (185,512)</u>	<u>\$ 120,577</u>
LIABILITIES				
Accounts payable	\$ 90	\$ 11,774	\$ -	\$ 11,864
Deposits held for others	<u>81,628</u>	<u>212,597</u>	<u>(185,512)</u>	<u>108,713</u>
Total liabilities	<u>\$ 81,718</u>	<u>\$ 224,371</u>	<u>\$ (185,512)</u>	<u>\$ 120,577</u>

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2017

Name of Depository	Description of Pledged Collateral	Fair / Par Market Value June 30, 2017	Name & Location of Safekeeper
Los Alamos National Bank	FHMS K046 8.57% 03/25/2025	\$ 311,608	LANB
Los Alamos National Bank	FHMS K046 2.86% 03/35/2025	<u>103,869</u>	LANB
		<u>\$ 415,477</u>	

STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2017

<u>Bank Account Type</u>	<u>Amount</u>
Checking - Operational/Federal	\$ 601,169
Checking - Payroll	-
Petty Cash	50
Foundation	
LANB-Checking	\$ 9,091
LANB-Savings	4,807
LANB-lockbox	139,452
Charles Schwab	<u>2,210</u>
Total	155,560
Reconciling Items	<u>(238,243)</u>
Reconciled balance, June 30, 2017	518,536
Less: Agency Funds	<u>120,577</u>
Total governmental funds	<u><u>\$ 397,959</u></u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Operational Account 11000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2016	\$ 31,160	\$ -	\$ 17,824	\$ (12,001)
Add:				
2016-17 revenues	2,638,151	-	26,457	35,491
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	<u>2,669,311</u>	-	44,281	23,490
Less:				
2016-17 expenditures	(2,658,339)	-	(32,818)	(23,490)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	10,972	-	11,463	-
Reconciliations to GAAP Basis				
Audit reclassifications to cash	<u>88,817</u>	<u>-</u>	<u>8,619</u>	<u>-</u>
Cash per books	99,789	-	20,082	-
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	<u>(145,286)</u>	<u>-</u>	<u>(3,722)</u>	<u>(19,373)</u>
Fund Balance, Modified Accrual Basis	<u>\$ (45,497)</u>	<u>\$ -</u>	<u>\$ 16,360</u>	<u>\$ (19,373)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Athletics Account 22000	Non-Instruction Account 23000	Federal Flowthrough 24000	Federal Direct 25000
Cash, June 30, 2016	\$ -	\$ -	\$ 755	\$ -
Add:				
2016-17 revenues	10,441	-	38,340	-
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	10,441	-	39,095	-
Less:				
2016-17 expenditures	(10,228)	-	(38,340)	-
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	213	-	755	-
Reconciliations to GAAP Basis				
Audit reclassifications to cash	(213)	-	-	-
Cash per books	-	-	755	-
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	(2,167)	-	(1,930)	-
Fund Balance, Modified Accrual Basis	<u>\$ (2,167)</u>	<u>\$ -</u>	<u>\$ (1,175)</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Local Grants 26000	State Flowthrough 27000	State Direct 28000	Local or State Fund 29000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2016	\$ -	\$ (26,217)	\$ -	\$ -
Add:				
2016-17 revenues	-	101,023	-	10,241
Repayment of loans	-	-	-	-
Loans from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	-	74,806	-	10,241
Less:				
2016-17 expenditures	-	(131,655)	-	(3,018)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	-	(56,849)	-	7,223
Reconciliations to GAAP Basis				
Audit reclassifications to cash	<u>-</u>	<u>56,849</u>	<u>-</u>	<u>-</u>
Cash per books	-	-	-	7,223
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	<u>-</u>	<u>(65,135)</u>	<u>-</u>	<u>-</u>
Fund Balance, Modified Accrual Basis	<u>\$ -</u>	<u>\$ (65,135)</u>	<u>\$ -</u>	<u>\$ 7,223</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay State 31400	Capital Improvement HB 33 31600
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2016	\$ -	\$ (82,922)	\$ -	\$ 73,859
Add:				
2016-17 revenues	-	265,525	-	199,688
Repayment of loans	-	-	-	-
Loans from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	-	182,603	-	273,547
Less:				
2016-17 expenditures	-	(178,606)	-	(201,922)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	-	3,997	-	71,625
Reconciliations to GAAP Basis				
Audit reclassifications to cash	<u>-</u>	<u>(3,997)</u>	<u>-</u>	<u>(71,625)</u>
Cash per books	-	-	-	-
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	<u>-</u>	<u>(40,581)</u>	<u>(2,120)</u>	<u>(24,180)</u>
Fund Balance, Modified Accrual Basis	<u>\$ -</u>	<u>\$ (40,581)</u>	<u>\$ (2,120)</u>	<u>\$ (24,180)</u>

**STATE OF NEW MEXICO
SANTA FE PUBLIC SCHOOLS
ACADEMY FOR TECHNOLOGY AND CLASSICS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2017**

	Cap. Improv. SB9 31700	Education Technology Account 31900	Activity Funds	Total
Cash, June 30, 2016	\$ 292,951	\$ (1,137)	\$ 81,626	\$ 375,898
Add:				
2016-17 revenues	268,555	265,167	226,439	4,085,518
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	561,506	264,030	308,065	4,461,416
Less:				
2016-17 expenditures	(422,662)	(240,850)	(195,476)	(4,137,404)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	138,844	23,180	112,589	324,012
Reconciliations to GAAP Basis				
Audit reclassifications to cash	(36,941)	(10,533)	42,971	73,947
Cash per books	101,903	12,647	155,560	397,959
Fund Balance Reconciliation to GAAP Basis				
Modified Accrual Adjustments	(1,500)	(5,653)	(831)	(312,478)
Fund Balance, Modified Accrual Basis	\$ 100,403	\$ 6,994	\$ 154,729	\$ 85,481

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

Book-Entry-Only System

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

DTC provided the following information. None of the Financial Advisor nor the District or the Underwriters can vouch for its accuracy or completeness. For further information, please contact DTC.

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 and Notes 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 and Notes. 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 and Notes acquired. Transfers of ownership interests in the Bonds and Notes 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 and Notes will not receive nor have the right to receive physical delivery of the Bonds and Notes, and will not be or be considered to be registered owners under the Bond Resolution and the Note Resolution except as specifically provided in the Bond Resolution and the Note 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 AND NOTES, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS AND NOTES WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The District and the Paying Agent/Registrar may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds and Notes registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds and Notes, selecting Bonds and Notes 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 and Notes, 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 Paying Agent/Registrar will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds and Notes under or through DTC or any DTC Participant, Indirect Participant or other person not shown on the records of the Paying Agent/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 and Notes; 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 and Notes; 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 and the Note 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 and Notes will be paid to DTC or its nominee, Cede & Co., as registered owner of the Bonds and Notes. 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 and Notes 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 and Notes 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 Paying Agent/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 and Notes, the Registrar will give any notice required to be given to registered owners of Bonds and Notes 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 PAYING AGENT/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 AND NOTES.

For every transfer and exchange of a beneficial ownership interest in the Bonds and Notes, 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 and Notes at any time by giving reasonable notice to the District or the Paying Agent/Registrar at any time. In addition, if the District determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds and Notes 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 and Notes or of the District, the District may thereupon terminate the services of DTC with respect to the Bonds and Notes. 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 and Note certificates will be delivered as described in the Note Resolution, each 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 and Note certificates are registered will be treated as registered owners for all purposes of the Bond Resolution and Note Resolution, including the giving to the District or the Paying Agent/Registrar of any notice, consent, request or demand pursuant to the Bond Resolution and the Note Resolution for any purpose whatsoever. In such event, the Bonds and Notes will be transferred to such registered owners, interest on the Bonds and Notes will be payable by check of the Paying Agent/Registrar, as paying agent, mailed to such registered owners, and the principal and redemption price of all Bonds and Notes will be payable at the principal corporate trust office of the Paying Agent/Registrar.

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 and Notes, the Paying Agent/Registrar will send redemption (relating only to the Bonds) 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.

None of the District, the Financial Advisor or the Underwriters have any 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 and Notes.

None of the District, the Financial Advisor or the Underwriters can 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 and Notes received by DTC or its nominees as the holder or any redemption notices (relating only to the Bonds) or other notices to the beneficial holders, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

APPENDIX D

FORMS OF BOND COUNSEL OPINIONS

July 18, 2018

Board of Education
Santa Fe Public School District
Santa Fe, New Mexico

Ladies and Gentlemen:

We have acted as bond counsel to Santa Fe Public School District (the "District") in connection with the issuance of its \$30,000,000 General Obligation School Building Bonds, Series 2018 (the "Bonds"), dated July 18, 2018, with interest payable on February 1, 2019, and semi-annually thereafter on each August 1 and February 1 until maturity, and being Bonds in registered form maturing on August 1 in the years 2019 through 2030.

We have examined the laws of the State and the United States of America relevant to the opinions herein, the transcript of proceedings (the "Transcript") and other documents relevant to the issuance of the Bonds by the District. As to the questions of fact material to our opinion, we have relied upon representations of the District contained in the proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, and subject to the assumptions and qualifications set forth below, we are of the opinion that, under existing law on the date of this opinion:

1. The Bonds constitute valid and binding general obligations of the District and are to be paid from the proceeds of the levy of ad valorem taxes on all taxable property within the District without limitation as to rate or amount.

2. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Bonds is not a specific preference item for purposes of calculating the alternative minimum tax imposed under provisions contained in the Internal Revenue Code of 1986, as amended (the "Code"). Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

3. The Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision thereof.

The opinions set forth above in Paragraph 2 above are subject to continuing compliance by the District with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance of the Bonds by the District. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The opinions expressed herein are based upon existing law as of the date of issuance and delivery of the Bonds. We express no opinion as of any date subsequent hereto, and our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this opinion.

The obligations of the District related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the District and the security provided therefor may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions and are not a guarantee of result. We express no opinion with respect to any pending legislation.

As bond counsel, we are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences arising from the receipt or accrual of interest on, or the ownership of, the Bonds except those specifically addressed in Paragraphs 2 and 3 above.

Respectfully submitted,

MODRALL, SPERLING, ROEHL,
HARRIS & SISK, PA

July 18, 2018

Board of Education
Santa Fe Public School District
Santa Fe, New Mexico

Ladies and Gentlemen:

We have acted as bond counsel to Santa Fe Public School District (the "District") in connection with the issuance of its \$11,000,000 General Obligation Education Technology Notes, Series 2018 (the "Notes"), dated July 18, 2018, with interest payable on February 1, 2019, and semi-annually thereafter on each August 1 and February 1 until maturity, and being Notes in registered form maturing on August 1 in the years 2019 through 2021.

We have examined the laws of the State and the United States of America relevant to the opinions herein, the transcript of proceedings (the "Transcript") and other documents relevant to the issuance of the Notes by the District. As to the questions of fact material to our opinion, we have relied upon representations of the District contained in the proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, and subject to the assumptions and qualifications set forth below, we are of the opinion that, under existing law on the date of this opinion:

1. The Notes constitute valid and binding general obligations of the District and are to be paid from the proceeds of the levy of ad valorem taxes on all taxable property within the District without limitation as to rate or amount.

2. Under existing laws, regulations, rulings and judicial decisions, interest on the Notes is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Notes is not a specific preference item for purposes of calculating the alternative minimum tax imposed under provisions contained in the Internal Revenue Code of 1986, as amended (the "Code"). Although we are of the opinion that interest on the Notes is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Notes may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

3. The Notes and the income from the Notes are exempt from all taxation by the State or any political subdivision thereof.

The opinions set forth above in Paragraph 2 above are subject to continuing compliance by the District with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance of the Notes by the District. Failure to comply with these covenants may result in interest on the Notes being included in gross income retroactive to their date of issuance.

The opinions expressed herein are based upon existing law as of the date of issuance and delivery of the Notes. We express no opinion as of any date subsequent hereto, and our engagement with respect to the Notes has concluded with their issuance. We disclaim any obligation to update this opinion.

The obligations of the District related to the Notes are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the District and the security provided therefor may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities as of the date of issuance and delivery of the Notes that we deem relevant to render such opinions and are not a guarantee of result. We express no opinion with respect to any pending legislation.

As bond counsel, we are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Notes or upon any tax consequences arising from the receipt or accrual of interest on, or the ownership of, the Notes except those specifically addressed in Paragraphs 2 and 3 above.

Respectfully submitted,

MODRALL, SPERLING, ROEHL,
HARRIS & SISK, PA

APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the Santa Fe Public School District, Santa Fe County, New Mexico (the “District”), in connection with the issuance of the Santa Fe Public School District, Santa Fe County, New Mexico, General Obligation Bonds Series 2018 (the “Bonds”) and General Obligation Education Technology Notes, Series 2018 (the “Notes”). The Notes are being issued pursuant to a Resolution of the District adopted on June 12, 2018 (the “Resolution”), and a Bond Award of the Bonds on June 12, 2018. The Resolution, and Bond Award will allow the purchaser of the Bonds and Notes to comply with the Rule (defined below), the District is required to make certain continuing disclosure undertakings for the benefit of owners of the Bonds and Notes (the “Owners”). This Undertaking is intended to satisfy the requirements of the Rule.

Section 2. Definitions.

(a) “Annual Financial Information” means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time (“GAAP”), for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”)) and operating data with respect to the District, delivered at least annually pursuant to Sections 3(a) and 3(b) of this Undertaking, consisting of information of the type set forth under the captions “DEBT AND OTHER FINANCIAL OBLIGATIONS,” “TAX BASE,” “THE DISTRICT – Student Enrollment,” “FINANCES OF THE EDUCATIONAL PROGRAM-State Equalization Guarantee,” “Statement of Net Position,” “Statement of Activities,” “Balance Sheet” and “Statement of Revenues, Expenditures & Changes in Fund Balances – General Fund” in the Official Statement. The District will update and provide this information no later than March 31 of each year, commencing March 31, 2019, for the fiscal year ending on the preceding June 30.

(b) “Audited Financial Statements” means the District’s annual financial statements prepared in accordance with GAAP, as in effect from time to time, for governmental units as prescribed by the GASB, which financial statements have been audited as may then be required or permitted by the laws of the State.

(c) “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System located on its website at emma.msrb.org.

(d) “Event Information” means the information delivered pursuant to Section 3(d).

(e) “MSRB” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, phone (703) 797-6600, fax (703) 797-6708.

(f) “Report Date” means March 31 of each year, beginning in 2019.

(g) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12), as the same may be amended from time to time.

(h) “SEC” means the United States Securities and Exchange Commission.

(i) “State” means the State of New Mexico.

Section 3. Provision of Annual Financial Information and Reporting of Event Information.

(a) The District, or its designated agent, will provide the Annual Financial Information and the Audited Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds and the Notes are outstanding.

(b) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the District, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information. The District will timely provide to EMMA notice of inability to provide Annual Financial Information or Audited Financial Statements in the event these items are not available by the Report Date.

(c) The District, or its designated agent, may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the District, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a “final official statement” within the meaning of the Rule, such final official statement must also be available from the MSRB.

(d) The District, or its designated agent, will provide, to EMMA, notice of any of the following events with respect to the Notes in a timely manner not in excess of ten (10) business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the security, if material;
- (xi) rating changes;
- (xii) failure to provide even filing information as required;
- (xiii) tender offer/secondary market purchases;
- (xiv) merger, consolidation, or sale of all or substantially all assets;
- (xv) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;
- (xvi) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(e) The District, or its designated agent, will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any: (i) failure of the District to timely provide the Annual Financial Information as specified in Sections 3(a) and 3(b); (ii) changes in its fiscal year-end; and (iii) amendment of this Undertaking.

Section 4. Method of Transmission. The District, or its designated agent, will employ such methods of electronic or physical information transmission as are requested or recommended from time to time by EMMA, the MSRB or the SEC.

Section 5. Enforcement. The obligations of the District under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the District to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The District's breach of its obligations under this Undertaking will not constitute an event of default under the Resolution and Bond Award, and none of the rights and remedies provided by such Resolution and Bond Award will be available to the Owners with respect to such a breach.

Section 6. Term. The District's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and the Notes and will extend to the earliest of (i) the date all principal and interest on the Bonds and the Notes has been paid or legally defeased pursuant to the terms of the Resolution and Bond Award; (ii) the date on which the District is no longer an "obligated person" with respect to the Notes within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds and the Notes.

Section 7. Amendments. The District may amend this Undertaking from time to time, without the consent of any Owner, upon the District's receipt of an opinion of independent counsel nationally recognized in federal securities laws to the effect that such amendment:

(a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the District;

(b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds and the Notes, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and

(c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Beneficiaries. This Undertaking binds and inures to the sole benefit of the District and the Owners and creates no rights in any other person or entity.

Section 9. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Date: July 18, 2018.

BOARD OF EDUCATION
SANTA FE PUBLIC SCHOOL DISTRICT

By _____
President

[SEAL]

ATTEST:

Secretary

APPENDIX F

LEASE PURCHASE ARRANGEMENT

**LEASE PURCHASE ARRANGEMENT
AND NOTE**

Dated as of July 18, 2018

By and between

**The Education Technology Leasing Company, LLC
As Lessor**

and

**The Board of Education of the
Santa Fe Public School District,
As Lessee**

LEASE PURCHASE ARRANGEMENT

THIS LEASE PURCHASE ARRANGEMENT, dated as of July 18, 2018 (“Lease”), by and between The Education Technology Leasing Company, LLC, as lessor (such lessor, together with any successor by merger, acquisition or otherwise, “Lessor”), and the Board of Education (the “Board”) as the governing body of the Santa Fe Public School District (the “District”), a school district created pursuant to the laws of the State of New Mexico, as lessee (“Lessee”);

WITNESETH:

WHEREAS, Lessee, which is a school board as defined in NMSA 1978, Section 6-15A-3(D), as amended, wishes to facilitate the acquisition and purchase of certain Property (as defined herein) to be used by Lessee, and Lessee is authorized pursuant to the laws of the State of New Mexico, particularly The Education Technology Equipment Act, NMSA 1978, Sections 6-15A-1 to 6-15A-16, as amended (the “Act”), to execute, perform, and make payments under contracts for such purposes and for the financing of “education technology equipment,” as defined in the Act at NMSA 1978, Section 6-15A-3B and, in the Technology for Education Act, Section NMSA 1978, 22-15A-2, as amended; and

WHEREAS, the Board has determined that in order to accomplish its purposes, it is necessary and desirable to acquire the Property pursuant to this Lease; and

WHEREAS, Lessor will cause to be provided funds for the acquisition, delivery, and purchase of the Property to be leased pursuant to this Lease; and

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained, and for other good and valuable consideration, Lessor and Lessee agree as follows:

ARTICLE I: DEFINITIONS

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified.

“Acquisition Costs” means, with respect to any item of the Property, the contract price paid or to be paid therefor upon acquisition or purchase thereof in accordance with a purchase order or contract therefor. Acquisition Costs also include the administrative, engineering, legal, financial, and other costs incurred by Lessee in connection with the acquisition, purchase, or financing of the Property to the extent permitted by the Act.

“Acquisition Fund” means the 2018 Lease Acquisition Fund by that name established and maintained by Lessee pursuant to Section 3.1 of this Lease.

“Act” means the Education Technology Equipment Act, NMSA 1978, Sections 6-15A-1 to 6-15A-16, as amended.

“Authorized Denominations” means \$5,000 and multiples thereof or, if less, the principal amount outstanding on the Note.

“Bond Counsel” means an attorney duly admitted to the practice of law before the highest court of the State in which he/she maintains an office and who is not an employee of Lessor or Lessee.

“Certificate of Acceptance” means a written acknowledgment of Lessee Representative to Lessor stating that all of the Property described in such acknowledgment has been acquired, delivered, and installed in conformity with the specifications of the seller, in substantially the form of Exhibit C hereto.

“Closing Date” means the date on which this Lease is duly executed and delivered by the parties hereto and the Note is issued.

“Financial Advisor” means RBC Capital Markets, LLC.

“Fiscal Year” means the period beginning on July 1 in any year and ending on June 30 in the next year.

“Lease” means this Lease Purchase Arrangement.

“Lessee” means the Board of the District, a local school district organized and existing under the laws of the State of New Mexico.

“Lessee Representative” means the Superintendent of Schools or a designee thereof to act on behalf of Lessee under or with respect to this Lease.

“Lessor” means The Education Technology Leasing Company, LLC, and any successor thereto by merger, acquisition, assignment, or otherwise.

“Lessor's Representative” means a person authorized by Lessor to act on behalf of Lessor under or with respect to this Lease.

“Maximum Rate” means a net effective interest rate (as defined in and calculated in accordance with the provisions of NMSA 1978, Sections 6-14-1 through 6-14-3, as amended) of twelve percent (12%).

“Note” means a note or notes in the form attached hereto as Exhibit D evidencing the right to receive Rent Payments with components of principal and interest.

“Permitted Investments” means any investment allowed under the laws of the State for school districts.

“Person” means an individual, joint stock company, trust, unincorporated association, joint venture, corporation, business or owner trust, partnership, or other organization or entity (whether governmental or private).

“Purchaser” means J.P. Morgan Securities LLC, and Robert W. Baird & Co., Inc., and its successors and assigns.

“Property” means, to the extent permitted by the NMSA 1978 §§ 6-15A-3(B), and 22-15A-2 education technology equipment used in the educational process that constitute learning and administrative resources.

“Rent Payment” means the payment or payments composed of principal and interest components which are secured by the full faith and credit of the District and payable out of general (ad valorem) property taxes which are levied against all taxable property in the District without limitation as to rate or amount, including the principal and interest component, due from Lessee to Lessor in accordance with Section 4.4 hereof.

“Rent Payment Date” means the dates on which Rent Payments are due under this Lease as provided in Section 4.4.

“Rent Payment Fund” means the fund or funds by that name established by Lessee pursuant to Section 4.4(c) of this Lease.

“State” means the State of New Mexico.

“Term” or “Term of this Lease” means the time during which this Lease is in effect, as provided in Section 4.2 hereof.

ARTICLE II: REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Lessee. Lessee represents, covenants, and warrants to Lessor as follows:

(a) Lessee has full power and authority to execute, deliver, and perform under this Lease; all required procedures with respect to Lessee's execution, delivery, and performance of this Lease have been (or will be) complied with properly and in a timely manner; the execution, delivery, and performance of this Lease by Lessee has been duly authorized by Lessee and is not in contravention of any applicable laws or the terms of any other agreement to which Lessee is a party; this Lease evidences a valid and binding obligation of Lessee enforceable in accordance with its terms; and the Rent Payments are contractual obligations of Lessee.

(b) There are no pending or threatened actions, suits, proceedings, or investigations contesting the authority for execution, delivery, or performance of, or expenditure of funds pursuant to this Lease.

(c) Information supplied and statements made or to be made by Lessee in any financial statement or current budget prior to or contemporaneously with this Lease are now, and will be true and correct on the Closing Date, and do not and will not omit to state any material facts required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

(d) Lessee has immediate need for, and expects to make immediate use of, substantially all of the Property being leased under this Lease, which need, at the time of approval of this Lease, is not temporary or expected to diminish in the foreseeable future.

(e) Lessee will provide Lessor the annual budget of Lessee for the following fiscal year within 30 days following the approval of the budget by the State Public Education Department.

Section 2.2. Representations, Covenants and Warranties of Lessor. Lessor represents, covenants, and warrants to Lessee as follows:

(a) Organization and Good Standing. Lessor is in good standing; has power to enter into this Lease; and has duly authorized the execution and delivery of this Lease.

(b) No Conflicts. Neither the execution and delivery of this Lease nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which Lessor is now a party or by which Lessor is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge, or encumbrance whatsoever upon any of the property or assets of Lessor or upon the Property, except as provided under the terms hereof.

(c) Valid and Binding Obligation. This Lease, when executed and delivered by Lessor and assuming the valid execution and delivery hereof by Lessee, will constitute a legal, valid, and binding obligation of Lessor enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally and general equitable principles.

ARTICLE III: DEPOSIT OF MONEYS; ACQUISITION OF THE PROPERTY

Section 3.1. Deposit of Moneys. On the Closing Date, Lessor shall coincident with the payment of Eleven Million Dollars (\$11,000,000) by the Purchaser of the Note on the Closing Date, cause, in accordance with the terms of the closing memorandum provided by the Financial Advisor, payment to be made to the District of the aforementioned Eleven Million Dollars (\$11,000,000) to be deposited into the

Acquisition Fund, to be established and maintained at a depository of the District, to acquire the Property set forth in Exhibit A and to pay the financial and legal costs of the District associated with this Lease.

Section 3.2. Acquisition of the Property. Except as otherwise provided in this Section, Lessor agrees to the acquisition of the Property set forth in Exhibit A. Lessor hereby authorizes Lessee to act as its agent and to enter into one or more contracts or purchase orders providing for the acquisition, purchase use and support of the Property. Lessee agrees that upon acquisition of any item of the Property it will take possession of that item of the Property under the terms and provisions of this Lease.

Lessee as agent for Lessor shall acquire the Property under this Lease within a reasonable period of time. Lessee as agent for Lessor may substitute other education technology equipment qualifying for financing pursuant to the Act for any item of Property, provided Lessee shall notify Lessor of such substitution and after all property (and property substituted for the Property) is acquired, Lessee shall provide an inventory and deliver the Certificate of Acceptance of the Property actually acquired under this Lease to Lessor.

Notwithstanding the foregoing, there shall be no offset or reduction for any reason of the Rent Payments required to be made by Lessee which are described herein.

Section 3.3. Payment of Acquisition Costs. As provided in Section 3.1, payment of the cost of acquiring Property shall be made from the moneys deposited by Purchaser with Lessee in the Acquisition Fund.

Section 3.4. Unexpended Proceeds in Acquisition Fund. On the earlier of (a) three years from the Closing Date or (b) the filing with Lessor of the final inventory of Property as contemplated in the second paragraph of Section 3.2, Lessee shall cause to be transferred to the Rent Payment Fund all excess moneys remaining in the Acquisition Fund maintained by Lessee (other than any moneys, if any, retained therein to pay Acquisition Costs not then due and payable) to be applied to pay any portion of Rent Payments thereafter coming due.

ARTICLE IV: AGREEMENT TO LEASE; TERMINATION OF THIS LEASE; RENT PAYMENTS; TITLE TO PROPERTY

Section 4.1. Lease. Lessor hereby leases to Lessee the Property, and Lessee hereby leases the Property from Lessor, upon the terms and conditions set forth herein.

Section 4.2. Term of Lease. The Term of this Lease and of the right to use the Property described therein shall commence on the Closing Date and shall continue until all payments under this Lease to finance such Property have been paid in accordance with Exhibit B hereto and are no longer outstanding.

Section 4.3. Possession. It is contemplated that Lessee will take possession of each item of the Property in accordance with the terms of the acquisition contracts and purchase orders described in Section 3.2 hereof. Notwithstanding the failure of Lessee to take possession of any item of Property, however, each Rent Payment hereunder shall be due on the date set out in this Lease.

Section 4.4. Notes, Paying Agent/Registrar, Rent Payments, Tax Pledge.

(a) Notes. The Notes are payable from periodic rent payments (which Lessor hereby assigns to the Paying Agent/Registrar) composed of principal and interest components which are secured by the full faith and credit of the District and payable out of general (ad valorem) property taxes which are levied against all taxable property in the District without limitation as to rate or amount. The Lessor hereby assigns the Rent Payments received from the Lessee to the Paying Agent/Registrar to thereafter be paid by the Paying Agent/Registrar to the owners of the Note.

The right to receive Rent Payments shall be evidenced by the Note in the form attached hereto as Exhibit D. The Purchaser or its assignee may assign the right to receive all or a part of the Rent Payments in Authorized Denominations to any Person.

(b) Paying Agent/Registrar. The principal of and interest components of the Rent Payments shall be payable in accordance with Exhibit B to the owners of the Note as shown on the registration books kept by the BOKF, NA, Albuquerque, New Mexico as paying agent/registrar (such entity and any successor thereto, the “Paying Agent/Registrar”) for the Lease and Note, when due, upon maturity and upon presentation and surrender thereof at the principal offices of the Paying Agent/Registrar upon the final maturity of the Note. Payment of interest on the Note shall be made by check or draft mailed by the Paying Agent/Registrar (or by such other arrangement as may be mutually agreed to by the Paying Agent/Registrar and the owner of any Note), on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the Note owner on the Record Date (defined below) at the address as it appears on the registration books kept by the Paying Agent/Registrar. All such payments shall be made in lawful money of the United States of America. The term “Record Date” as used herein with respect to any interest payment date shall mean the 15th day of the month (whether or not a business day) preceding the interest payment date. The owner of the Note as shown on the registration books on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding any transfer or exchange thereof subsequent to such Record Date and prior to such interest payment date; but interest which is not timely paid or duly provided for shall cease to be payable as provided above and shall be payable to the person in whose name the Note is registered at the close of business on a special record date (the “Special Record Date”) fixed by the Paying Agent/Registrar for the payment of any such overdue interest. The Special Record Date shall be fixed by the Paying Agent/Registrar whenever moneys become available for payment of overdue interest, and notice of any such Special Record Date shall be given not less than ten days prior thereto, by first class mail, to the Note owner as of the fifth day preceding the mailing of such notice by the Paying Agent/Registrar, stating the Special Record Date and the date fixed for the payment of overdue interest. The principal of the Note shall be payable to the owners of the Note as shown on the registration books kept by the Paying Agent/Registrar for the Note, upon maturity and upon presentation and surrender thereof at the principal offices of the Paying Agent/Registrar upon the final maturity of the Note. Payment of principal of the Note shall be made by check or draft mailed by the Paying Agent/Registrar (or by such other arrangement as may be mutually agreed to by the Paying Agent/Registrar and the owner of the Note).

(c) Obligation to Pay. Lessee agrees to pay Lessor, its successors, and assigns, for the right of use and support, of the Property, the sum obtained by adding the Rent Payments (denominated into components of principal and interest) in the amounts specified in Exhibit B hereto on each Rent Payment Date as reflected in such exhibit.

Lessee hereby covenants to establish and maintain with respect to the Lease, a special fund to be denoted the “Rent Payment Fund”, at a depository of the Lessee, solely for the benefit of the Note. The Rent Payment Fund shall be kept separate and apart from all other funds and accounts of Lessee and held in trust for the benefit of the Lessor, and shall be used only for paying Rent Payments. All ad valorem taxes levied and collected for the purpose of making such Rent Payments shall be deposited into the Rent Payment Fund, prior to the Rent Payment Date in the amount to be paid pursuant to Exhibit B of the Lease. Any amount held in the Rent Payment Fund on any date when a Rent Payment is required to be made shall be credited towards the Rent Payment then due and payable; and no Rent Payment need be made by Lessee into the Rent Payment Fund if the amounts then held in the Rent Payment Fund are at least equal to the Rent Payment then required to be paid

Lessee agrees to pay any amounts required to be deposited to the Rebate Fund established under Section 5.4 hereof for rebate (hereinafter referred to as a “Rebate Payment”) to the U.S. Department of the Treasury (which amounts shall be calculated by Lessee or its agent and the result of such calculation provided in writing to Lessor). Each Rebate Payment shall be made in accordance with the terms of Section 5.4 hereof.

The obligation of Lessee to make Rent Payments and Rebate Payments is absolute and unconditional and is not subject to abatement or set-off.

(d) Tax Pledge. There shall annually be assessed, levied, and collected upon all taxable property in District, in addition to all other taxes, a tax which will be sufficient to raise and produce the money required to pay the interest component of the Rent Payments as such interest component comes due and to provide and maintain a fund adequate to pay the principal component of the Rent Payments as such principal component matures, pursuant to Section 6-15A-6, as amended, as the same becomes due and payable, without limit as to rate or amount. The Board shall establish adequate budgetary provisions, approved by the New Mexico Public Education Department, to promptly pay all Rent Payments as they become due. This Section is hereby declared to be the certificate to the County Commissioners of the County of Santa Fe, New Mexico as to the amount of taxes necessary to be levied for the purposes herein stated. Said tax shall annually be assessed, levied and collected at the same time and in the same manner as other taxes are assessed and collected, but nothing herein contained shall be construed as to prevent Lessee thereof from applying any other funds available for that purpose to the payment of said Rent Payments as the same respectively mature and become due, and upon such payments, the levies herein provided for, may thereupon, to that extent, be diminished. The sums produced by the levies above provided to meet the Rent Payments when due are hereby applied for that purpose, and the amount for each year will be included in the annual budget and the appropriation bills to be adopted and passed by the Board of Education in each year, respectively. The Board does hereby levy and order to be levied, taxes sufficient to pay the Rent Payments. It shall be the duty of the Board annually at the time and in the manner provided by law for levying other taxes, if such action shall be necessary, to effectuate the provisions hereof with reference to the levy and collection of taxes; and the Board shall levy, extend, and collect such taxes in the manner provided by law for the purpose of funding the Rent Payment Fund for the payment of the Rent Payments. Such taxes, when collected, shall be kept for and applied only to the payment of the Rent Payments as hereinbefore specified. Said ad valorem taxes, sufficient to provide for the payment of the interest component and principal component of the Rent Payments as such interest component comes due and such principal component matures, are hereby pledged for such payment.

Section 4.5. Fair Rental Value. The Rent Payments for each rent payment period during the Term of this Lease shall constitute the total amount due for such rent payment period and shall be paid by Lessee in each rent payment period for and in consideration of the right of the use of the Property during each such period for which such rental is to be paid. The parties hereto have agreed and determined that the total of Rent Payments represents the fair value of the Property.

Section 4.6 Quiet Enjoyment. During the Term of this Lease, Lessee shall peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from Lessor or Purchaser, except as expressly set forth herein. Lessor will, at the request of Lessee and at Lessee's cost, join in any legal action in which Lessee asserts its right to such possession and enjoyment to the extent Lessor may lawfully do so. Notwithstanding the foregoing, Lessor shall have the right to inspect the Property as provided in Section 6.3 hereof.

Section 4.7. Title to the Property. During the Term of this Lease, Lessor shall hold title to the Property described herein and any and all additions which comprise repairs, replacements, or modifications. In the event of default as set forth in Section 8.1, remedies of the owner(s) of the Note shall be restricted as described in Section 8.2 hereof.

If Lessee pays all Rent Payments during the Term hereof as the same come due and payable, all right and interest of Lessor in and to all of the Property described in Exhibit A hereto shall be transferred to and vest in Lessee upon payment by Lessee of One Dollar (\$1.00) without the necessity of any additional document of transfer.

Section 4.8. Equitable Lien. Lessee hereby grants to the Purchaser an equitable lien on the ad valorem taxes pledged to pay the Rent Payments as set forth in Section 4.4(d) hereof. Purchaser acknowledges that it has an equitable lien on the Pledged Taxes but no security interest in the Property.

**ARTICLE V: MAINTENANCE, TAXES, TAX
COVENANTS AND OTHER MATTERS**

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease, as part of the consideration this Lease, all improvement, repair, and maintenance of the Property shall be the responsibility of Lessee, and Lessee shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of Lessee or any sublessee thereof. In exchange for the Rent Payments herein provided, and subject to Purchaser's equitable lien as hereinbefore set forth, Lessor agrees to, and does hereby grant Lessee the right to use the Property as hereinbefore and hereafter or specifically set forth.

Lessee shall use the Property only for its proper purposes and will not install, use, operate or maintain the Property improperly, carelessly or in violation of any applicable law, ordinance, rule or regulation of any governmental authority, or in a manner contrary to the nature of the Property or the use contemplated by its manufacturer. The Property shall be used solely in the conduct of Lessee's operations. Lessee shall obtain, at its expense, all registrations, permits, and licenses, if any, required by law for the installation and operation of the Property.

Lessee shall also pay or cause to be paid all taxes and assessments of any type or nature charged to Lessor or Lessee or levied, assessed or charged against any item of the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

Lessee may, at Lessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless Lessor or the Purchaser shall notify Lessee that nonpayment is affecting timely payment of the Rent Payments, or in the case that, in the opinion of Bond Counsel, by nonpayment of any such items, the interest of Lessor in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event Lessee shall promptly pay such taxes, assessments, or charges or provide Lessor with full security against any loss which may result from nonpayment, in form satisfactory to Lessor and the Purchaser.

Section 5.2. Modification of the Property. Lessee, at its own expense, shall have the right to make additions, modifications and improvements to any item of the Property. All such additions, modifications and improvements shall thereafter comprise part of the Property and be subject to the provisions of this Lease. Such additions, modifications, and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law or in any way which would impair the tax exempt status of the interest components of the Rent Payments required to be made with respect to the Property; and the Property, upon completion of any additions, modifications, and improvements pursuant to this Section, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. Lessee shall not alter, remove, destroy, or permanently cover any manufacturer's nameplate, serial number or other similar distinguishing number or mark on the Property. Lessee will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals, or replacements made by Lessee pursuant to this Section; provided that if any such lien is established and Lessee shall first notify or cause to be notified Lessor of Lessee's intention to do so, Lessee may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide Lessor with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to Lessor. Upon the request of and at the expense of Lessee, Lessor will cooperate fully in any such contest.

The Property is and shall at all times be and remain personal property and will not be affixed to or be a part of the real property upon which it may be situated. If requested by Lessor, Lessee, at Lessee's expense, will furnish a landlord or mortgage waiver with respect to the Property.

Section 5.3. Liens. Lessee shall not, directly or indirectly, create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Property, other than the respective rights of Lessor and Lessee as herein provided. Except as expressly provided in this Article V, Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, encumbrance or claim, for which it is responsible, if the same shall arise at any time. Lessee shall reimburse Lessor for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, or encumbrance of claim.

Section 5.4. Tax Covenants with Respect to Lease and the Note. Lessee covenants to take any action necessary to assure, or to refrain from any action which would adversely affect, the treatment of each interest component of each Rent Payment ("Interest Component") to be made pursuant to this Lease as an obligation described in section 103 of the Internal Revenue Code of 1986 ("Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, Lessee covenants as follows:

(a) to take any action necessary to assure that no more than ten percent (10%) of the proceeds of the Lease or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141 (b)(6) of the Code or, if more than ten percent (10%) of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by Lessee, with respect to such private business use, do not, under the terms of this Lease or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than ten percent (10%) of the Rent Payments due under this Lease, in contravention of section 141(b)(2) of the Code;

(b) to take any action necessary to assure that in the event that the "private business use" described in subsection (a) hereof exceeds five percent (5%) of the proceeds of the Lease or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of five percent (5%) is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action necessary to assure that no amount which is greater than the lesser of Five Million Dollars (\$5,000,000), or five percent (5%) of the proceeds of the Lease (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141 (c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Lease being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Lease being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Lease, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code), which produces a materially higher yield over the term of the Lease, other than investment property acquired with:

(i) proceeds of this Lease invested for a reasonable temporary period of three (3) years or less or, in the case of a refunding obligation, for a period of thirty (30) days or less until such proceeds are needed for the purpose for which the obligation is issued,

(ii) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1 (b) of the Treasury Regulations, and

(iii) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed ten percent (10%) of the proceeds of this Lease;

(g) to otherwise restrict the use of the proceeds of this Lease or amounts treated as proceeds of this Lease, as may be necessary, so that the Lease does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(h) to deposit in the Rebate Fund for the benefit of the United States of America at least once during each five-year period (beginning on the date of delivery of this Lease), and no later than the fifth anniversary of such date of delivery, an amount that is at least equal to ninety percent (90%) of the "Excess Earnings," within the meaning of section 148(f) of the Code, and Lessee shall pay to the United States of America, not later than sixty (60) days after this Lease has been paid in full, one hundred percent (100%) of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(i) to maintain such records as will enable Lessee to fulfill its responsibilities under this section and section 148 of the Code and to retain such records for at least six (6) years following the final payment of principal and interest on this Lease.

In order to facilitate compliance with the above subsections (h) and (i), a "Rebate Fund" shall be established by Lessee for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation Lessor. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

Lessee understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding the Note, transferred proceeds (if any). It is the understanding of Lessee that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to this Lease, Lessee will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of the interest component of the Rent Payments under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements that are applicable to the Lease, Lessee agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of the Interest Component of the Rent Payments under section 103 of the Code. In furtherance of such intention, Lessee hereby authorizes and directs Lessee's Representative, respectively, to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of Lessee, which may be permitted by the Code, as are consistent with the purpose for the execution and delivery of the Lease.

Section 5.5. Damage to or Destruction of Property. Upon the passage of risk of loss under the Uniform Commercial Code, Lessee shall bear the entire risk of loss, damage, theft or destruction of such Property from any and every cause whatsoever. No loss, damage, destruction, or other event shall release Lessee from the obligation to pay the full amount of Rent Payments or from any other obligation hereunder.

Section 5.6. Allocation of, and Limitation on, Expenditures for the Property. Lessee covenants to account for the expenditure of lease proceeds and investment earnings to be used for the Property on their books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (a) the expenditure is made, or (b) the Property is acquired. The foregoing notwithstanding, Lessee shall not expend lease proceeds or investment earnings thereon more than sixty (60) days after the earlier of (a) the fifth anniversary of the Closing Date of this Lease, or (b) the date this Lease expires, unless Lessee obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of this Lease or the interest component of any Rental Payment. For purposes hereof, Lessee shall not be obligated to comply with this covenant if it obtains an opinion that such failure to

comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest component of any Rental Payment.

Section 5.7. Disposition of Property. Lessee covenants that the Property will not be sold or otherwise disposed in a transaction resulting in the receipt by Lessee of cash or other compensation, unless Lessee obtains an opinion of nationally recognized bond counsel that such sale or other disposition will not adversely affect the status, for federal income tax purposes, of the interest component of any Rent Payment. For purposes of the foregoing, the portion of the Property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, Lessee shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest component of any Rental Payment.

ARTICLE VI: DISCLAIMER OF WARRANTIES; ACCESS

Section 6.1. Warranties. Lessee acknowledges and agrees that the Property is of the size, design and capacity selected by Lessee based upon its own judgment. LESSOR HAS MADE AND MAKES NO WARRANTY, REPRESENTATION, OR COVENANT, EITHER EXPRESS OR IMPLIED, AND ASSUMES NO OBLIGATION WITH RESPECT TO THE TITLE, VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE PROPERTY OR ANY ITEM THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY OR ANY ITEM THEREOF ITS DESIGN, DELIVERY, INSTALLATION OR OPERATION OR THE CONFORMITY OF THE PROPERTY TO SPECIFICATIONS OR PURCHASE ORDERS. IN NO EVENT SHALL LESSOR BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, IN CONNECTION WITH OR ARISING OUT OF THIS LEASE FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR LESSEE'S USE OF THE EQUIPMENT.

Section 6.2. Lessee's Right to Enforce Warranties. Lessee shall have all rights with respect to the warranties of the manufacturers and any other persons with respect to the Property and the right to enforce such warranties against the manufacturers and such other persons. Any recovery under a warranty shall be payable to Lessee.

Section 6.3. Access to the Property. Lessee agrees that Lessor and any Lessor Representative, and Lessor's successors or assigns, shall have the right at all times during regular business hours of Lessee and upon reasonable notice to Lessee to examine and inspect the Property.

Section 6.4. Release and Indemnification. Subject to the limitations and exceptions in the New Mexico Tort Claims Act, NMSA 1978, Sections 41-4-1 to 41-4-27, as amended, and to the extent it otherwise lawfully permitted may, Lessee shall indemnify and save harmless Lessor and its agents, employees, officers, and directors from and, at Lessee's expense, defend Lessor and its agents, employees, officers, and directors against all liability, obligations, losses, damages, penalties, claims, actions, costs, and expenses (including but not limited to reasonable attorneys' fees) of whatsoever kind or nature which in any way relate to or arise out of this Lease or the selection, purchase, delivery, ownership, rental, possession, operation, condition, sale or return of the Property; provided that Lessee shall not indemnify any person under this Section 6.4 for any liability arising from such person's own negligence or willful misconduct. All amounts which become due from Lessee under this provision shall be credited with any amounts received by Lessor from insurance provided by Lessee and shall be payable by Lessee within thirty (30) days following demand therefor by Lessor and shall survive the termination or expiration of this Lease.

ARTICLE VII: ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 7.1. Assignment and Subleasing by Lessee. This Lease may not be assigned or subleased by Lessee. Lessor may assign in whole or in part its rights, title and interest, under this Lease at any time subsequent to its execution without the necessity of obtaining the Lessee's consent.

Section 7.2. Amendment of Lease. This Lease may not be altered, modified or canceled without the written consent of Lessor, Lessee and the Purchaser. Notwithstanding anything herein to the contrary, without receiving the consent of any Person, Lessee may enter into personal property finance contracts with persons other than Lessor and pledge an ad valorem tax, as contemplated by the Constitution of the State of New Mexico and NMSA 1978, Section 6-15A-6, as amended, to support its obligations with respect to acquiring “education technology equipment,” it being expressly agreed by Lessor and Lessee that this Lease does not constitute an exclusive method of financing or acquiring “education technology equipment” by Lessee.

ARTICLE VIII: EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following shall be events of default under this Lease and the terms “Events of Default” and “Default” shall mean, whenever they are used herein, any one or more of the following events whether occurring voluntarily or involuntarily, by operation of law or pursuant to any order of any court or governmental agency:

(a) Lessee's failure to levy taxes in amounts sufficient to make any Rent Payment when due, to make such Rent Payment when due, or to provide the moneys levied for such purposes to Lessor in accordance with the terms hereof; or

(b) Lessee's failure to make any payment required hereunder, other than a Rent Payment, or its failure to comply with any other covenant, condition or agreement of Lessee hereunder for a period of thirty (30) days after notice thereof; or

(c) Any representation or warranty made by Lessee hereunder shall be found to be untrue in any material respect as of the date made; or

(d) Lessee makes, permits or suffers any unauthorized assignment, transfer or other disposition of this Lease or any interest herein, or of any part of the Property or any interest therein; or

(e) Lessee becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to or acquiesces in the appointment of a trustee, receiver or custodian for Lessee or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed for Lessee or a substantial part of its property and is not discharged within sixty (60) days of such appointment; or any bankruptcy, reorganization, debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is instituted by or against Lessee and, if instituted against Lessee, is consented to or acquiesced in by Lessee or is not dismissed within sixty (60) days of such institution; or

Section 8.2. Remedies Upon Event of Default. Upon the happening and continuance of any event of default specified in Section 8.1, the holders of the Note(s), from time to time, may proceed to protect and enforce this Lease and enforce the pledge of Lessee's ad valorem taxes by such judicial proceedings as such Persons shall deem most effectual, either by suit in equity, mandamus or by action at law, whether for the specific performance of any covenant or agreement contained herein, or in aid of the exercise of any power granted herein. Before seeking to enforce any other legal or equitable right vested in the holders of the Note, from time to time, by this Lease or by law, such Persons must first seek through a mandamus action to enforce the payment of the Rent Payments due hereunder by the levying of ad valorem taxes, without limit as to rate or amount.

Section 8.3. No Waiver. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In the event any agreement contained herein should be breached by either party and thereafter waived by the other party and the Purchaser, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach thereunder. In order to entitle the holders of the Note, from time to time, to exercise

any remedy in this Article VIII, it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

ARTICLE IX: PREPAYMENT OF RENT PAYMENTS AND EXERCISE OF PURCHASE OPTION AT END OF LEASE

Section 9.1. Prepayment. The Rent Payments relating to this Lease may not be prepaid and the Note is not subject to redemption prior to maturity.

Section 9.2. Exercise of Lessee's Option to Purchase Property at End of Lease. Pursuant to the Act, Lessor grants to Lessee the right to purchase the Property at end of the Term of this Lease for One dollar (\$1.00). Lessee hereby exercises such option to purchase at the end of the Term of the Lease and Lessor hereby acknowledges receipt of One dollar (\$1.00) from Lessee and other valuable consideration.

ARTICLE X: MISCELLANEOUS

Section 10.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received forty-eight (48) hours after deposit in the United States mail in registered, certified form with postage fully prepaid or by overnight carrier:

If to Lessee: Board of Education of the
Santa Fe Public School District
610 Alta Vista Street
Santa Fe, New Mexico 87505
Attn: Superintendent

If to Lessor: The Education Technology Leasing Company, LLC
Attn: Steven Campbell
1017 5th Street
Albuquerque, New Mexico 87102

Lessor and Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.2. Binding Effect and Beneficiaries. This Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns (to the extent permitted hereby). To the extent the Purchaser is determined not to be a direct beneficiary under this Lease, such entity shall be a direct third party beneficiary in interest under this Lease.

Section 10.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Investments. Amounts on deposit from time to time in the Rent Payment Fund and Acquisition Fund shall be invested in Permitted Investments subject to Section 5.4 hereof by Lessee.

Section 10.5. Net-Net-Net Lease. This Lease shall be deemed and construed to be a "net-net-net lease" and Lessee hereby agrees that Rent Payments shall be an absolute net return, free and clear of any expenses, charges, or set-offs whatsoever.

Section 10.6. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

Section 10.7. Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.8. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State.

Section 10.9. Timeliness. Time is of the essence. No covenant or obligation hereunder to be performed by Lessee may be waived except by the written consent of Lessor, and a waiver of any such covenant or obligation shall not be deemed a waiver of any other covenant or obligation as to any other occasion and shall not preclude Lessor from invoking such remedy at any later time prior to Lessee's cure of the condition giving rise to such remedy. Lessor's rights hereunder are cumulative and not alternative.

Section 10.10. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section hereof.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its name by its duly authorized officers; and Lessee has caused this Lease to be executed in its name by its duly authorized officers, as of the date first above written.

THE EDUCATION TECHNOLOGY
LEASING COMPANY, LLC, as Lessor

By: _____
Title: _____

BOARD OF EDUCATION OF SANTA FE
PUBLIC SCHOOL DISTRICT, as Lessee

(SEAL)

By: _____
President

ATTEST:

By: _____
Secretary

AUTHENTICATION

This Lease is the Lease described in the Resolution adopted by the Board of Education of the Santa Fe Public School District on June 12, 2018 and has been duly registered on the registration books kept by the undersigned as Paying Agent/Registrar for the Lease and Note.

Date of Authentication and
Registration: _____

BOKF, NA, as Paying Agent/Registrar

By _____
Authorized Officer

**EXHIBIT A
LIST OF PROPERTY**

EDUCATION TECHNOLOGY EQUIPMENT LIST

EXHIBIT B
RENT PAYMENTS, RENT PAYMENT DATES
AND PREPAYMENTS

Schedule of Rent Payments and Rent Payment Dates:

<u>Period Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total Debt Service</u>
8/01/2019	3,300,000	%		
8/01/2020	3,900,000	%		
8/01/2021	3,800,000	%		
	<u>\$11,000,000</u>			

Each Rent Payment shall, in accordance with Section 4.4 of this Lease, be paid to Lessor on or before the date that it is due, and Lessor assigns the Rent Payments to the Paying Agent/Registrar for payment to the owners of the Notes. The Rent Payments relating to this Lease may not be prepaid and the Note is not subject to redemption prior to maturity.

**EXHIBIT C
CERTIFICATE OF ACCEPTANCE**

Board of Education of the
Santa Fe Public School District
Santa Fe, New Mexico

We, the undersigned, hereby certify, the following:

1. The Property for which payment has been made from the Acquisition Fund is described and summarized in Exhibit A, to the Lease.
2. The Property described above has been acquired, delivered and installed in conformity with the specifications of the manufacturer.
3. This Certificate is the final Certificate of Acceptance pursuant to the above referenced Lease.

IN WITNESS WHEREOF, the undersigned have hereunto set our hands and affixed the seal of the Board of Education of the Santa Fe Public School District, Santa Fe County, New Mexico, this ____ day of _____, 20__.

SANTA FE PUBLIC SCHOOL DISTRICT

By: _____
President, Board of Education

By: _____
Superintendent

(SEAL)

ATTEST:

By: _____
Secretary, Board of Education

EXHIBIT D:
FORM OF NOTE

**The Board of Education of the
Santa Fe Public School District
General Obligation Education Technology Note, Series 2018
evidencing an undivided interest in
the right to receive certain Rent Payments payable by
Santa Fe Public School District,
Santa Fe County, New Mexico
under a
Lease Purchase Arrangement
dated as of _____, 2018**

No. R-____

\$_____

Interest Rate
_____%

Maturity Date

Original Dated Date
_____, 2018

REGISTERED OWNER:

PRINCIPAL AMOUNT: **DOLLARS**

THIS CERTIFIES THAT the registered owner specified above, or registered assigns, has an undivided interest in rights to receive certain Rent Payments by The Board of Education of the Santa Fe Public School District, County of Santa Fe, New Mexico (the "Board") under a Lease Purchase Arrangement dated as of _____, 2018 (as amended or supplemented from time to time, the "Lease") between, The Education Technology Leasing Company, LLC as lessor (the "Lessor") and the Board as lessee (the "Lessee"). The interest of the registered owner of this Note is secured as provided in the Lease. As registered owners (the "Owners") of the Note, Series 2018 (the "Note"), evidencing an undivided interest in the right to receive certain Rent Payments in the original aggregate principal amount of \$11,000,000, Owners are entitled to receive Rent Payments consisting of principal and interest as set out in the Lease. Capitalized terms used but not defined herein have the meaning assigned to them in the Lease.

The Board on the full faith and credit and on behalf of Santa Fe Public School District, County of Santa Fe, New Mexico (the "District"), for value received, hereby promises to pay to the registered owner named above, or registered assigns, the principal amount hereof on the Maturity Date and to pay interest on the principal amount at the Interest Rate on February 1, 2019, and thereafter on each August 1 and February 1 of each year (each an "Interest Payment Date") from the Original Date to its maturity. The principal of the Note due at maturity and interest when due shall be payable to the registered owner thereof as shown on the registration books kept by BOKF, NA, as "Paying Agent/Registrar" (such entity and any successor thereto, the "Paying Agent/Registrar") for the Note, upon maturity and upon presentation and surrender thereof at the principal offices of the Paying Agent/Registrar upon the final maturity of the Note. If the Note shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the rate borne by the Note until the principal thereof is paid in full. Payment of interest on the Note (other than at maturity) shall be made by check or draft mailed by the Paying Agent/Registrar (or by such other arrangement as may be mutually agreed to by the Paying Agent/Registrar and such registered owner), on or before each Interest Payment Date (or, if such Interest Payment Date is not a business day, on or before the next succeeding business day), to the registered owner thereof on the Record Date (defined below) at his address as it appears on the registration books kept by the Paying Agent/Registrar. All such payments shall be made in lawful money of the United States of America. The term "Record Date" as used herein with respect to any Interest Payment Date shall mean the fifteenth (15th) day of the month immediately preceding the Interest Payment Date. The person in whose name the Note is registered on any Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable thereon on such Interest Payment Date notwithstanding any transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date; but interest on the Note which is not timely paid or duly provided for shall cease to be payable as provided above and shall be payable to the person in whose name the Note is registered at the close of business on a special record date (the "Special Record Date") fixed by the Paying Agent/Registrar for the payment of any such overdue interest. The Special Record Date shall be fixed by the Paying Agent/Registrar whenever moneys become available for payment of overdue interest, and notice of any such Special Record Date shall be given not less than ten (10) days prior thereto, by first-class mail, to the registered owners of the Note as of the fifth (5th) day preceding the mailing of such notice by the Paying Agent/Registrar, stating the Special Record Date and the date fixed for the payment of overdue interest. The principal of the Note shall be

payable to the owner of the Note as shown on the registration books kept by the Paying Agent/Registrar for the Note, upon maturity and upon presentation and surrender thereof at the principal offices of the Paying Agent/Registrar upon the final maturity of the Note. Payment of principal of the Note shall be made by check or draft mailed by the Paying Agent/Registrar (or by such other arrangement as may be mutually agreed to by the Paying Agent/Registrar and the owner of the Note).

The Note is fully registered and is issuable in denominations of \$5,000 and multiples thereof or, if less, the principal amount outstanding on the Note.

The Rent Payments relating to this Lease may not be prepaid and the Note is not subject to redemption prior to maturity.

The Note of which this Note is one to the extent more than one Note is issued, is limited to the total principal amount of \$11,000,000 of like tenor except as to number, denomination, maturity date, and interest rate, issued by the Board for the purpose of acquiring technology equipment to the extent permitted by NMSA 1978 §§ 6-15A-3 (B) and 22-15A-2, The Technology for Education Act, under the authority of and in full conformity with the Constitution and laws of the State of New Mexico (including §§ 6-15-3 through 6-15-10 NMSA 1978, and acts amendatory and supplemental thereto), and pursuant to a resolution of the Board duly adopted and made a law of the District prior to the issuance of this Note (the "Lease Purchase Arrangement Resolution").

The Paying Agent/Registrar will maintain the books of the District for the registration of ownership of the Note. Upon the surrender for transfer of any Note at the principal office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Paying Agent/Registrar shall authenticate and deliver not more than three (3) business days after receipt of the Note to be transferred in the name of the transferee or transferees a new Note in fully registered form of the same aggregate principal amount of authorized denominations, and of the same maturity, interest rate and series, bearing a number or numbers not contemporaneously outstanding. The Note may be exchanged at the principal offices of the Paying Agent/Registrar for an equal aggregate principal amount of the Note of other authorized denominations, and of the same maturity, series and interest rate. The Paying Agent/Registrar shall authenticate and deliver not more than three (3) business days after receipt of the Note to be exchanged a Note which the registered owner making the exchange is entitled to receive, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of the Note as herein provided shall be without charge to the owner or any transferee, but the Paying Agent/Registrar may require the payment by the owner of any Note requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

The person in whose name the Note shall be registered on the registration books kept by the Paying Agent/Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes except as may otherwise be provided with respect to payment of interest; and payment of or on account of either principal or interest on the Note shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of the Note in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon the Note to the extent of the sum or sums so paid.

If the Note shall be lost, stolen, destroyed or mutilated, the Paying Agent/Registrar shall, upon receipt of the mutilated Note and such evidence, information or indemnity relating thereto as it may reasonably require and as may be required by law, authenticate and deliver a replacement Note of a like aggregate principal amount of authorized denominations, and of the same maturity, interest rate and series, bearing a number or numbers not contemporaneously outstanding. If such lost, stolen, destroyed or mutilated Note shall have matured, the Paying Agent/Registrar may pay such Note in lieu of replacement.

For the punctual payment of the principal of and interest on this Note as aforesaid and for the levy and collection of taxes in accordance with the statutes authorizing the issuance of this Note, the full faith and credit of the District is hereby irrevocably pledged. The Board has, by the Lease Purchase Arrangement Resolution, ordered the creation of an interest and sinking fund for the payment of the Note. Such fund is to be held in trust for the benefit of the owner or owners of the Note.

It is hereby certified, recited and warranted that all the requirements of law have been complied with by the proper officials of the District in the issuance of this Note; that the total indebtedness of the District, including that of this Note, does not exceed any limit of indebtedness prescribed by the Constitution or laws of the State of New Mexico; that provision has been made for the levy and collection of annual taxes sufficient to pay the principal of and the interest on this Note when the same becomes due. This Note shall not be valid or obligatory for any purpose until the Paying Agent/Registrar shall have manually signed the Note of authentication hereon.

IN TESTIMONY WHEREOF, the Board of Education of Santa Fe Public School District, County of Santa Fe, New Mexico, constituting the governing board of the District, has caused the seal of the District to be hereto affixed and this Note to be signed and executed with the manual or facsimile signature of the President of the Board and subscribed and attested with the manual or facsimile signature of the Secretary of the Board, all as of the Original Dated Date.

President, Board of Education
Santa Fe Public School District

(DISTRICT SEAL)

ATTEST:

Secretary, Board of Education
Santa Fe Public School District

CERTIFICATE OF AUTHENTICATION

This Note is one of the Note described in the Lease Purchase Arrangement Resolution and has been duly registered on the registration books kept by the undersigned as Paying Agent/Registrar for the Note.

Date of Authentication and
Registration: _____

BOKF, NA,
as Paying Agent/Registrar

By

Authorized Officer

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ whose social security or tax identification number is _____ the within Note and irrevocably constitutes and appoints _____ attorney to transfer such Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the Note, in every particular, without alteration or enlargement or any change whatsoever.