

NOTICE

\$14,600,000*
CITY OF RIO RANCHO, NEW MEXICO
General Obligation Improvement Bonds
Series 2020

Preliminary Official Statement, subject to completion,
Dated May 13, 2020

The Preliminary Official Statement, dated May 13, 2020 (the “Preliminary Official Statement”), relating to the above-described bonds (the “Bonds”) of the City of Rio Rancho, New Mexico (the “City”), has been posted as a matter of convenience. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format. Although this format should replicate the Preliminary Official Statement available from the City, appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat or later may cause the Preliminary Official Statement that you view or print to differ in appearance from the Preliminary Official Statement.

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

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

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

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

Preliminary Official Statement dated May 13, 2020.

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 13, 2020

NEW ISSUE

RATING: Moody's "Aa3"

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in "TAX EXEMPTION" herein, interest on the Series 2020 Bonds (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended, and (b) is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended, for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Series 2020 Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Series 2020 Bonds for certain owners of such bonds, see "TAX EXEMPTION" herein.

\$14,600,000*
CITY OF RIO RANCHO, NEW MEXICO
GENERAL OBLIGATION IMPROVEMENT BONDS
SERIES 2020

**Dated: Date of Delivery
 Book-Entry Only**

Due: August 1, as shown below

The City of Rio Rancho, New Mexico General Obligation Improvement Bonds, Series 2020 (the "Series 2020 Bonds" or the "Bonds") are issuable as fully registered bonds and when initially purchased will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2021. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to the registered owner will mean Cede & Co., and payments of principal or interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursement of such payments to DTC Participants is the responsibility of DTC. See "The Bonds – Book-Entry Only System" herein. BOKF, NA, Albuquerque, New Mexico, is the Registrar and Paying Agent for the Bonds.

The Bonds are issuable only as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds will bear interest from the delivery date.

MATURITIES, INTEREST RATES AND YIELDS OR PRICES

Year Maturing (Aug. 1)	Principal*	Interest Rate	Yield	CUSIP	Year Maturing (Aug. 1)	Principal*	Interest Rate	Yield	CUSIP
2021	\$1,250,000	%	%		2027	\$990,000	%	%	
2022	3,500,000				2028	990,000			
2023	990,000				2029	990,000			
2024	990,000				2030	990,000			
2025	990,000				2031	990,000			
2026	990,000				2032	940,000			

The Bonds are subject to optional redemption as provided herein. The Bonds are general obligations of the City of Rio Rancho, New Mexico (the "City"), payable from general (*ad valorem*) taxes which shall be levied against all taxable property in the City without limitation as to rate or amount.

The City has undertaken, for the benefit of the owners of the Bonds, to provide certain annual and periodic disclosures described under the caption "CONTINUING DISCLOSURE INFORMATION" herein.

The Bonds are being issued pursuant to the powers of the City Council under Sections 3-30-1 through 3-30-9 and Sections 6-15-1 through 6-15-22 NMSA 1978, as amended and supplemented, the Constitution and other laws of the State for the purpose of providing funds for (1) designing, constructing, repairing, preserving, rehabilitating, enhancing and otherwise improving roads within the City, (2) designing, constructing, repairing, preserving, rehabilitating, enhancing and otherwise improving public safety facilities and repairing, replacing, or otherwise improving public safety vehicles, apparatus, and equipment, and (3) paying costs of issuance related to the Bonds. The Bonds are offered when, as and if issued by the City, subject to the approval of Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel and certain other conditions. Certain legal matters will be passed on for the underwriter listed below (the "Underwriter") by McCall, Parkhurst & Horton L.L.P., Dallas, Texas. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as special counsel to the City in connection with the preparation of this Official Statement and the sale of the Series 2020 Bonds. It is expected that the Bonds will be available for delivery on or about May 27, 2020 through the facilities of DTC.

Dated: _____, 2020

BAIRD

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. 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 these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

No dealer, salesman or other person has been authorized by the City of Rio Rancho, New Mexico (the “City”) to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information set forth or included in this Official Statement has been provided by the City and from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Bonds have not been registered under the Securities Act of 1933, in reliance upon exemptions contained in such Act. The registration and qualification of the Bonds in accordance with applicable provisions of the securities law of the states in which the Bonds have registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the United States Securities and Exchange Commission (the “SEC”) nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement is “deemed final” by the City for purposes of Rule 15c2-12 of the SEC (the “Rule”), except for the omission of certain information as permitted by the Rule. The City has covenanted to provide such annual financial statements and other information in the manner as may be required by regulations of the SEC or other regulatory body.

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

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Official Statement contains statements that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “project,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

CITY OF RIO RANCHO, NEW MEXICO

3200 Civic Center Circle NE
Rio Rancho, NM 87144
(505) 891-5000

CITY COUNCIL

Mayor	Greggory D. Hull
District 1 Councilor	Jim Owen
District 2 Councilor	Jeremy Lenentine
District 3 Councilor	Bob Tyler
District 4 Councilor	Paul Wymer
District 5 Councilor	Jennifer Flor
District 6 Councilor	Dan Stoddard

ADMINISTRATION

Acting City Manager	Peter Wells
City Clerk	Rebecca Martinez
City Financial	
Services Director	Carole Jaramillo
City Attorney	Greg Lauer

MUNICIPAL ADVISOR

RBC Capital Markets, LLC
6301 Uptown Boulevard, NE, Suite 110
Albuquerque, NM 87110
(505) 872-5999

BOND AND DISCLOSURE COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A.
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Albuquerque, NM 87102
(505) 848-1800

PAYING AGENT/REGISTRAR

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Albuquerque, NM 87109
(505) 222-8447

UNDERWRITER

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Denver, CO 80206
(303) 270-6337

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OFFICIAL STATEMENT

\$14,600,000*

CITY OF RIO RANCHO, NEW MEXICO GENERAL OBLIGATION IMPROVEMENT BONDS SERIES 2020

INTRODUCTION AND SUMMARY

This Official Statement is furnished to prospective purchasers of the City of Rio Rancho, New Mexico, General Obligation Improvement Bonds, Series 2020 (the “Bonds”), issued in the aggregate principal amount of \$14,600,000* by the City of Rio Rancho, New Mexico (the “City”). The offering of the Bonds is made only by way of this Official Statement authorized by Ordinance No. O10 adopted by the City Council on April 22, 2020 (the “Bond Ordinance”), as supplemented by a Pricing Certificate as provided in the Bond Ordinance. Additional information concerning the City, the Bonds and other aspects of this offering may be obtained either from the City or from RBC Capital Markets, LLC (the “Municipal Advisor”) at the addresses set forth in the section entitled “ADDITIONAL INFORMATION.”

The following material is qualified in its entirety by the more complete information contained throughout this Official Statement, and detachment or other use of this “INTRODUCTION AND SUMMARY” without the entire Official Statement, including the cover page and the appendices, is unauthorized.

All terms used in this Official Statement that are not defined herein shall have the meanings given such terms in the Bond Ordinance.

The Issuer

The City is a political subdivision of the State of New Mexico (the “State”), organized and existing under the Constitution, and general laws of the State. The City was incorporated in 1981, operates under a Council-Manager form of government with the Mayor elected at large, and is located in central New Mexico, adjacent to Albuquerque, New Mexico’s largest city. The City has a land area of approximately 105 square miles. Rio Rancho is the third largest city in New Mexico and over the last 3 decades has been one of the fastest growing cities in the nation, with a current population of 98,023 and a 5-year projected population of 104,132. The City’s Fiscal Year ends June 30 and is referred to in this Official Statement as the “Fiscal Year.”

Authority for Issuance and Purpose

The Bonds are issued in accordance with the Constitution and laws of the State of New Mexico, in particular, Sections 3-30-1 through 3-30-9 and Sections 6-15-1 through 6-15-22 NMSA 1978, as amended and supplemented. The \$14,600,000* principal amount of the Bonds represents the entire series of general obligation bonds approved by the qualified electors of the City at an election held on March 3, 2020 to provide funds for designing, constructing, repairing, preserving, rehabilitating, enhancing and otherwise improving roads within the City, designing, constructing, repairing, preserving, rehabilitating, enhancing and otherwise improving public safety facilities and repairing, replacing, or otherwise improving public safety vehicles, apparatus, and equipment, and to pay costs of issuance related to the Bonds.

* Preliminary, subject to change.

The Bonds

The Bonds will be registered as to principal and interest, issued in denominations of \$5,000 each, or integral multiples thereof, in conformance with the Constitution and laws of the State and pursuant to the Bond Ordinance. The Bonds shall mature in the principal amounts and on the dates shown on the cover page hereof. Interest shall be payable February 1 and August 1 of each year commencing February 1, 2021 to registered owners shown on the books of the Registrar on the 15th day of the month preceding each regularly scheduled interest payment date thereafter (“Record Date”). The Bonds will be issued only in fully registered form and will be initially registered and delivered to Cede & Co., the nominee of The Depository Trust Company pursuant to the book-entry only system described herein.

Security

The Bonds are secured by the City’s full faith and credit and are general obligations of the City payable from *ad valorem* taxes to be levied, without limitation as to rate or amount, against all taxable property within the City. See “SECURITY AND REMEDIES”

Financial Statements

The City’s audited financial statements as of and for the year ended June 30, 2019 including the opinions rendered thereon of certified public accountants, are attached as Appendix B.

Selected Debt Ratios

The following table sets forth details relating to the ratio of general debt and overlapping debt to population and assessed valuation:

2019 Assessed Valuation	\$2,314,308,156
2019 Estimated Actual Valuation ⁽¹⁾	\$9,327,057,672
City Net Debt as a % of	
Assessed Valuation	0.95%
Estimated Actual Valuation	0.24%
Direct and Overlapping Debt as a % of	
Assessed Valuation	8.39%
Estimated Actual Valuation	2.08%
City General Obligation Debt Outstanding ⁽²⁾	\$21,955,000
Estimated Direct & Overlapping G/O Debt	\$194,155,726
2019 Estimated Population ⁽³⁾	98,023
City Net Debt Per Capita	\$181.05
Direct and Overlapping Debt Per Capita	\$2,019.09

⁽¹⁾ Actual valuation is computed by adding 2019 exemptions to the 2019 assessed valuation and multiplying by three.

⁽²⁾ Net of debt service fund balance of \$4,207,502 as of April 13, 2020; figure excludes proposed Series 2020 Bonds.

⁽³⁾ Estimated as of 2018.

See “DEBT AND OTHER FINANCIAL OBLIGATIONS – General Obligation Debt” herein.

Tax Matters

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A. (“Bond Counsel”), (a) the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, and (b) is not a specific preference item for purposes of the federal alternative minimum tax on individuals, subject to the matters described under the caption “TAX EXEMPTION” herein. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that the Bonds and income from the Bonds are exempt from all taxation by the State of New Mexico or any political subdivision thereof.

Agents and Advisors

BOKF, NA, Albuquerque, New Mexico will serve as Paying Agent and Registrar. CliftonLarsonAllen LLP audited the City’s general purpose financial statements as of and for the year ended June 30, 2019.

At the time of the issuance and sale of the Bonds, Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel, will deliver the bond opinion included in Appendix A hereto. See “LEGAL MATTERS” herein. Certain legal matters relating to the Bonds will be passed on for the City by Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Disclosure Counsel.

RBC Capital Markets, LLC (“RBC”) is employed as Municipal Advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. RBC, in its capacity as Municipal Advisor, has not verified and does not assume any responsibility for the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of, or assume responsibility for, the accuracy, completeness, or fairness of the information in this Official Statement.

Additional Information

This Official Statement is accurate only as of its date, and no representation is made that the information contained herein has not changed since that date. This Official Statement is intended to be made available to investors through the Municipal Advisor.

The quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete, and reference is made to those statutes, regulations and documents for full and complete statements of their provisions. Copies, in a reasonable quantity, of those statutes, regulations and documents may be obtained upon request directed to the City, and upon payment to the City of a charge for copying, mailing and handling, at the City of Rio Rancho, 3200 Civic Center Circle NE, Rio Rancho, NM 87144, telephone number (505) 891-5000, Attention: Director of Financial Services.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract between the City and the purchasers or holders of any of the Bonds.

THE BONDS

Description

The Bonds are general obligation bonds to be issued by the City in the total principal amount of \$14,600,000* and will be dated the Date of Delivery, which is expected to be on or about May 27, 2020. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from their date to maturity at the rates specified on the cover page of this Official Statement payable semiannually on February 1 and August 1 each year, commencing on February 1, 2021, and maturing serially, as set forth on the cover page of this Official Statement.

The Bonds will be issued only in fully registered form and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the book-entry only system described herein. No physical delivery of the Bonds will be made to the owners hereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry Only System” herein.

Authorization

The Bonds are being issued pursuant to the City Council’s powers under Article IX, Section 10 of the Constitution of the State of New Mexico, and Sections 3-30-1 through 3-30-9 and 6-15-1 through 6-15-22 NMSA 1978, as amended and supplemented, and the Bond Ordinance, as supplemented by the Pricing Certificate as provided in the Bond Ordinance.

Bond Registrar and Paying Agent

BOKF, NA, Albuquerque, New Mexico will serve as the Bond Registrar (the “Registrar”) and Paying Agent (the “Paying Agent”) for the Bonds.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the 15th day of the calendar month preceding the interest payment date (the “Regular Record Date”) at the addresses appearing in the registration books maintained by the Registrar; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on the date to be fixed by the Registrar whenever moneys become available for the payment of defaulted interest (the “Special Record Date”).

Optional Redemption of Bonds

The Bonds maturing on and after August 1, 20__, may be redeemed prior to their scheduled maturity on August 1, 20__, or on any date thereafter, in whole or in part, at the option of the City Council at par plus accrued interest to the date of redemption, if any.

Exchange or Transfer of Bonds

The Registrar/Paying Agent will maintain the books of the City for the registration of ownership of the Bonds. Upon the surrender for transfer of any Bond at the principal office of the Registrar/Paying

Agent, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar/Paying Agent shall authenticate and deliver not more than three business days after receipt of the Bond to be transferred in the name of the transferee or transferees a new Bond or Bonds 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. Bonds may be exchanged at the principal office of the Registrar/Paying Agent for an equal aggregate principal amount of Bonds of other authorized denominations, and of the same maturity, series and interest rate. The Registrar/Paying Agent shall authenticate and deliver not more than three business days after receipt of the Bond to be exchanged a Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not contemporaneously outstanding. Exchanges and transfers of Bonds as herein provided shall be without charge to the owner or any transferee, but the Registrar/Paying Agent may require the payment by the owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer. See “THE BONDS – Book-Entry Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Book-Entry Only System

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but neither the City, Municipal Advisor nor Bond Counsel take responsibility for the accuracy thereof.

Introduction

Unless otherwise noted, the information contained under the caption “General” below has been provided by DTC. The City, the Municipal Advisor, the Underwriters or their agents and counsel, make no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND ORDINANCE; (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNER OF THE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF THE BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Bonds will be issued in book-entry form. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of that maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each bond (the "Beneficial Owner") in turn is to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by Direct Participants in accordance with DTC's procedures. Under its usual

procedures, DTC will mail an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and sinking fund and interest payments on the Bonds will be made to Cede & Co., or such other name as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on each payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC or the Paying Agent, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the City may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In such an event, bonds will be printed and delivered as described in the Bond Ordinance.

The City cannot and does not give any assurances that DTC will distribute to Participants, or that Participants or others will distribute to the Beneficial Owners, payments of principal of and interest and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or any Direct Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and none of the Direct Participants, the Indirect Participants or the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

SECURITY AND REMEDIES

General

The Bonds are general obligations of the City payable from *ad valorem* taxes, which may be levied against all taxable property within the City without limitation as to rate or amount. The Bonds are secured by the obligation of the City to levy and collect upon all taxable property within the City a tax rate levy sufficient, together with other legally available revenues, to pay the debt service on the Bonds. Such annual levy for debt service creates a statutory tax lien that can be enforced personally against the owner of the

property or enforced by sale of the property. Neither the State nor any other political subdivision has any responsibility to pay the debt service on the Bonds.

Legal Matters

Various State laws and constitutional provisions apply to the assessment and collection of *ad valorem* property taxes. There is no assurance that there will not be any amendment, change in the interpretation of, or addition to the applicable laws, provisions and regulations that would have a material effect, directly or indirectly, on the affairs of the City.

Limitations on Remedies Available to Owners of Bonds

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

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

Special Factors Affecting the Payment of Debt Service on the Bonds and Available Remedies-- Public Health Pandemics or Outbreak Risks

An international, national or localized public health pandemic or outbreak could adversely impact the City's operations and finances and the Pledged Revenues. The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus.

On March 11, 2020, New Mexico Governor Michelle Lujan Grisham issued Executive Order 2020-004, declaring a state of public health emergency and directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic. Governor Lujan Grisham and New Mexico Department of Health Secretary Kathyleen Kunkel have issued additional orders that, among other things, order the closure of all public schools, businesses and non-profit entities except for those deemed essential, advise the public to stay home except for necessary outings, and direct that hotels, motels, RV parks, and other places of lodging shall not operate at more than 25% of maximum occupancy, prohibit mass gatherings. There can be no assurance that additional restrictions applicable to lodging occupancy, travel, mass gatherings, or other matters won't be imposed.

The New Mexico Department of Health provides information relating to COVID-19 and related developments in the State of New Mexico on its website, <https://cv.nmhealth.org/>. The information presented on the NMDOH website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. References to website 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 websites and the information or links contained therein are not incorporated into, and are not part of, this Supplement.

The current spread of COVID-19 is altering the behavior of businesses and people in a manner that may have negative effects on economic activity, and therefore adversely affect the financial condition of the City, either directly or indirectly. The City cannot predict (i) the duration or extent of the COVID-19 outbreak/pandemic; (ii) the duration or expansion of public health orders, regulations or legislation, mandated or voluntary business closings, travel restrictions or warnings; (iii) the extent or duration of the negative effects that any COVID-19 or other outbreak/pandemic-related orders, regulations, legislation, restrictions or warnings will have on the local or global economy; (iv) the duration of lodging occupancy and travel restrictions or (v) the extent of the adverse financial impact that such circumstances or economic effects will have on *ad valorem* property tax collections or the City's financial condition. In addition, financial markets in the United States and globally have experienced significant volatility or declines in connection with the COVID-19 which may have a material impact on the market price of the Bonds.

PURPOSE AND PLAN OF FINANCING

The Bonds will be issued in a principal amount of \$14,600,000*, which represents the entire series of general obligation bonds approved by the qualified electors of the City at an election held on March 3, 2020. Proceeds of the Bonds will be used to provide funds for designing, constructing, repairing, preserving, rehabilitating, enhancing and otherwise improving roads within the City, designing, constructing, repairing, preserving, rehabilitating, enhancing and otherwise improving public safety facilities and repairing, replacing, or otherwise improving public safety vehicles, apparatus, and equipment and to pay costs of issuance related to the Bonds.

SOURCES AND USES OF FUNDS

The sources and uses of funds relating to the Bonds, other than accrued interest, are set forth in the following table.

SOURCES OF FUNDS	
Bond principal	\$
[Net] Premium	\$
TOTAL SOURCES OF FUNDS	\$
USES OF FUNDS	
Deposit to Acquisition Fund	\$
Underwriter's Discount	\$
Costs of Issuance ⁽¹⁾	\$
TOTAL USES OF FUNDS	\$

⁽¹⁾ Includes Municipal Advisor fees, rating agency fees, legal fees, fees of the paying agent/registrar, and other miscellaneous costs and expenses related to the issuance of the Bonds.

* Preliminary, subject to change.

DEBT AND OTHER FINANCIAL OBLIGATIONS

General Obligation Debt

Article IX, Section 13, of the New Mexico Constitution prohibits municipalities, including the City, from incurring general obligation debt in an aggregate amount, including existing indebtedness, exceeding four percent of the value of the taxable property within such municipality, as shown by the last preceding general assessment. A test for maximum general obligation bonds outstanding of the City follows:

2019 Assessed Valuation ⁽¹⁾	\$2,314,308,156
2019 Estimated Actual Valuation	\$9,327,057,672
Bonded Debt Outstanding ⁽²⁾	\$36,555,000
NET DEBT	\$32,347,498
Ratio of Estimated Net Debt to 2019 Assessed Valuation	1.40%
Ratio of Estimated Net Debt to 2019 Estimated Actual Valuation	0.35%
Per Capita Net Bonded Debt ⁽³⁾	\$330.00
2019 Estimated Population ⁽⁴⁾	98,023

Source: City of Rio Rancho Audited Financial Statements

⁽¹⁾ New Mexico Assessed Values represent 33-1/3% (the maximum assessment ratio permitted by the New Mexico Constitution) of the actual property value after deduction of certain exemptions. Property tax levies are based upon the certified assessed valuation.

⁽²⁾ Includes the proposed Series 2020 Bonds.

⁽³⁾ Net of debt service fund balance of \$4,207,502 as of April 13, 2020; excludes proposed Series 2020 Bonds.

⁽⁴⁾ Estimated as of 2018.

The general obligation bonded indebtedness of the City as of the date of this Official Statement follows:

Series	Original Amount Issued	Final Maturity (August 1)	Amount Outstanding as of March 1, 2020
2009	\$25,000,000	2021	\$3,825,000
2016	11,310,000	2028	6,680,000
2018	14,100,000	2030	11,450,000
Total	\$50,410,000		\$21,955,000

Debt Service Requirements to Maturity

The following represents annual debt service expenses on the City's existing general obligation debt, including issuance of the Bonds.

DEBT SERVICE SCHEDULE

Calendar Year	Series 2009 Bonds	Series 2016 Bonds	Series 2018 Bonds	Total Outstanding	Series 2020 Bonds*	Total Debt Service*
2020	\$2,153,000	\$917,650	\$3,175,300	\$6,245,950	-	\$6,245,950
2021	1,898,000	895,300	1,230,800	4,024,100	\$1,688,000	5,712,100
2022	-	872,950	1,186,800	2,059,750	3,900,500	5,960,250
2023	-	850,600	1,142,800	1,993,400	1,285,500	3,278,900
2024	-	828,250	1,098,800	1,927,050	1,255,800	3,182,850
2025	-	805,900	1,054,800	1,860,700	1,226,100	3,086,800
2026	-	791,000	1,010,800	1,801,800	1,196,400	2,998,200
2027	-	776,100	984,400	1,760,500	1,166,700	2,927,200
2028	-	736,200	958,000	1,694,200	1,137,000	2,831,200
2029	-	-	931,600	931,600	1,107,300	2,038,900
2030	-	-	865,200	865,200	1,077,600	1,942,800
2031	-	-	-	-	1,047,900	1,047,900
2032	-	-	-	-	968,200	968,200
Total	\$3,974,500	\$7,387,625	\$13,396,650	\$25,164,250	\$17,057,000	\$42,221,250

*Preliminary, subject to change.

Statement of Estimated Direct and Overlapping Debt

The following calculation analyzes the debt load and per capita debt of the City payable from property taxes. In addition to outstanding debt of the City, the calculation takes into account debt attributable to taxing entities that is the responsibility of taxpayers within the boundaries of the City.

Taxing Entity	2019 Assessed Valuation	General Obligation Debt Outstanding	Percentage Applicable	Amount
State of New Mexico	\$66,906,427,722	\$421,700,000	3.46%	\$ 14,586,696
Sandoval County	3,732,770,115	18,875,000	62.00%	11,702,453
Central New Mexico Community College	19,889,521,255	98,985,000	11.64%	11,517,713
Southern Sandoval County Arroyo Flood Control Authority	2,824,103,557	19,176,214	79.25%	15,197,746
Rio Rancho Public Schools	2,413,006,428	121,710,000	95.91%	116,731,743
City of Rio Rancho	2,314,308,156	36,555,000*	100.00%	36,555,000*
Total Overlapping Debt				\$206,291,351

Ratio of Estimated Direct & Overlapping Debt to 2019 Assessed Valuation:	8.91%
Ratio of Estimated Direct & Overlapping Debt to 2019 Estimated Actual Valuation:	2.21%
Per Capita Direct & Overlapping Debt:	\$2,104.52

Source: Sandoval County Assessor's Office and individual entities; compiled by Accu-Disclose, LLC.

*Figure includes the proposed 2020 Bonds.

Analysis of Assessed Valuation

Assessed Valuation of property within the City is calculated as follows: Of the total assessed valuation of all taxable property in the City, 33 1/3% is legally subject to *ad valorem* taxes. After deduction of certain personal exemptions, the 2019 Assessed Valuation is \$2,314,308,156. The actual value of personal property within the City (see "Assessments" below) is determined by the Sandoval County Assessor. The actual value of certain corporate property within the City (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division.

The analysis of Assessed Valuation in Sandoval County follows:

Assessments	2015	2016	2017	2018	2019
Value of Land	\$ 579,463,965	\$ 582,945,567	\$ 578,464,284	\$ 737,073,986	\$ 978,167,968
Improvements	1,615,709,827	1,690,094,636	1,781,343,599	1,969,485,552	2,045,366,224
Personal Property	31,492,696	30,826,349	29,743,366	35,396,740	32,415,365
Mobile Homes	961,910	1,043,884	1,557,206	1,974,497	3,327,032
Livestock	28,461	24,994	25,310	22,232	20,904
Assessor's Taxable Value	\$2,227,656,859	\$2,304,935,430	\$2,391,133,765	\$2,743,953,007	\$3,059,297,493
Less Exemptions					
Head of Family	\$ 28,299,113	\$ 28,847,963	\$ 28,985,033	\$ 29,215,599	\$ 29,686,286
Veterans	55,887,203	60,502,556	64,974,882	68,777,135	74,871,921
Other	170,608,710	196,411,264	213,508,741	458,516,111	690,152,861
Total Exemptions	\$254,795,026	\$285,761,783	\$307,468,656	\$556,508,845	\$794,711,068

Assessor's Net Taxable Value	\$1,972,861,833	\$2,019,173,647	\$2,083,665,109	\$2,187,444,162	\$2,264,586,425
Centrally Assessed	44,140,445	44,150,582	47,003,285	43,308,886	49,721,731
Total Assessed Valuation	<u>\$2,017,002,278</u>	<u>\$2,063,324,229</u>	<u>\$2,130,668,394</u>	<u>\$2,230,753,048</u>	<u>\$2,314,308,156</u>
Residential	\$1,618,212,246	\$1,652,231,304	\$1,717,808,950	\$1,804,839,533	\$1,897,563,227
Non-Residential	398,790,032	411,092,925	412,859,444	425,913,515	416,744,929
Total	<u>\$2,017,002,278</u>	<u>\$2,063,324,229</u>	<u>\$2,130,668,394</u>	<u>\$2,230,753,048</u>	<u>\$2,314,308,156</u>

Source: Sandoval County Assessor's Office.

A small nonresidential portion of the City is located in Bernalillo County. The analysis of Assessed Valuation in Bernalillo County follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$ -0-	\$ -0-	\$ -0-	-0-	\$ -0-
Non-Residential	6,429,478	6,055,485	6,011,666	5,697,737	5,760,718
Total	<u>\$6,429,478</u>	<u>\$6,055,485</u>	<u>\$6,011,666</u>	<u>\$5,697,737</u>	<u>\$5,760,718</u>

Source: Bernalillo County Assessor's Office

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Assessed Valuation*	\$2,023,431,756	\$2,069,379,714	\$2,136,680,060	\$2,236,450,785	\$2,320,068,874

*Sandoval and Bernalillo Counties

History of Assessed Valuation

The following is a history of assessed valuation for the City and Sandoval County.

<u>Tax Year</u>	<u>City of Rio Rancho</u>	<u>Sandoval County</u>
2019	\$2,314,308,156	\$3,732,770,115
2018	2,230,753,048	3,599,893,245
2017	2,130,668,394	3,477,523,540
2016	2,063,324,229	3,362,599,235
2015	2,017,002,278	3,308,814,680

Source: Sandoval County Assessor's Office.

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 City 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 City voting on the question. The following table summarizes the tax rates on residential property located within the City for 2018-2019 Fiscal Year and the previous four fiscal years. The City expects no change in the level of its taxes in the

foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may adversely impact the City's ability to repay bonds.

RESIDENTIAL TAX RATES - Per \$1,000 Assessed Valuation

Within 20 Mill Limit for General Purposes

	2015	2016	2017	2018	2019
State of New Mexico	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.00	\$ 0.00
Sandoval County	6.339	6.354	6.383	6.455	6.493
City of Rio Rancho	7.426	7.449	7.492	7.525	7.553
Rio Rancho Schools	0.262	0.263	0.264	0.266	0.267
SSCAFCA ⁽¹⁾	0.828	0.828	0.828	0.828	0.828
Central NM Community College	2.831	2.776	2.789	2.799	2.823
Total	\$17.686	\$17.670	\$17.756	\$17.873	\$17.964

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

	2015	2016	2017	2018	2019
State of New Mexico	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360
Sandoval County	0.852	1.047	0.984	0.593	0.835
City of Rio Rancho	1.848	2.016	2.051	2.768	2.770
Rio Rancho Schools	10.540	10.540	10.540	10.544	10.543
SSCAFCA ⁽¹⁾	1.249	1.249	1.242	1.242	1.246
Central NM Community College	0.550	1.000	1.000	1.000	1.000
Total	\$16.399	\$17.212	\$17.177	\$17.507	\$17.754

Total Levy

	2015	2016	2017	2018	2019
State of New Mexico	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360	\$ 1.360
Sandoval County	7.191	7.401	7.367	7.048	7.328
City of Rio Rancho	9.274	9.465	9.543	10.293	10.323
Rio Rancho Schools	10.802	10.803	10.804	10.810	10.810
SSCAFCA ⁽¹⁾	2.077	2.077	2.070	2.070	2.074
Contracting Hospitals ⁽²⁾	4.250	4.250	0.000	0.000	1.900
Central NM Community College	3.381	3.776	3.789	3.799	3.823
Total Residential	\$38.335	\$39.132	\$34.933	\$35.380	\$37.618
Total Non-Residential⁽³⁾	\$42.431	\$43.748	\$39.505	\$39.835	\$41.982

Source: State of New Mexico, Department of Finance & Administration.

⁽¹⁾ Southern Sandoval County Arroyo Flood Control Authority

⁽²⁾ Sandoval Regional Medical Center and Presbyterian Rust Medical Center

⁽³⁾ Includes SCAFCA tax rates.

Major Taxpayers

The 10 largest taxpayers in the City are identified below.

Taxpayer	Type of Business	2019 Assessed Valuation	% of Total
Public Service Company of New Mexico	Public Utility	\$21,916,751	0.95%
The Neighborhood in Rio Rancho	Assisted Living	10,803,438	0.47%
Presbyterian Health Care Services	Health Care	9,536,599	0.41%
New Mexico Gas Company	Natural Gas Utility	7,605,914	0.33%
Northland Links LLC	Apartment Complex	5,203,385	0.22%
Sandia View LLC	Assisted Living	4,776,731	0.21%
Cable One	Service Provider	4,608,896	0.20%
Tri State Electric Generation	Electric Generation	4,271,697	0.18%
Rio Rancho Retirement Residence LLC	Assisted Living	4,239,503	0.18%
Walmart Stores East	Retail	3,982,652	0.17%
Total		\$76,945,566	3.32%

Source: Sandoval County Assessor's Office.

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 that will produce revenues that taxes 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 percent, 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's index over the index for the calendar year next preceding the prior calendar year (unless there was a decrease, in which case zero if 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.*

Limitations on Residential Property Tax Increases

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

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

Section 7-36-21.2 NMSA 1978 establishes a statewide limitation on residential property valuation increases beginning in tax year 2001. Annual valuation increases will be limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. These limitations do not apply under the following exceptions:

1. When property is being valued for the first time;
2. When physical improvements are made to the property;
3. When a change of ownership outside the family occurs;
4. When a change in zoning or use of property occurs; and
5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978.

Section 7-36-21.3 NMSA 1978 places a limitation on the increase in value for property taxation purpose for single-family dwellings occupied by low-income owners who are sixty-five 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.

Amendments to State laws affecting residential property taxes are proposed from time to time and may be proposed in the future by the Legislature. Such amendments, if enacted, could result in an increase to the tax rate imposed on residential property tax within the City in order to pay the principal of and interest on general obligation bonds issued by the City, including the Bonds.

The constitutionality of the property tax limitation has been challenged in a number of venues. On March 28, 2012, the New Mexico Court of Appeals upheld the statutory valuation cap and its application under Section 7-36-21.2 NMSA 1978, which ruling was affirmed by the New Mexico Supreme Court in June, 2014.

Tax Collections on Locally Assessed and Centrally Assessed Property

General (*ad valorem*) taxes for all units of government are collected by the Sandoval 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 Sandoval County are presented here:

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as of % of Net Levied	Current Delinquent Tax Collections ⁽²⁾	Current Delinquent Collections as a % of Net Levied
2018	18/19	\$119,987,465	\$116,428,185	97.03%	\$116,428,185	97.03%
2017	17/18	114,531,876	110,892,832	96.82%	112,959,634	98.63%
2016	16/17	124,318,657	120,420,512	96.86%	123,735,470	99.53%
2015	15/16	119,015,424	115,023,384	96.65%	118,513,405	99.58%
2014	14/15	115,903,449	111,651,378	96.33%	115,503,596	99.66%
2013	13/14	115,729,254	111,929,449	96.72%	115,225,671	99.56%
2012	12/13	114,396,660	109,098,898	95.37%	114,000,121	99.65%

Source: Sandoval County Treasurer's Office.

⁽¹⁾ Current collections through June 30 of each year.

⁽²⁾ As of June 30, 2019.

Interest on Delinquent Taxes

Pursuant to Section 7-38-49 NMSA 1978, if property taxes are not paid for any reason within thirty days after the date they are due, interest on the unpaid taxes shall accrue from the thirtieth 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 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 City can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of intent to defraud by the property owner, 50% of the property taxes due or \$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. A lien runs in favor of the State and secures the payment of property taxes and any penalty and interest until such payments are made. Such lien is a first lien and paramount to any other interest in the property, perfected or unperfected. 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.

Protest

Pursuant to Section 7-38-39 NMSA 1978, after receiving his or her property tax bill and after making payment prior to the delinquency date of all property taxes due in accordance with the bill, a property owner may protest the value or classification determined for his or her property for property taxation purposes, the allocation of value of his or her property to a particular governmental unit, the application to his or her property of an administrative fee adopted pursuant to Section 7-38-36.1 NMSA 1978 or a denial of a claim for an exemption by filing a claim for refund in the district court. Pursuant to Section 7-38-41 NMSA 1978, the portion of any property taxes paid to the County Treasurer that is not admitted to be due and is the subject of a claim for refund will be deposited in a “property tax suspense fund.” Moneys in the property tax suspense fund may not be used for the payment of debt service on the Bonds.

FINANCES OF THE CITY

Budget Process

The City adheres to the following procedure in establishing its annual budget: the City Manager prepares a recommended budget, which is forwarded to the Mayor by April 15th for the fiscal year commencing the following July 1; public input is sought by the Governing Body during the month of May in public hearings; the budget is approved by the Governing Body and forwarded for approval to the State of New Mexico, Local Government Division of the Department of Finance and Administration by June 1; the final budget is returned to the City with recommended changes and modifications, if any; and the final budget is approved by the Governing Body by July 31.

The operating budget includes proposed expenditures and the means of financing them. The City has established thresholds under which budget adjustments may be authorized administratively. Administrative budget adjustments less than \$1,000 can be approved by the Budget and Grants Manager; adjustments of \$1,000 - \$5,000 can be approved by the Director of Financial Services; and adjustments greater than \$5,000 can be approved by the City Manager. Administrative budget adjustments are allowed only to transfer budgeted amounts within a single fund and department up to an annual maximum amount of \$50,000. Approval of the Governing Body for funding adjustments between departments, that impact the overall budget of any fund, or pull from the ending fund balance is required. As a management control device, the City employs formal budgetary integration at the line item level. Deficit financing is not permitted under New Mexico law. The level of classification detail at which expenditure may not legally exceed appropriation for each budget item is the fund level (i.e., General, Water Utility, etc.).

The City was awarded the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for fiscal year 2019, which is the 15th consecutive year the City has achieved this designation.

Financial Statement

The following General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances have been included herein for informational purposes only. Figures were taken from the audit reports prepared by the City. Audited figures are excerpts of the audit reports and do not purport to be complete. Reference is made to the complete audit reports which are available upon request.

CITY OF RIO RANCHO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GENERAL FUND⁽¹⁾

	Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
REVENUES					
Property Taxes	\$14,359,894	\$14,911,082	\$15,368,332	\$15,850,889	\$16,647,216
Municipal Taxes ⁽²⁾	28,736,225	18,247,317	18,151,101	18,124,627	20,369,275
Franchise Taxes	3,463,842	3,338,941	3,423,653	3,491,594	3,707,166
License and Permits	424,379	337,255	348,097	328,867	368,108
Intergovernmental - Federal	674,143	57,159	155,469	90,085	194,310
Intergovernmental - State	78,847	11,081,362	11,202,117	10,878,756	12,275,825
Intergovernmental - Local	104,666	73,334	106,660	109,769	95,124
Charges for Services	6,008,983	5,994,511	5,962,428	6,054,697	6,200,202
Fines and Forfeitures	1,126,728	899,214	898,981	919,182	886,131
Investment Income (Expense)	-	-	-	2,178	68,781
Miscellaneous	3,817,730	2,298,738	1,981,780	2,160,394	2,187,496
Total Revenues	<u>58,795,437</u>	<u>57,238,913</u>	<u>57,598,618</u>	<u>58,011,038</u>	<u>62,999,634</u>
EXPENDITURES					
Current:					
General Government	8,214,795	7,572,593	8,360,040	8,176,600	8,689,428
Public Safety	28,261,140	25,486,674	26,540,673	26,718,536	27,579,494
Public Works	7,479,175	7,336,879	7,267,354	7,318,832	6,979,240
Parks, Recreation, and Culture	7,913,583	7,794,687	8,026,958	8,354,398	7,877,624
Community and Economic Development	1,943,003	2,174,628	2,166,351	2,602,796	2,977,644
Capital Outlay	938,803	389,234	564,720	805,444	764,031
Total Expenditures	<u>54,750,499</u>	<u>50,754,695</u>	<u>52,926,096</u>	<u>53,976,606</u>	<u>54,867,461</u>
Revenues Over (Under) Expenditures	4,044,938	6,484,218	4,672,522	4,034,432	8,132,173
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	-	-	-	-	-
Transfers In	-	2	-	3,443	3,748,505
Transfers Out	(2,443,768)	(5,797,965)	(4,219,516)	(6,763,550)	(4,823,928)
Total Other Financing Sources (Uses)	<u>(2,443,768)</u>	<u>(5,797,963)</u>	<u>(4,219,516)</u>	<u>(6,760,107)</u>	<u>(1,075,423)</u>
Net Change in Fund Balances	1,601,170	686,255	453,006	(2,725,675)	7,056,750
Fund Balances – Beginning of Year	<u>13,724,452</u>	<u>15,325,622</u>	<u>16,011,877</u>	<u>16,464,883</u>	<u>13,739,208</u>
Fund Balances – End of Year	<u>\$15,325,622</u>	<u>\$16,011,877</u>	<u>\$16,464,883</u>	<u>\$13,739,208</u>	<u>\$20,795,958</u>

Source: City of Rio Rancho, New Mexico

⁽¹⁾ Information appearing in the table is derived from the City's audited financial statements, but this table is not audited.

⁽²⁾ For Fiscal Year 2015 and Fiscal Year 2016, this category is entitled "Municipal and State-Shared Taxes".

**CITY OF RIO RANCHO, NEW MEXICO
BALANCE SHEET – GENERAL FUND⁽¹⁾**

	Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
ASSETS					
Cash and Cash Equivalents	\$10,106,652	\$10,217,505	\$11,410,307	\$3,702,224	\$13,674,160
Receivables:					
Accounts, net	1,134,035	1,093,582	1,052,854	1,220,916	1,394,011
Interest	-	-	-	5,083	5,513
Property Taxes	514,135	510,039	474,958	483,078	931,567
Gross Receipt Taxes	-	3,172,065	3,112,614	3,337,520	3,698,571
Due From Federal Government	123,295	23,219	1,825,436	22,613	80,399
Due From State Government	5,193,630	2,011,695	45,136	2,017,497	2,198,000
Due From Local Governments	28,166	-	-	-	-
Investments	-	-	-	1,237,359	1,293,630
Due From Other Funds	1,877,873	2,375,199	582,181	3,669,932	780,834
Total Assets	<u>\$18,977,786</u>	<u>\$19,403,304</u>	<u>\$18,503,486</u>	<u>\$15,696,222</u>	<u>\$24,056,685</u>
LIABILITIES					
Accounts Payable	\$ 964,971	\$ 620,561	\$ 571,776	\$ 514,837	\$ 1,074,332
Accrued Liabilities	2,009,895	2,214,924	1,132,657	1,074,638	1,383,385
Unearned Revenues	306,738	200,706	-	-	-
Total Liabilities	<u>3,281,604</u>	<u>3,036,191</u>	<u>1,704,433</u>	<u>1,589,475</u>	<u>2,457,717</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue – Property Taxes	370,560	355,236	334,170	367,539	803,010
Total Deferred Inflows of Resources	<u>370,560</u>	<u>355,236</u>	<u>334,170</u>	<u>367,539</u>	<u>803,010</u>
FUND BALANCES (DEFICITS)					
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	15,325,622	16,011,877	16,464,883	13,739,208	20,795,958
Total Fund Balances	<u>15,325,622</u>	<u>16,011,877</u>	<u>16,464,883</u>	<u>13,739,208</u>	<u>20,795,958</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$18,977,786</u>	<u>\$19,403,304</u>	<u>\$18,503,486</u>	<u>\$15,696,222</u>	<u>\$24,056,685</u>

Source: City of Rio Rancho, New Mexico

⁽¹⁾ Information appearing in the table is derived from the City's audited financial statements, but this table is not audited.

THE CITY

General

The City of Rio Rancho is currently the third largest city in New Mexico and has experienced rapid growth historically. Rio Rancho is located in central New Mexico at 5,679 feet above sea level, and is adjacent to Albuquerque, New Mexico's largest city. In the early 1960s, the AMREP Corporation purchased 55,000 acres of land on the outskirts of Albuquerque, originally called Rio Rancho Estates. AMREP marketed the area to residents in the Midwest and eastern states. When home building began in 1962, many of the first residents were middle-income retirees. In 1966, the 100th family moved to Rio Rancho and by 1977 the population had grown to 5,000. In 1971, AMREP purchased and platted an additional 35,000 acres. Rio Rancho Estates at that time included 92,000 acres and was larger, geographically, than the city of Albuquerque.

By the late 1970's the area had grown to a community of about 11,000. In September of 1981 the City of Rio Rancho was formally incorporated as a New Mexico municipality. Rapid employment, population and housing growth characterized Rio Rancho in the 1980's and continued through the 1990's. Population and housing stock tripled between 1980 and 1990. The City's population grew by approximately 45 percent between the 2000 census and the 2010 census and has overtaken Santa Fe as the third largest City in the State behind Albuquerque and Las Cruces. The City has a land area of approximately 105 square miles and a population of approximately 98,023 (estimated 2018).

Government

The City was incorporated in 1981 and operates under a home rule charter, adopted by voter approval in March, 1992, with a Council-Manager form of government. Nonpartisan elections are held for members of the Governing Body of the City (the "Governing Body") for the election of councilors from six single member districts and for a Mayor to be nominated and elected at large by the residents and qualified voters of the City. Under the City Charter, as amended, the Mayor is a voting member of the Governing Body in the event of a tie vote or if a councilor is absent.

Members of the Governing Body are elected for staggered four-year terms. The members and the date of expiration of their current terms are as follows:

Name	Office	Current Term Expires
Greggory D. Hull	Mayor	March, 2022
Jim Owen	Councilor, District 1	March, 2024
Jeremy Lenentine	Councilor, District 2	March, 2022
Bob Tyler	Councilor, District 3	March, 2022
Paul Wymer	Councilor, District 4	March, 2024
Jennifer Flor	Councilor, District 5	March, 2022
Dan Stoddard	Councilor, District 6	March, 2024

Administrative Officers

Greggory D. Hull, Mayor. The Mayor is a member of the Governing Body of the City and the Chief Executive Officer of the City. The Mayor presides at meetings of the Governing Body and is a member of the Governing Body entitled to vote in the absence of a councilor or to break a tie. As Chief Executive Officer of the City, the Mayor exercises all administrative and executive powers, except to the extent that those powers are vested with the City Manager; represents the City in intergovernmental relationships; presents an annual State of the City report to the Governing Body; and performs other duties and exercise such other powers as specified in the City Charter, City ordinances and resolutions, or by the Governing Body. Mr. Hull was first elected as Mayor of Rio Rancho in April 2014 via a runoff election for a four-year term, and was re-elected in March 2018 for another four-year term.

Peter Wells, Acting City Manager. The City Manager is the Chief Administrative Officer of the City, in charge of the day-to-day administrative affairs of the City, and responsible to the Mayor and Governing Body, as appropriate, for the administration of all City affairs placed in the administrator's charge by or under the City Charter. The Governing Body appointed Mr. Wells the Acting City Manager on March 11, 2020. Mr. Wells has been an employee with the City of Rio Rancho for nearly 14 years. Prior to being appointed Acting City Manager, Mr. Wells served as Deputy City Manager.

Carole Jaramillo, Director of Financial Services. The Chief Financial Officer of the City is the Director of Financial Services, who also serves as the City Treasurer. The Director of Financial Services

is appointed by the City Manager and is confirmed by the Governing Body. The Director of Financial Services is responsible for the City's cash and investments, accounting, budgeting, contracts, procurement, and Motor Vehicle Division. Ms. Jaramillo began serving as Director of Financial Services in 2016, through April 2019 and then resumed her position with the City in August 2019. She previously served as Santa Fe County Finance Director, and prior to that served as the payroll supervisor, budget administrator and accountant with Santa Fe County. Prior to her public sector experience, Ms. Jaramillo spent her career in the not-for-profit sector serving various entities in financial capacities of accountant, assistant controller and finance director. Ms. Jaramillo studied Business Administration at George Mason University in Fairfax, Virginia and is an alumna of the Leadership New Mexico Local Government Leadership and Core Program.

Greg Lauer, City Attorney. The City Attorney serves as chief legal advisor to the Council, City Manager, and all department heads, offices and agencies. The City Attorney represents the City in all legal proceedings and performs any other duties prescribed by law. The City Attorney is appointed by the City Manager and confirmed by the Governing Body. Mr. Lauer has served as City Attorney since December, 2016.

Other Employees

The City has approximately 719 full-time equivalent employees. The City's police force consists of 135 uniformed officers. The City operates a library, an aquatic center, a senior citizens center, six fire stations, a municipal water and sewer utility, and a solid waste collection and disposal system, contracted by the City. The City also operates outdoor swimming pools, ball fields and playgrounds with paid staff members during an active summer recreational program. The City has three employee unions, including Police, Fire, and AFSCME. The City considers its relations with its employees to be good.

Economy

The City's economy and surrounding area have been based primarily on the Intel manufacturing plant, government and related activities, retail trade, tourism, arts and entertainment, and recreation. Over the past decade, Rio Rancho has experienced steady growth in healthcare. In 2011 and 2012, Presbyterian Rust Medical Center ("Rust") and University of New Mexico Sandoval Regional Medical Center ("UNMSRMC") hospitals opened in the City. Rust continues to expand with a 100,000 square foot Professional Medical Office Building now under construction, which represents a \$30M investment, is the fourth building to be constructed pursuant to a six-building master plan, and is expected to employ more than 1,000 individuals. UNMSRMC is developing a Center of Excellence for Orthopedic Surgery and Rehabilitation, which will house academic faculty, research office and labs, clinic and rehabilitation. The project is scheduled to be completed in the next 18 months.

Rust and UNMSRMC have attracted additional medical offices in the surrounding areas along the Unser corridor in the Petroglyphs Medical Plaza and Unser Pavilion sites. As part of this associated medical growth, the City has seen Acute Care and Assisted, Independent and Memory Care facilities invest in Rio Rancho. The Village, an approximately 64 acre mixed use development adjacent to Presbyterian Rust Medical Center along the Unser Gateway, is positioning its development to attract medical and wellness providers, as well as retail uses.

The City has attracted industry to provide employment for its residential growth. Intel Corporation, New Mexico's most prominent manufacturer, has upgraded or overhauled its Rio Rancho site seven times since the 1980s. Over the past few years, Intel has repositioned its Rio Rancho facility from traditional wafer chip manufacturing to new technologies over the past few years. In fall 2018, the company announced the relocation of its Optane (formerly known as 3D XPoint) technology development to Rio Rancho, creating over 100 new research and development jobs. In spring 2019, Intel announced another 300 new

jobs in the area of silicon photonics. Per Media reports, employment would grow to more than 1,600 with an average annual salary at the facility of \$145,000.

A number of long-standing, small to mid-sized manufacturers have located in Rio Rancho, including as Aero Parts, Aer Sale, DHF Technical, Insight Lighting, LectroSonics, and Stainless Motors in Sandoval County. Those manufacturers serve as a solid base of advanced and skilled manufacturing jobs in Rio Rancho.

The office and customer contact center industry has played a key role in Rio Rancho for two decades. HP, Inc. has operated a sales and premium support center since 2009, currently employing approximately 800 workers with a \$45 million payroll. Bank of America, which has operated a customer care facility in Rio Rancho since 1999, started a job creation and service line expansion in 2015, with plans to grow its staff by 300 to a total of 450. As of late 2019, the facility employed over 500, providing premium customer care to multi-line and high net-worth customers as well as small-business lending services. The facility's starting wage is \$20 per hour. Safelite, which provides auto glass and insurance services, opened a care and claims processing facility in Rio Rancho in summer 2016. As of late 2019, the facility had ramped to over 600 full-time and 300 part-time employees. Other firms include Alliance Data Systems, Aura, Concentrix and S&P Data.

Rio Rancho continues to be an attractive place to live for both growing families and retirees. Over the past decade, Rio Rancho's share of single family residential starts has been approximately 30% of the four county metro area. There are approximately 1,900 residential lots identified in approved master-planned communities and subdivisions. The Los Diamantes Masterplan Community is the cornerstone of this anticipated residential growth, with 457 single family residential lots and approximately 63 acres designated for of commercial/industrial use. Los Diamantes is in close proximity to Joe Harris Elementary School, which is scheduled to open in August 2020, as well as the site for Rio Rancho's third high school (construction date to be determined).

Retirement Plan; Other Post-Employment Benefits

Public Employees Retirement Association

The City participates in a pension plan organized on a statewide basis and operated by the State of New Mexico. The Public Employees' Retirement Association of New Mexico ("PERA"), established by Section 10-11-1 *et seq.* NMSA 1978, as amended, requires contributions to its plan (the "Plan"), computed as a percentage of salary, from both employee and employer for all full-time employees. The majority of State and municipal employees in New Mexico participate in the Plan. As required by State law, the City contributes to the plan amounts which vary from 7.65% to 21.9% of eligible employees' salaries. The City's contractual obligation under the Plan is limited to the periodic employer contributions that it is required to make for its participating employees. The City has also elected to pay 75% of the employees' required contributions on behalf of its employees. The City remitted \$6,911,375 in Fiscal Year 2019, \$6,996,678 in Fiscal Year 2018, and \$7,069,288 in Fiscal Year 2017, which equaled the required contributions for each year, including amounts paid on behalf of the employees.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 requires governmental participants in cost-sharing multi-employer plans, such as the City, to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. Statement No. 68 became effective for fiscal years beginning after June 15, 2014. As reported in the City's fiscal year 2019 audited financial statements, the City's proportionate share of PERA's net pension liability was \$80.7 million at

June 30, 2019. These amounts were reported in the City’s audited financial statements for Fiscal Year 2019 along with other information required by GASB Statement No. 68.

PERA issues a publicly available financial report that includes financial statements and additional information. A copy of this report can be obtained from PERA at www.nmpera.org/financial-overview.

Actuarial information is shown below:

**State of New Mexico Public Employees Retirement Fund
Summary Information as of June 30, 2019**

Membership ⁽¹⁾	108,233
Actuarial Information	
Actuarial Accrued Liability ⁽²⁾	\$22,162,998,348
Actuarial Value of Assets ⁽³⁾	\$15,500,330,667
Unfunded Actuarial Accrued Liability	\$6,662,667,681
Funded Ratio	69.90%

Source: Public Employees Retirement Association

⁽¹⁾ Includes active, inactive and retired members of both the state and municipal divisions.

⁽²⁾ Includes accrued liability of both the retired and active members.

⁽³⁾ The valuation of assets is based on an actuarial value of assets whereby gains and losses relative to a 7.75% annual return are smoothed in over a four-year period.

In Fiscal Year 2013, PERA reported an Unfunded Actuarial Accrued Liability (“UAAL”) of \$4.6 billion, approximately \$1.6 billion less than the previous fiscal year. The decline in the UAAL was the result of comprehensive pension reform legislation proposed by the PERA Board and enacted by the State Legislature during the 2013 legislative session. Senate Bill 27 significantly amended the Public Employees’ Retirement Act by creating a new tier of reduced benefits for new hires. The law reduces the cost of living adjustments for all current and future retirees; delays the application of cost of living adjustments for certain future retirees; suspends the cost of living adjustments for certain return-to-work retirees; provides for an increase in the statutory employee contribution rate of 1.5% (subject to certain requirements) for employees earning \$20,000 or more in annual salary; provides for an increase in the statutory employer contribution of 0.4% beginning in Fiscal year 2015; increases age and service requirements; lengthens the base average salary calculation amount from three to five years for future employees; increases the vesting period for employees from five to eight years for most members; lowers the annual service credit by 0.5% for most members; and makes several other clarifying and technical changes. Also as a result of the passage of pension reform legislation, PERA’s 30 year projected funded ratio increased from 29% to 108.8%. PERA saw a further \$300 million decline in the UAAL, and increase in the 30-year projected funded ratio to 133% at the end of Fiscal Year 2014. The improvement in Fiscal Year 2014 was due largely to excess investment returns. PERA’s Fiscal Year 2014 return was 17.03%, higher than the 7.75% return assumption.

In Fiscal Year 2019, PERA reported an audited Net Pension Liability (“NPL”) of \$6.4 billion, using methods and assumptions required under GASB Statement No. 67, the reporting standard applicable to pension plans. PERA annually prepares a “Schedule of Employer Allocations and Pension Amounts” that provides employer participants the information they need to comply with GASB Statement No. 68, including each employer’s proportionate share of the NPL. This Schedule is audited by PERA’s independent auditors and is reviewed by the New Mexico State Auditor.

Executive Order 2019-05, issued in February of 2019, created the PERA Solvency Task Force tasked to prepare and make recommendations to the Office of the Governor to increase the solvency and preserve the defined benefit system offered by PERA. The recommendations were presented during the 2020 Legislative Session and resulted in the Legislature’s passage of Senate Bill 72 which, among other

things, incrementally increases both City and City employee contribution rates beginning July 1, 2022. The legislation also increases the current 2.0% cost-of-living adjustment to 2.5% for retirees over the age of 75, disability retirees and retirees with pensions less than \$25,000 after 25 years of service. Cost-of-living adjustments for all other retirees will eventually be based on the fund's investment performance and funding status and will range from 05% to 5.0%.

New Mexico Retiree Health Care Authority

The State of New Mexico Retiree Health Care Act (the "Health Care Act") provides comprehensive core group health insurance for persons who have retired from certain public services in New Mexico. The purpose of the Health Care Act is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds deposited by the employer into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees. Each participating retiree pays a monthly premium for the medical plus basic life plan. Each participating employer makes contributions to the Fund in the amount of 2.0 % to 2.5% of each participating employee's annual salary. Each participating employee contributes to the Fund an employee contribution equal to 1.25% of the employee's annual salary. The City remitted \$626,439 in Fiscal Year 2019, \$637,545 in Fiscal Year 2018, and \$644,802 in Fiscal Year 2017, which equaled the required contributions for each year.

In June 2015, the Governmental Accounting Standards Board approved Statement No. 75 which requires governments providing other post-employment benefits ("OPEB") to recognize their long-term obligation for those benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB. Statement No. 75 requires governmental participants in cost-sharing multi-employer plans, such as the City, to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. Statement No. 75 became effective for fiscal years beginning after June 15, 2017. As reported in the City's fiscal year 2019 audited financial statements, the City's proportionate share of OPEB liability was \$31.2 million at June 30, 2019.

City Insurance Coverage

The City participates in the New Mexico Self-Insurers' Fund Risk Pool (the "Pool"), together with other New Mexico municipalities. The Pool is a public entity risk pool currently operating as a common risk management and insurance program for its members. The City paid an annual premium of \$1,073,428 for general liability, property and workers' compensation coverage during Fiscal Year 2019. The City maintains commercial insurance for all other risks of loss, including accident insurance. The City believes that it maintains coverage for its assets and operations at a level which is customary and adequate, in its opinion, for similar entities insuring similar operations and assets. There can be no assurance, however, that the City will continue to maintain the present level of coverage or that the insurance maintained will be sufficient.

ECONOMIC AND DEMOGRAPHIC STATISTICS

This section contains general information concerning the economic and demographic conditions in and surrounding the City. The information presented was obtained from the sources indicated, and the City makes no representation as to the accuracy or completeness of the data presented. All data in this subsection is presented on a calendar year basis. See also "*Special Factors Affecting the Payment of Debt Service on the Bonds and Available Remedies-- Public Health Pandemics or Outbreak Risks*" for a discussion of potential economic implications of the COVID-19 pandemic.

Population

The Albuquerque Metropolitan Statistical Area (“MSA”) includes Bernalillo, Sandoval, Torrance and Valencia Counties. The Census added Torrance County to the MSA in the 2000 Census.

<u>Population</u>				
<u>Year</u>	<u>City</u>	<u>Sandoval County</u>	<u>Albuquerque MSA</u>	<u>State</u>
2000	51,733	89,908	729,649	1,819,046
2005	67,598	107,436	797,146	1,912,884
2006	72,857	114,231	815,979	1,937,916
2007	77,757	120,401	833,044	1,964,402
2008	81,906	125,368	845,913	1,984,356
2009	85,169	128,985	857,903	2,009,671
2010	87,357	131,561	887,077	2,059,179
2011	84,355	134,200	896,838	2,077,744
2012	87,068	135,246	900,368	2,083,590
2013	89,098	136,151	902,083	2,085,161
2014	90,627	136,867	902,069	2,083,207
2015	91,807	138,327	903,489	2,082,264
2016	92,966	140,224	906,877	2,085,432
2017	93,317	142,507	910,726	2,088,070
2018*	98,023	145,179	915,927	2,095,428

*2018 is the most recent year for which figures are available.

Source: United States Census Bureau, Annual Estimates & American Community Survey.

Age Distribution

The following table sets forth the age distribution profile for the Albuquerque Metropolitan Statistical Area, the State and the United States.

<u>Percentage of Population</u>			
<u>Age</u>	<u>Albuquerque MSA</u>	<u>New Mexico</u>	<u>United States</u>
0 – 17	22.1%	23.9%	22.8%
18 – 24	9.0%	9.8%	9.8%
25 – 34	13.7%	13.3%	13.4%
35 – 44	13.0%	11.87%	12.6%
45 – 54	12.0%	11.9%	13.1%
55 and older	30.2%	29.2%	28.3%

Source: Spotlight, December, 2019.

Income

The following table sets forth annual per capita personal income levels for the Albuquerque MSA,

the State and the United States.

Per Capita Personal Income

Calendar Year	Albuquerque MSA	New Mexico	United States
2008	\$35,195	\$33,344	\$41,082
2009	34,218	32,523	39,376
2010	34,097	33,111	40,278
2011	35,555	34,737	42,463
2012	35,691	35,431	44,283
2013	35,029	34,753	44,489
2014	37,006	36,767	46,486
2015	38,643	37,938	48,429
2016	39,665	38,393	49,870
2017	40,715	39,023	51,855
2018	42,536	41,609	54,446

Source: Bureau of Economic Analysis, U.S. Department of Commerce

Employment

The following table provides a ten-year history of average employment in the Albuquerque MSA, the State and the United States.

CIVILIAN EMPLOYMENT/UNEMPLOYMENT RATES

Fiscal Year	Civilian Labor Force	Number Employed	Unemployment Rates		
			Albuquerque MSA	New Mexico	United States
2010	413.7	380,604	8.0%	8.0%	9.8%
2011	423.0	390,429	7.7	7.8	9.3
2012	418.9	387,901	7.4	7.4	8.5
2013	416.9	388,134	6.9	7.0	7.8
2014	415.7	387,848	6.7	6.9	6.8
2015	417.2	390,916	6.3	6.5	5.7
2016	419.9	394,286	6.1	6.6	5.0
2017	423.9	398,466	6.0	6.5	4.7
2018	427.7	405,887	5.1	5.5	4.2
2019	434.5	414,079	4.7	5.0	3.6

Sources: University of New Mexico Bureau of Business and Economic Research and United States Department of Labor.

Major Employers

Some of the largest employers in the City are set forth below. No independent investigation into their affairs has been made and consequently there can be no representation as to the stability or financial

condition of the companies listed hereafter, or the likelihood that such companies will maintain their status as major employers in the area.

**MAJOR EMPLOYERS
By Number of Employees – 2019**

ORGANIZATION	EMPLOYEES	DESCRIPTION
Rio Rancho Public Schools	2,213	Public School District
Intel Corporation	1,600	Semiconductor Manufacturer
Presbyterian Healthcare Services	1,000	Hospital/Medical Services
Safelite Solutions, LLC	900	Vehicle Glass Repair and Replacement
HP, Inc.	821	Computer & Computer Parts Manufacturer
City of Rio Rancho	700	Municipal Government
Alliance Data	600	Data Services
Bank of America	500	Commercial Banking
Sales & Performance Data	375	Data Services

Source: Sandoval Economic Alliance and the City of Rio Rancho

The following table reflects the Percent of Households by Effective Buying Income Groups (“EBI”) for the Albuquerque Metropolitan Statistical Area (“MSA”), the State and the United States. EBI is defined as money income less personal tax and non-tax payments described below. Money income is the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deducted from this total money income are personal income taxes, personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate. Receipts from the following sources are not included as money income: money received from the sale of property; the value of “in kind” income such as food stamps, public housing subsidies, and employer contributions for persons; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum inheritances, insurance payments, and other types of lump-sum receipts.

**Percent of Households by
Effective Buying Income Groups**

Effective Buying Income Group	Albuquerque MSA	New Mexico	United States
Under \$25,000	22.7%	26.4%	20.4%
\$25,000 - \$34,999	10.24%	10.2%	9.2%
\$35,000 - \$49,999	13.52%	13.6%	12.9%
\$50,000 - \$74,999	17.72%	17.1%	17.1%
Over \$75,000	35.8%	32.6%	40.5%
2016 Est. Median Household Income	\$48,792	\$45,445	\$55,551
2017 Est. Median Household Income	\$50,160	\$47,043	\$57,462
2018 Est. Median Household Income	\$52,172	\$48,044	\$60,133
2019 Est. Median Household Income	\$54,350	\$49,654	\$62,279

Source: Spotlight, December 2019.

Gross Receipts

The following tables show the total reported gross receipts, total reported retail gross receipts, and taxable gross receipts generated in the City for the past five years. For the purposes of these tables, gross receipts means the total amount of money received from selling goods and services in the State of New Mexico, from leasing property employed in the State and from performing services in the State. Gross receipts include, among other things, food sales and services such as legal and medical services.

Historical Total Gross Receipts Reported for City

Fiscal Year	City of Rio Rancho	
	Retail Trade	Total
2019	\$583,379,988	\$2,093,324,562
2018	552,484,704	1,804,094,284
2017	477,767,429	1,814,053,248
2016	547,230,108	1,747,546,570
2015	531,278,121	1,547,725,273

Source: New Mexico Taxation and Revenue Department RP-80 Reports.

Historical Taxable Gross Receipts Reported for City

Fiscal Year	Taxable Gross Receipts Reported in City of Rio Rancho
2019	\$1,223,013,900
2018	1,062,651,847
2017	93,873,152
2016	1,080,064,569
2015	901,047,154

Source: New Mexico Taxation and Revenue Department RP-80 Reports.

TAX EXEMPTION

General

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code (as defined below) for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The City has made various representations and warranties with respect to, and has covenanted in the Bond Ordinance and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has rendered an 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. Bond Counsel expresses no opinion regarding any such consequences. Before purchasing any of the Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor

regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

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 includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the City as the taxpayer and the Bond owners may have no right to participate in such procedure. None of the Municipal Advisor, the Underwriter, or Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The City has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to become includable in gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the City, the Municipal Advisor, the Underwriters or Bond Counsel is responsible to pay or reimburse the costs of any Bond owner with respect to any audit or litigation relating to the Bonds.

Original Issue Discount

The Bonds may be offered at a discount (“original issue discount”) equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a bond accrues periodically over the term of the bond as interest. The amount of original issue discount deemed received by the holder is excludable from gross income of the holder for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The accrual of original issue discount increases the holder’s tax basis in the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at an original issue discount should consult their tax advisors for an explanation of the accrual rules.

Original Issue Premium

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

CONTINUING DISCLOSURE INFORMATION

In connection with the issuance of the Bonds, the City will execute a Continuing Disclosure Undertaking, in the form attached hereto as Appendix C, under which it will agree for the benefit of the owners of the Bonds to provide audited annual financial statements of the City when available after the end of each Fiscal Year, and to provide certain annual financial information and operating data (“Annual Disclosure”) relating to the City and timely notice of certain events.

The City has previously entered into continuing disclosure undertakings with respect to certain other obligations of the City in accordance with Rule 15c2-12. On March 24, 2017, the City's disclosure dissemination agent filed a notice that the City had inadvertently omitted certain data from its GRT and Water & Wastewater Annual Disclosures for FY2015. The data was subsequently included in the City Annual Disclosure for FY2016. The City believes that it has not otherwise been in default under those continuing disclosure agreements in any material respect in connection with the filing of audited annual financial statements, annual financial information and notice of significant events in the past five years.

LITIGATION

At the time of the original delivery of the Bonds, the City 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 City officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, effectiveness of the Bond Ordinance, or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

UNDERWRITING

Robert W. Baird & Co. Incorporated (the “Underwriter”) has agreed, subject to certain customary conditions, to purchase the Bonds at a price equal to the initial offering prices to the public, as shown on the front cover page hereof, less an Underwriter’s discount of \$_____. The Underwriter’s obligations are subject to certain conditions precedent, and the Underwriter 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 Underwriter 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 Underwriter.

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

LEGAL MATTERS

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, will render an opinion with respect to the validity of the Bonds and with respect to tax matters described above under “TAX EXEMPTION”. The proposed form of such opinion is attached hereto as Appendix A. Modrall, Sperling, Roehl, Harris & Sisk, P.A., has also acted as special counsel to the City in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

INDEPENDENT ACCOUNTANTS

CliftonLarsonAllen LLP audited the financial statements of the City as of and for the year ended June 30, 2019 and delivered their report to the New Mexico State Auditor and the City. The complete Comprehensive Annual Financial Report of the City of Rio Rancho – Audited General Purpose Financial Statements – as of and for the Fiscal Year ended June 30, 2019, as well as for previous fiscal years, are public documents and are available from the New Mexico State Auditor. An excerpt from the 2019 audit is included in Appendix B to this Official Statement. CliftonLarsonAllen LLP has not been engaged to review this Official Statement or any information contained herein.

RATINGS

The Bonds have received a rating of “Aa3” from Moody’s Investors Service (“Moody’s”). An explanation of the significance of the rating given by Moody’s may be obtained from Moody’s at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007 or <https://www.moodys.com>.

Such rating reflects only the views of Moody's and there is no assurance that such rating will continue for any given period of time after obtained or that such rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the City nor the initial purchasers of the Bonds have undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

MUNICIPAL ADVISOR

RBC Capital Markets, LLC is employed as Municipal Advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. RBC Capital Markets, LLC, in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a no-litigation certificate (described above under "LITIGATION") will be delivered by the City when the Bonds are delivered. The City will at that time also provide a certificate relating to the accuracy and completeness of this Official Statement.

ADDITIONAL INFORMATION

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 City located at 3200 Civic Center Circle NE, Rio Rancho, New Mexico 87144 or at the offices of RBC Capital Markets, LLC, 6301 Uptown Boulevard, N.E., Suite 100, Albuquerque, New Mexico 87110.

OFFICIAL STATEMENT CERTIFICATION

As of the date hereof, this Official Statement is true to the best of my knowledge, complete and correct in all material respects, and does not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they are made, not misleading.

The preparation of this Official Statement and its distribution have been authorized by the City Council. The Official Statement is hereby duly approved by the City Council as of the date on the cover page hereof.

CITY OF RIO RANCHO, NEW MEXICO

By: _____/s/_____
Greggory D. Hull, Mayor

APPENDIX A

OPINION OF BOND COUNSEL

_____, 2020

City of Rio Rancho
Rio Rancho, New Mexico

\$ _____
City of Rio Rancho, New Mexico
General Obligation Improvement Bonds
Series 2020

Ladies and Gentlemen:

We have acted as bond counsel to the City of Rio Rancho (the “City”), Sandoval County, State of New Mexico (the “State”), in connection with the issuance and sale of its \$ _____ General Obligation Improvement Bonds, Series 2020 (the “Bonds”), dated _____, 2020, with interest payable on February 1, 2021, and semi-annually thereafter on February 1 and August 1 in each year in which the Bonds are outstanding, being issued in registered form and maturing serially on August 1 in the years 20__ through 20__, inclusive. The Bonds are being issued pursuant to Ordinance No. O10 adopted by the City Council on April 22, 2020 and the Pricing Certificate executed on _____, 2020 (together, the “Bond Ordinance”).

We have examined the transcript of proceedings (the “Transcript”) relating to the issuance of the Bonds and the law under authority of which the Bonds are issued. Based on our examination, we are of the opinion that, under the law existing on the date of this opinion, subject to the provisions of federal bankruptcy law and other laws affecting creditors’ rights and further subject to the exercise of judicial discretion in accordance with general principles of equity:

1. The Bonds constitute legal, valid and binding general obligation debt of the City and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property within the City subject to ad valorem taxes levied by the City, which taxes are unlimited 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 on individuals 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 of the State.

The opinions set forth above in paragraph 2 are subject to continuing compliance by the City with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the City of the Bonds. 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 laws 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 City 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 City and the security provided therefor, as contained in the Bond Ordinance, 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 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.

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 or interest on, or the ownership of, the Bonds except those specifically addressed in paragraphs 2 and 3 above.

Respectfully submitted,

APPENDIX B

AUDITED FINANCIAL STATEMENTS – JUNE 30, 2019

The City has not requested the consent of CliftonLarsonAllen, LLP, which performed the audit of the City's Financial Statements, to the inclusion of the audit report and excerpts thereof in this Official Statement, and the auditor has not conducted a post-audit review of those Financial Statements.

CITY OF RIO RANCHO NEW MEXICO

Comprehensive Annual Financial Report For the Year Ended June 30, 2019



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CITY OF RIO RANCHO, NEW MEXICO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2019

MAYOR AND CITY COUNCIL

Greggory D. Hull.....Mayor
Jim Owen..... Councilor – District 1
Jeremy Lenentine Councilor – District 2
Bob Tyler..... Councilor – District 3
Marlene Feuer..... Councilor – District 4
Jennifer Flor Councilor – District 5
David Bency Councilor – District 6

CITY ADMINISTRATION

David Campbell..... City Manager
Rebecca Martinez City Clerk

ACKNOWLEDGMENTS

This report is prepared by the Department of Financial Services:
Carole H. Jaramillo, Director of Financial Services
Bryson Frazier, Deputy Director of Financial Services
Susan Adams
Kerri Larkin
Levi Martinez
Juan Mejia

We express our appreciation to all of the departmental staff throughout the City whose extra time and effort made this report possible.



CITY OF RIO RANCHO, NEW MEXICO
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

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Department of Financial Services

December 13, 2019

To the Honorable Mayor, Members of the City Council,
and Citizens of Rio Rancho:

In accordance with New Mexico statutes, we are pleased to present the Comprehensive Annual Financial Report of the City of Rio Rancho (the City) for the fiscal year ended June 30, 2019. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management.

We believe the enclosed information accurately presents the City's financial position and results of operations, in all material respects, in accordance with generally accepted accounting principles. We also believe we have included all disclosures necessary to enable the reader to gain an understanding of the City's financial activities. These assertions are made on the basis of the City's system of internal control over assets and liabilities recorded in the accounting system. These controls have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition, and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the expected benefits, and that the evaluation of costs and benefits requires estimates and judgments by management.

The Report. The Comprehensive Annual Financial Report includes all funds of the City, and includes all departments, agencies, and other organizational units under the control of the Governing Body. The report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section contains a list of principal officials, this transmittal letter, and the City's organization chart. The Financial Section contains the independent auditors' report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Statistical Section provides a history of selected financial, economic, and demographic information. The Single Audit Section includes the City's schedule of expenditures of federal awards along with the auditors' reports on internal controls and compliance with applicable laws and regulations.

Independent Auditors. CliftonLarsonAllen, a certified public accounting firm, has audited the City's financial statements. The firm conducted the audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The firm has issued an unmodified ("clean") opinion on the City's financial statements, as explained in the independent auditors' report at the front of the Financial Section beginning on page 131.

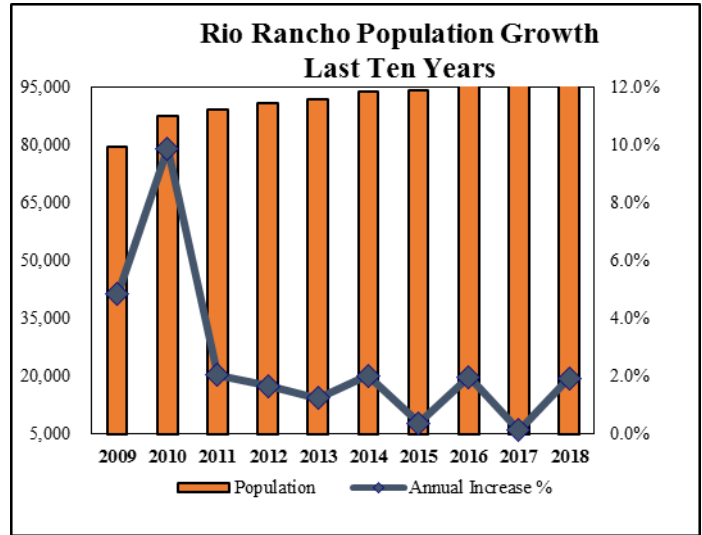
Federal and state regulations also require the City to undergo an annual "single audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the auditors' report, is included in the Single Audit Section that starts on page 203.

Management's Discussion and Analysis (MD&A). The discussion and analysis beginning on page 16 provides an overview and analysis of the City's recent financial performance. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE CITY

Geography and Demographics. The City of Rio Rancho is located in Sandoval County in central New Mexico, northwest and adjacent to Albuquerque, New Mexico’s largest city. The metropolitan area is serviced by east-west Interstate I-40 and north-south Interstate I-25. The Santa Fe railroad has a major rail line through Albuquerque. The Rail Runner rail provides commuter service between the nearby communities of Bernalillo, Albuquerque, Los Lunas, and Santa Fe. There are two general aviation facilities, including the Albuquerque International Sunport, that provide service to the metropolitan area.

Rio Rancho is the third largest city in New Mexico. Between 2000 and 2010, the City’s population increased from 51,765 to 87,521 (69%). As of 2018, the City’s population was 98,023 according to the most recent estimates by the U.S. Census Bureau.

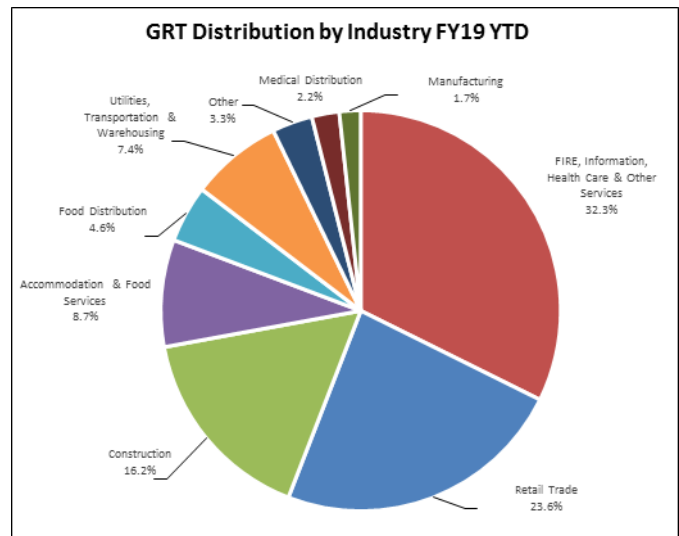


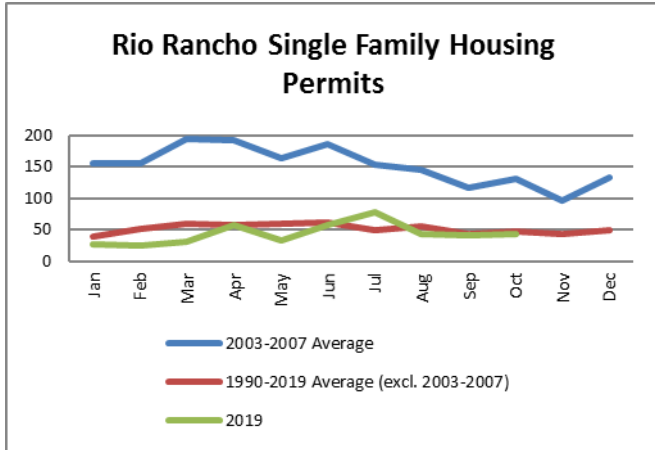
Government Structure. The City was incorporated in 1981 and adopted a municipal charter as a “home rule” city in 1991. The City has a hybrid Council/Manager form of government in which the Mayor is a member of the Governing Body. The City Manager is the Chief Administrative Officer, appointed by the Mayor subject to approval of the Governing Body.

The City provides to its citizens those services that have proven to be necessary and meaningful and has done so with fewer City employees per capita than similarly sized New Mexico cities. Major services provided include police and fire protection, emergency ambulance service, roads, water and wastewater services, parks and recreational activities, libraries, senior services, and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

Local Economy. Rapid population growth coupled with the increased availability of credit during the housing boom led to a surge in the number of single-family housing permits issued beginning in 2003 and ending in 2007. During this time, annual permits issued rose steadily, peaking at an all-time high of 3,084 permits in 2005. As economic growth slowed in 2008 and the economy entered a recession, Rio Rancho housing market activity declined sharply. Since the peak in 2005, the number of housing permits issued fell 90 percent to 301 in 2011. This weakness in housing construction translated into a significant drop in the City’s gross receipts tax revenues and slowed the growth rate of City property tax revenues. Since 2012, tax revenues have somewhat stabilized. The City’s elected officials and management continue to seek opportunities to diversify the City’s economic base. Having a diverse mix of construction, retail, and service industries will help buffer the City’s budget against future downturns in any one sector.



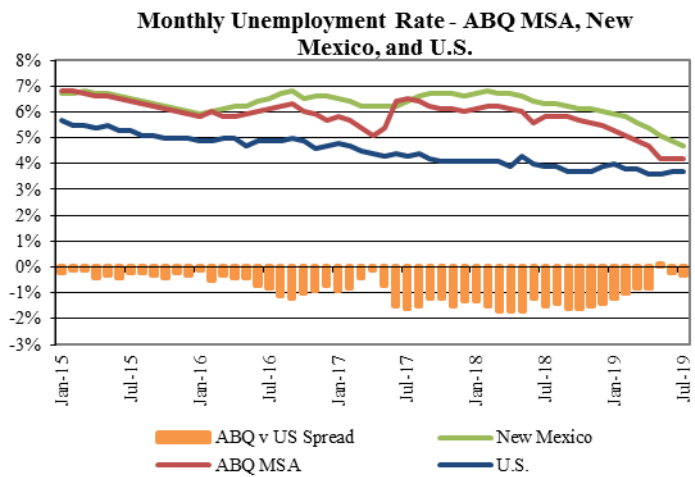


The City’s current financial condition reflects a local economy that is improving. Single-family building permits increased in calendar year 2018 compared to 2017, and in 2019 they are on pace to exceed 2017 and 2018 levels. Gross receipts tax revenue is expected to increase 5.1 percent in fiscal year 2020 from the fiscal year 2019 revised budget. This increase is primarily because the City implemented an additional 1/8th of 1.0 percent increment of gross receipts tax. The new tax, which took effect on January 1, 2019, is expected to bring in approximately \$1.3 million in additional revenue in FY20.

Metropolitan Statistical Area (MSA) is accelerating. For 2019, the MSA is expecting growth to average 4.7 percent, then slow to 4.0 percent in 2020 and increase again to 4.7 percent in 2021.

Personal income growth in the Albuquerque Metropolitan Statistical Area (MSA) is accelerating. For 2019, the MSA is expecting growth to average 4.7 percent, then slow to 4.0 percent in 2020 and increase again to 4.7 percent in 2021.

The unemployment rate in the metro area has declined over the last two years, averaging 4.9 percent since July 2017 going as high as 5.8 percent in July - September 2017 and as low as 4.0 percent in April 2019. While this improvement is positive for the area, the unemployment rate is still above the national rate although the gap is closing. The metro area unemployment rate is less than the State’s rate as a whole, reflecting the higher unemployment rates in other MSAs and rural areas. The Bureau of Business and Economic Research projects that the Albuquerque MSA will add 5,076 jobs in calendar 2019, a 1.3 percent increase for the year. Sectors leading the job growth include healthcare and social assistance sector (1,031 jobs), professional and technical services (934 jobs), and construction (786 jobs). Also adding a significant number of jobs were accommodation and food service (722 jobs), education services, transportation, warehousing and utilities, finance and insurance and perhaps surprisingly, manufacturing (164 jobs). Following a national downward trend, retail trade will shed a few jobs in 209 (-62 jobs). In the longer term, through 2024 (using 2019 as the base year), the Albuquerque MSA economy is forecast to add 17,106 jobs at an average annual growth (AAG) rate of 1.1 percent.



Local Economic Growth Highlights. Over the past fiscal year, Rio Rancho continued to experience steady growth across its major employers, anchor institutions, retailers and new residential construction. Intel is re-investing in its Rio Rancho facility, announcing plans to create ~400 jobs for the development or manufacture of new data transfer and memory technologies including Silicon Photonics. Safelite continues to grow its headcount in Rio Rancho with nearly 600 full-time employees.

The housing industry in Rio Rancho is strong, offering homebuyers affordability, quality, and value across a diverse array of housing products and styles. For the fiscal year, Rio Rancho had 438 new single family home starts, representing approximately 40% of the metro area’s new home starts. Looking forward, there are nearly 2,000 new single family lots in the pipeline along with renewed multi-family activity.

Defined Fitness, a New Mexico health club operator, is repositioning its footprint in Rio Rancho with the construction of a new facility in northern Rio Rancho and back-filling a vacant big-box store bringing redevelopment to an aging shopping center.

On the medical front, both Presbyterian Health Services' Rust Medical Center and UNM Sandoval Regional Medical Center took assertive steps to expand their facilities in 2020-2021.

Long-term Financial Planning and Policies. The General Fund ended fiscal year 2019 with an unassigned fund balance of \$20.8 million, which equals 37.5 percent of the fund's annual expenditures under the modified-accrual basis of accounting. On a budgetary basis, the General Fund's reserves ended the year at 23.2 percent of expenditures (excluding transfers out), which exceeds the State of New Mexico requirement of 1/12th (8.3 percent) of expenditures as well as the City's policy target of 15 percent.

The City continues to budget and spend within its means. The fiscal year 2020 General Fund budget compared to actual fiscal year 2019 includes a \$5.9 million (11.1 percent) increase in expenditures. This includes a 2.5 percent cost of living increase for employees, a 5.0 percent increase for health insurance, and a 0.25 percent increase for pension contributions mandated by the legislature. For all other governmental funds, fiscal year 2020 budgeted operating expenditures compared to actual expenditures in fiscal year 2019 are increasing \$2.1 million (13.9 percent). The City's five-year infrastructure and capital improvement plan (ICIP) includes funding for critical transportation, utility, and equipment projects. The ICIP is a rolling five-year plan that identifies the City's most important capital needs and the funding sources that will be used to pay for the various projects. Finally, the budget includes sufficient resources to cover annual debt service requirements, and the City is in compliance with all of its debt covenants and obligations.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Rio Rancho for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 14th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

CONCLUSION

We believe this report provides useful information in evaluating the financial condition of the City. The preparation of this report is a team effort by the Department of Financial Services and other departments. We extend our appreciation for their ongoing commitment to excellence in financial reporting and for their continuing effort in providing pleasant and efficient service to the citizens of Rio Rancho.

Respectfully submitted,



David S. Campbell
City Manager



Carole H. Jaramillo
Director of Financial Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Rio Rancho
New Mexico

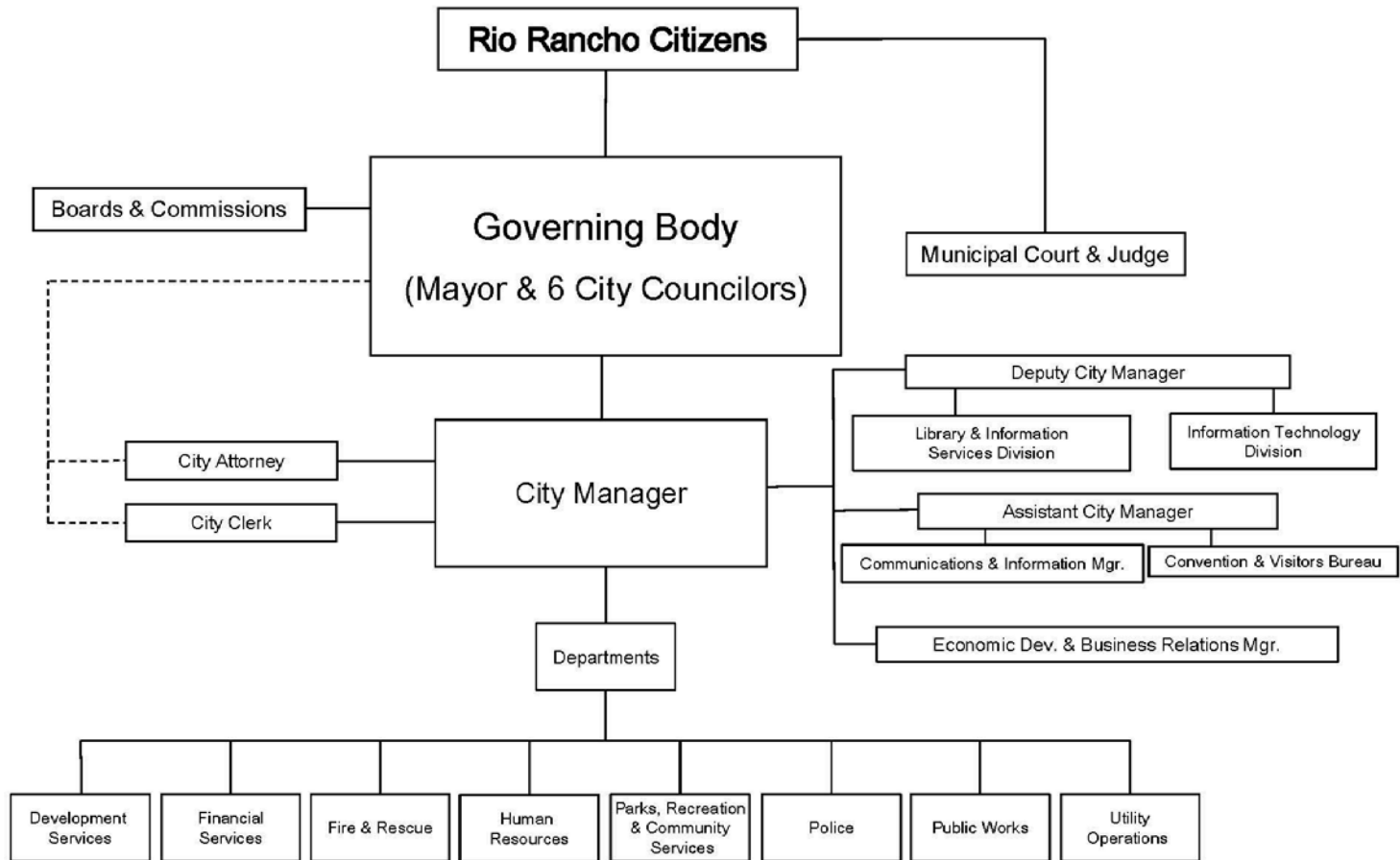
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Rio Rancho Organizational Structure



Financial Section





INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Rio Rancho, New Mexico
Mr. Brian Colón, State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison schedule of the general fund of the City of Rio Rancho, New Mexico, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Honorable Mayor and Members of the City Council
City of Rio Rancho, New Mexico
and Mr. Brian Colón, 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 business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison schedule for the general fund of the City of Rio Rancho, New Mexico as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16-24 and the schedule of the City's proportionate share of the net pension liability, OPEB liability, and the schedules of the City's contributions on pages 86-87 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 City of Rio Rancho, New Mexico's basic financial statements. The combining and individual nonmajor fund financial statements and the introductory and statistical sections 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, 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 other schedules required by 2.2.2 NMAC included as other supplementary information required by the New Mexico State Auditor as listed on the table of contents are also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other schedules required by 2.2.2 NMAC included as other supplementary information required by the New Mexico State Auditor as list on the table of contents 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and Members of the City Council
City of Rio Rancho, New Mexico
and Mr. Brian Colón, New Mexico State Auditor

The introductory and statistical sections per the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the City of Rio Rancho, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Rio Rancho, New Mexico's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rio Rancho, New Mexico's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
December 13, 2019

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

The following is a discussion and analysis of the City of Rio Rancho's financial performance and activities for the year ended June 30, 2019. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the financial statements that follow.

HIGHLIGHTS

Government-wide Level

- Combined net position increased \$34.7 million (8.25%) from the prior year. Assets and deferred outflows of resources increased \$59.2 million and \$2.9 million respectively. Liabilities increased \$28.7 million while deferred inflows of resources decreased \$1.2 million. Positively impacting the net position are increases in capital assets, cash/cash equivalents as well as restricted cash, various receivables and investments. These positive impacts were offset, in part, by increased liabilities for accounts payable, new debt issuance, and increased net pension liability.

Capital Assets and Long-term Liabilities

- The City added \$39.1 million in new capital assets including equipment and vehicles, major road and water/wastewater improvements including High Resort Boulevard, Zaragoza Road, Meadows Boulevard (road only), booster station and Tank 8 improvements, and developer contributions for Enchanted Hills Subdivision and Milagro Mesa Phase I. Reductions in machinery and equipment due to disposal of a number of assets offset some of the above additions.
- During FY2019, the City refunded the Joint Utilities Refund Series 2009 Bonds. This transaction resulted in a net present value savings of \$794,638 a total average annual debt service savings of \$253,333 through maturity in 2022.
- As of June 30, 2019, the City's share of the New Mexico Public Employees Retirement Association (PERA) net pension liability was \$80.7 million, which is 1.97%, 3.21%, 4.29% of PERA's total net pension liability for Muni General, Police, and Fire, respectively.
- As of June 30, 2019, the City's share of the New Mexico Retiree Health Care Authority (RHC) net OPEB liability was \$31.2 million. The City's share for fiscal year 2018 was \$34.2 million combined governmental and business-type activities. The City's proportionate share of OPEB liability was based on actual contributions to the Fund for the year ended June 30, 2018 and was .71711%.

Fund Level

- The General Fund ended the year with an unassigned fund balance of \$20.8 million, which equals 37.4% of the fund's fiscal year 2019 expenditures and is well above the policy target level of 15%.
- On a budgetary basis, General Fund revenues were \$2.5 million (4.1%) above the final budget and General Fund expenditures were \$4.9 million (8.3%) below the final budget.
- The Utility Fund net position increased \$20.1 million (8.7%) over the prior year and ended the year at \$251.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report contains other required information including combining statements, budget schedules, reports on federal grants, and a statistical section.

Government-wide Statements – Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the City's finances as a whole and are prepared using the full-accrual basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the City's net

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

position and how it has changed from the prior year. Over time, increases and decreases in net position measure whether the City's overall financial condition is getting better or worse. In evaluating the government's overall condition, however, additional non-financial factors should be considered, such as the City's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). Rio Rancho's governmental activities include general government, public safety, public works, parks and recreation, library services, community development, and economic development programs. The City has three business-type activities that include a water/waste water utility, multi-purpose events center and a non-emergency medical interfacility transport service program.

Fund Financial Statements – Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about individual major funds, not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. The City's funds are divided into three types:

Governmental Funds – Most of the City's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide statements. Governmental funds use the modified-accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This short-term view of the City's financial position helps determine whether the City has sufficient resources to cover expenditures in the near future.

Under New Mexico Administrative Code Section 2.2.2, governments in New Mexico must include the budgetary comparison statement for the General Fund and major special revenue funds as a component of the fund financial statements within the Basic Financial Statements.

Proprietary Funds – Rio Rancho uses two different types of proprietary funds. *Enterprise funds* are used to report the same activities presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains two internal service funds to account for its self-funded employee health and dental insurance activities. Because these services predominantly benefit governmental rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

Fiduciary Funds – Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds use full-accrual accounting, but they are not included in the government-wide statements because the assets in these funds are not available to finance the City's own programs.

Reconciliation Between Government-wide and Fund Statements

The financial statements include schedules that reconcile the amounts reported for governmental activities on the government-wide statements with amounts reported on the governmental fund statements. Following are some of the major differences between the two statements:

- Capital assets, long-term debt, pension, and OPEB liabilities are included on the government-wide statements but are not included on the governmental fund statements.
- Capital spending produces assets on the government-wide statements but is considered an expenditure on the governmental fund statements.
- Delinquent property tax revenues that are owed to the City but not yet collected are reported as revenue on the government-wide statements but are deferred inflows on the governmental fund statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a complete understanding of the financial statements, and they apply to both the government-wide and fund financial statements.

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

Required Supplementary Information

This section includes required information related to the City's pension plans.

Supplementary Information

This section includes combining statements for the City's nonmajor governmental funds, budgetary comparison schedules for all funds other than the General Fund, and statutorily required schedules related to the City's cash and investment balances, state appropriations, vendors, and interlocal agreements between the City and other governmental entities.

Statistical Information

This section provides up to ten years of financial, economic, and demographic information about the City.

Single Audit Section

This section reports on the City's expenditures of federal awards and is required by federal and state statutes.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The largest component of the City's net position is composed of *capital assets* (land, buildings, equipment, roads, and other infrastructure), net of all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they be readily liquidated to pay off the related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

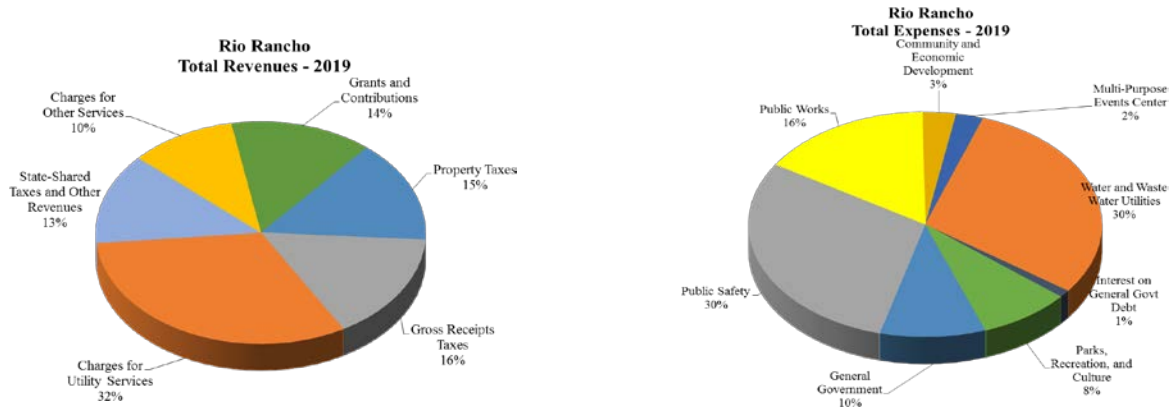
Restricted net position comprises 17.3% of total net position and is subject to external restrictions on how the resources may be used. The remaining balance of net position is *unrestricted* and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors. The following table compares the current year's net position to the prior year.

City of Rio Rancho Net Position as of June 30						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets.....	\$ 74,465,712	\$ 50,241,057	\$ 90,773,165	\$ 72,815,939	\$ 165,238,877	\$ 123,056,996
Capital Assets.....	280,816,742	269,864,533	339,865,432	333,758,343	620,682,174	603,622,876
Total Assets.....	355,282,454	320,105,590	430,638,597	406,574,282	785,921,051	726,679,872
Total Deferred Outflows of Resources.....	20,233,808	16,231,133	7,749,217	8,826,227	27,983,025	25,057,360
Current and Other Liabilities.....	19,433,651	13,239,211	17,625,529	14,732,930	37,059,180	27,972,141
Long-term Liabilities.....	152,867,788	132,745,194	152,975,111	153,477,540	305,842,899	286,222,734
Total Liabilities.....	172,301,439	145,984,405	170,600,640	168,210,470	342,902,079	314,194,875
Total Deferred Inflows of Resources.....	14,943,039	16,173,087	667,118	664,607	15,610,157	16,837,694
Net Position:						
Net Investment in Capital Assets.....	248,304,596	261,320,063	220,547,306	181,184,997	468,851,902	442,505,060
Restricted.....	40,167,746	31,606,304	38,689,545	30,336,244	78,857,291	61,942,548
Unrestricted.....	(100,200,558)	(118,747,136)	7,883,205	35,004,191	(92,317,353)	(83,742,945)
Total Net Position.....	\$ 188,271,784	\$ 174,179,231	\$ 267,120,056	\$ 246,525,432	\$ 455,391,840	\$ 420,704,663
Percent change from prior year	8.1%	(1.4)%	8.4%	4.3%	8.2%	1.5%

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

Changes in Net Position

The City’s combined net position increased by \$34.7 million (8.25%) from the prior year. Net position of governmental activities increased \$14.1 million (8.1%) while net position of business-type activities increased \$20.6 million (8.4%). The following charts and schedules summarize the City’s revenues and expenses relative to each other and to the prior year.



Governmental Activities

In total, actual revenues for all governmental activities increased \$15.4 million (18.9%) from the prior year. The overall increase is the net result of increases and decreases in the various sources of funding. Total property tax revenue increased \$3.3 million (16.4%) due to a combination of new value added to the tax rolls, a 3.17% inflationary factor applied under New Mexico’s “yield control” formula, debt coverage for new general obligation bonds approved by voters in March, 2018, and recognition of revenue receivable but not previously recorded (\$579,000). Gross receipts taxes increased \$2.6 million (11.7%), in part due to a new 1/8th of 1% increment of tax being implemented effective 1/1/19 as well as increased business activity. Other general revenues increased \$1.1 million (7.4%) due to increased business activity. Charges for services decreased \$94,000 (.6%) primarily due to decreases in construction related activity and development fees.

City of Rio Rancho
Changes in Net Position
For the Year Ended June 30

	Governmental Activities		Business-type Activities		Total		Total Percent Change 2018 to 2019
	2019	2018	2019	2018	2019	2018	
Revenues							
General Revenues:							
Taxes.....	\$ 51,702,979	\$ 45,625,149	\$ —	\$ —	\$ 51,702,979	\$ 45,625,149	13.3 %
Other General Revenues.....	15,725,622	14,642,182	1,301,288	262,579	17,026,910	14,904,761	14.2
Program Revenues:							
Charges for Services.....	15,264,061	15,358,082	50,297,590	49,785,185	65,561,651	65,143,267	0.6
Operating Grants.....	2,280,450	2,211,030	6,376,415	4,444,620	8,656,865	6,655,650	30.1
Capital Grants.....	11,994,122	3,717,761	1,325,935	76,684	13,320,057	3,794,445	251.0
Total Revenues	96,967,234	81,554,204	59,301,228	54,569,068	156,268,462	136,123,272	14.8
Expenses							
General Government.....	10,838,081	10,816,403	—	—	10,838,081	10,816,403	0.2
Public Safety.....	36,801,320	35,731,849	—	—	36,801,320	35,731,849	3.0
Public Works.....	19,325,855	18,218,656	—	—	19,325,855	18,218,656	6.1
Parks, Recreation, and Culture.....	10,231,901	11,171,626	—	—	10,231,901	11,171,626	(8.4)
Community and Econ. Development.....	3,742,614	3,326,414	—	—	3,742,614	3,326,414	12.5
Interest on General Govt Debt.....	1,307,880	1,522,115	—	—	1,307,880	1,522,115	(14.1)
Water and Waste Water Utilities.....	—	—	36,260,532	36,836,367	36,260,532	36,836,367	(1.6)
Multi-Purpose Events Center.....	—	—	3,087,042	3,157,283	3,087,042	3,157,283	(2.2)
Total Expenses	82,247,651	80,787,063	39,347,574	39,993,650	121,595,225	120,780,713	0.7
Excess (Deficiency)	14,719,583	767,141	19,953,654	14,575,418	34,673,237	15,342,559	
Gain on Disposition of Capital Assets	-	-	13,940	-	13,940	-	
Transfers.....	(627,030)	(1,797,331)	627,030	1,797,331	—	—	
Change in Net Position.....	14,092,553	(1,030,190)	20,594,624	16,372,749	34,687,177	15,342,559	
Net Position - Beginning.....	174,179,231	213,757,377	246,525,432	232,181,523	420,704,663	445,938,900	
Restatement.....	—	(38,547,956)	—	(2,028,840)	—	(40,576,796)	
Net Position - Beginning, as restated.....	174,179,231	175,209,421	246,525,432	230,152,683	420,704,663	405,362,104	
Net Position - Ending.....	\$ 188,271,784	\$ 174,179,231	\$ 267,120,056	\$ 246,525,432	\$ 455,391,840	\$ 420,704,663	8.2 %

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

Total governmental activities expenses increased \$1.5 million (1.8%) compared to the prior year. All categories of activity increased with the exceptions of Parks, Recreation and Culture which decreased \$940,000 (8.4%) and Interest on Long-Term Debt which decreased \$214,000 (\$14.1%). A 1.0% wage increase was given to City personnel and no increase to health insurance premiums was implemented. In addition, implementation of a career development plan for the Fire and Rescue Department was completed in fiscal year 2019 with a cost of \$150,000.

The following table shows to what extent the City’s governmental activities relied on self-generated revenues to cover program costs. For 2019, these activities covered \$30.2 million (36.5%) of their total expenses through grants and charges for services. Taxes and other general revenues covered the remaining 63.5% of expenses.

City of Rio Rancho
Net Cost of Governmental Activities
For the Year Ended June 30

	Program Expenses	Less Program Revenues	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
			2019	2018	2019	2018
			2019	2019	2019	2018
Activities:						
General Government.....	\$ 10,838,081	\$ (6,859,128)	\$ 3,978,953	\$ 5,089,499	63.3 %	62.7 %
Public Safety.....	36,801,320	(6,518,456)	30,282,864	30,456,655	17.7	16.5
Public Works.....	19,325,855	(9,058,989)	10,266,866	16,137,581	46.9	17.5
Parks, Recreation, and Culture.....	10,231,901	(4,575,281)	5,656,620	7,368,983	44.7	25.6
Community and Economic Development....	3,742,614	(2,526,780)	1,215,834	1,200,270	67.5	76.4
Interest on Long-term Debt.....	1,307,880	—	1,307,880	1,522,115	—	—
Total Governmental Activities.....	\$ 82,247,651	\$ (29,538,633)	\$ 52,709,017	\$ 61,775,103	35.9 %	26.3 %

Business-type Activities

Overall, net position for business-type activities increased \$20.6 million (8.4%) and ended the year at \$267.1 million. Following is a summary of activities within the Utility and Multi-Purpose Events Center functions.

Water and Waste Water Utility. Early in 2013, the Governing Body implemented of a series of annual water and wastewater rate increases over five years to provide sufficient funds for rising operating and maintenance costs, and to support non-growth related capital projects. These planned rate increases were completed in fiscal year 2017 and no rate increases took place in fiscal years 2018 or 2019. Utility operating revenues grew \$3.6 million (6.9%) in fiscal year 2019 due to increases in operating and capital grants and contributions as well as slight increases to the customer base (1.75% for water and 0% for wastewater respectively) and increased water consumption driven primarily by increased demand in the single-family account classification.

Total Utility production cost expenses decreased \$1.4 million for various reasons but primarily because fewer repairs to the distribution system were needed in fiscal year 2019 than in fiscal year 2018. In fiscal year 2018, several service line replacement projects were completed, and large repairs were needed to the water lines at Unser Boulevard and Arena Drive (\$350,000) as well as at Camino Encantadas (\$327,000). Similar projects were not needed in fiscal year 2019, thus the cost of production decreased. Net position increased \$20.1 million (8.7%) and ended the year at \$251.8 million.

Multi-Purpose Events Center (MPEC). Operating revenues for the MPEC increased by \$90,000 (31.7%) due to more events held and resulting increases in ticket sales. Operating expenses decreased \$48,000 (2.3%) compared to the prior year. This decrease is primarily the result of expenditures related to large maintenance projects occurring in FY18 and not being repeated in FY19. Net position of the MPEC Fund increased \$409,000 (2.8%) to end the year at \$15.2 million.

Interfacility Transport and Community Medicine Services. In fiscal year 2019, the City created a new enterprise fund for recording activity associated with a new program. The Interfacility Transport and Community Medicine Services program provides non-emergency medical transport to patients by appointment as well as community medicine services for a fee. The fee is structured to cover 100% of program costs and generate fund balance that can be transferred to other funds to support the Fire and Rescue Department. A \$70,000 transfer from the General Fund was made to “seed” the program which will be repaid by program revenue.

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

CAPITAL ASSETS, LONG-TERM DEBT, AND PENSIONS

Capital Assets

The City added \$39.1 million in new capital assets including public safety vehicles and equipment, High Resort Boulevard improvements (road, water, sewer), Zaragoza Road improvements (road, water, sewer), Meadows Boulevard improvements (road), booster station and tank 8 improvements and developer contributions for Enchanted Hills Subdivision and Milagro Mesa Phase I. Reductions in machinery and equipment due to disposal of a number of assets offset some of the above additions.

The City ended the year with \$21.9 million in construction commitments including replacement of the Wastewater Treatment Plant 1, Well 13, water line replacement, Southern Boulevard improvements, improvements at A Park Above, and various other road projects.

The City's total net capital assets ended the year at \$620.7 million, an increase of \$39.1 million (6.5%) over the prior year due to the purchase of public safety vehicles and equipment, and a significant number of projects being undertaken utilizing general obligation bond funding which voters approved in March 2018. Note 8 provides more information about the City's capital assets.

Long-term Debt

Business Type Activities -

In February 2019, the City refunded the Joint Utilities Refund Series 2009 Bonds within the Water/Wastewater Enterprise fund. The refunded 2009 Series bonds had a par amount of \$16,325,000 and originally refunded the 1999 Series Joint Utility bonds. The transaction resulted in a total net present value savings of \$794,638 and an average annual debt service savings of \$253,333 through the bonds maturity in 2022.

In June 2019, the City entered into a loan agreement with the New Mexico Finance Authority (NMFA) for Water/Wastewater Utility for the acquisition of water rights. The loan has a principal amount of \$10,425,000 and a blended interest rate of 4.376704% over a 20-year term. Pledged revenue for this loan is the water rights acquisition fee charged monthly to each utility customer.

Governmental Activities -

Also in June 2019, the City entered into a loan agreement with the NMFA for acquisition of water and sewer infrastructure lines and related improvements. The loan has a principal amount of \$3,440,000 and a blended interest rate of 2.243557% over a 15-year term. Pledged revenue for this loan is a 1/16th of 1% increment of Environmental Gross Receipts Tax.

In January 2019, the City entered into a loan agreement with the NMFA for the purchase of street equipment, including a motor grader, two street sweepers and a walk and roll. The loan has a principal amount of \$609,056 and a blended interest rate of 2.426263% over 6-year term. Pledged revenue for this loan is the municipal gasoline tax.

Pensions

In FY15, the City implemented new accounting standards related to pensions. The new standards require the City to report its proportionate share of the New Mexico Public Employees Retirement Association (PERA) net pension liability. For fiscal year 2019, the City's net pension liability was \$78.0 million for governmental activities and \$2.7 million for business-type activities. The City's net pension liability was calculated based on information provided by PERA state statutes governing benefit levels and contribution rates, as well as several assumptions adopted by the PERA Board of Directors, in conformance with GASB standards. The City does not control or influence any of the factors that determine the City's net pension liability except to the extent the City hires employees who are covered by one of PERA's pension plans.

Other Post-employment Benefits

In FY18, the City implemented new accounting standards related to other post-employment benefits (OPEB). The new standards require the City to report its proportionate share of the New Mexico Retiree Health Care Authority (RHC) net OPEB liability. For fiscal year 2019, the City's OPEB liability was \$29.6 million for governmental activities and \$1.6 million for business-type activities. These liabilities reflected in the Statement of Net Position contributed to a deficit unrestricted net position for governmental activities of \$100.2 million in fiscal year 2019, while the business-type activities/ Utility Enterprise Fund had sufficient unrestricted net position to absorb its share of the liability. The City's OPEB liability was calculated based on information provided by RHC in conformance

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

with GASB standards. The City does not control or influence any of the factors that determine the City's net OPEB liability except to the extent the City hires employees who are covered by RHC.

The following table presents changes in the City's long-term obligations relative to the prior year. Note 9 provides more details on the City's long-term debt.

	Governmental Activities		Business-type Activities		Total		Total Percent Change 2018 to 2019
	2019	2018	2019	2018	2019	2018	
	General Obligation Bonds, net....	\$ 28,766,085	\$ 17,670,548	\$ —	\$ —	\$ 28,766,085	
GRT Revenue Bonds, net.....	9,186,483	10,540,897	22,590,000	24,000,000	31,776,483	34,540,897	(8.0)
Utility Revenue Bonds, net.....	—	—	112,598,559	120,838,055	112,598,559	120,838,055	(6.8)
Notes from Direct Borrowings....	13,250,913	10,413,645	24,951,020	15,484,861	38,201,933	25,898,506	47.5
Compensated Absences.....	5,057,520	5,043,457	134,101	110,013	5,191,621	5,153,470	0.7
Net Pension Liability.....	78,045,571	65,686,651	2,682,185	2,299,950	80,727,756	67,986,601	18.7
Net OPEB Liability.....	29,623,363	32,452,122	1,559,124	1,708,006	31,182,487	34,160,128	(8.7)
Total.....	\$ 163,929,935	\$ 141,807,320	\$ 164,514,989	\$ 164,440,885	\$ 328,444,924	\$ 306,248,205	7.2 %

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, the City's governmental funds reported combined fund balances of \$64.5 million, an increase of \$19.2 million (42.4%) from 2018. Of the total fund balances, \$42.0 million (65.1%) is restricted for various purposes, such as debt service and future capital projects, and is therefore unavailable for discretionary spending. Committed fund balance totals \$1.7 million (2.7%) and is committed by policy for various purposes. The remaining \$20.8 million (32.2%) is unassigned and available for new spending. The following table presents the City's 2019 ending governmental fund balances.

	General Fund	Infrastructure Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Restricted.....	\$ —	\$ 1,782,542	\$ 20,086,065	\$ 7,278,164	\$ 12,803,517	\$ 41,950,288
Committed.....	—	—	1,725,811	—	—	1,725,811
Unassigned.....	20,795,958	—	(8,663)	—	—	20,787,295
Total.....	\$ 20,795,958	\$ 1,782,542	\$ 21,803,213	\$ 7,278,164	\$ 12,803,517	\$ 64,463,394
Percent change from prior year....	51.4%	101.0%	40.8%	47.0%	15.3%	39.6%

General Fund

During 2019, fund balance in the General Fund increased \$7.1 million (51.4%) due, in part, to a \$3.2 million transfer from the 2018 General Obligation Bond fund to reimburse for expenses made from the General Fund in FY18 for General Obligation Bond projects. The bonds were issued in August 2018 and used, in part, to reimburse the General Fund. The remainder of the increase was due to positive revenue and expense variances.

Revenues. Municipal gross receipts taxes increased \$2.2 million (12.4%) from the prior year. This is in due to a new 1/8th of 1% increment of tax being implemented effective 1/1/19 as well as increased business activity. Property tax revenue increased \$796,000 (5.0%) due to a combination of new properties and improvements added to the tax rolls, and a 3.17% inflationary factor applied under New Mexico's "yield control" formula. In total, actual General Fund revenues increased \$5.7 million (9.8%) over the prior year.

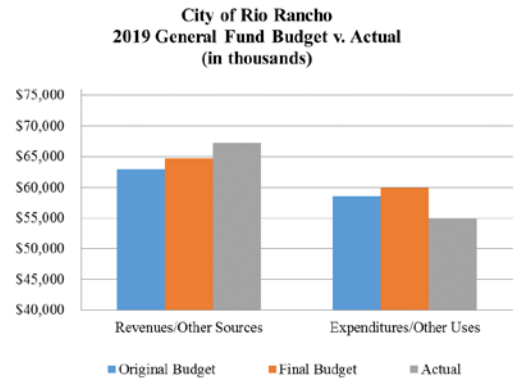
Expenditures and Transfers. Total expenditures increased \$1.6 million (2.9%) and transfers made to other funds decreased \$1.9 million (28.7%) in 2019. Personnel expenditures increased because of a variety of factors. The City gave a 1.0% wage increase to staff, and certain public safety personnel saw a larger increase due to changes negotiated in their bargaining unit contracts. Premium charges for the City's self-insured health insurance plan remained flat. Transfers were significantly lower than in the prior fiscal year. This is due to a transfer made to the

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

General Obligation Bond fund made in FY18. That transfer was to fund the purchase of a fire engine and fire ladder truck as well as design work for the Abrazo Road, Rockaway Boulevard, Meadowlark Lane, Sundt Road, and Montreal Loop projects. Those expenses were reimbursed by the 2018 general obligation bonds once they were issued in August 2018.

Budgetary Highlights. On a budgetary (cash) basis, the original 2019 General Fund budget estimated a \$164,000 decrease in fund balance; however, fund balance actually increased 7.1 million. This increase was the result of positive variances in both revenues (\$2.5 million) and expenses (\$4.9 million). Following are other amendments to the General Fund budget and comparisons of actual results to the budget for the fiscal year:

- The General Fund revenue budget was increased during the year from \$58.3 million to \$59.7 million. This increase was the result of higher than projected gross receipts tax revenue early in the year. General Fund revenues ended the year \$2.5 million (4.1%) higher than the final amended budget projection. A rebound in gross receipts taxes, originally budgeted using a “pessimistic” scenario that did not materialize, contributed to the positive variance. Property tax revenue, franchise taxes, and intergovernmental – State revenue also contributed to the positive variance. Some of this positive variance was offset a by a negative variance in charges for services, intergovernmental – Federal revenue and miscellaneous revenue.
- Franchise tax revenue projections came in \$383,000 (10.8%) higher than the final amended budget due to an increase in the fee assessed to the Public Service Company of New Mexico (PNM).
- Actual Fines and forfeitures revenue were lower than final estimates by \$22,000 (2.4%).
- Actual Property tax revenues were \$620,000 (3.9%) more than projected.
- Charges for services such as alarms, ambulance, certain development related services and recreational services were \$97,000 (1.7%) less than the final amended budget.



On a budgetary (cash) basis, total General Fund revenues were \$3.9 million (6.6%) higher than the original budget and \$2.5 million (4.1%) above the final budget. Total expenditures were \$3.6 million (6.3%) and \$4.9 million (8.3%) below the original and final budgets, respectively. The budgetary comparison statement on page 32 presents budget-to-actual results for all major revenue sources in, and expenditures in each function of, the General Fund. The statement also reconciles the City’s budgetary-basis revenues and expenditures to amounts reported in the financial statements on a modified-accrual basis.

Infrastructure Fund

For fiscal year 2019, the Infrastructure Fund is reported as a major governmental fund. The fund, which is primarily used to account for road projects, had a significant increase in revenue and expenditures in fiscal year 2019 over fiscal year 2018. Revenues increased \$7.6 million (675.3%) from \$1.1 million in FY18 to \$8.7 million in FY2019, while expenditures increased \$7.9 million (584.8%) from \$1.3 million in FY18 to \$9.2 million in FY19. The largest project in the fund is the Southern Boulevard reconstruction project. This project is anticipated to be completed in early 2020. The Infrastructure Fund reported a fund balance of \$1.8 million for FY19 which is a 101.0% increase over the FY18 fund balance of \$887,000 (reported in nonmajor governmental funds in FY18).

Nonmajor Governmental Funds

The City’s nonmajor governmental fund balances increased a total of \$11.2 million (36.7%), excluding the Infrastructure Fund, primarily due to the accumulation of cash for future funding of projects. Following are the most significant activities within the City’s nonmajor governmental funds.

Special Revenue Funds. Special Revenue expenses increased \$163,000 (1.6%) in total from prior year. Special Revenue funds related to public safety increased in total by \$286,000 (6.8%), primarily for fire protection expenses. Special Revenue fund expenses related to capital outlay increased by \$598,000 (42.3%), primarily for public works and fire protection equipment and general government expenses increased \$24,000 (3.3%). Special Revenue funds related to public works and parks, recreation and culture both decreased. Specifically, intergovernmental funding

CITY OF RIO RANCHO, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2019

for Libraries was reduced which necessitated reductions in expenses of \$527,000 (78.9%). Debt related expenses also decreased \$34,000 (\$4.3%). Fund balances of all special revenue funds ended the year at \$21.8 million, most of which is restricted for the specific purposes of the funds in which the balances reside.

Debt Service Funds. Debt service expenditures increased by \$87,000 (1.3%), while revenue, primarily property tax revenue, increased \$1.6 million (23.2%). Property tax revenue increased from a combination of factors including new value added to the tax rolls, debt coverage for new general obligation bonds approved by voters in March 2018, and recognition of revenue receivable but not previously recorded. Fund balances ended the year at \$7.3 million, all of which is restricted for future debt service payments.

Capital Projects Funds. Total capital projects funds expenditures increased \$9.5 million (1047.6%) from the prior year due to the several major road projects which were funded by the Series 2018 General Obligation Bonds. In addition, in FY19 public safety vehicles and equipment, and heavy equipment were purchased from the Series 2018 General Obligation Bonds and a loan respectively. Fund balances ended the year at \$12.8 million, all of which is restricted for specific projects. The Infrastructure Fund information for FY18 is excluded from this comparison as it is reported as a major fund in FY19 and discussed above.

FINANCIAL ANALYSIS OF THE CITY'S PROPRIETARY FUNDS

Results of operations for the City's two enterprise funds were explained above under the heading "Business-type Activities." Internal service fund activities for 2019 were as follows.

Health Self-Insurance Fund

Expenses for claims and administration expenses decreased by \$79,000 (1.3%) from the prior year. Revenues decreased \$217,000 (3.4%). In the absence of a change to health insurance premiums, this revenue is dependent upon which benefits selections employees make upon hire or open enrollment. Net position of the health insurance fund decreased \$32,000 (4.7%), and ended the year at \$658,000.

Dental Self-Insurance Fund

Charges to departments and employees for dental insurance decreased by \$16,000 (3.0%) from the prior year. Expenses for claims and administration expenses increased \$12,000 (2.8%) due to increased claims activity. Net position increased \$72,000 (26.7%), and ended the year at \$342,000.

OTHER MATTERS

The following issues may impact Rio Rancho's future financial position:

During the 2019 legislative session, the New Mexico legislature passed a bill that would enable local governments to receive gross receipts taxes revenue from internet sales. The bill, which was subsequently signed by the Governor, became law effective July 1, 2019. During the first two years (FY20 and FY21) the State of New Mexico Taxation and Revenue Department (TRD) will make a monthly distributions to local governments based on population while TRD makes the necessary changes to their systems to collect and distribute the internet sales tax based on the location from where the sale originated. In fiscal year 2020, the City is expected to receive \$964,000 from internet sales tax.

In March of 2020, the City intends to request voter approval of general obligation bonds. Two questions will be proposed to voters. The first will seek approval to issue bonds for road improvements and the second will seek approval to issue bonds for public safety vehicles, equipment and facilities. If approved, the bonds will be issued in early summer 2020 and represent a continuation of the City's general obligation bonding cycle.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of Rio Rancho's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report, or any other matters related to the City's budget and finances, should be addressed to the Rio Rancho Department of Financial Services, 3200 Civic Center Circle NE, Rio Rancho, New Mexico 87144.

Basic Financial Statements

CITY OF RIO RANCHO, NEW MEXICO

Statement of Net Position June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents.....	\$ 34,854,803	\$ 30,717,614	\$ 65,572,417
Receivables:			
Accounts, net.....	1,429,401	6,990,974	8,420,375
Interest	45,482	117,669	163,151
Property Taxes.....	1,247,553	—	1,247,553
Gross Receipt Taxes.....	4,365,345	—	4,365,345
Due From Other Governments.....	6,625,526	364,754	6,990,280
Prepaid Bond Insurance.....	21,877	128,391	150,268
Restricted Cash	15,837,158	36,619,738	52,456,896
Investments.....	10,038,567	13,764,218	23,802,785
Restricted Investments.....	—	2,069,807	2,069,807
Capital Assets:			
Land.....	65,924,595	55,782,610	121,707,205
Construction-in-Progress.....	18,837,194	14,358,514	33,195,708
Infrastructure.....	328,696,613	204,651,080	533,347,693
Buildings and Improvements.....	55,109,609	102,843,135	157,952,744
Land Improvements.....	21,268,987	15,435,203	36,704,190
Machinery and Equipment.....	33,346,266	55,422,648	88,768,914
Less: Accumulated Depreciation.....	(242,366,522)	(108,627,758)	(350,994,280)
Total Capital Assets.....	<u>280,816,742</u>	<u>339,865,432</u>	<u>620,682,174</u>
Total Assets.....	<u>355,282,454</u>	<u>430,638,597</u>	<u>785,921,051</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Bond Refundings.....	871,609	4,201,715	5,073,324
Deferred OPEB Items.....	593,228	28,176	621,404
Deferred Pension Plan Items.....	18,768,971	664,474	19,433,445
Excess Consideration Provided for Acquisition.....	—	2,854,852	2,854,852
Total Deferred Outflows of Resources.....	<u>20,233,808</u>	<u>7,749,217</u>	<u>27,983,025</u>
LIABILITIES			
Accounts Payable	6,466,915	4,248,641	10,715,556
Accrued Liabilities.....	1,899,112	664,657	2,563,769
Unearned Revenue.....	5,477	—	5,477
Deposits.....	—	1,172,353	1,172,353
Long-term Liabilities:			
Due Within One Year.....	11,062,147	11,539,878	22,602,025
Due in More Than One Year.....	45,198,854	148,733,802	193,932,656
Net OPEB Liability.....	29,623,363	1,559,124	31,182,487
Net Pension Liability.....	78,045,571	2,682,185	80,727,756
Total Liabilities.....	<u>172,301,439</u>	<u>170,600,640</u>	<u>342,902,079</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Items.....	9,254,525	487,080	9,741,605
Deferred Pension Plan Items.....	5,688,514	180,038	5,868,552
Total Deferred Inflows of Resources.....	<u>14,943,039</u>	<u>667,118</u>	<u>15,610,157</u>
NET POSITION			
Net Investment in Capital Assets.....	248,304,596	220,547,306	468,851,902
Restricted for:			
Debt Service.....	7,278,164	38,689,545	45,967,709
Capital Improvements.....	14,586,059	—	14,586,059
Other.....	18,303,523	—	18,303,523
Unrestricted.....	<u>(100,200,558)</u>	<u>7,883,205</u>	<u>(92,317,353)</u>
Total Net Position.....	<u>\$ 188,271,784</u>	<u>\$ 267,120,056</u>	<u>\$ 455,391,840</u>

See accompanying Notes to the Financial Statements.

CITY OF RIO RANCHO, NEW MEXICO

Statement of Activities Year Ended June 30, 2019

Activities:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Court Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government.....	\$ 10,838,081	\$ 6,636,349	\$ 59,578	\$ 163,202	\$ (3,978,953)	\$ —	\$ (3,978,953)
Public Safety.....	36,801,320	4,182,622	1,478,710	857,124	(30,282,864)	—	(30,282,864)
Public Works.....	19,325,855	203,959	361,294	8,493,735	(10,266,866)	—	(10,266,866)
Parks, Recreation, and Culture.....	10,231,901	1,714,351	380,868	2,480,061	(5,656,620)	—	(5,656,620)
Community and							
Economic Development.....	3,742,614	2,526,780	—	—	(1,215,834)	—	(1,215,834)
Interest on Long-Term Debt.....	1,307,880	—	—	—	(1,307,880)	—	(1,307,880)
Total Governmental Activities.....	<u>82,247,651</u>	<u>15,264,061</u>	<u>2,280,450</u>	<u>11,994,122</u>	<u>(52,709,017)</u>	<u>—</u>	<u>(52,709,017)</u>
Business-type Activities:							
Water and Waste Water Utilities.....	36,260,532	49,900,736	4,455,909	1,325,935	—	19,422,048	19,422,048
Multi-Purpose Events Center.....	3,087,042	396,854	1,920,506	—	—	(769,682)	(769,682)
Total Business-type Activities.....	<u>39,347,574</u>	<u>50,297,590</u>	<u>6,376,415</u>	<u>1,325,935</u>	<u>—</u>	<u>18,652,366</u>	<u>18,652,366</u>
Total Primary Government.....	<u>\$ 121,595,225</u>	<u>\$ 65,561,651</u>	<u>\$ 8,656,865</u>	<u>\$ 13,320,057</u>	<u>(52,709,017)</u>	<u>18,652,366</u>	<u>(34,056,651)</u>
General Revenues and Transfers:							
Taxes:							
Property Taxes, General Purpose.....					17,317,370	—	17,317,370
Property Taxes, Debt Service.....					6,100,271	—	6,100,271
Gross Receipt Taxes.....					24,520,960	—	24,520,960
Franchise Taxes.....					3,764,378	—	3,764,378
Total Taxes.....					<u>51,702,979</u>	<u>—</u>	<u>51,702,979</u>
Unrestricted Grants, Aid, and State-Shared Revenue.....					15,017,305	—	15,017,305
Investment Income.....					708,316	1,301,288	2,009,604
Miscellaneous.....					—	—	—
Gain on Disposition of Capital Assets.....					—	13,940	13,940
Transfers.....					(627,030)	627,030	—
Total General Revenues and Transfers.....					<u>66,801,570</u>	<u>1,942,258</u>	<u>68,743,828</u>
Change in Net Position.....					14,092,553	20,594,624	34,687,177
Net Position - Beginning.....					174,179,231	246,525,432	420,704,663
Net Position - Ending.....					<u>\$ 188,271,784</u>	<u>\$ 267,120,056</u>	<u>\$ 455,391,840</u>

See accompanying Notes to the Financial Statements.

CITY OF RIO RANCHO, NEW MEXICO

Balance Sheet Governmental Funds June 30, 2019

	General	Infrastructure Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents.....	\$ 13,674,160	\$ 715,469	\$ 19,274,013	\$ 33,663,642
Receivables:				
Accounts, net.....	1,394,011	—	35,390	1,429,401
Interest.....	5,513	—	35,559	41,072
Property Taxes.....	931,567	—	315,986	1,247,553
Gross Receipt Taxes.....	3,698,571	—	666,774	4,365,345
Due From Federal Government.....	80,399	2,902,328	559,862	3,542,589
Due From State Government.....	2,198,000	13,328	837,299	3,048,627
Due From Local Governments.....	—	—	34,310	34,310
Due From Other Funds.....	780,834	—	—	780,834
Investments	1,293,630	—	7,710,033	9,003,663
Restricted Cash.....	—	—	15,837,158	15,837,158
Total Assets.....	<u>\$ 24,056,685</u>	<u>\$ 3,631,125</u>	<u>\$ 45,306,384</u>	<u>\$ 72,994,194</u>
LIABILITIES				
Accounts Payable.....	\$ 1,074,332	1,848,583	\$ 2,312,996	\$ 5,235,911
Accrued Liabilities.....	1,383,385	—	82,627	1,466,012
Due To Other Funds.....	—	—	780,834	780,834
Unearned Revenue.....	—	—	5,477	5,477
Total Liabilities.....	<u>2,457,717</u>	<u>1,848,583</u>	<u>3,181,934</u>	<u>7,488,234</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes.....	803,010	—	239,556	1,042,566
Total Deferred Inflows of Resources.....	<u>803,010</u>	<u>—</u>	<u>239,556</u>	<u>1,042,566</u>
FUND BALANCES				
Restricted.....	—	1,782,542	40,167,746	41,950,288
Committed.....	—	—	1,725,811	1,725,811
Unassigned.....	20,795,958	—	(8,663)	20,787,295
Total Fund Balances.....	<u>20,795,958</u>	<u>1,782,542</u>	<u>41,884,894</u>	<u>64,463,394</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances.....	<u>\$ 24,056,685</u>	<u>3,631,125</u>	<u>\$ 45,306,384</u>	<u>\$ 72,994,194</u>

See accompanying Notes to the Financial Statements.

CITY OF RIO RANCHO, NEW MEXICO

Reconciliation of the Balance Sheet — Governmental Funds to the Statement of Net Position June 30, 2019

Total Fund Balances – Governmental Funds..... \$ 64,463,394

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, but they are reported in the Statement of Net Position. Capital assets consist of the following:

Land.....	\$ 65,924,595	
Infrastructure.....	328,696,613	
Other capital assets.....	128,562,056	
Accumulated depreciation.....	(242,366,522)	280,816,742
		<u>280,816,742</u>

Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current year's expenditures and therefore are reported as unavailable revenue in governmental funds.....

Property Taxes..... 1,042,566

A liability for accrued interest on long-term debt is not reported in governmental funds because interest payments are not due at June 30, but the liability is reported for governmental activities on the Statement of Net Position.....

(433,100)

The City uses internal service funds to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the Statement of Net Position.....

999,471

Some liabilities and deferred outflows/inflows of resources are not reported in governmental funds, but they are reported in the Statement of Net Position. These amounts consist of the following:

Bonds and notes payable.....	(49,220,913)	
Unamortized premiums and discounts on bonds.....	(1,982,568)	
Deferred amount on bond refundings.....	871,609	
Prepaid bond insurance costs.....	21,877	
Deferred OPEB items, net.....	(8,661,297)	
Net OPEB liability.....	(29,623,363)	
Net pension liability.....	(78,045,571)	
Deferred pension plan items, net.....	13,080,457	
Compensated absences.....	(5,057,520)	(158,617,289)
		<u>(158,617,289)</u>

Net Position of Governmental Activities..... \$ 188,271,784

CITY OF RIO RANCHO, NEW MEXICO

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2019

	General	Infrastructure Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes.....	\$ 16,647,216	\$ —	\$ 6,100,271	\$ 22,747,487
Municipal Taxes.....	20,369,275	—	4,151,685	24,520,960
Franchise Taxes.....	3,707,166	—	57,212	3,764,378
Licenses and Permits.....	368,108	—	—	368,108
Intergovernmental - Federal.....	194,310	7,310,594	1,520,066	9,024,970
Intergovernmental - State.....	12,275,825	822,766	4,788,636	17,887,227
Intergovernmental - Local.....	95,124	543,318	55,055	693,497
Impact Fees.....	—	—	811,328	811,328
Investment Income (Loss).....	68,781	—	639,536	708,317
Charges for Services.....	6,200,202	26,048	897,587	7,123,837
Fines and Forfeitures.....	886,131	—	72,236	958,367
Miscellaneous.....	2,187,496	—	2,140,459	4,327,955
Total Revenues.....	<u>62,999,634</u>	<u>8,702,726</u>	<u>21,234,071</u>	<u>92,936,431</u>
EXPENDITURES				
Current:				
General Government.....	8,689,428	—	822,982	9,512,410
Public Safety.....	27,579,494	—	4,524,082	32,103,576
Public Works.....	6,979,240	285,026	1,260,567	8,524,833
Parks, Recreation, and Culture.....	7,877,624	—	463,089	8,340,713
Community and Economic Development.....	2,977,644	—	565,205	3,542,849
Capital Outlay.....	764,031	8,928,420	12,167,638	21,860,089
Debt Service:				
Principal.....	—	—	6,176,788	6,176,788
Interest and Other Charges.....	—	—	1,326,004	1,326,004
Loan Issuance Costs.....	—	—	87,918	87,918
Bond Issuance Costs.....	—	—	131,389	131,389
Total Expenditures.....	<u>54,867,461</u>	<u>9,213,446</u>	<u>27,525,662</u>	<u>91,606,569</u>
Revenues Over (Under) Expenditures.....	8,132,173	(510,720)	(6,291,590)	1,329,863
OTHER FINANCING SOURCES (USES)				
Loan Proceeds.....	—	—	4,049,056	4,049,056
Issuance of General Obligation Bonds.....	—	—	14,100,000	14,100,000
Premium on Bonds Issued.....	—	—	837,327	837,327
Sale of Capital Assets.....	—	—	24,930	24,930
Transfers In.....	3,748,505	1,406,539	2,970,236	8,125,280
Transfers Out.....	(4,823,928)	—	(4,454,332)	(9,278,260)
Total Other Financing Sources (Uses).....	<u>(1,075,423)</u>	<u>1,406,539</u>	<u>17,527,217</u>	<u>17,858,333</u>
Net Change in Fund Balances.....	7,056,750	895,819	11,235,627	19,188,196
Fund Balances - Beginning.....	<u>13,739,208</u>	<u>886,723</u>	<u>30,649,267</u>	<u>45,275,198</u>
Fund Balances - Ending.....	<u>\$ 20,795,958</u>	<u>\$ 1,782,542</u>	<u>\$ 41,884,894</u>	<u>\$ 64,463,394</u>

See accompanying Notes to the Financial Statements.

CITY OF RIO RANCHO, NEW MEXICO

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds to the Statement of Activities Year Ended June 30, 2019

Net Change in Fund Balances – Total Governmental Funds.....		\$ 19,188,196
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital purchases are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts were as follows:		
Capital purchases.....	\$ 21,860,089	
Assets received from developers and others.....	1,654,018	
Capital assets transfers from Utilities Fund.....	525,950	
Depreciation expense.....	<u>(12,976,075)</u>	11,063,982
Expenses related to the net OPEB liability not reported in the funds.....		945,649
Expenses related to the net Pension liability not reported in the funds.....		(5,117,089)
Repayment is reported as an expenditure and issuance as an other financing source in governmental governmental funds, but the repayment reduces and an issuance increases long-term liabilities in the Statement of Net Position. In the current year, these amounts were as follows:		
Bond and note principal payments.....	6,176,788	
Issuance of general obligation bonds (including premium).....	(14,937,327)	
Issuance of note payable.....	<u>(4,049,056)</u>	<u>(12,809,595)</u>
Management uses internal service funds to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.....		39,661
Certain revenues will not be collected for some time after the end of the year, and therefore they do not provide current financial resources in governmental funds.		
Property Taxes.....		<u>670,154</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of the following:		
Amortization of bond premiums, discounts, and deferred amounts.....	97,913	
Change in accrued interest on long-term debt.....	139,518	
Change in compensated absences.....	(14,063)	
Loss on disposal of assets.....	<u>(111,773)</u>	<u>111,595</u>
Change in Net Position of Governmental Activities.....		<u>\$ 14,092,553</u>

See accompanying Notes to the Financial Statements.

CITY OF RIO RANCHO, NEW MEXICO

Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual —General Fund Year Ended June 30, 2019

	Budget		Actual - Budgetary Basis	Variance From Final Budget - Budgetary Basis
	Original	Final		
REVENUES				
Property Taxes.....	\$ 16,013,908	\$ 16,013,908	\$ 16,634,198	\$ 620,290
Municipal and State-Shared Taxes.....	18,635,228	19,320,284	20,008,224	687,940
Franchise Taxes.....	3,533,960	3,533,960	3,917,131	383,171
Licenses and Permits.....	326,900	350,900	368,108	17,208
Intergovernmental - Federal.....	45,000	227,720	136,524	(91,196)
Intergovernmental - State.....	10,629,558	11,014,902	12,122,419	1,107,517
Intergovernmental - Local.....	103,250	103,500	102,000	(1,500)
Charges for Services.....	5,955,031	5,873,295	5,775,864	(97,431)
Fines and Forfeitures.....	908,000	908,000	886,131	(21,869)
Investment Income.....	19,215	19,215	30,591	11,376
Miscellaneous.....	2,142,724	2,354,314	2,193,813	(160,501)
Total Revenues.....	<u>58,312,774</u>	<u>59,719,998</u>	<u>62,175,003</u>	<u>2,455,005</u>
EXPENDITURES				
Current:				
General Government.....	9,618,315	10,028,901	8,158,768	1,870,133
Public Safety.....	27,502,018	27,897,761	27,332,340	565,421
Public Works.....	7,734,089	7,975,245	6,968,701	1,006,544
Parks, Recreation, and Culture.....	8,643,565	8,757,026	7,829,244	927,782
Community and Economic Development.....	3,280,664	3,273,730	2,963,084	310,646
Capital Outlay.....	867,972	968,635	782,946	185,689
Total Expenditures.....	<u>57,646,623</u>	<u>58,901,298</u>	<u>54,035,083</u>	<u>4,866,215</u>
Revenues Over (Under) Expenditures.....	666,151	818,700	8,139,920	7,321,220
OTHER FINANCING SOURCES (USES)				
Transfers In.....	4,646,658	5,071,991	5,071,991	—
Transfers Out.....	(5,476,587)	(6,166,768)	(6,148,007)	18,761
Total Other Financing Sources (Uses).....	<u>(829,929)</u>	<u>(1,094,777)</u>	<u>(1,076,016)</u>	<u>18,761</u>
Net Change in Fund Balances.....	(163,778)	(276,077)	7,063,904	7,339,981
Fund Balances - Beginning, Budgetary Basis.....	7,693,437	8,461,351	8,512,443	51,092
Fund Balances - Ending, Budgetary Basis.....	<u>\$ 7,529,659</u>	<u>\$ 8,185,274</u>	<u>\$ 15,576,347</u>	<u>\$ 7,391,073</u>

Budget to GAAP Reconciliation

Revenues:

Total Actual Revenues - Budgetary Basis.....	\$ 62,175,003
Certain amounts collected after year-end are considered revenue of the current period for financial reporting but not for budgetary reporting:	
Current year accrued revenue.....	8,043,894
Prior year accrued revenue.....	(6,548,699)
Allowances for doubtful accounts are considered expenditures for financial reporting not for budgetary reporting.....	(670,564)
Total Actual Revenues - GAAP Basis.....	<u>\$ 62,999,634</u>

Expenditures:

Total Actual Expenditures - Budgetary Basis.....	\$ 54,035,083
Certain payments made after year-end are considered expenditures of the current period for financial reporting but not for budgetary reporting:	
Current year accrued expenditures.....	2,241,652
Prior year accrued expenditures.....	(1,409,274)
Total Actual Expenditures - GAAP Basis.....	<u>\$ 54,867,461</u>

See accompanying Notes to the Financial Statements.

CITY OF RIO RANCHO, NEW MEXICO

Statement of Net Position — Proprietary Funds June 30, 2019

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Utilities Fund	Multi-Purpose Events Center Fund	Interfacility Transportation Fund		
ASSETS					
Current Assets:					
Cash and Cash Equivalents.....	\$ 30,382,247	\$ 265,367	\$ 70,000	\$ 30,717,614	\$ 1,191,161
Receivables:					
Accounts, net.....	6,953,805	37,169	—	6,990,974	—
Interest.....	108,849	8,820	—	117,669	4,410
Due From Federal Government.....	26,302	—	—	26,302	—
Due From State Government.....	—	338,452	—	338,452	—
Total Current Assets.....	<u>37,471,203</u>	<u>649,808</u>	<u>70,000</u>	<u>38,191,011</u>	<u>1,195,571</u>
Noncurrent Assets:					
Restricted Cash.....	36,452,765	166,973	—	36,619,738	—
Investments.....	13,764,218	—	—	13,764,218	1,034,904
Restricted Investments.....	—	2,069,807	—	2,069,807	—
Prepaid Bond Insurance.....	128,391	—	—	128,391	—
Capital Assets:					
Land.....	55,450,110	332,500	—	55,782,610	—
Construction in Progress.....	14,358,514	—	—	14,358,514	—
Infrastructure.....	204,651,080	—	—	204,651,080	—
Buildings and Improvements.....	61,863,841	40,979,294	—	102,843,135	—
Land Improvements.....	15,001,962	433,241	—	15,435,203	—
Machinery and Equipment.....	54,121,342	1,301,306	—	55,422,648	—
Less: Accumulated Depreciation.....	(98,701,458)	(9,926,300)	—	(108,627,758)	—
Total Noncurrent Assets.....	<u>357,090,765</u>	<u>35,356,821</u>	<u>—</u>	<u>392,447,586</u>	<u>1,034,904</u>
Total Assets.....	<u>394,561,968</u>	<u>36,006,629</u>	<u>70,000</u>	<u>430,638,597</u>	<u>2,230,475</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Bond Refundings.....	2,338,611	1,863,104	—	4,201,715	—
Deferred OPEB Items.....	28,176	—	—	28,176	—
Deferred Pension Plan Items.....	664,474	—	—	664,474	—
Excess Consideration Provided for Acquisition.....	2,854,852	—	—	2,854,852	—
Total Deferred Outflows of Resources.....	<u>5,886,113</u>	<u>1,863,104</u>	<u>—</u>	<u>7,749,217</u>	<u>—</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable.....	4,245,612	3,029	—	4,248,641	—
Accrued Liabilities.....	599,351	65,306	—	664,657	—
Claims Payable.....	—	—	—	—	1,231,004
Deposits.....	1,172,353	—	—	1,172,353	—
Compensated Absences.....	96,509	—	—	96,509	—
Current Portion of Long-term Debt.....	10,003,369	1,440,000	—	11,443,369	—
Total Current Liabilities.....	<u>16,117,194</u>	<u>1,508,335</u>	<u>—</u>	<u>17,625,529</u>	<u>1,231,004</u>
Noncurrent Liabilities:					
Notes Payable.....	23,640,151	—	—	23,640,151	—
Bonds Payable, net.....	103,906,059	21,150,000	—	125,056,059	—
Net OPEB Liability.....	1,559,124	—	—	1,559,124	—
Net Pension Liability.....	2,682,185	—	—	2,682,185	—
Compensated Absences.....	37,592	—	—	37,592	—
Total Noncurrent Liabilities.....	<u>131,825,111</u>	<u>21,150,000</u>	<u>—</u>	<u>152,975,111</u>	<u>—</u>
Total Liabilities.....	<u>147,942,305</u>	<u>22,658,335</u>	<u>—</u>	<u>170,600,640</u>	<u>1,231,004</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred OPEB Items.....	487,080	—	—	487,080	—
Deferred Pension Plan Items.....	180,038	—	—	180,038	—
Total Deferred Inflows of Resources.....	<u>667,118</u>	<u>—</u>	<u>—</u>	<u>667,118</u>	<u>—</u>
NET POSITION					
Net Investment in Capital Assets.....	207,987,188	12,560,118	—	220,547,306	—
Restricted for Debt Service.....	36,452,765	2,236,780	—	38,689,545	—
Unrestricted.....	7,398,705	414,500	70,000	7,883,205	999,471
Total Net Position.....	<u>\$ 251,838,658</u>	<u>\$ 15,211,398</u>	<u>\$ 70,000</u>	<u>\$ 267,120,056</u>	<u>\$ 999,471</u>

See accompanying Notes to the Financial Statements.

CITY OF RIO RANCHO, NEW MEXICO

Statement of Revenues, Expenses, and Changes in Net Position — Proprietary Funds Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Utilities Fund	Multi-Purpose Events Center Fund	Interfacility Transportation Fund		
OPERATING REVENUES					
Charges for Services.....	\$ 49,900,736	\$ 396,854	\$ —	\$ 50,297,590	\$ 6,622,362
Total Revenues.....	49,900,736	396,854	—	50,297,590	6,622,362
OPERATING EXPENSES					
General and Administrative.....	4,127,872	1,126,863	—	5,254,735	576,075
Production Costs.....	19,825,105	—	—	19,825,105	—
Depreciation.....	7,963,137	902,551	—	8,865,688	—
Claims and Premiums.....	—	—	—	—	6,055,229
Total Expenses.....	31,916,114	2,029,414	—	33,945,528	6,631,304
Operating Income (Loss).....	17,984,622	(1,632,560)	—	16,352,062	(8,942)
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Revenue - Federal.....	3,592,972	—	—	3,592,972	—
Intergovernmental Revenue - State.....	—	1,920,506	—	1,920,506	—
Intergovernmental Revenue - Local.....	—	—	—	—	—
Impact Fees.....	862,937	—	—	862,937	—
Interest Expense.....	(4,839,657)	(824,740)	—	(5,664,397)	—
Amortization of Deferred Bond Items.....	674,134	(232,888)	—	441,246	—
Amortization of Excess Consideration.....	(178,895)	—	—	(178,895)	—
Investment Income (Loss).....	1,205,111	96,177	—	1,301,288	48,603
Gain on Disposition of Capital Assets.....	13,940	—	—	13,940	—
Total Non-Operating Revenues (Expenses).....	1,330,542	959,055	—	2,289,597	48,603
Income (Loss) Before					
Capital Contributions and Transfers.....	19,315,164	(673,505)	—	18,641,659	39,661
Capital Grants and Contributions.....	1,325,935	—	—	1,325,935	—
Transfers In.....	—	1,082,980	70,000	1,152,980	—
Transfers Out.....	(525,950)	—	—	(525,950)	—
Change in Net Position.....	20,115,149	409,475	70,000	20,594,624	39,661
Net Position - Beginning.....	231,723,509	14,801,923	—	246,525,432	959,810
Net Position - Ending.....	\$ 251,838,658	\$ 15,211,398	\$ 70,000	\$ 267,120,056	\$ 999,471

See accompanying Notes to the Financial Statements.

CITY OF RIO RANCHO, NEW MEXICO

Statement of Cash Flows — Proprietary Funds Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities Fund	Multi-Purpose Events Center Fund	Interfacility Transportation Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users.....	\$ 49,213,918	\$ 390,872	\$ —	\$ 49,604,790	\$ 6,622,362
Payments to Suppliers and Contractors.....	(19,325,370)	(1,125,683)	—	(20,451,053)	(6,506,004)
Payments to Employees.....	(2,001,249)	—	—	(2,001,249)	—
Net Cash Provided (Used) by Operating Activities.....	27,887,299	(734,811)	—	27,152,488	116,358
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers (To) From Other Funds.....	(525,950)	1,082,980	70,000	627,030	—
Intergovernmental Revenues.....	3,592,972	1,920,506	—	5,513,478	—
Net Cash Provided (Used) by Non-Capital Financing Activities.....	3,067,022	3,003,486	70,000	6,140,508	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Development Impact Fees.....	862,937	—	—	862,937	—
Capital Grants.....	1,325,935	—	—	1,325,935	—
Acquisition of Capital Assets.....	(14,972,777)	—	—	(14,972,777)	—
Proceeds from Bonds and Notes.....	9,658,659	—	—	9,658,659	—
Principal Paid on Bonds and Notes.....	(7,547,451)	(1,410,000)	—	(8,957,451)	—
Interest and Other Charges Paid on Bonds and Notes.....	(4,344,418)	(824,740)	—	(5,169,158)	—
Proceeds from Disposal of Capital Assets.....	13,940	—	—	13,940	—
Net Cash Provided (Used) by Capital and Related Financing Activities.....	(15,003,175)	(2,234,740)	—	(17,237,915)	—
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investments.....	(7,745,651)	(1,164,760)	—	(8,910,411)	(554,378)
Proceeds from Sale of Investments.....	7,146,931	1,074,727	—	8,221,658	537,363
Investment Income.....	1,205,111	96,177	—	1,301,288	20,257
Net Cash Provided (Used) by Investing Activities.....	606,391	6,144	—	612,535	3,242
Net Cash Provided (Used) - All Activities.....	16,557,537	40,079	70,000	16,667,616	119,600
Cash and Cash Equivalents - Beginning.....	50,277,475	392,261	—	50,669,736	1,071,561
Cash and Cash Equivalents - Ending.....	\$ 66,835,012	\$ 432,340	\$ 70,000	\$ 67,337,352	\$ 1,191,161
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss).....	\$ 17,984,622	\$ (1,632,560)	\$ —	\$ 16,352,062	\$ (8,942)
Adjustments to Reconcile Operating Income (Loss):					
Depreciation Expense.....	7,963,137	902,551	—	8,865,688	—
(Increase) Decrease in Accounts Receivable.....	(686,818)	(5,982)	—	(692,800)	—
(Increase) Decrease in Deferred Outflow in Pension.....	(128,143)	—	—	(128,143)	—
(Increase) Decrease in Deferred Outflow in OPEB.....	769	—	—	769	—
(Increase) Decrease in Excess Consideration.....	178,894	—	—	178,894	—
Increase (Decrease) in Accounts Payable.....	2,207,140	1,420	—	2,208,560	—
Increase (Decrease) in Accrued Liabilities.....	(13,824)	(240)	—	(14,064)	125,300
Increase (Decrease) in Deposits.....	121,570	—	—	121,570	—
Increase (Decrease) in Compensated Absences.....	24,088	—	—	24,088	—
Increase (Decrease) in Net Pension Liability.....	382,235	—	—	382,235	—
Increase (Decrease) in OPEB Liability.....	(148,882)	—	—	(148,882)	—
Increase (Decrease) in Deferred Inflow of Pension.....	(95,831)	—	—	(95,831)	—
Increase (Decrease) in Deferred Inflow of OPEB.....	98,342	—	—	98,342	—
Net Cash Provided (Used) by Operating Activities.....	\$ 27,887,299	\$ (734,811)	\$ —	\$ 27,152,488	\$ 116,358
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Capital Contributions from Developers and Others.....	\$ 1,325,935	\$ —	\$ —	\$ 1,325,935	\$ —
Gain (Loss) on Sale of Capital Assets.....	—	—	—	—	—
Total Non-Cash Investing, Capital and Financing Activities.....	\$ 1,325,935	\$ —	\$ —	\$ 1,325,935	\$ —

See accompanying Notes to the Financial Statements.

CITY OF RIO RANCHO, NEW MEXICO

Statement of Fiduciary Assets and Liabilities — Proprietary Funds June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 6,067,741
Total Assets.....	<u>\$ 6,067,741</u>
LIABILITIES	
Deposits Held for Others.....	<u>\$ 6,067,741</u>
Total Liabilities.....	<u>\$ 6,067,741</u>

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

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Year Ended June 30, 2019

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CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Rio Rancho (the City) conform in all material respects to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. The following is a summary of the City's significant accounting policies.

A. Reporting Entity

The City of Rio Rancho was incorporated in 1981, and voters approved a home rule amendment to the charter in 1991. The City operates under a council-manager form of government with six council members who, along with an elected mayor, constitute the City's Governing Body. The Governing Body has budgetary authority over all City departments and is accountable for all fiscal matters. The City's major operations include police and fire protection, library, parks and recreation, community and social services, and general administrative services. In addition, the City owns and operates two enterprise funds, which include a utilities fund for water and wastewater operations and a multi-purpose event center.

The Comprehensive Annual Financial Report (CAFR) of Rio Rancho includes the financial statements for all departments and agencies of the City based on the criteria set forth in GASB Statement 14, as amended. The City is a primary government that has a separately elected Governing Body, is legally separate, and is fiscally independent of other state and local governments. Furthermore, no component units are combined with the City for financial statement presentation purposes, and the City is not included in the financial statements of any other governmental reporting entity. Consequently, the City's financial statements include only the financial activity of those organizational entities for which the elected Governing Body is financially accountable.

B. Government-wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements. The government-wide statements present information on all non-fiduciary activities of the primary government. The fiduciary fund activity is excluded from the government-wide financial statements. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, grants, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Position* presents the City's non-fiduciary assets, liabilities, and deferred outflows/inflows, with the difference reported as net position. Net position is restricted when constraints are either externally imposed or are imposed by constitutional provisions or enabling legislation.

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 within a specific function. The City does not allocate general government (indirect) expenses to other functions. 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; 2) court fines; and 3) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for *governmental*, *proprietary*, and *fiduciary funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

The City reports two major governmental funds:

- **General Fund.** This fund is the principal operating fund of the City. It is used to account for all financial resources not accounted for in another fund.
- **Infrastructure Fund.** To account for capital (primarily infrastructure) acquisition, construction and repair from General Fund transfers and intergovernmental grants.

The City's nonmajor governmental funds account for specific revenue sources that are restricted, committed, or assigned for specific purposes. Fund types reported as nonmajor funds are special revenue, debt service, and capital project funds.

The City reports the following proprietary funds:

- **Utilities Enterprise Fund.** This fund accounts for the operations of the City's water and wastewater systems that are operated for residents and businesses of the City. This fund is reported as a major enterprise fund.
- **Multi-Purpose Events Center (MPEC) Enterprise Fund.** This fund accounts for the operations of the City's Santa Ana Star Center. This fund is reported as a major enterprise fund.
- **Inter-facility Transportation Fund.** This fund accounts for the operation of the City's nonemergency interfacility transfer and community medicine services program that transfers medical patients from one facility to another, and performs community medicine services for a fee. This fund is reported as a major enterprise fund.
- **Internal Service Funds.** These funds account for the financing of health and dental services provided to City employees on a cost-recovery basis. Internal service funds are combined with governmental activities on the government-wide statements.

The City reports the following fiduciary funds:

- **Agency Funds.** These funds account for assets held by the City as a custodian for other governments or organizations and include the Special Assessment District Operations Fund; Special Assessment District VI, VII, and VIII Bond Funds; the Municipal Court Fund; the S&P Reimbursement Fund; the Rio Metro Fund; and the Rio Rancho Economic Development Fund. These funds account for monies temporarily held by the City as an agent.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other revenues are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The proprietary statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues generally 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. Nonoperating items, such as interest expense and investment earnings, result from nonexchange transactions or ancillary activities. The fiduciary funds are prepared using the accrual basis of accounting.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred, except for debt service expenditures as explained below.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

D. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Equity

Following are the City's significant policies regarding recognition and reporting of certain assets, liabilities, deferred outflows/inflows, and equity.

Cash and Investments. Cash and cash equivalents consist primarily of demand deposits with financial institutions and short-term investments with original maturities of three months or less from the purchase date. Investments may include pooled and non-pooled investments with original maturities greater than three months. All cash and investments are stated at fair value. Restricted cash and investments include amounts held by the City or the City's trustees that are reserved for future debt service requirements or future project costs.

Receivables. Taxes receivable include accrued amounts for municipal taxes and delinquent property taxes. Receivables from other governments are reasonably assured. Accordingly, no allowance for uncollectible accounts has been established for taxes and intergovernmental revenues. Accounts receivable from Utility customers in excess of 187 days comprise an allowance for uncollectibles in the Utilities Enterprise Fund, while historical collections rates are used to determine the allowance for Ambulance accounts receivable in the General Governmental Fund.

Property Taxes. Property taxes are recognized net of estimated refunds and uncollectible amounts. Property taxes attach as a lien on property as of January 1. Taxes are levied each year on July 1 on the taxable valuation of property located within the City as of the preceding January 1. The taxable valuation for the various classes of property are determined by the Sandoval County Assessor and the State of New Mexico Department of Finance and Administration (DFA), Local Government Division at one-third of assessed valuation. The rate of taxes for operating purposes for all taxing jurisdictions is limited by the State Constitution to 20 mils (\$20 per \$1,000 assessed valuation), of which the City's portion, by state regulation, is limited to 5.151 mils.

Property taxes are payable in two equal installments due on November 10th of the current year and April 10th of the following year and become delinquent after 30 days. The City records a receivable and deferred inflow for delinquent taxes in governmental funds, but no allowance for doubtful accounts is made as uncollected property taxes are deemed to be substantially collectible through foreclosure.

Inventories and Prepaid Items. In all funds, inventories are recorded as expenditures or expenses when purchased, and amounts paid to vendors for goods and services applicable to future accounting periods are recorded as prepaid items.

Capital Assets. The City defines a capital asset as an asset with an initial cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value on the date of donation.

Buildings, equipment, infrastructure, and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Public Domain Infrastructure	15-65
System Infrastructure.....	30
Buildings	50
Building and Other Improvements	20
Vehicles.....	8
Furniture and Other Equipment.....	5

The account Excess Consideration Provided for Acquisition represents the excess of the cost of an acquisition over fair value of the City's share of the net identifiable assets of the controlled entity/associate at the date of the acquisition of the Utility. Software is capitalized when acquired while library books are not capitalized because the aggregated cost of books is considered immaterial.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

General government infrastructure assets acquired prior to July 1, 2002 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1981. These infrastructure assets are reported at estimated historical cost using deflated replacement cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets purchased in governmental funds are recorded as expenditures in the governmental fund statements. Interest expense for capital asset construction related to governmental activities is not capitalized, while interest expense incurred during construction of capital assets related to business-type activities is capitalized.

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has recognized deferred outflows of resources for its FY2019 pension contributions and OPEB contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has reported the following in this category:

- In the governmental funds balance sheet, it has reported *unavailable revenue*. The unavailable revenue is from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.
- The City has recognized deferred inflows of resources for its pension liability and OPEB liability based on actuarial valuation that was performed.

For additional pension and OPEB information, refer to Notes 11 and 12, respectively.

Compensated Absences. The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Vacation benefits vest immediately at the employee's current rate of pay. Sick leave benefits may be converted to vacation leave at specified rates upon retirement after 10 or more years of service; however, the sick leave benefits do not vest. The current and long-term liabilities for accumulated leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations, or retirements. Resources from the General Fund are used to pay for compensated absences.

Long-term Obligations. In the government-wide statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as the difference between the reacquisition price and the net carrying amount of old debt in refunding transactions, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of unamortized premiums and discounts.

In the governmental fund statements, bond premiums, discounts, and issuance costs are recognized in the current period. 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, are reported as debt service expenditures. The face amount of debt issued is reported as other financing sources.

Net Position and Fund Balances. The difference between assets/deferred outflows and liabilities/deferred inflows is *net position* on the government-wide, proprietary fund, and fiduciary fund statements, and *fund balance* on the governmental fund statements. Note 10 provides more information on the City's policies and classifications related to net position and fund balances.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

E. Revenues and Expenditures / Expenses

Revenue Availability. Under the modified accrual basis of accounting, revenues are recognized in governmental funds when they are both “measurable and available.” Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be “available” if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues, including gross receipts taxes, are considered to be available if they are collected within 60 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Expenditure/Expense Recognition. In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisition and construction are reported as expenditures in the period they are acquired or built. In proprietary funds and government-wide statements, expenses are recorded when the related liability is incurred.

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted resources are available, the City’s policy is to use restricted resources first, then unrestricted resources in order of committed then assigned as needed.

F. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, which is 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.

Postemployment Benefits Other Than Pensions (OPEB) For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Interfund Activity and Balances

Government-wide Statements. In general, eliminations have been made to minimize the double-counting of internal activity, including internal service fund activity. However, interfund services provided and used between different functional categories have not been eliminated when to do so would distort the direct costs and program revenues of the applicable functions. Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities, if any, which are shown as “internal balances.”

Governmental Fund Statements. Interfund transactions for goods and services provided and used are reported as revenues and expenditures in the funds involved. Cash transfers between funds of the City are reported as other financing sources and uses in the governmental fund statements.

H. Budgets

Budgets for the General Fund, special revenue funds, debt service funds, capital projects funds, and proprietary funds are subject to approval by the New Mexico Department of Finance and Administration (DFA), Local Government Division.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

During the month of May, public hearings are conducted to obtain taxpayer comments on the budget. Prior to June 1, the City submits to DFA a proposed operating budget for the fiscal year commencing July 1. The budget is prepared by fund and function and includes proposed expenditures, including carryover encumbrances and accounts payable, and the means of financing them. Prior to July 1, DFA grants interim approval for the City to operate on the proposed budget subject to adjustments and/or revisions prior to final subsequent approval before the first Monday in September. Such approval is contingent upon the City Council adopting the proposed budget in accordance with applicable state statutes, and sufficient funds being available for anticipated fiscal year expenditures. Prior to July 31, the City Council adopts by resolution a formal budget and such budget is presented to DFA for final approval. Section 6-6-6, NMSA, 1978 prohibits municipalities from making expenditures in excess of the approved budget. Statute defines the legal level of budgetary control as a fund's total budgeted expenditures.

The adopted budget of the City is prepared on a cash basis, and reconciliations of cash budget-basis amounts to GAAP-based amounts are provided on the face of the budgetary statements and schedules.

NOTE 2. DEPOSITS AND INVESTMENTS

At June 30, the carrying amount of the City's deposits was \$73,600,179 and the bank balance was \$74,481,968. The difference represents outstanding checks, deposits, and other reconciling items. The City also had \$5,710 of cash on hand at June 30. Following are discussions of the City's exposure to various risks related to its cash management activities.

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. New Mexico law requires all deposits with financial institutions to be collateralized in an amount not less than 50% of the uninsured balance. Furthermore, the City's Investment Policy requires all deposits with financial institutions to be collateralized in an amount not less than 102% of the uninsured balance in each account. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019, \$74,408,461 of the City's bank balance was exposed to custodial credit risk as uninsured but collateralized with securities held by the pledging financial institution's trust department. Pledged collateral at June 30 consisted of the following:

Total amount on deposit.....	\$ 74,408,461
Less FDIC insured amount.....	(250,000)
Total uninsured deposits.....	74,158,461
50% collateral requirement.....	37,079,231
Pledged securities, fair value.....	84,532,270
Pledged in excess of requirement.....	\$ 47,453,039

Fair Value Measurements. The City categorizes its fair value measurement 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

Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's Investment Policy requires all collateral to be held in the City's name by an independent party approved by the City. The custodian is required to provide original safekeeping receipts.

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. Following are the City's investment balances at June 30:

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Investment Type	Fair Value	Weighted Average Maturity	Category
State Treasurer's Investment Pool.....	\$ 6,594	N/A	N/A
US Bank - U.S. Government Issues.....	25,872,590	985.5 days	Level 1
Bank of New York Mellon Money Market.....	503,594	N/A	Level 1
US Treasuries held by NMFA.....	38,633,427	N/A	Level 1
BAQ Short-Term Cash Investments.....	11,347,551	N/A	Level 1
Total.....	\$ 76,363,756		

As a participant in the New Mexico State Treasurer's Local Government Investment Pool (LGIP), the City is not required to categorize the value of shares in accordance with the fair value hierarchy. The City's investment in the LGIP represents a proportionate interest in the Pool's portfolio. The City's portion is not identified with specific investments and is not subject to custodial risk; however, separately issued financial statements of the LGIP disclose the collateral pledged to secure the State Treasurer's cash and investments. The most recent report may be obtained by contacting the New Mexico State Treasurer's Office, P.O. Box 5135, Santa Fe, NM 87502-5135.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's adopted Investment Policy manages credit risk by requiring investment in only the following security types, consistent with state law:

- U.S. Treasury obligations
- Federal Agency securities
- Repurchase agreements with institutions
- Demand deposits of New Mexico banks
- Savings and loan association deposits
- Investment grade obligations of state and local governments
- Money market mutual funds
- State Treasurer's LGIP

The City's Investment Policy and state law restrict certificates of deposit to only fully collateralized or insured CDs that are issued by eligible depositories in New Mexico. Such CDs are further collateralized to 102% with pledged US obligations held by an independent custodian. Securities of state and municipal entities within the United States must have a taxable valuation of real property for the preceding year of at least \$1 million and must have not defaulted on bond obligations within the preceding five years.

Money market mutual funds must be registered with the SEC, comply with diversification, quality and maturity requirements of SEC Rule 2a-7, assess no fees pursuant to SEC Rule 12b-1, be invested only in United States Government and Agency Obligations and repurchase agreements secured by such obligations; and be rated AAAM or equivalent by a nationally recognized rating agency.

The State of New Mexico Local Government Investment Pool is authorized by state statute and is rated AAAM by Standard & Poor's. The LGIP is not registered with the United States Securities Exchange Commission. Section 6-10-101, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held for short-term investment in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the pool is voluntary. The City's investment in the LGIP approximates the value of the City's pool share.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's Investment Policy manages interest rate risk by setting a maximum maturity of five years on any single investment and a maximum effective duration of three years for the overall portfolio, with the exception of bond or trust funds which should be matched to the planned expenditures of the funds. As of June 30, the City's portfolio had no investment that matured beyond 36 months. The effective duration was 2.55 years or 930.75 days. The weighted average maturity of the total portfolio was 2.70 years or 985.5 days.

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

For fiscal year 2019, the Multi-Purpose Event Center's actual transfers exceeded budgetary authority by \$24,977.

NOTE 4. INTERFUND BALANCES

Interfund balances result from time lags between the dates of payment for goods and services and collection of revenues. Interfund balances at June 30 consisted of the following amounts:

	Due From Other Funds - General Fund
Due To Other Funds reported in:	
Nonmajor Special Revenue Funds:	
Public Safety and Other Grants Fund.....	\$ 393,026
Library Fund.....	24,972
Keep Rio Rancho Beautiful Fund.....	34,505
HUD CDBG Grant Fund.....	3,697
Crime Victim Assistance Fund.....	15,251
Nonmajor Capital Project Funds:	
State Appropriation Capital Projects Fund.....	309,383
Total.....	\$ 780,834

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 5. INTERFUND TRANSFERS

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations. Interfund transfers among governmental and enterprise funds for the year ended June 30 are as follows:

	Transfers Out reported in:		
	General Fund	Nonmajor Special Revenue Funds	Total Transfers In
Transfers In reported in:			
General Fund.....	\$ —	\$ 3,748,505	\$ 3,748,505
Infrastructure Fund.....	1,406,539	—	1,406,539
Nonmajor Special Revenue Funds:			
Library Fund.....	23,953	—	23,953
Regional Emergency Comm Center.....	1,770,367	—	1,770,367
Local Govt Corrections Fund.....	296,000	—	296,000
Promotion and Marketing Fund.....	96,302	—	96,302
Crime Victim Assistance Fund.....	19,536	—	19,536
RioVision Cable Fund.....	6,812	—	6,812
Public Safety and Other Grants Fund.....	26,642	—	26,642
Nonmajor Debt Service Funds:			
GO Bond.....	—	705,827	705,827
Nonmajor Capital Project Funds:			
Recreation Development Fund.....	24,797	—	24,797
Total Transfers Out - Governmental Funds.....	3,670,948	4,454,332	8,125,280
Enterprise Funds:			
MPEC Fund.....	1,082,980	—	1,082,980
Interfacility Transport.....	70,000	—	70,000
Total Enterprise Funds.....	1,152,980	—	1,152,980
Total.....	\$ 4,823,928	\$ 4,454,332	\$ 9,278,260

*During the year, capital assets with a net carrying value of \$525,950 were shown as a Transfer Out of the Utilities at the fund-level, and as a Transfer-In in the governmental activities for government-wide financial statement preparation.

During the year ended June 30, 2019, transfers from the General Fund were primarily used for the following:

- Creation of new proprietary fund – Interfacility Transport fund.
- The City’s share of costs related to the Regional Emergency Communication Center
- The City’s cost of prisoners at Sandoval County Detention Center that are not covered by correctional fees levied through the Municipal Court
- CVB special events including the City’s annual Pork and Brew
- To advocate for victims of crimes
- Improvements to City infrastructure and the City’s required match to access federal funds
- Operating and capital subsidies to operate the Multi-Purpose Event Center

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 6. ACCOUNTS RECEIVABLE

Accounts Receivable are aggregated into a single line, net of allowance for uncollectible accounts, on the face of the financial statements. Following is the detail of receivables by fund as of June 30:

	Governmental Activities / Funds					Business-type Activities / Enterprise Funds		
	General Fund	Rio Vision Cable Fund	Public Safety Enforcement Aid Fund	Regional Emergency Comm Center	Total	Utility Fund	MPEC Fund	Total
Accounts Receivable.....	\$ 2,416,095	\$ 14,502	\$ 15,108	\$ 5,780	\$ 2,451,485	\$ 7,799,307	\$ 37,169	\$ 7,836,476
Allowance for Uncollectible Accounts.....	(1,022,084)	—	—	—	(1,022,084)	(845,502)	—	(845,502)
Net Accounts Receivable....	<u>\$ 1,394,011</u>	<u>\$ 14,502</u>	<u>\$ 15,108</u>	<u>\$ 5,780</u>	<u>\$ 1,429,401</u>	<u>\$ 6,953,805</u>	<u>\$ 37,169</u>	<u>\$ 6,990,974</u>

NOTE 7. LEASE COMMITMENTS

The City has entered into non-cancelable operating leases for various office equipment and software. Operating leases are leases for which the City will not gain title to the property being leased; therefore, the related assets and liabilities are not recorded on the City's books. Operating lease payments are recorded as expenditures or expenses when paid or incurred. Upon expiration, it is common for the City to extend operating leases to a cancelable month-to-month basis. Total lease payments for 2019 were \$503,736. Future minimum lease commitments for non-cancelable operating leases as of June 30 are as follows:

Fiscal Year	Future Commitments for Operating Leases		
	Governmental Activities	Business-type Activities	Total
2020.....	\$ 214,060	\$ 7,967	\$ 222,027
2021.....	78,709	—	78,709
2022.....	46,208	—	46,208
2023.....	40,950	—	40,950
2024.....	4,034	—	4,034
Total.....	<u>\$ 383,961</u>	<u>\$ 7,967</u>	<u>\$ 391,928</u>

NOTE 8. CAPITAL ASSETS

A. Depreciation – Governmental Activities

Depreciation expense was charged to the functions of governmental activities as follows:

General Government.....	\$ 383,530
Public Safety.....	1,238,561
Public Works.....	10,279,228
Parks, Recreation, and Culture	1,071,413
Community and Economic Development.....	3,343
Total.....	<u>\$ 12,976,075</u>

B. Construction Commitments

The City has active construction projects as of June 30, including parks and recreation improvements, transportation improvements, and water and wastewater improvements. At year-end, the amount of outstanding construction commitments with contractors was \$21,907,346.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

C. Changes in Capital Assets

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

		Capital Assets - Governmental Activities				
		Beginning Balance	Additions	Deletions	* Transfers	Ending Balance
Governmental Activities:						
<i>Capital assets not being depreciated:</i>						
Land and Related Assets.....	\$	65,735,425	\$ 189,170	\$ —	\$ —	\$ 65,924,595
Construction-In-Progress.....		8,251,088	16,497,853	(93,131)	(5,818,616)	18,837,194
Total.....		73,986,513	16,687,023	(93,131)	(5,818,616)	84,761,789
<i>Capital assets being depreciated:</i>						
Infrastructure.....		321,975,382	1,654,018	—	5,067,213	328,696,613
Buildings and Improvements.....		54,515,216	—	—	594,393	55,109,609
Land Improvements.....		21,001,584	—	—	267,403	21,268,987
Equipment.....		29,210,069	5,173,066	(1,556,515)	519,646	33,346,266
Total.....		426,702,251	6,827,084	(1,556,515)	6,448,655	438,421,475
Less Accumulated Depreciation for:						
Infrastructure.....		(188,328,053)	(8,991,204)	—	—	(197,319,257)
Buildings and Improvements.....		(13,153,633)	(1,093,913)	—	(10,214)	(14,257,760)
Land Improvements.....		(8,495,275)	(917,748)	—	22,722	(9,390,301)
Equipment.....		(20,847,270)	(1,973,210)	1,537,873	(116,597)	(21,399,204)
Total.....		(230,824,231)	(12,976,075)	1,537,873	(104,089)	(242,366,522)
Capital assets being depreciated, net.....		195,878,020	(6,148,991)	(18,642)	6,344,566	196,054,953
Governmental Activities Capital Assets, Net.....	\$	269,864,533	\$ 10,538,032	\$ (111,773)	\$ 525,950	\$ 280,816,742
		Capital Assets - Business-type Activities				
		Beginning Balance	Additions	Deletions	* Transfers	Ending Balance
Business-type Activities:						
<i>Capital assets not being depreciated:</i>						
Land and Related Assets.....	\$	55,107,257	\$ 270,353	\$ —	\$ 405,000	\$ 55,782,610
Construction-In-Progress.....		7,445,961	12,967,216	(62,662)	(5,992,001)	14,358,514
Total.....		62,553,218	13,237,857	(62,662)	(5,587,001)	70,141,124
<i>Capital assets being depreciated:</i>						
Infrastructure.....		201,471,726	1,325,934	—	1,853,420	204,651,080
Buildings and Improvements.....		99,773,389	—	—	3,069,746	102,843,135
Land Improvements.....		15,435,203	—	—	—	15,435,203
Equipment.....		54,542,830	997,886	(151,864)	33,796	55,422,648
Total.....		371,223,148	2,323,821	(151,864)	4,956,962	378,352,066
Less Accumulated Depreciation for:						
Infrastructure.....		(35,610,072)	(3,358,837)	—	—	(38,968,909)
Buildings and Improvements.....		(24,932,042)	(2,078,175)	—	—	(27,010,217)
Land Improvements.....		(4,817,646)	(641,997)	—	—	(5,459,643)
Equipment.....		(34,658,263)	(2,786,680)	151,865	104,089	(37,188,989)
Total.....		(100,018,023)	(8,865,689)	151,865	104,089	(108,627,758)
Capital assets being depreciated, net.....		271,205,125	(6,541,868)	1	5,061,051	269,724,308
Business-type Activities Capital Assets, Net.....	\$	333,758,343	\$ 6,695,989	\$ (62,661)	\$ (525,950)	\$ 339,865,432

*During the year, capital assets with a net carrying value of \$525,950, were shown as a Transfer Out of the Utilities at the fund-level, and as a Transfer-In in the governmental activities for government-wide financial statement preparation.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 9. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30 were as follows:

Long-term Liabilities					
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds.....	\$ 16,955,000	\$ 14,100,000	\$ (3,705,000)	\$ 27,350,000	\$ 5,395,000
Gross Receipts Tax Revenue Bonds.....	9,880,000	—	(1,260,000)	8,620,000	1,310,000
Unamortized Premiums.....	1,376,445	837,327	(231,204)	1,982,568	—
Notes from Direct Borrowings.....	10,413,645	4,049,056	(1,211,788)	13,250,913	1,365,962
Compensated Absences.....	5,043,457	3,203,387	(3,189,324)	5,057,520	2,991,185
Total Governmental Long-term Liabilities.....	<u>\$ 43,668,547</u>	<u>\$ 22,189,770</u>	<u>\$ (9,597,316)</u>	<u>\$ 56,261,001</u>	<u>\$ 11,062,147</u>
Business-type Activities:					
Utility Revenue Bonds.....	\$ 110,325,000	\$ 15,800,000	\$ (24,990,000)	\$ 101,135,000	\$ 8,692,500
MPEC Revenue Bonds.....	24,000,000	—	(1,410,000)	22,590,000	1,440,000
Unamortized Premiums.....	10,513,055	2,893,285	(1,942,781)	11,463,559	—
Notes from Direct Borrowings.....	15,484,861	10,425,000	(958,841)	24,951,020	1,310,869
Compensated Absences.....	110,013	126,537	(102,449)	134,101	96,509
Total Business-type Long-term Liabilities.....	<u>\$ 160,432,929</u>	<u>\$ 29,244,822</u>	<u>\$ (29,404,071)</u>	<u>\$ 160,273,680</u>	<u>\$ 11,539,878</u>

B. Debt Service Requirements to Maturity – Summary

The following tables summarize the City's debt service requirements to maturity for all bonds and notes from direct borrowings:

Fiscal Year	Governmental Activities						Total Governmental Activities
	General Obligation Bonds		Gross Receipts Tax Revenue Bonds		Notes from Direct Borrowings		
	Principal	Interest	Principal	Interest	Principal	Interest	
2020.....	\$ 5,395,000	\$ 928,375	\$ 1,310,000	\$ 265,838	\$ 1,365,962	\$ 287,575	\$ 9,552,749
2021.....	5,435,000	692,525	1,365,000	213,438	1,379,724	270,731	9,356,418
2022.....	3,450,000	504,425	1,425,000	158,838	1,355,893	241,524	7,135,680
2023.....	1,625,000	401,575	1,480,000	101,838	1,230,733	210,221	5,049,367
2024.....	1,625,000	335,225	1,505,000	72,238	1,200,802	182,618	4,920,882
2025 - 2029..	8,100,000	819,025	1,535,000	38,375	4,809,136	514,344	15,815,880
2030 - 2034..	1,720,000	51,000	—	—	1,908,663	151,582	3,831,245
2035 - 2039..	—	—	—	—	—	—	—
2040 - 2044..	—	—	—	—	—	—	—
Total.....	<u>\$ 27,350,000</u>	<u>\$ 3,732,150</u>	<u>\$ 8,620,000</u>	<u>\$ 850,563</u>	<u>\$ 13,250,913</u>	<u>\$ 1,858,595</u>	<u>\$ 55,662,221</u>

Fiscal Year	Business-type Activities						Total Business-type Activities
	Utility Revenue Bonds		Multi-Purpose Events Center Revenue Bonds		Notes from Direct Borrowings		
	Principal	Interest	Principal	Interest	Principal	Interest	
2020.....	\$ 8,692,500	\$ 4,196,600	\$ 1,440,000	\$ 796,780	\$ 1,310,869	\$ 884,510	\$ 17,321,259
2021.....	9,126,667	3,779,425	1,470,000	764,812	1,284,483	921,232	17,346,618
2022.....	9,558,333	3,341,192	1,505,000	727,768	1,324,449	881,209	17,337,950
2023.....	5,812,500	2,878,525	1,550,000	684,123	1,375,909	836,841	13,137,897
2024.....	5,687,500	2,587,901	1,595,000	636,848	1,418,656	788,891	12,714,795
2025 - 2029..	24,469,167	9,553,384	8,850,000	2,317,667	7,969,650	3,100,027	56,259,896
2030 - 2034..	21,458,333	4,816,501	6,180,000	524,243	6,071,750	1,500,216	40,551,042
2035 - 2039..	11,620,834	1,791,548	—	—	4,195,254	489,717	18,097,353
2040 - 2044..	4,709,166	206,400	—	—	—	—	4,915,566
Total.....	<u>\$ 101,135,000</u>	<u>\$ 33,151,476</u>	<u>\$ 22,590,000</u>	<u>\$ 6,452,238</u>	<u>\$ 24,951,020</u>	<u>\$ 9,402,643</u>	<u>\$ 197,682,377</u>

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

C. General Obligation Bonds

During 2019, the City issued a Series 2018 General Obligation (GO) Bond in the amount of \$14,100,000 for Public Safety initiatives. GO Bonds Payable at June 30 consisted of the following:

General Obligation Bonds Payable					
	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2019
Series 2009 Project Bonds.....	5/27/2009	8/1/2021	2.50% to 4.00%	\$ 25,000,000	\$ 5,825,000
Series 2016 Imprv/Refund Bonds....	5/25/2016	8/1/2028	2.00% to 5.00%	11,310,000	7,425,000
Series 2018 Public Safety Bonds.....	8/28/2018	8/1/2030	2.50% to 3.00%	14,100,000	14,100,000
Total General Obligation Bonds Outstanding.....					27,350,000
Add Unamortized Premium.....					1,416,085
Total General Obligation Bonds Payable.....					\$ 28,766,085

Debt Service Requirements to Maturity - General Obligation Bonds

Fiscal Year	Series 2009			Series 2016 Improvement & Refunding		
	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 2,000,000	\$ 193,000	\$ 2,193,000	\$ 745,000	\$ 183,825	\$ 928,825
2021.....	2,000,000	113,000	2,113,000	745,000	161,475	906,475
2022.....	1,825,000	36,500	1,861,500	745,000	139,125	884,125
2023.....	—	—	—	745,000	116,775	861,775
2024.....	—	—	—	745,000	94,425	839,425
2025 - 2029..	—	—	—	3,700,000	195,825	3,895,825
2030 - 2034..	—	—	—	—	—	—
Total.....	\$ 5,825,000	\$ 342,500	\$ 6,167,500	\$ 7,425,000	\$ 891,450	\$ 8,316,450

Fiscal Year	Series 2018 Public Safety Bonds			Total General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 2,650,000	\$ 551,550	\$ 3,201,550	\$ 5,395,000	\$ 928,375	\$ 6,323,375
2021.....	2,690,000	418,050	3,108,050	5,435,000	692,525	6,127,525
2022.....	880,000	328,800	1,208,800	3,450,000	504,425	3,954,425
2023.....	880,000	284,800	1,164,800	1,625,000	401,575	2,026,575
2024.....	880,000	240,800	1,120,800	1,625,000	335,225	1,960,225
2025 - 2029..	4,400,000	623,200	5,023,200	8,100,000	819,025	8,919,025
2030 - 2034..	1,720,000	51,000	1,771,000	1,720,000	51,000	1,771,000
Total.....	\$ 14,100,000	\$ 2,498,200	\$ 16,598,200	\$ 27,350,000	\$ 3,732,150	\$ 31,082,150

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

D. Gross Receipts Tax Revenue Bonds – Governmental Activities

During 2019, the City did not issue any new Gross Receipts Tax (GRT) Revenue Bonds. GRT Revenue Bonds Payable at June 30 consisted of the following:

Gross Receipts Tax Revenues Bonds Payable - Governmental Activities					
	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2019
Series 2013 Refunding Bonds.....	5/15/2013	6/1/2025	2.00% to 4.00%	\$ 13,420,000	\$ 8,620,000
Total Gross Receipts Tax Revenue Bonds Outstanding, Governmental Activities.....					8,620,000
Add Unamortized Premium.....					566,483
Total Gross Receipts Tax Revenue Bonds Payable, Governmental Activities.....					\$ 9,186,483

Debt Service Requirements to Maturity
Gross Receipts Tax Revenue Bonds, Governmental Activities

Fiscal Year	Series 2013 Refunding			Total Gross Receipts Tax Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 1,310,000	\$ 265,838	\$ 1,575,838	\$ 1,310,000	\$ 265,838	\$ 1,575,838
2021.....	1,365,000	213,438	1,578,438	1,365,000	213,438	1,578,438
2022.....	1,425,000	158,838	1,583,838	1,425,000	158,838	1,583,838
2023.....	1,480,000	101,838	1,581,838	1,480,000	101,838	1,581,838
2024.....	1,505,000	72,238	1,577,238	1,505,000	72,238	1,577,238
2025 - 2029..	1,535,000	38,375	1,573,375	1,535,000	38,375	1,573,375
Total.....	\$ 8,620,000	\$ 850,563	\$ 9,470,563	\$ 8,620,000	\$ 850,563	\$ 9,470,563

E. Notes from Direct Borrowings – Governmental Activities

During 2019, the City issued new loans with NMFA for water and sewer infrastructure and to purchase heavy street equipment. Notes from Direct Borrowings for governmental activities at June 30 consisted of the following:

Notes from Direct Borrowings - Governmental Activities					
	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2019
2007 NMFA Fire Apparatus.....	3/9/2007	5/1/2022	3.32% to 3.91%	\$ 1,649,286	\$ 422,350
2010 NMFA Fire Pumper & Equipment.....	1/15/2010	5/1/2020	0.98% to 3.22%	337,259	37,731
2010 NMFA Infrastructure Improvements....	8/12/2010	5/1/2025	3.460%	3,942,260	1,779,324
2013 NMFA Fire Admin Building.....	5/17/2013	5/1/2033	0.32% to 3.50%	795,925	590,996
2013 NMFA Fire Truck.....	12/20/2013	6/1/2023	0.18% to 2.75%	495,000	220,000
2016 NMFA Police Vehicles.....	5/20/2016	5/1/2021	0.69% to 1.16%	259,950	106,456
2018 NMFA HP Loan Refunding.....	10/6/2018	6/1/2028	1.81%	3,515,000	3,095,000
2018 NMFA High School Loan Refunding..	10/6/2018	6/1/2028	1.78%	3,370,000	2,950,000
2019 NMFA Heavy Equipment & Vehicles..	1/11/2019	8/1/2025	2.43%	609,056	609,056
2019 NMFA Los Diamontes Development...	6/28/2019	5/1/2034	2.243557%	3,440,000	3,440,000
Total Notes Outstanding, Governmental Activities.....					13,250,913
Total Notes Payable, Governmental Activities.....					\$ 13,250,913

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

Debt Service Requirements to Maturity - Notes from Direct Borrowings, Governmental Activities

Fiscal Year	2007 Fire Apparatus			2010 Fire Pumper and Equipment			2010 Infrastructure Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 135,392	\$ 17,446	\$ 152,838	\$ 37,731	\$ 1,215	\$ 38,946	\$ 270,680	\$ 69,017	\$ 339,697
2021.....	140,943	11,895	152,838	—	—	—	279,666	60,030	339,696
2022.....	146,015	6,074	152,089	—	—	—	289,706	49,990	339,696
2023.....	—	—	—	—	—	—	300,744	38,952	339,696
2024.....	—	—	—	—	—	—	312,774	26,922	339,696
2025 - 2029..	—	—	—	—	—	—	325,754	13,942	339,696
Total.....	\$ 422,350	\$ 35,416	\$ 457,766	\$ 37,731	\$ 1,215	\$ 38,946	\$ 1,779,324	\$ 258,853	\$ 2,038,177

Fiscal Year	2013 Fire Admin Building			2013 Fire Truck			2016 Police Vehicles		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 35,653	\$ 17,386	\$ 53,039	\$ 55,000	\$ 5,528	\$ 60,528	\$ 52,953	\$ 1,171	\$ 54,124
2021.....	36,274	16,765	53,039	55,000	4,378	59,378	53,503	621	54,124
2022.....	36,988	16,051	53,039	55,000	3,031	58,031	—	—	—
2023.....	37,821	15,219	53,040	55,000	1,568	56,568	—	—	—
2024.....	38,740	14,300	53,040	—	—	—	—	—	—
2025 - 2029..	210,857	54,338	265,195	—	—	—	—	—	—
2030 - 2034..	194,663	17,493	212,156	—	—	—	—	—	—
Total.....	\$ 590,996	\$ 151,551	\$ 742,547	\$ 220,000	\$ 14,504	\$ 234,504	\$ 106,456	\$ 1,792	\$ 108,248

Fiscal Year	2018 NMFA HP Loan Refunding			2018 NMFA High School Loan Refunding			2019 NMFA Heavy Equipment & Vehicles		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 325,000	51,758	\$ 376,758	\$ 325,000	\$ 48,489	\$ 373,489	\$ 48,553	\$ 14,477	\$ 63,030
2021.....	325,000	48,345	373,345	325,000	45,077	370,077	88,338	12,297	100,635
2022.....	330,000	44,575	374,575	330,000	41,307	371,307	90,184	10,381	100,565
2023.....	335,000	40,285	375,285	330,000	37,017	367,017	92,168	8,329	100,497
2024.....	340,000	35,461	375,461	335,000	32,265	367,265	94,288	6,138	100,426
2025 - 2029..	1,440,000	79,397	1,519,397	1,305,000	68,288	1,373,288	195,525	5,087	200,612
Total.....	\$ 3,095,000	\$ 299,820	\$ 3,394,820	\$ 2,950,000	\$ 272,441	\$ 3,222,441	\$ 609,056	\$ 56,710	\$ 665,766

Fiscal Year	2019 NMFA Los Diamontes			Total Notes from Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 80,000	\$ 61,088	\$ 141,088	\$ 1,365,962	\$ 287,575	\$ 1,653,537
2021.....	76,000	71,324	147,324	1,379,724	270,731	1,650,455
2022.....	78,000	70,116	148,116	1,355,893	241,524	1,597,417
2023.....	80,000	68,852	148,852	1,230,733	210,221	1,440,954
2024.....	80,000	67,532	147,532	1,200,802	182,618	1,383,420
2025 - 2029..	1,332,000	293,293	1,625,293	4,809,136	514,344	5,323,480
2030 - 2034..	1,714,000	134,089	1,848,089	1,908,663	151,582	2,060,245
Total.....	\$ 3,440,000	\$ 766,294	\$ 4,206,294	\$ 13,250,913	\$ 1,858,595	\$ 15,109,508

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

F. Utility Revenue Bonds

During 2019, the City issued a 2019 Utility Revenue Bond to refund the Series 2009 Revenue Bond. Utility Revenue Bonds Payable at June 30 consisted of the following:

Utility Revenue Bonds Payable					
	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2019
Series 2013 Refunding Bonds.....	5/30/2013	5/15/2025	2.00% to 5.00%	\$ 16,600,000	\$ 9,100,000
Series 2015 Refunding Bonds.....	9/22/2015	5/15/2032	2.00% to 5.00%	27,365,000	25,620,000
Series 2017 Senior Lien Bonds.....	7/13/2016	5/15/2041	3.59%	22,900,000	22,189,167
Series 2017 Senior Lien Refunding Bonds.....	7/13/2016	5/15/2034	3.59%	9,080,000	8,550,833
Series 2017 Subordinate Lien Refunding Bonds.....	7/13/2016	5/15/2041	3.56%	21,825,000	20,040,000
Series 2019 Refunding Bonds (of Series 2009).....	2/21/2019	5/15/2022	2.39%	15,800,000	15,635,000
Total Utility Bonds Outstanding.....					101,135,000
Add Unamortized Premium.....					9,669,561
Total Utility Bonds Payable.....					\$ 110,804,561

Debt Service Requirements to Maturity - Utility Revenue Bonds

Fiscal Year	Series 2013 Refunding			Series 2015 Refunding			Series 2017 Senior Lien		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 1,410,000	\$ 381,700	\$ 1,791,700	\$ 335,000	\$ 1,091,400	\$ 1,426,400	\$ 640,833	\$ 824,008	\$ 1,464,842
2021.....	1,465,000	325,300	1,790,300	345,000	1,078,000	1,423,000	675,833	791,967	1,467,800
2022.....	1,525,000	266,700	1,791,700	360,000	1,064,200	1,424,200	710,833	758,175	1,469,008
2023.....	1,580,000	205,700	1,785,700	2,000,000	1,046,200	3,046,200	745,833	722,633	1,468,467
2024.....	1,655,000	126,700	1,781,700	2,095,000	946,200	3,041,200	781,667	685,342	1,467,009
2025 - 2029.....	1,465,000	43,950	1,508,950	12,035,000	3,195,850	15,230,850	4,415,833	2,918,534	7,334,367
2030 - 2034.....	—	—	—	8,450,000	685,000	9,135,000	5,290,000	2,039,717	7,329,717
Total.....	\$ 9,100,000	\$ 1,350,050	\$ 10,450,050	\$ 25,620,000	\$ 9,106,850	\$ 34,726,850	\$ 22,189,167	\$ 9,832,884	\$ 32,022,051

Fiscal Year	Series 2017 Senior Lien Refunding			Series 2017 Subordinate Lien Refunding			Series 2019 Refunding (of Series 2009)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 419,167	\$ 352,392	\$ 771,558	\$ 937,500	\$ 765,350	\$ 1,702,850	\$ 4,950,000	\$ 781,750	\$ 5,731,750
2021.....	443,333	331,433	774,767	982,500	718,475	1,700,975	5,215,000	534,250	5,749,250
2022.....	464,167	309,267	773,433	1,028,333	669,350	1,697,683	5,470,000	273,500	5,743,500
2023.....	488,333	286,058	774,392	998,333	617,933	1,616,267	—	—	—
2024.....	510,000	261,642	771,642	645,833	568,017	1,213,850	—	—	—
2025 - 2029.....	2,891,667	975,633	3,867,300	3,661,667	2,419,417	6,081,084	—	—	—
2030 - 2034.....	3,334,166	400,867	3,735,033	4,384,167	1,690,917	6,075,084	—	—	—
2035 - 2039.....	—	—	—	5,267,500	811,916	6,079,416	—	—	—
2040 - 2044.....	—	—	—	2,134,166	93,525	2,227,691	—	—	—
Total.....	\$ 8,550,833	\$ 2,917,292	\$ 11,468,125	\$ 20,040,000	\$ 8,354,900	\$ 28,394,900	\$ 15,635,000	\$ 1,589,500	\$ 17,224,500

Total Utility Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2020.....	\$ 8,692,500	\$ 4,196,600	\$ 12,889,100
2021.....	9,126,667	3,779,425	12,906,092
2022.....	9,558,333	3,341,192	12,899,525
2023.....	5,812,500	2,878,525	8,691,025
2024.....	5,687,500	2,587,901	8,275,401
2025 - 2029.....	24,469,167	9,553,384	34,022,551
2030 - 2034.....	21,458,333	4,816,501	26,274,834
2035 - 2039.....	11,620,834	1,791,548	13,412,382
2040 - 2044.....	4,709,166	206,400	4,915,566
Total.....	\$ 101,135,000	\$ 33,151,476	\$ 134,286,476

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

G. Multi-Purpose Events Center Revenue Bonds

During 2019, the City did not issue any new bonds for the Multi-Purpose Events Center (MPEC). MPEC Revenue Bonds Payable at June 30 consisted of the following:

Multi-Purpose Events Center Revenue Bonds Payable - Business-type Activities					
	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2018
Series 2013 Taxable Subordinate Lien					
GRT Revenue Refunding Bonds.....	5/30/2013	6/1/2032	1.15% to 4.25%	28,100,000	\$ 22,590,000
Total MPEC Revenue Bonds Payable.....					\$ 22,590,000

Debt Service Requirements to Maturity - MPEC Bonds, Business-type Activities

Series 2013 Taxable Subordinate						
	Lien GRT Refunding			Total MPEC Revenue Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 1,440,000	\$ 796,780	\$ 2,236,780	\$ 1,440,000	\$ 796,780	\$ 2,236,780
2021.....	1,470,000	764,812	2,234,812	1,470,000	764,812	2,234,812
2022.....	1,505,000	727,768	2,232,768	1,505,000	727,768	2,232,768
2023.....	1,550,000	684,123	2,234,123	1,550,000	684,123	2,234,123
2024.....	1,595,000	636,848	2,231,848	1,595,000	636,848	2,231,848
2025 - 2029..	8,850,000	2,317,667	11,167,667	8,850,000	2,317,667	11,167,667
2030 - 2034..	6,180,000	524,243	6,704,243	6,180,000	524,243	6,704,243
Total.....	\$ 22,590,000	\$ 6,452,238	\$ 29,042,238	\$ 22,590,000	\$ 6,452,238	\$ 29,042,238

H. Notes from Direct Borrowings – Business-type Activities

During 2019, the City obtained a new loan with NMFA for the purpose of acquiring water rights. Notes from Direct Borrowings for business-type activities at June 30 consisted of the following:

Notes from Direct Borrowings - Business-type Activities					
	Issue Date	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2019
2011 NMFA Water Rights.....	1/21/2011	5/1/2030	4.028%	\$ 7,000,000	\$ 4,389,683
2011 NMFA Water Rights Acquisition.....	12/23/2011	5/1/2031	3.197%	9,335,000	6,270,000
2015 NMFA Water Rights Acquisition.....	4/17/2015	5/1/2035	2.777%	4,292,192	3,548,259
2016 NMFA Water Conservation/Treatment.....	1/15/2016	6/1/2035	.25%	384,000	318,078
2019 NMFA Water Rights Acquisition.....	6/27/2019	5/1/2039	2.8674%	10,425,000	10,425,000
Total Notes Payable, Business-type Activities.....					24,951,020
Add Unamortized Premium.....					1,793,998
Total Utility Bonds Payable.....					\$ 26,745,018

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

Debt Service Requirements to Maturity - Notes from Direct Borrowings Business-type Activities

Fiscal Year	2011 Water Rights			2011 Water Rights Acquisition			2015 Water Rights		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 326,043	\$ 185,441	\$ 511,484	\$ 445,000	\$ 208,407	\$ 653,407	\$ 190,316	\$ 91,331	\$ 281,647
2021.....	337,553	173,932	511,485	455,000	198,528	653,528	192,371	89,276	281,647
2022.....	350,008	161,476	511,484	465,000	187,472	652,472	194,834	86,813	281,647
2023.....	363,554	147,931	511,485	475,000	174,312	649,312	197,698	83,949	281,647
2024.....	377,951	133,534	511,485	490,000	160,110	650,110	200,999	80,648	281,647
2025 - 2029..	2,145,725	411,701	2,557,426	2,710,000	544,242	3,254,242	1,069,656	338,579	1,408,235
2030 - 2034..	488,849	22,634	511,483	1,230,000	72,974	1,302,974	1,232,385	175,850	1,408,235
2035 - 2039..	—	—	—	—	—	—	270,000	9,666	279,666
Total.....	\$ 4,389,683	\$ 1,236,650	\$ 5,626,333	\$ 6,270,000	\$ 1,546,044	\$ 7,816,044	\$ 3,548,259	\$ 956,112	\$ 4,504,371

Fiscal Year	2016 Water Conservation/Treatment			2019 Water Rights Acquisition			Total Notes from Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020.....	\$ 19,510	\$ 795	\$ 20,305	\$ 330,000	\$ 398,536	\$ 728,536	\$ 1,310,869	\$ 884,510	\$ 2,195,379
2021.....	19,559	746	20,305	280,000	458,750	738,750	1,284,483	921,232	2,205,715
2022.....	19,607	698	20,305	295,000	444,750	739,750	1,324,449	881,209	2,205,658
2023.....	19,657	649	20,306	320,000	430,000	750,000	1,375,909	836,841	2,212,750
2024.....	19,706	599	20,305	330,000	414,000	744,000	1,418,656	788,891	2,207,547
2025 - 2029..	99,269	2,255	101,524	1,945,000	1,803,250	3,748,250	7,969,650	3,100,027	11,069,677
2030 - 2034..	100,516	1,008	101,524	3,020,000	1,227,750	4,247,750	6,071,750	1,500,216	7,571,966
2035 - 2039..	20,254	51	20,305	3,905,000	480,000	4,385,000	4,195,254	489,717	4,684,971
Total.....	\$ 318,078	\$ 6,801	\$ 324,879	\$ 10,425,000	\$ 5,657,036	\$ 16,082,036	\$ 24,951,020	\$ 9,402,643	\$ 34,353,663

I. Pledged Revenue

Governmental Activities:

State Shared Gross Receipt Tax. The City has pledged future gross receipt tax revenues to repay an outstanding GRT refunding revenue bond of \$9.4 million and outstanding NMFA loans of \$3.1 million as of June 30, 2019. Proceeds from the original bond issuance, including the subsequent refunding and the loans provided financing for facility construction, infrastructure, police vehicles and a fire truck and are payable through 2034.

Total annual principal and interest payments for all the bonds and loans are expected to require less than 12 percent of gross revenues. The current total state shared gross revenues were \$15.6 million and the total principal and interest paid on the bonds and loans was \$2 million, or 13 percent of gross receipts tax revenues.

Fire Protection Revenue. The City has pledged future fire protection revenues to repay outstanding NMFA loans of \$1.2 million as of June 30, 2019. Proceeds from the loans provided financing for fire equipment and a fire administration building and are payable through 2033.

Total annual principal and interest payments for all the loans are expected to require less than 32 percent of gross revenues. The current total fire protection revenues were \$885,025 and the total principal and interest paid on the loans was approximately \$251,000 or 28 percent of gross revenues.

Law Enforcement Protection Revenue. The City has pledged future law enforcement protection revenues to repay an outstanding NMFA loan of \$108,240 as of June 30, 2019. Proceeds from the loan provided financing for six new police vehicles and is payable through 2021.

Total annual principal and interest payments for the loan is expected to require less than 53 percent of gross revenues. The current total law enforcement protection revenues were \$101,590, and the total principal and interest paid on the loan was approximately \$54,000 or 53 percent of gross revenues.

Environmental Gross Receipt Tax. The City has pledged future environmental gross receipt taxes to repay outstanding NMFA loans of \$6.2 million as of June 30, 2019. Proceeds from the loan provided financing for infrastructure improvements and is payable through 2025.

Total annual principal and interest payments for the loan is expected to require less than 47 percent of gross revenues. The current total environmental gross receipt tax revenues were approximately \$780,000 and the total principal and interest paid on the loan was approximately \$340,000 or 47 percent of gross revenues.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Municipal Gross Receipt Tax. The City has pledged future municipal gross receipt taxes to repay an outstanding NMFA loans from direct borrowings of \$3.4 million as of June 30, 2019. Proceeds from the loan provided financing for infrastructure improvements and is payable through 2028.

Total annual principal and interest payments for the loan is expected to require less than 2 percent of gross revenues. The current total municipal gross receipt tax revenues were \$24.2 million and the total principal and interest paid on the loan was \$375,000 or 1.5 percent of gross revenues.

Gasoline Tax. The City has pledged future gasoline tax receipts to repay an outstanding NMFA loan of approximately \$609,000 with NMFA as of June 30, 2019. Proceeds from the loan provided financing for heavy street equipment.

Total annual principal and interest payments for the loan is expected to require less than 2 percent of gross revenues. The current total gasoline tax revenues were approximately \$5,000,000 and the total principal and interest expected to be paid annually is approximately \$101,000 or 2 percent of gross revenues.

Business-Type Activities:

State Shared Gross Receipt Tax. The City has pledged future gross receipt tax revenues to repay outstanding event center refunding bonds of \$22.6 million as of June 30, 2019. Proceeds from the original bond issuance, including the subsequent refunding, provided financing for the construction of the Santa Ana Star Center and are payable through 2034.

Total annual principal and interest payments for all the bonds and loans are expected to require less than 15 percent of gross revenues. The current total state shared gross receipt tax revenues were \$15.6 million and the total principal and interest paid on the bonds and loans was \$2.2 million or 14 percent of gross revenues.

Utilities Net Revenue. The City has pledged future Utility net revenues to repay outstanding revenue bonds, refunding revenue bonds, and loans of \$134.3 million as of June 30, 2019. Proceeds from the original bond issuances, including those subsequently refunded, and the loan provided financing for construction of and improvements to the City's water systems and infrastructure and are payable through 2041.

Total annual principal and interest payments for all the bonds and loans (senior and subordinate obligations) are expected to require less than 30 percent of Joint Utility net revenues through final maturity of all debt obligations. The current total utility net revenues were \$25.4 million and the total principal and interest paid on the bonds and loans was \$14.6 million or 57 percent of net revenues.

Water Rights Acquisition Fees. The City has pledged future water rights acquisition fees to repay outstanding NMFA loans from direct borrowings of \$34 million as of June 30, 2019. Proceeds from the loans provided financing for water rights acquisition purchases and are payable through 2039.

Total annual principal and interest payments for all the bonds and loans from direct borrowings are expected to require less than 43 percent of gross revenues. The current total water rights acquisition fees were \$3.0 million and the total principal and interest paid on the bonds and loans was \$1.4 million or 42 percent of gross revenues.

J. Bond Refundings and Defeased Debt

During the year ended June 30, 2019, the City issued the following:

- A Utility Bond in the amount of \$15,800,000 with an interest rate of 5%, to refund the 2009 Utility Revenue bond with a balance of \$21,245,000 for an aggregate difference of \$5,445,000. This resulted in a net present value savings of \$794,638.

K. Special Assessment Bonds

Special Assessment Bonds are used to construct improvements within special assessment districts created by the City after property owners within these districts agree to be assessed for the costs of debt service on the bonds.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Payments made by the assessed property owners within the districts are pledged to pay the debt service on the bonds. In the event of default by a property owner, the lien created by the assessment is sold at public auction and the proceeds are used to offset the defaulted assessment.

As trustee for improvement districts, the City is solely responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. The City is not obligated in any manner to pay the debt service on Special Assessment Bonds with any general or other funds of the City. Special assessment bonds outstanding at June 30, 2019 were \$7,146,177.

L. Statutory Debt Limitation

The Constitution of the State of New Mexico limits the amount of general purpose government obligation bonds that may be issued by a municipality to four percent of the taxable valuation of property located within the City. At June 30, 2019, based on the most recent valuation, the City's debt limitation and additional bonding capacity are as follows:

Calculation of Legal Debt Margin

Assessed Value.....	\$	2,304,731,258
Debt Limit (4% of assessed value).....		92,189,250
<hr/>		
Debt Applicable to Limit:		
General Obligation Bonds Payable.....		27,350,000
Less amount restricted for repayment of General Obligation Bonds.....		(6,844,148)
Net Debt Applicable to Limit.....		<u>20,505,852</u>
Additional Bonding Capacity.....	\$	<u><u>71,683,398</u></u>

M. Conduit Debt Obligations

As allowed by federal and state laws and IRS regulations, the City has acted as a conduit for tax-exempt financing for various private entities located within the City. In all such cases, the debts are secured by the facilities and equipment that were acquired with the debt proceeds, and the debts are payable solely from the revenues of the companies for whom the debts were issued. The City is not obligated in any manner for repayment of the debt and therefore the obligations are not reported as liabilities in the City's financial statements. As of June 30, there were three Rio Rancho conduit debt obligations outstanding. The current remaining principal amounts of these obligations could not be determined; however, the aggregate original issue amounts totaled \$96.5 million.

NOTE 10. NET POSITION AND FUND BALANCES

A. Net Position

Net position is the difference between assets/deferred outflows and liabilities/deferred inflows on the government-wide, proprietary fund, and fiduciary fund statements.

At June 30, 2019, the City reported a deficit unrestricted net position of \$100.2 million for governmental activities on the Statement of Net Position. The deficit was a result of recognizing the City's proportionate share of the New Mexico Public Employees Retirement Association net pension liability and the New Mexico Retiree Health Care Authority net other post-employment benefit liability.

The various purposes of restricted net position are noted on the face of the statements. Net position restricted by enabling legislation represents resources which a party external to the City (such as citizens, public interest groups, or the courts) can compel the City to use only for the purpose specified by the legislation. The Statement of Net Position reports \$40,167,746 of net position of governmental activities that is restricted by enabling legislation.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

B. Governmental Fund Balances – Restricted, Committed, and Assigned

The City’s spendable fund balances are classified into three categories: 1) *Restricted Purposes*, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) *Committed Purposes*, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the Governing Body in a public meeting; 3) *Assigned Purposes*, which include balances that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Per City policy, assigned fund balance amounts are determined by the Financial Services Department at year-end in consultation with other departments that directly manage those specific resources.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City’s policy is to first apply restricted balances, then committed balances, then assigned balances. The table below summarizes the purposes of the City’s restricted fund balances.

	Nonmajor Governmental Funds				Nonmajor Total
	Infrastructure Fund	Special Revenue	Debt Service	Capital Projects	
Fund Balances restricted for:					
Roads and Public Improvements.....	\$ 1,782,542	\$ —	\$ —	\$ 12,803,517	\$ 12,803,517
Community Programs.....	—	18,950,204	—	—	18,950,204
Parks and Recreation Programs.....	—	214,037	—	—	214,037
Library Materials.....	—	—	—	—	—
Public Safety Programs.....	—	921,824	—	—	921,824
Insurance Premiums and Claims.....	—	—	—	—	—
Debt Service.....	—	—	7,278,164	—	7,278,164
Sub-Total	<u>1,782,542</u>	<u>20,086,065</u>	<u>7,278,164</u>	<u>12,803,517</u>	<u>40,167,746</u>
Fund Balances committed for:					
Community Programs.....	—	1,515,341	—	—	1,515,341
Parks and Recreation Programs.....	—	210,470	—	—	210,470
Sub-Total	<u>—</u>	<u>1,725,811</u>	<u>—</u>	<u>—</u>	<u>1,725,811</u>
Total.....	<u>\$ 1,782,542</u>	<u>\$ 21,811,876</u>	<u>\$ 7,278,164</u>	<u>\$ 12,803,517</u>	<u>\$ 41,893,557</u>

Unassigned fund balance is the residual classification for the General Fund. This amount represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, a negative residual balance is reported as unassigned.

C. Deficit Fund Balances

The following funds reported deficit fund balances at June 30:

Nonmajor Governmental Funds:	
Keep Rio Rancho Beautiful Fund	\$ (812)
Library Fund	<u>(7,851)</u>
Deficit Fund Balances	<u>\$ (8,663)</u>

The deficits arose because of the timing of receipts and expenditures in these funds under reimbursement-based grant agreements and the modified accrual basis of accounting. The City expects to eliminate the deficits through receipts of grant revenues in the next fiscal year.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

A. Plan Description

The Public Employees Retirement Association (PERA) Fund is a cost-sharing, multiple employer defined benefit pension plan. The Fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plans. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the plan. Certain coverage plans are only applicable to a specific division.

The City of Rio Rancho participates in three PERA plans: Municipal General Plan 2, Municipal Police Plan 5, and Municipal Fire Plan 5.

Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <https://www.saonm.org/> using the Audit Report Search function for agency 366.

B. Benefits Provided

For a description of the benefits provided and recent changes to the benefits, see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2019 available at

<http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>

	Municipal General Plan 2		Municipal Police Plan 5		Municipal Fire Plan 5	
	Tier I	Tier II	Tier I	Tier II	Tier I	Tier II
Highest Average Salary	3 Years	5 Years	3 Years	5 Years	3 Years	5 Years
Years of Service and Age of Eligibility	25 years any age 20 years age 60 Various ages 61-64 5 years age 65	Rule of 85 8 years age 65	20 years any age Various ages 61-64 5 years age 65	25 years any age 6 years age 60	20 years any age Various ages 61-64 5 years age 65	25 years any age 6 years age 60
Vesting Period	5 years	8 years	5 years	8 years	5 years	8 years
Benefit Percent per Year of Service	2.5%	2.0%	3.5%	3.0%	3.5%	3.0%
Maximum Benefit as Percent of Final Average Salary	90%	90%	90%	90%	90%	90%
Annual Cost of Living Adjustment	2.0% with graduated eligibility period	2.0% with 7-year eligibility period	2.0% with graduated eligibility period	2.0% with 7-year eligibility period	2.0% with graduated eligibility period	2.0% with 7-year eligibility period
Required Contribution Rates						
Employer	9.55%	9.55%	18.90%	18.90%	21.65%	21.65%
Employee < \$20,000	9.15%	9.15%	16.30%	16.30%	16.20%	16.20%
Employee > \$20,000	10.65%	10.65%	17.80%	17.80%	17.70%	17.70%

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

C. Contributions

The contribution requirements of PERA Fund members are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature.

The Combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability.

Employer contributions for the fiscal year ended June 30, 2019 are shown in the table below.

D. Pension Liabilities, Pension Expense, Deferred Outflows, and Deferred Inflows of Resources Related to Pensions

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2018. These assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

The assets of the PERA Fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows of resources were performed separately for each of the membership groups.

The City's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2018. The Schedule of Employer Allocations reflects fiscal year 2018 employer contributions received during the period July 1, 2017 to June 30, 2018. Only pay period end dates that fell within the period July 1, 2017 to June 30, 2018 are included in the total contributions for that employer. Regular and adjustment contributions that applied to fiscal year 2018 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) has been used to project the unremitted employer contributions. This allows for fair and consistent measurement of the contributions with the total population. This methodology was used in order to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

The City's proportionate share of each PERA plan's net pension liability, and each plan's annual pension expense, as of and for the year ended June 30, 2019 are shown in the table below.

Current Year Pension Expense and Net Pension Liability					
PERA Plan	FY19 Employer Contributions	Pension Expense	Proportionate Share of Net Pension Liability	Percent of Net Pension Liability	Prior Year Percent of Net Pension Liability
Municipal General Plan 2..	\$ 1,518,081	\$ 4,101,615	\$ 31,358,071	1.97%	1.8452%
Municipal Police Plan 5.....	1,286,203	2,468,952	21,934,036	3.2147%	3.2418%
Municipal Fire Plan 5.....	1,197,947	2,705,922	27,435,649	4.2864%	4.3034%
Total.....	<u>\$ 4,002,231</u>	<u>\$ 9,276,489</u>	<u>\$ 80,727,756</u>		

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each of the City's three PERA Fund divisions:

	Municipal General Plan 2		Municipal Police Plan 5		Municipal Fire Plan 5	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.....	\$ 906,311	\$ (823,296)	\$ 1,073,789	\$ (2,174,232)	\$ 440,898	\$ (2,000,874)
Changes of assumptions.....	2,843,053	(180,297)	2,502,704	(134,091)	1,584,498	(100,183)
Net difference between projected and actual earnings on pension plan investments.....	2,325,673	—	1,509,373	—	962,096	—
Changes in proportion and differences between City contributions and proportionate share of contributions.....	1,143,760	(103,620)	27,455	(154,435)	111,604	(197,524)
City contributions subsequent to the measurement date.....	1,518,081	—	1,286,203	—	1,197,947	—
Total.....	\$ 8,736,878	\$ (1,107,213)	\$ 6,399,524	\$ (2,462,758)	\$ 4,297,043	\$ (2,298,581)

Following is additional information about the City's deferred outflows of resources and deferred inflows of resources related to pensions:

	Municipal General Plan 2	Municipal Police Plan 5	Municipal Fire Plan 5
Amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of June 30, 2018 that will be recognized as a reduction of the net pension liability in the measurement period ending June 30, 2019.....	\$ 1,518,081	\$ 1,286,203	\$ 1,197,947

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement period ended June 30:

2019.....	\$ 3,651,675	\$ 1,751,187	\$ 718,324
2020.....	1,660,997	347,142	(149,338)
2021.....	678,499	473,701	183,380
2022.....	120,413	78,533	48,149
2023.....	—	—	—

E. Actuarial Assumptions

As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2017 for each of the membership groups. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2017.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Using the information from the June 30, 2017 valuation, each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. The following actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation:

Actuarial valuation date June 30, 2017
 Actuarial cost method Entry-age normal
 Amortization method Level percentage of pay
 Amortization period Solved for based on statutory rates
 Actuarial assumptions:
 Investment rate of return 7.25%, net of investment expense
 Projected benefit payment 100 years
 Payroll growth 3%
 Projected salary increases 3.25 to 13.50% annual rate
 Includes inflation at 2.50% annual rate first 9 years, 2.75% all other years
 Mortality rates: RPH-2014 Blue Collar mortality table with female ages set forward one year.
 Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally.
 For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
 Experience Study Dates: July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 20, 2018 (economic)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis 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 asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity.....	43.50%	7.48%
Risk Reduction & Mitigation.....	21.50%	2.37%
Credit Oriented Fixed Income...	15.00%	5.47%
Real Assets.....	<u>20.00%</u>	6.48%
Total.....	<u>100.00%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.25% for the first 10 years (select period) and 7.75% for all other years (ultimate). The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement 67. Therefore, the 7.25% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the net pension liability in each of the City's PERA Fund divisions calculated using the current discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current discount rate.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

Proportionate Share of Net Pension Liability:	Assumed Discount Rate		
	1% Decrease	Current Rate	1% Increase
	6.25%	7.25%	8.25%
Municipal General Plan 2..	\$ 48,320,387	\$ 31,358,071	\$ 17,335,687
Municipal Police Plan 5.....	33,725,546	21,934,036	1,232,162
Municipal Fire Plan 5.....	36,624,507	27,435,649	19,908,061
Total.....	\$ 118,670,440	\$ 80,727,756	\$ 38,475,910

G. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in PERA’S audited comprehensive annual financial report and can be obtained at the following web address: <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>

H. Payables to the Pension Plan

The City reported \$281,057 as payable to PERA at June 30, 2019. The liability is included in the City’s accrued payroll adjustment for wages and benefits earned but not yet paid at year-end.

NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN

Plan Description. Employees of the City are provided with OPEB through the Retiree Health Care Fund (the Fund) – a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstances, including termination of the employer’s participation in the Fund. Contributions to the Fund from the City were \$621,404 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the City reported a liability of \$31,182,487 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ended June 30, 2018. At June 30, 2018, the City’s proportion was .71711%.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

For the year ended June 30, 2019, the City recognized OPEB income of \$398,360. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 1,846,203
Change of Assumptions	-	5,821,632
Differences Between Actual and Projected Earnings on OPEB Plan Investments	-	389,146
Change in Proportion	-	1,684,624
City's Contributions Subsequent to the Measurement Date	621,404	-
	\$ 621,404	\$ 9,741,605

Deferred outflows of resources totaling \$621,404 represent the City's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Subsequent Recognition of Deferred Amounts	
Year	Amount
2020	\$ (2,404,017)
2021	(2,404,017)
2022	(2,404,017)
2023	(1,937,794)
2024	(591,760)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Inflation	2.50% for ERB, 2.25% for PERA
Projected payroll increase	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Health Mortality

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	2.1%
U.S. equity – large cap	7.1
Non U.S. – emerging markets	10.2
Non U.S. – developed equities	7.8
Private equity	11.8
Credit and structured finance	5.3
Real estate	4.9
Absolute return	4.1
U.S. equity – small/mid cap	7.1

Discount rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current discount rate:

1% Decrease	Current Rate	1% Increase
3.08%	4.08%	5.08%
\$ 37,738,152	\$ 31,182,487	\$ 26,015,162

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates;

1% Decrease	Current Rate	1% Increase
\$ 26,360,134	\$ 31,182,487	\$ 34,963,320

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

Payable changes in the Net OPEB liability. At June 30, 2019, the City reported a payable of \$25,363 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 13. TAX ABATEMENTS

The City has entered into several agreements with entities pursuant to the NMSA 3-32-1 through 3-32-16 Municipal Industrial Revenue Bond Act for the purpose of promoting industry and trade by inducing manufacturing, industrial and commercial enterprises to locate or expand in the state. The City has abated certain taxes as terms of the agreements. As required by GASB statement No. 77 – Tax Abatement Disclosure, the City has provided the following disclosure of agreements and abated taxes as well as agreement entered into by other governments and entities who abated taxes that affected Sandoval County. In addition, as required by the New Mexico Office of the State Auditor, Audit Rule NMAC 2.2.2.10 BB. (1), disclosure information for tax abatement shall be provided individually and may not be aggregated.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency Number	6147
Agency Name	City of Rio Rancho
Agency Type	Local Public Body (Home Rule Municipality)
Tax Abatement Agreement Name	Stonegate Tax Increment Development District (TIDD)
Recipient(s) of tax abatement	Stonegate TIDD
Parent company(is) of recipient(s) of tax abatement	N/A
Tax abatement program (name and brief description)	Tax Increment Development District - The City has dedicated the tax increment revenues to the repayment of the TIDD bonds, being a dedication of 75% of the general purposes municipal GRT, municipal infrastructure GRT, and state shared GRT generated within the District and distributed to the City.
Specific Tax(es) Being Abated	General purposes municipal GRT, municipal infrastructure GRT, and state shared GRT generated within the District and distributed to the City.
Legal authority under which tax abatement agreement was entered into	Tax Increment Development Act, Sections 5-15-1, <i>et seq.</i> NMSA 1978 as amended.
Criteria that make a recipient eligible to receive a tax abatement	A developer must submit a petition and an application to form a TIDD pursuant to the Act and the City's TIDD Ordinance. The Developer will construct infrastructure within the TIDD. The TIDD will issue bonds, the proceeds of which will reimburse the Developer for costs associated with the construction of the infrastructure. Once completed, the developer will convey the TIDD Infrastructure, real and personal property which the City deems reasonably necessary to or on behalf of the District to the City.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	The City has dedicated the tax increment revenues to the repayment of the TIDD bonds, being a dedication of 75% of the general purposes municipal GRT, municipal infrastructure GRT, and state shared GRT generated within the District and distributed to the City.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	The City has dedicated the tax increment revenues to the repayment of the TIDD bonds, being a dedication of 75% of the general purposes municipal GRT, municipal infrastructure GRT, and state shared GRT generated within the District and distributed to the City. TIDD revenue is distributed by TRD.
Are there provisions for recapturing abated taxes? (Yes or No)	No
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	The Developer will construct infrastructure within the TIDD. The TIDD will issue bonds, the proceeds of which will reimburse the Developer for costs associated with the construction of the infrastructure. Once completed, the Developer will convey the TIDD Infrastructure, real and personal property which the City deems reasonably necessary to or on behalf of the District to the City.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	162,159.94
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	N/A
List each specific commitment made by your agency or any other government, other than the tax abatement.	N/A
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	No
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A
In the report disclosure is this abatement aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
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Agency Number	6147
Agency Name	City of Rio Rancho
Agency Type	Local Public Body (Home Rule Municipality)
Tax Abatement Agreement Name	The Village at Rio Rancho Tax Increment Development District (TIDD)
Recipient(s) of tax abatement	The Village at Rio Rancho TIDD
Parent company(ies) of recipient(s) of tax abatement	N/A
Tax abatement program (name and brief description)	Tax Increment Development District - The City has dedicated the tax increment revenues to the repayment of the TIDD bonds, being a dedication of 70% of the general purposes municipal GRT, municipal infrastructure GRT, and state shared GRT generated within the District and distributed to the City.
Specific Tax(es) Being Abated	General purposes municipal GRT, municipal infrastructure GRT, and state shared GRT generated within the District and distributed to the City.
Legal authority under which tax abatement agreement was entered into	Tax Increment Development Act, Sections 5-15-1, <i>et seq.</i> NMSA 1978 as amended.
Criteria that make a recipient eligible to receive a tax abatement	A developer must submit a petition and an application to form a TIDD pursuant to the Act and the City's TIDD Ordinance. The Developer will construct infrastructure within the TIDD. The TIDD will issue bonds, the proceeds of which will reimburse the Developer for costs associated with the construction of the infrastructure. Once completed, the developer will convey the TIDD Infrastructure, real and personal property which the City deems reasonably necessary to or on behalf of the District to the City.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	The City has dedicated the tax increment revenues to the repayment of the TIDD bonds, being a dedication of 70% of the general purposes municipal GRT, municipal infrastructure GRT, and state shared GRT generated within the District and distributed to the City.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	The City has dedicated the tax increment revenues to the repayment of the TIDD bonds, being a dedication of 70% of the general purposes municipal GRT, municipal infrastructure GRT, and state shared GRT generated within the District and distributed to the City. TIDD revenue is distributed by TRD.
Are there provisions for recapturing abated taxes? (Yes or No)	No
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	The Developer will construct infrastructure within the TIDD. The TIDD will issue bonds, the proceeds of which will reimburse the Developer for costs associated with the construction of the infrastructure. Once completed, the Developer will convey the TIDD Infrastructure, real and personal property which the City deems reasonably necessary to or on behalf of the District to the City.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$ 1,410.12
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	N/A
List each specific commitment made by your agency or any other government, other than the tax abatement.	N/A
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	No
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A
In the report disclosure is this abatement aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency Number	6147
Agency Name	City of Rio Rancho
Agency Type	Local Public Body (Home Rule Municipality)
Tax Abatement Agreement Name	Petroglyph Real Estate Development Gross Receipts Investment Policy (GRIP) Agreement
Recipient(s) of tax abatement	Petroglyph Real Estate Development, LLC
Parent company(ies) of recipient(s) of tax abatement	N/A
Tax abatement program (name and brief description)	Petroglyph GRIP - The City will refund one-half of the City's share of total gross receipts taxes directly attributable to the Petroglyph project's retail sales and professional services from the development project, less any amount dedicated to special purposes, received by the City each year for a period of no more than eleven years. Maximum refund: \$2,783,134.74.
Specific Tax(es) Being Abated	City's share of all gross receipts taxes directly attributable to the recipient project's retail sales and professional services, less any amount dedicated to special
Legal authority under which tax abatement agreement was entered into	City of Rio Rancho Gross Receipts Investment Policy Ordinance, Section 36.77(A)
Criteria that make a recipient eligible to receive a tax abatement	A business may qualify under the GRIP program if it demonstrates one of more of the following: 1. The retail or professional services will generate or draw regional customers or customers who reside beyond 20 miles from the municipal boundaries of the City; 2. The sales volume is projected to meet or exceed \$5,000,000 per year after three years of operation; 3. The business is a food service or restaurant with a seating capacity of not less than 200 persons; 4. The business is a full service hotel of not less than 200 rooms; 5. The business will provide employment for at least 50 employees; 6. The business is a car dealership with estimated minimum annual volume of sales of 600 units; or 7. The business represents a substantial expansion of an existing business operation within Rio Rancho, at least doubling existing square footage or increasing retail space by 50,000 square feet, whichever is less.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	The City refunds the taxes directly to the developer after the monthly GRT distribution is received from TRD.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	CRS-1 Reports are provided to the City by the businesses within the development. Taxable gross receipts reported on the CRS-1 forms multiplied by each GRT increment percentage is used to determine the amount of GRIP eligible taxes. The State's administrative fee of 3.25% is deducted from the GRIP eligible taxes. 50% of the resulting amount is refunded to the developer by a direct payment from the City.
Are there provisions for recapturing abated taxes? (Yes or No)	No
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	The recipient will construct public infrastructure related to the commercial development and dedicate it to the City.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$ 97,791.27
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	N/A
List each specific commitment made by your agency or any other government, other than the tax abatement.	N/A
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	No
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A
In the report disclosure is this abatement aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency Number	6147
Agency Name	City of Rio Rancho
Agency Type	Local Public Body (Home Rule Municipality)
Tax Abatement Agreement Name	RR Premier Realty, LP Gross Receipts Investment Policy (GRIP) Agreement
Recipient(s) of tax abatement	RR Premier Realty, LP
Parent company(ies) of recipient(s) of tax abatement	N/A
Tax abatement program (name and brief description)	Premier Cinema GRIP -The City will refund one-half of the City's share of total gross receipts taxes directly attributable to the project's retail sales the development project, less any amount dedicated to special purposes, received by the City each year for a period of no more than eleven years. Maximum refund: \$539,237.74.
Specific Tax(es) Being Abated	City's share of all gross receipts taxes directly attributable to the recipient project's retail sales and professional services, less any amount dedicated to special purposes.
Legal authority under which tax abatement agreement was entered into	City of Rio Rancho Gross Receipts Investment Policy Ordinance, Section 36.77(A)
Criteria that make a recipient eligible to receive a tax abatement	A business may qualify under the GRIP program if it demonstrates one of more of the following: 1. The retail or professional services will generate or draw regional customers or customers who reside beyond 20 miles from the municipal boundaries of the City; 2. The sales volume is projected to meet or exceed \$5,000,000 per year after three years of operation; 3. The business is a food service or restaurant with a seating capacity of not less than 200 persons; 4. The business is a full service hotel of not less than 200 rooms; 5. The business will provide employment for at least 50 employees; 6. The business is a car dealership with estimated minimum annual volume of sales of 600 units; or 7. The business represents a substantial expansion of an existing business operation within Rio Rancho, at least doubling existing square footage or increasing retail space by 50,000 square feet, whichever is less.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	The City refunds the taxes directly to the developer after the monthly GRT distribution is received from TRD.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	CRS-1 Reports are provided to the City by the businesses within the development. Taxable gross receipts reported on the CRS-1 forms multiplied by each GRT increment percentage is used to determine the amount of GRIP eligible taxes. The State's administrative fee of 3.25% is deducted from the GRIP eligible taxes. 50% of the resulting amount is refunded to the developer by a direct payment from the City.
Are there provisions for recapturing abated taxes? (Yes or No)	No
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	The recipient will construct public infrastructure related to the commercial development and dedicate it to the City.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$ 14,260.07
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	N/A
List each specific commitment made by your agency or any other government, other than the tax abatement.	N/A
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	No
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A
In the report disclosure is this abatement aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency Number	6147
Agency Name	City of Rio Rancho
Agency Type	Local Public Body (Home Rule Municipality)
Tax Abatement Agreement Name	Titan City Center, LLC Project - Industrial Revenue Bonds Series 2009
Recipient(s) of tax abatement	Titan City Center, LLC
Parent company(ies) of recipient(s) of tax abatement	N/A
Tax abatement program (name and brief description)	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.
Specific Tax(es) Being Abated	Property Taxes
Legal authority under which tax abatement agreement was entered into	Sections 3-32-1 through 3-32-16, NMSA 1978 Annotated, Exempt from Property Tax under Section 7-36-3(A) NMSA 1978 Annotated
Criteria that make a recipient eligible to receive a tax abatement	Recipient meets the criteria established under Sections 3-32-1 through 3-32-16, NMSA 1978 Annotated and Exempt from Property Tax under Section 7-36-3(A) NMSA 1978 Annotated. The recipient will sub-lease the property to Hewlett-Packard Company who will operate a client service and consulting center which will employ 1,350 people full-time by the end of 2012.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	City of Rio Rancho owns the property and leases it to Titan. No property tax is assessed because it is a City owned property.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	The property for which the IRB was issued is exempt from taxes because it is owned by the City. The property's value is assessed by the County assessor. The property tax mill rate is set by various taxing authorities and the Department of Finance and Administration. Property taxes would be calculated by multiplying the mill rate by the taxable value as determined by the County Assessor. Payment in lieu of taxes must be paid to the Rio Rancho school district.
Are there provisions for recapturing abated taxes? (Yes or No)	yes
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	If the company ceases operation of the Facility within five years of the issuance of the Bonds, the Company will pay an amount equal to that percentage of the amount of taxes it would have been required to pay if the bonds had not been issued. Amount is calculated using mill levies and actual property tax valuations for each tax year.
List each specific commitment made by the recipient of the abatement.	Operate a client service and consulting center which will employ 1,350 people full-time by the end of 2012.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$ 136,041.80
receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	City of Rio Rancho Ordinance 16 Enactment 09-19 and lease agreement between City of Rio Rancho and Titan City Center, LLC. Payment in Lieu of Taxes must be paid to the Rio Rancho School district.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	Rio Rancho School District, \$144,216.32
List each specific commitment made by your agency or any other government, other than the tax abatement.	N/A
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	Yes. State of New Mexico, Sandoval County, Rio Rancho School District, Central NM Community College, Southern Sandoval County Arroyo Flood Control Authority
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A
In the report disclosure is this abatement aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency Number	6147
Agency Name	City of Rio Rancho
Agency Type	Local Public Body (Home Rule Municipality)
Tax Abatement Agreement Name	Call, LLC Project - Industrial Revenue Bonds Series 1998A
Recipient(s) of tax abatement	Call, LLC
Parent company(ies) of recipient(s) of tax abatement	N/A
Tax abatement program (name and brief description)	Safelite Solutions Improvement Project
Specific Tax(es) Being Abated	Property Taxes
Legal authority under which tax abatement agreement was entered into	Sections 3-32-1 through 3-32-16, NMSA 1978 Annotated, Exempt from Property Tax under Section 7-36-3(A) NMSA 1978 Annotated
Criteria that make a recipient eligible to receive a tax abatement	Recipient meets the criteria established under Sections 3-32-1 through 3-32-16, NMSA 1978 Annotated and Exempt from Property Tax under Section 7-36-3(A) NMSA 1978 Annotated. Make improvements to the facility and expand the parking capacity. Sub-lease the facility to Safelite Solutions LLC which will create and maintain 600 full-time jobs.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	City of Rio Rancho owns the property and leases it to Call, LLC. No property tax is assessed because it is a City owned property.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	The property for which the IRB was issued is exempt from taxes because it is owned by the City. The property's value is assessed by the County assessor. The property tax mill rate is set by various taxing authorities and the Department of Finance and Administration. Property taxes would be calculated by multiplying the mill rate by the taxable value as determined by the County Assessor. Payment in lieu of taxes must be paid to the Rio Rancho school district.
Are there provisions for recapturing abated taxes? (Yes or No)	No
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	Make improvements to the facility and expand the parking capacity. Sub-lease the facility to Safelite Solutions LLC which will create and maintain 600 full-time jobs.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$ 49,294.04
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	City of Rio Rancho Ordinance 0-15 Enactment 98-017 and Ordinance 35, Enactment 16-28 and lease agreement between City of Rio Rancho and Call, LLC and lease and purchase agreement between City of Rio Rancho and Safelite Solutions, LLC. Payment in Lieu of Taxes must be paid to the Rio Rancho School district.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	Rio Rancho School District, \$52,256.03
List each specific commitment made by your agency or any other government, other than the tax abatement.	N/A
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	Yes. State of New Mexico, Sandoval County, Rio Rancho School District, Central NM Community College, Southern Sandoval County Arroyo Flood Control Authority
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A
In the report disclosure is this abatement aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency Number	6147
Agency Name	City of Rio Rancho
Agency Type	Local Public Body (Home Rule Municipality)
Tax Abatement Agreement Name	Bank of America - Industrial Revenue Bonds Series 1998B
Recipient(s) of tax abatement	Bank of America
Parent company(ies) of recipient(s) of tax abatement	N/A
Tax abatement program (name and brief description)	Bank of America - IRB
Specific Tax(es) Being Abated	Property Taxes
Legal authority under which tax abatement agreement was entered into	Sections 3-32-1 through 3-32-16, NMSA 1978 Annotated, Exempt from Property Tax under Section 7-36-3(A) NMSA 1978 Annotated
Criteria that make a recipient eligible to receive a tax abatement	Recipient meets the criteria established under Sections 3-32-1 through 3-32-16, NMSA 1978 Annotated and Exempt from Property Tax under Section 7-36-3(A) NMSA 1978 Annotated. The Company intends to operate the facility to the later of the payment in full of the Bond/expiration of lease on May 1, 2023.
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	City of Rio Rancho owns the property and leases it to Bank of America. Under the Lease and Purchase Agreement Series B the property remains exempt from property taxes as long as the lease is in effect until May 1, 2023.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	The property for which the IRB was issued is exempt from taxes because it is owned by the City. The property's value is assessed by the County assessor. The property tax mill rate is set by various taxing authorities and the Department of Finance and Administration. Property taxes would be calculated by multiplying the mill rate by the taxable value as determined by the County Assessor. Payment in lieu of taxes must be paid to the Rio Rancho school district.
Are there provisions for recapturing abated taxes? (Yes or No)	If the company ceases operation of the Facility within five years of the issuance of the Bonds, the Company will pay an amount equal to that percentage of the amount of taxes it would have been required to pay if the bonds had not been issued other than with respect to the Rio Rancho School District. Amount is calculated using mill levies and actual property tax valuations for each tax year.
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	The Company intends to operate the facility to the later of the payment in full of the Bond/expiration of lease on May 1, 2023.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	\$ 36,891.24
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	City of Rio Rancho Ordinance 0-11 Enactment 98-04 and lease and purchase agreement between City of Rio Rancho and NationsBank (Bank of America). Payment in Lieu of Taxes must be paid to the Rio Rancho School district.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	Rio Rancho School District, \$39,107.97
List each specific commitment made by your agency or any other government, other than the tax abatement.	None
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	Yes. State of New Mexico, Sandoval County, Rio Rancho School District, Central NM Community College, Southern Sandoval County Arroyo Flood Control Authority
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A
In the report disclosure is this abatement aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project-Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	State of New Mexico
Agency number of Affected Agency	333 - New Mexico Taxation & Revenue Department
Agency type of Affected Agency	State
Recipient(s) of tax abatement	Titan City Center, LLC
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 17,759.34
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project-Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	State of New Mexico
Agency number of Affected Agency	333 - New Mexico Taxation & Revenue Department
Agency type of Affected Agency	State
Recipient(s) of tax abatement	Call, LLC
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Authorize \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-lease to Safelite Solutions LLC.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 6,435.01
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project-Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	State of New Mexico
Agency number of Affected Agency	333 - New Mexico Taxation & Revenue Department
Agency type of Affected Agency	State
Recipient(s) of tax abatement	Bank of America
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 4,815.90
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Sandoval County
Agency number of Affected Agency	5025
Agency type of Affected Agency	County
Recipient(s) of tax abatement	Titan City Center, LLC
Tax abatement program (name and brief description)	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 142,897.43
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Sandoval County
Agency number of Affected Agency	5025
Agency type of Affected Agency	County
Recipient(s) of tax abatement	Call, LLC
Tax abatement program (name and brief description)	Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-lease to Safelite Solutions LLC.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 51,778.14
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Sandoval County
Agency number of Affected Agency	5025
Agency type of Affected Agency	County
Recipient(s) of tax abatement	Bank of America
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 38,750.32
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Titan City Center, LLC
Tax abatement program (name and brief description)	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 144,216.32
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$ 144,216.32
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Call, LLC
Tax abatement program (name and brief description)	Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-lease to Safelite Solutions LLC.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 52,256.03
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$ 52,256.03
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Bank of America
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 39,107.97
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$ 39,107.97
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Central New Mexico Community College
Agency number of Affected Agency	966
Agency type of Affected Agency	Community College
Recipient(s) of tax abatement	Titan City Center, LLC
Tax abatement program (name and brief description)	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 52,233.36
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Central New Mexico Community College
Agency number of Affected Agency	966
Agency type of Affected Agency	Community College
Recipient(s) of tax abatement	Call, LLC
Tax abatement program (name and brief description)	Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-lease to Safelite Solutions LLC.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 18,926.49
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Central New Mexico Community College
Agency number of Affected Agency	966
Agency type of Affected Agency	Community College
Recipient(s) of tax abatement	Bank of America
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 14,164.42
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Southern Sandoval County Arroyo Flood Control Authority
Agency number of Affected Agency	4096
Agency type of Affected Agency	Special District
Recipient(s) of tax abatement	Titan City Center, LLC
Tax abatement program (name and brief description)	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 40,768.14
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Southern Sandoval County Arroyo Flood Control Authority
Agency number of Affected Agency	4096
Agency type of Affected Agency	Special District
Recipient(s) of tax abatement	Call, LLC
Tax abatement program (name and brief description)	Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-lease to Safelite Solutions LLC.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 14,772.12
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Southern Sandoval County Arroyo Flood Control Authority
Agency number of Affected Agency	4096
Agency type of Affected Agency	Special District
Recipient(s) of tax abatement	Bank of America
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 11,055.33
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A
Is the abatement amount aggregated?	No
Threshold amount for aggregation	N/A

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1985, the City joined the New Mexico Self-Insurers' Fund Risk Pool (the Pool), together with other cities and towns in the state. The Pool is a public-entity risk pool currently operating as a common risk management and insurance program for member cities and towns. The City paid an annual premium of \$1,073,428 into the Pool for general insurance coverage during the fiscal year. The agreement provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the annual aggregate for general liability, property, and workers' compensation claims. The City carries commercial insurance for all other risks of loss including accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Health and Dental coverage are provided through a self-insurance program administered by outside carriers (Blue Cross Blue Shield and Presbyterian for medical, Express Scripts for prescriptions, and Delta Dental for dental). The City reports its self-insurance programs in the internal service funds. Amounts are charged to the General Fund and Utility Fund to provide sufficient resources to cover claims incurred and to pay the insurance service agent's administrative fee.

The following schedules represent the changes in claims liability for the past two fiscal years for the City's Health and Dental Self-Insurance Programs:

Self-Insured Claims Liability

	2019	2018
Beginning Liability.....	\$ 1,148,659	\$ -
Claims Incurred and		
Changes in Estimates.....	5,809,717	7,097,675
Claims Paid.....	(5,684,417)	(5,949,016)
Ending Liability.....	\$ 1,273,959	\$ 1,148,659

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 15. LITIGATION AND CONTINGENCIES

The City records liabilities resulting from claims and legal actions when they become fixed or determinable in amount. The City is currently the defendant in several pending lawsuits. Legal counsel is of the opinion that potential claims against the City resulting from such litigation not covered by insurance will not impose a significant liability on the City.

The City has received several federal and state grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements for expenditures disallowed under the terms of the grants. Based upon prior experience, the City believes such disallowances, if any, will be immaterial.



Required Supplementary Information

CITY OF RIO RANCHO, NEW MEXICO

Schedule of the City's Proportionate Share of PERA's Net Pension Liability — All City PERA Plans Last 10 Measurement Periods *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
MUNICIPAL GENERAL PLAN 2					
City's proportion of the net pension liability.....	1.84%	1.87%	1.85%	1.85%	1.97%
City's proportionate share of the net pension liability.....	\$ 14,317,308	\$ 19,098,897	\$ 29,628,670	\$ 39,739,046	\$ 31,358,071
City's covered payroll.....	\$ 14,891,796	\$ 15,446,492	\$ 15,895,592	\$ 16,205,131	\$ 16,591,518
City's proportionate share of the net pension liability as a percentage of covered payroll.....	96.14%	123.65%	186.40%	245.23%	189.00%
Plan fiduciary net position as a percentage of the total pension liability.....	81.29%	76.99%	69.18%	73.74%	71.13%
MUNICIPAL POLICE PLAN 5					
City's proportion of the net pension liability.....	3.16%	3.26%	3.25%	3.24%	3.21%
City's proportionate share of the net pension liability.....	\$ 10,287,239	\$ 15,686,967	\$ 24,001,602	\$ 28,721,471	\$ 21,934,036
City's covered payroll.....	\$ 6,071,232	\$ 6,378,370	\$ 6,487,069	\$ 6,681,370	\$ 6,791,788
City's proportionate share of the net pension liability as a percentage of covered payroll.....	169.44%	245.94%	369.99%	429.87%	322.95%
Plan fiduciary net position as a percentage of the total pension liability.....	81.29%	76.99%	69.18%	73.74%	71.13%
MUNICIPAL FIRE PLAN 5					
City's proportion of the net pension liability.....	4.25%	4.37%	4.27%	4.30%	4.29%
City's proportionate share of the net pension liability.....	\$ 17,732,794	\$ 22,540,946	\$ 28,501,252	\$ 32,999,407	\$ 27,435,649
City's covered payroll.....	\$ 4,714,718	\$ 4,979,095	\$ 4,968,305	\$ 5,214,952	\$ 5,446,827
City's proportionate share of the net pension liability as a percentage of covered payroll.....	376.12%	452.71%	573.66%	632.78%	503.70%
Plan fiduciary net position as a percentage of the total pension liability.....	81.29%	76.99%	69.18%	73.74%	71.13%

* Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF RIO RANCHO, NEW MEXICO

Schedule of the City's Pension Contributions — All City PERA Plans Last 10 Fiscal Years *

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
MUNICIPAL GENERAL PLAN 2					
Contractually required contribution.....	\$ 1,475,140	\$ 1,518,029	\$ 1,547,590	\$ 1,584,490	\$ 1,518,081
Contributions in relation to the contractually required contribution.....	<u>(1,475,140)</u>	<u>(1,518,029)</u>	<u>(1,547,590)</u>	<u>(1,584,490)</u>	<u>(1,518,081)</u>
Contribution deficiency (excess).....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered payroll.....	\$ 15,446,492	\$ 15,895,592	\$ 16,205,131	\$ 16,591,518	\$ 15,896,136
Contributions as a percentage of covered payroll.....	9.55%	9.55%	9.55%	9.55%	9.55%
MUNICIPAL POLICE PLAN 5					
Contractually required contribution.....	\$ 1,205,512	\$ 1,226,056	\$ 1,262,779	\$ 1,283,648	\$ 1,286,203
Contributions in relation to the contractually required contribution.....	<u>(1,205,512)</u>	<u>(1,226,056)</u>	<u>(1,262,779)</u>	<u>(1,283,648)</u>	<u>(1,286,203)</u>
Contribution deficiency (excess).....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered payroll.....	\$ 6,378,370	\$ 6,487,069	\$ 6,681,372	\$ 6,791,788	\$ 6,805,307
Contributions as a percentage of covered payroll.....	18.90%	18.90%	18.90%	18.90%	18.90%
MUNICIPAL FIRE PLAN 5					
Contractually required contribution.....	\$ 1,077,974	\$ 1,075,638	\$ 1,129,037	\$ 1,179,238	\$ 1,197,947
Contributions in relation to the contractually required contribution.....	<u>(1,077,974)</u>	<u>(1,075,638)</u>	<u>(1,129,037)</u>	<u>(1,179,238)</u>	<u>(1,197,947)</u>
Contribution deficiency (excess).....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered payroll.....	\$ 4,979,095	\$ 4,968,305	\$ 5,214,951	\$ 5,446,827	\$ 5,533,242
Contributions as a percentage of covered payroll.....	21.65%	21.65%	21.65%	21.65%	21.65%

* Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF RIO RANCHO, NEW MEXICO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2019

**Required Supplementary Information –
Pension Plan**

Change in Accounting Principle. For the year ended June 30, 2016, the City implemented the provisions of GASB Statement No. 82, *Pension Issues*. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Changes of Benefit Terms. The PERA Fund cost-of-living (COLA) and retirement eligibility benefit changes in recent years are described in Note 1 of the PERA audited comprehensive annual financial report available at the following web address:

<http://www.nmpera.org/financial-overview>

Changes of Assumptions. The PERA Annual Actuarial Valuation as of June 30, 2019 is available at the web address listed above.

The Summary of Key Findings for the PERA Fund on page 2 of the report states:

“the unfunded liability based upon the statutory contribution rates is an infinite period.”

For details about changes in the actuarial assumptions, see Appendix B on page 53 of the PERA Annual Actuarial Valuation referenced above.

CITY OF RIO RANCHO, NEW MEXICO

Schedule of the City's Proportionate Share of the Net OPEB Liability NM Retiree Health Care Authority (NMRHCA) Plan Last 10 Fiscal Years *

	Measurement Date	
	June 30, 2017	June 30, 2018
City's proportion of the net OPEB liability	0.75381%	0.71711%
City's proportionate share of the net OPEB liability	\$ 34,160,128	\$ 31,182,487
City's covered-employee payroll	\$ 31,400,996	\$ 30,768,442
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.79%	101.35%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%	13.14%

*Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF RIO RANCHO, NEW MEXICO

Schedule of the City's OPEB Contributions NM Retiree Health Care Authority (NMRHCA) Plan Last 10 Fiscal Years *

	2018	2019
Contractually required contribution	\$ 636,785	\$ 621,404
Contributions in relation to the contractually required contribution	636,785	621,404
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 31,400,996	\$ 30,768,442
Contributions as a percentage of covered-employee payroll	2.03%	2.02%

*Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RHCA)

Changes of benefit terms. The Retiree Health Care Authority (RHCA) COLA and age eligibility benefits changes in recent years are described in the Notes to the RHCA FY18 audit available at <http://saonm.org/> using the Audit Search function for agency 343.

Changes of assumptions. The Retiree Health Care Authority (RHCA) of New Mexico Annual Actuarial Valuation as of June 30, 2018 report is available at <http://saonm.org/> using the Audit Search function for agency 343.

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Rio Rancho, New Mexico (the “City”), in connection with the issuance of the City of Rio Rancho, New Mexico General Obligation Improvement Bonds, Series 2020 (the “Series 2020 Bonds” or the “Bonds”). The Bonds are being issued pursuant to Ordinance No. O10 adopted by the City Council on April 22, 2020, as supplemented by a Pricing Certificate executed on _____, 2020 (together, the “Bond Ordinance”). Pursuant to the Bond Ordinance, to allow the owners of the Bonds to comply with the Rule (defined below), the City is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds (the “Owners”). This Undertaking is intended to satisfy the requirements of the Rule.

Section 2. Definitions.

“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 City, 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” and “FINANCES OF THE CITY” in the Official Statement.

“Audited Financial Statements” means the annual financial statements for the City, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

“EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System located on its website at emma.msrb.org.

“Events” means any of the events listed in Section 4(a) of this Disclosure Undertaking.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided however that a “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the Fiscal Year of the City, ending June 30.

“Official Statement” means the Official Statement dated _____, 2020, delivered in connection with the original issue and sale of the Series 2020 Bonds.

“Owners” means the registered owners of the Series 2020 Bonds, and so long as the Series 2020 Bonds are subject to the book-entry system, any Beneficial Owner, as such term is defined in the Bond Ordinance.

“Report Date” means March 31 of each year, beginning in 2021“Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, Section 240.15c2-12), as the same may be amended from time to time.

“Rule 15c2-12” or “Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information.

(a) The City, or its designated agent, will provide the Annual Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds are outstanding.

(b) Annual Financial Information shall be provided by the City not later than 270 days after the end of each Fiscal Year. If not filed with the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The City, 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 City, 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.

Section 4. Reporting of Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Series 2020 Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series 2020 Bonds;
7. modifications to the rights of the security holders, if material;
8. bond calls, if material, or tender offers;

9. defeasances;
10. release, substitution or sale of property securing repayment of the Series 2020 Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or a similar event with respect to the City or an obligated person;
13. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee, or a change of name of a trustee, if material;
15. the incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
16. a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) At any time the Series 2020 Bonds are outstanding and the City obtains knowledge of the occurrence of an Event, the City shall file, in a timely manner not in excess of ten (10) business days after the occurrence of the event, a notice of such occurrence with EMM

(c) At any time that the Series 2020 Bonds are outstanding, the City or its designated agent, shall provide to EMMA, notice in a timely manner not in excess of ten (10) business days after the occurrence of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 3 hereof.

Section 5. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Series 2020 Bonds and shall extend to the earliest of (a) the date all principal and interest on the Series 2020 Bonds are deemed paid or legally defeased pursuant to the terms of the Bond Ordinance; (b) the date that the City is no longer an “obligated person” with respect to the Series 2020 Bonds within the meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2020 Bonds, the determination of (a), (b) or (c) herein to be made in any manner deemed appropriate by the City, including by an opinion of Counsel experienced in federal securities laws selected by the City. The City shall file a notice of any such termination with EMMA.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure

Undertaking may be waived, if (a) such amendment or waiver is consented to by the Owners of no less than a majority in aggregate principal amount of the Series 2020 Bonds obtained in the manner prescribed by the Bond Ordinance or (b) if such amendment or waiver is otherwise consistent with the Rule, as determined by an opinion of Counsel experienced in federal securities laws selected by the City. Written notice of any such amendment or waiver shall be provided by the City to EMMA, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The City shall provide notice of any such amendment or waiver to EMMA.

Section 7. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

Section 8. Default and Enforcement. If the City fails to comply with any provision of this Disclosure Undertaking, any Owner of the Series 2020 Bonds may take action to seek specific performance by court order to compel the City to comply with its obligations under this Disclosure Undertaking; provided that any Owner of the Series 2020 Bonds seeking to require the City to so comply shall first provide at least 30 days' prior written notice to the City of the City's failure (giving reasonable details of such failure), following which notice the City shall have 30 days to comply and, provided further, that only the Owners of no less than a majority in aggregate principal amount of the Series 2020 Bonds may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the City in accordance with this Disclosure Undertaking, after notice and opportunity to comply as provided herein, and such action shall be taken only in a court of competent jurisdiction in the State of New Mexico. A DEFAULT UNDER THIS DISCLOSURE UNDERTAKING SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE BOND ORDINANCE OR THE SERIES 2020 BONDS, AND THE SOLE REMEDY UNDER THIS DISCLOSURE UNDERTAKING IN THE EVENT OF ANY FAILURE OF THE CITY TO COMPLY WITH THIS DISCLOSURE UNDERTAKING SHALL BE AN ACTION TO COMPEL PERFORMANCE.

Section 9. Beneficiaries. The Disclosure Undertaking shall inure solely to the benefit of the City, the Underwriter and Owners from time to time of the Series 2020 Bonds, and shall create no rights in any other person or entity.

Section 10. Requesting Information. Persons seeking to obtain the Annual Financial Information, including the Audited Financial Statements, may obtain such information by contacting the City Director of Financial Services at 3200 Civic Center Circle NE, Rio Rancho, New Mexico 87144 (505) 891-5000.

Section 11. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Dated: _____, 2020

CITY OF RIO RANCHO, NEW MEXICO

By: _____
Mayor