MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns A1 UND/Aa3 ENH to Rio Rancho Public S.D. 94 (Sandoval County), NM's new GOs

22 Aug 2025

New York, August 22, 2025 -- Moody's Ratings (Moody's) has assigned A1 underlying and Aa3 enhanced ratings to Rio Rancho Public School District 94 (Sandoval County), NM's proposed $28 million of General Obligation School Bonds, Series 2025. We maintain Rio Rancho Public School District 94's A1 issuer rating and its other ratings. Including the current offering, the district will have approximately $117 million of debt outstanding.

RATINGS RATIONALE

The A1 issuer rating reflects the district's large and growing economic base with solid full value per capita of $111,000 and above median resident income of 117% of the US median. After a large decline in 2024, enrollment continued to fall in 2025 though at a slower pace compared to prior years, resulting in a three-year CAGR of -1.2%. The available fund balance is slightly below national peers at 23% of revenue in fiscal 2024 and is expected to decline to around 20% of revenue in fiscal 2025 as the district projects a $12 million use of general fund balance. The use of general fund reserves is expected to reduce the available general fund balance to a narrow 6% of projected 2025 general fund revenue. Long-term liabilities are elevated compared to peers, but manageable at 270% and 14% of revenue, respectively.

The A1 assigned to the district's general obligation unlimited tax (GOULT) bonds is at the same level as the issuer rating, reflecting the district's full faith and credit pledge and unlimited property tax dedicated to pay debt service.

The Aa3 enhanced rating is based on the New Mexico School District Intercept Program's programmatic rating. In order to qualify for the programmatic rating, per our methodology, annual debt service coverage must be at least sum sufficient. In Rio Rancho Public School District's case, coverage is ample at 8.8 times based on fiscal 2024 state aid.

RATING OUTLOOK

We do not assign outlooks to local government issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained trend of higher general fund balance of 15% of revenue and available operating fund balance that consistently remains above 25% of revenue

- Maintained long-term liabilities below 250% of revenue

- Upgrade of the Intercept Program's rating (enhanced)

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Reduction of general fund balance to less than 5% of revenue and available operating fund balance below 15% of revenue

- Increased long-term liabilities ratio in excess of 400% of revenue

- Trend of weakened economic indices

- Downgrade of the Intercept Program's rating (enhanced)

PROFILE

Rio Rancho Public S.D. 94 is approximately 15 miles north of Albuquerque, in Sandoval County in central New Mexico. The district serves a population of 109,000 that primarily includes the City of Rio Rancho. The district operates 20 school sites and provides primary and secondary education to approximately 16,500 students.

METHODOLOGY

The principal methodology used in the underlying rating was US K-12 Public School Districts published in July 2024 and available at https://ratings.moodys.com/rmc-documents/425431. The principal methodology used in the enhanced rating was US State Aid Intercept Programs and Financings published in February 2024 and available at https://ratings.moodys.com/rmc-documents/415020. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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