**NOTICE**

LAS CRUCES SCHOOL DISTRICT NO. 2
Doña Ana County, New Mexico

$16,250,000[1] - General Obligation School Bonds, Series 2026

Preliminary Official Statement
Dated September 8, 2026

The Preliminary Official Statement, dated September 8, 2026 (the "Preliminary Official Statement") relating to the above-described Bonds of the Las Cruces School District No. 2 (the "Issuer"), has been posted on the Internet as a matter of convenience. Paper copies of the Preliminary Official Statement are available from the Issuer by contacting the municipal advisor, RBC Capital Markets, LLC, Erik Harrigan, at (505) 872-5992. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat XI). Although this format should replicate the Preliminary Official Statement available from the Issuer, its appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat XI (or newer version) may cause the Preliminary Official Statement that you view or print to differ in format 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 Issuer has "deemed final" as of its date in respect of the Bonds, except for certain pertinent 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 Issuer 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 understand this Notice.

**Preliminary Official Statement dated September 8, 2026**

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[1] *Preliminary, subject to change.*

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 8, 2026**

# LAS CRUCES SCHOOL DISTRICT NO. 2
## Doña Ana County, New Mexico

**$16,250,000[1] - General Obligation School Bonds, Series 2026**

**NEW ISSUE**

**Book-Entry-Only** **Moody's Rating: A1 Underlying/ Aa2 Enhanced**

**PURPOSES**

Proceeds of the Series 2026 Bonds (the "Bonds") will be used for the purpose of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of those purposes within the District and paying costs of issuance of such Series 2026 Bonds (the "Improvement Project).

**THE BONDS**

The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2027. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants is the responsibility of DTC. See "Book-Entry-Only System" in Appendix C. BOKF, NA Albuquerque, New Mexico (or successor) is the Registrar and Paying Agent for the Bonds.

**OPTIONAL REDEMPTION**

**The Series 2026 Bonds are subject to redemption prior to maturity as provided herein.**

**SECURITY**

The Bonds are general obligations of the District payable solely out of general ad valorem (property taxes) that are required to be levied against all taxable property in the District, without limitation as to rate or amount. The Bonds are additionally secured by the New Mexico School District Enhancement Program as discussed in more detail under "New Mexico School District Enhancement Program" herein.

**BOND AND TAX OPINION**

The delivery of the Bonds is subject to the opinion of Modrall Sperling Roehl Harris & Sisk P.A., Bond Counsel., as to the validity of the Bonds and to the effect that interest on the Bonds is excludable from gross income for purposes of federal income tax purposes under existing laws, regulations, published rulings, and court decisions and assuming compliance with certain covenants described herein. See "Legal Matters" and "Tax Matters" herein for a discussion of Bond Counsel's opinions, including a description of certain collateral federal tax consequences. Bond Counsel is also of the opinion that interest on the Bonds is exempt from taxation by the State of New Mexico or any political subdivision thereof. Delivery of the Bonds is also subject to the delivery of an approving opinion of the Attorney General of the State of New Mexico.

**DELIVERY**

When, as, and if issued, through DTC's facilities, on or about October 7, 2026.

**DATED DATE**

Day of delivery of the Bonds set forth below.

**DUE DATE**

August 1, as show on the following page:

**Electronic bids will be opened at 8:30 AM, prevailing Mountain Time on Wednesday September 15, 2026.**

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[1] *Preliminary, subject to change.*

| $16,250,000 - General Obligation School Bonds, Series 2026 (1) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Year (8/1) | Principal(1) | Interest Rate | Yield | Cusip # 517534 | Year (8/1) | Principal(1) | Interest Rate | Yield | Cusip # 517534 |
| 2027 | $ 7,000,000 | | | | 2035 | $ 660,000 | | | |
| 2028 | 660,000 | | | | 2036 | 660,000 | | | |
| 2029 | 660,000 | | | | 2037 | 660,000 | | | |
| 2030 | 660,000 | | | | 2038 | 660,000 | | | |
| 2031 | 660,000 | | | | 2039 | 660,000 | | | |
| 2032 | 660,000 | | | | 2040 | 660,000 | | | |
| 2033 | 660,000 | | | | 2041 | 670,000 | | | |
| 2034 | 660,000 | | | | | | | | |

*(1) Preliminary, Subject to Change.*

*** - CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Bonds. None of the District, the Municipal Advisor, or their agents or counsel shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.*

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**DISTRICT ADMINISTRATION**
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## A Few Words About Official Statements

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

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**MARKET STABILIZATION**

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

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

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

Bond Counsel, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, was not requested and did not take part in the preparation of the Official Statement, nor has the firm undertaken to independently verify any of the information contained herein. Such firm has no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in the Official Statement or otherwise. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent, in part, upon the sale and delivery of such Bonds, and all legal fees will be paid from bond proceeds.

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

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

| ***District*** | ***Municipal Advisor*** |
|---|---|
| Las Cruces School District No. 2<br>505 South Main, Suite 249<br>Las Cruces, NM 88001<br>Attn: Alex Liu<br>(575) 527-5933 | RBC Capital Markets, LLC<br>6301 Uptown Blvd. NE, Suite 110<br>Albuquerque, NM 87110<br>Attn: Erik Harrigan<br>(505) 872-5992 |

# TABLE OF CONTENTS

# APPENDIX

A. Economic & Demographic Information
B. June 30, 2025 Financial Statements
C. Book-Entry-Only System
D. Form of Bond Counsel Opinion
E. Form of Continuing Disclosure Undertaking
F. Official Notice of Bond Sale with Form of Issue Price Certificate

## Las Cruces School District No. 2
## Doña Ana County, New Mexico

## $16,250,000[1] – General Obligation School Bonds, Series 2026

# INTRODUCTION

Thank you for your interest in learning more about the $16,250,000(1) Ls Cruces School District No. 2, County of Dona Ana, New Mexico (the "District"), General Obligation School Bonds, Series 2026 (the "Bonds"). This Preliminary Official Statement will tell you about the Bonds, their security, the District and the risks involved in an investment in the Bonds.

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

The Bonds are fully registered bonds in denominations of $5,000 or integral multiples thereof as described in the Bond Resolution. The Bonds mature and bear interest as presented on the cover page of this Official Statement.

### The Issuer

The District is a political subdivision of the State of New Mexico organized for the purpose of operating and maintaining an educational program for the school-aged children residing within its boundaries. The District encompasses approximately 1,458 square miles in southern New Mexico, and includes the City of Las Cruces, Town of Mesilla, and certain unincorporated portions of Doña Ana County, New Mexico (the "County").

### Limited Role of Auditors

Except for the audited financial statements of the District for the year ended June 30, 2025, contained in Appendix B, this Preliminary Official Statement presents unaudited financial and statistical information from District records and other sources.

### Plan of Finance

Proceeds of the Series 2026 Bonds (the "Bonds") will be used for the purpose of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of those purposes within the District and paying costs of issuance of such Series 2026 Bonds (the "Improvement Project").

# THE BONDS

### Authority

New Mexico law enables the District to issue the Bonds, (NMSA 1978, Sections 6-15-1 through 6-15-22). The District adopted a resolution on August 18, 2026 authorizing the issuance of the Bonds, and the final terms will be set forth in the Pricing Certificate (collectively, the "Bond Resolution"). The delivery of the Bonds is also subject to the delivery of an approving opinion of the New Mexico Attorney General with respect to the Bonds.

[1] *Preliminary, Subject to Change.*

### General Terms

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

### Security for the Bonds

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

### Bond Registrar and Paying Agent

BOKF, NA will serve as Registrar and Paying Agent for the Bonds. In the Bond Resolution, the District covenants to provide a Paying Agent/Registrar at all times until the Bonds are paid, and any Paying Agent/Registrar selected by the District shall be an independent third party registrar/paying agent bank or trust company located in and in good standing in the United States and having a shareholder's equity (e.g., capital stock, surplus and undivided profits), however denominated, of not less than $10,000,000. The Registration Books for the Bonds will be maintained by the Paying Agent/Registrar containing the names and addresses of the registered owners of the Bonds. In the Bond Resolution, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Registration Books to the successor Paying Agent/Registrar. In the event there is a change in the Paying Agent/Registrar for the Bonds the District has agreed to notify each registered owner of the Bonds affected by the change by United States mail at the address in the Registration Books or to the Depository so long as the Bonds are registered in the name of the Depository.

### Payment of Principal and Interest; Record Date

The principal of and interest on the Bonds due at maturity shall be payable to the registered owner thereof as shown on the registration books kept by BOKF, NA, Albuquerque, New Mexico, as registrar and paying agent for the Bonds (such entity and any successor thereto, the "Registrar/Paying Agent") for the Bonds, upon maturity and upon presentation and surrender thereof at the principal corporate trust offices of the Registrar/Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the rate borne by the Bond until the principal thereof is paid in full. Payment of interest on the Bonds (other than at maturity) shall be made by check or draft mailed by the Registrar/Paying Agent (or by such other arrangement as may be mutually agreed to by the Registrar/Paying Agent and such registered owner), on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof on the Record Date (defined below) at his address as it appears on the registration books kept by the Registrar/Paying Agent. All such payments shall be made in lawful money of the United States of America. The term "Record Date" with respect to any interest payment date shall mean the fifteenth day of the month immediately preceding the interest payment date. The person in whose name any Bond is registered on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding any transfer or exchange thereof subsequent to such Record Date and prior to such interest payment date; but interest on any Bond which is not timely paid or duly provided for shall cease to be payable as provided above and shall be payable to the person in whose name such Bond is registered at the close of business on a special record date (the "Special Record

Date") fixed by the Registrar/Paying Agent for the payment of any such overdue interest. The Special Record Date shall be fixed by the Registrar/Paying Agent whenever moneys become available for payment of overdue interest, and notice of any such Special Record Date shall be given not less than ten days prior thereto, by first-class mail, to the registered owners of the Bonds as of the fifth day preceding the mailing of such notice by the Registrar/Paying Agent, stating the Special Record Date and the date fixed for the payment of overdue interest.

**Optional Prior Redemption**

Bonds maturing on and after August 1, 2034 are subject to optional redemption on August 1, 2033, or anytime thereafter at par plus accrued interest to the redemption date.

**Transfers and Exchanges**

Books for the registration and transfer of the Bonds shall be kept by the Registrar/Paying Agent. Upon the surrender for transfer of any bond at the principal corporate trust 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 corporate trust 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. Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been fully paid or provided for in full or, if no interest has been paid, from the Series Date. See Book-Entry-Only System" in Appendix C.

**Defeasance**

The Bond Resolution provides for the defeasance of the Bonds and the termination of the pledge of taxes and revenues and all other general defeasance covenants in the Bond Resolution under certain circumstances. When all principal and interest in connection with the Bonds have been duly paid, the pledge therefor and all obligations of the District under the Bond Resolution shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding. There shall be deemed to be such payment when the District has caused to be placed in escrow and in trust with a bank doing business in the State which is a member of the Federal Deposit Insurance Corporation and exercising trust powers, an amount sufficient (including the known minimum yield from direct obligations of the United States or securities that are unconditionally guaranteed by the United States ("Government Obligations"), in which such amounts are or may be initially invested) to meet all requirements of principal and interest on the Bonds as the same become due to their final maturities. The Government Obligations shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and such bank at the time of the creation of the escrow, or the Government Obligations shall be subject to redemption at the option of the holders or owners thereof to assure such availability as needed to meet such schedule.

### Limited Book-Entry Responsibilities

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

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

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

## SECURITY AND REMEDIES

The Bonds constitute the general obligation bonds of the District, payable from general ad valorem taxes which shall be levied against all taxable property within the District without limitation as to the rate or amount. The full faith and credit of the District is irrevocably pledged to the payment of the principal of and interest on the Bonds.

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

The Bonds are additionally secured by the New Mexico School District Enhancement Program as discussed in more detail under "New Mexico School District Enhancement Program" herein.

### Limitations of Remedies

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

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

### Sources and Uses

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

Table 1

| Sources | Series 2026 |
|---|---|
| Par Amount of Bonds | |
| Premium | |
| **Total** | |

| Uses | Series 2026 |
|---|---|
| Deposit to Project Fund | |
| Costs of Issuance | |
| Underwriter's Discount | |
| Debt Service Fund | |
| **Total** | |

## RISK FACTORS

### Climate Change and Natural Disasters

The State could experience, and is susceptible to, additional weather events and natural disasters that could be deemed extreme including, without limitation, periods of heat, droughts, floods, mud slides, tornadoes and other wind conditions and wildfires, which could result in negative economic impacts on the State and the District. Such effects may be exacerbated by a longer term shift in the climate over several decades, commonly referred to as climate change. Numerous scientific studies on climate change show that, among other effects on the global ecosystem, extreme temperatures may become more common, and extreme weather events may become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. As a result, the District could lose tax revenues and many residents, businesses, and governmental operations could be displaced. Additionally, climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels (including but not limited to air, water, hazardous substances and waste regulations) that could have a material adverse effect on the operations and/or financial condition of the District. Neither the State nor the District can predict the occurrence or extent of any future extreme weather events or natural disasters or the economic impacts that the occurrence of any such events may have on the State or the District.

### Cybersecurity

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cybersecurity events may occur and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of ad valorem property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service of the Bonds or timely filings pursuant to the Continuing Disclosure Undertaking.

## Public Health Emergencies

Regional, national or global public health emergencies could have materially adverse regional, national or global economic and social impacts causing, among other things, the promulgation of local or state orders limiting certain activities, extreme fluctuations in financial markets and contraction in available liquidity, prohibitions of gatherings and public meetings in such places as entertainment venues, extensive job losses and declines in business activity across important sectors of the economy, impacts on supply chain and availability of resources, declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession. The District cannot predict the extent to which its operations or financial condition may decline nor the amount of increased costs, if any, that may be incurred by the District associated with operating during any public health emergencies, including, but not limited to, the amount of (1) costs to clean, sanitize and maintain its facilities, (2) costs to hire substitute employees, (3) costs to acquire supporting goods and services, or (4) costs to operate remotely and support the employees of the District. Accordingly, the District cannot predict the effect any public health emergencies will have on the finances or operations of the District or whether any such effects will have a material adverse effect on its ability to pay debt service on the Bonds.

## Property Subject to Taxation

Real property is subject to taxation with certain exemptions. Within the real property classification, exemptions include: property of the United States of America; property of the State, all counties, towns, cities and school districts or other municipal corporations; public libraries; community ditches and all laterals thereof; all church property not used for commercial purposes; all property used for educational and charitable purposes; all cemeteries not used or held for private or corporate profit; and motor vehicles (other than mobile homes). Also, certain amounts of the taxable value of property is exempt from taxation if such property is owned by the head of a family who is a State resident ($2,000 of residential property) or is owned by a veteran or a veteran's unmarried surviving spouse if the veteran or spouse is a State resident. All tangible personal property has been exempted from property taxation by statute except for tangible personal property used, produced, manufactured, held for sale, leased or maintained by a person for purposes of his profession, business or occupation (unless otherwise specifically exempted from property taxation by the Federal or State Constitution or law); tangible property for which the owner has claimed a deduction from depreciation for federal income tax purposes; mobile homes; livestock; and certain inventories of personal property.

In 2024, New Mexico voters approved two amendments to New Mexico's Constitution that impact property tax revenues. Amendment 1 amended Article 8, Section 15 of the Constitution to extend the property tax exemption, previously only allowed for one hundred percent disabled veterans and their widow and widowers, to veterans with less than one hundred percent disability and their widows and widowers, based on the veteran's disability rating. Amendment 2 amended Article 8, Section 5 of the Constitution to increase the property tax abatement for honorably discharged members of the armed forces and their widows and widowers. This amendment increased the property tax exemption from $4,000 to $10,000 a year. In the 2025 Legislative Session, the legislature passed, and the governor signed into law, House Bill 47 (HB47), which implemented Amendments 1 & 2. Specifically, HB47 established a proportional property tax exemption for disabled veterans that matches their federal disability rating starting in tax year 2026, and raised the standard veteran property tax exemption from $4,000 to $10,000 starting in tax year 2025 with adjustments for inflation in subsequent years. Preliminary values for the 2026 tax year are included in "TAX BASE – Analysis of Assessed Valuation". Both constitutional amendments are now effective but there can be no assurance that all eligible properties for the amendments have applied for the amendments, which could impact future valuations.

There can be no assurance that there won't be further constitutional amendments and legislative changes impacting the imposition and collection of property taxes in the future.

## NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

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

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

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

**This provision applies to all New Mexico school districts.**

Withholding of the SEG distribution may affect the District's ability to continue to operate. Whenever the DFA is required to make a payment of principal and interest on the bonds on behalf of a school district, the DFA shall initiate an audit of the school district to determine the reason for the nonpayment and to assist the school district, if necessary, in developing and implementing measures to ensure that future payments will be made when due.

To qualify for the New Mexico School District Enhancement Program, Section 22-18-13 NMSA 1978 requires filing the authorizing bond resolution, bond offering documents, the agreement with the paying agent for the bonds, and contact information for the paying agent for the bonds with DFA. Failure to file such information will not invalidate the obligation of the DFA to pay the bond payment and withhold the SEG distribution.

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

Moody's upgraded the New Mexico School District Enhancement Program (Pre- and Post-Default) to Aa2 from Aa3 and assigned a stable outlook on January 9, 2026. By request, Moody's will assign a rating to school district bonds upon verification of a requirement in the authorizing Bond Resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program and received a rating of "Aa2" on the Bonds.

By request, Moody's will assign a rating to school district bonds upon verification of a requirement in the authorizing Bond Resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program and received a rating of "Aa2" on the Bonds.

## DEBT AND OTHER FINANCIAL OBLIGATIONS

Article IX, Section 11 of the New Mexico Constitution limits the powers of a district to incur general obligation debt extending beyond the fiscal year. Subject to this limitation, Section 22-18-1 authorizes the District to incur such debt for the purpose of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of these purposes but only after the proposition to create any such debt has been submitted to a vote of the qualified electors of the District, and a majority of those voting on the question vote in favor of creating the debt. The total indebtedness of the District may not exceed 6% of the assessed valuation of the taxable property within the District as shown by the last preceding general assessment. Such limitation, however, does not apply to refunding bonds. The District also may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the District, but any such debt is subject to the 6% debt limitation.

The District's preliminary assessed valuation of taxable property to tax year 2026 is $5,110,940,684. The maximum general obligation debt may not exceed $306,656,441 based upon the preliminary 2026 assessed value. After the Bonds are issued, the ratio of total net outstanding general obligation debt of the District to the 2026 preliminary assessed valuation will be no greater than 1.70% as summarized on the following page.

Table 2

| | | |
|---|---|---|
| 2026 Preliminary Assessed Valuation | $5,110,940,684 | |
| 2026 Estimated Actual Valuation | 16,955,972,199 | (1) |
| | | |
| Bonded Debt | | |
| Current Outstanding Debt (includes the Bonds) | $105,940,000 | (1) (2) |
| Less Debt Service Fund Balance | (18,853,968) | (3) |
| NET DEBT | $87,086,032 | |
| | | |
| Ratio of Estimated Net Debt to 2026 Preliminary Assessed Valuation: | 1.70% | |
| Ratio of Estimated Net Debt to 2026 Estimated Actual Valuation: | 0.51% | |
| Per Capita Net Bonded Debt: | $726.59 | |
| Est. Population: | 119,855 | |

*(1) Actual valuation is computed by adding the 2025 exemptions to the 2026 preliminary assessed valuation and multiplying the result by three.*

*(2) Lease Purchase Agreements are not payable by the ad valorem property taxes levied against taxable property for General Obligation Bonds. See "Lease Purchase Arrangements".*

*(3) The cash balance as of 6/30/2026 was $22,969,775. The amount properly attributable to principal reduction is 82.1%.*

## Outstanding Debt

The District has never defaulted in the payment of any of its debt or other obligations. Listed below is the District's total outstanding general obligation debt as of September 1, 2026, including the Bonds.

Table 3

| GENERAL OBLIGATION BONDS | | | |
|---|---|---|---|
| Series | Original Issue Amount | Final Maturity | Principal Outstanding |
| 2015A | $ 15,000,000 | 08/01/2030 | $8,600,000 |
| 2016A | 14,660,000 | 08/01/2033 | 7,150,000 |
| 2016C | 18,055,000 | 08/01/2033 | 9,955,000 |
| 2017A | 14,550,000 | 08/01/2033 | 9,295,000 |
| 2018 | 12,250,000 | 08/01/2034 | 5,250,000 |
| 2019 | 12,750,000 | 08/01/2035 | 8,750,000 |
| 2020A(1) | 5,000,000 | 08/01/2036 | 7,940,000 |
| 2020B | 28,650,000 | 08/01/2028 | 1,675,000 |
| 2021A | 20,000,000 | 08/01/2037 | 12,375,000 |
| 2021B | 4,530,000 | 08/01/2029 | 2,280,000 |
| 2022 | 12,500,000 | 08/01/2038 | 7,850,000 |
| 2023 | 12,500,000 | 08/01/2036 | 4,570,000 |
| 2024 | 12,500,000 | 08/01/2031 | 2,500,000 |
| 2025(2) | 12,500,000 | 08/01/2027 | 1,500,000 |
| 2026(3) | 16,250,000 | 08/01/2042 | 16,250,000 |
| **Total** | **$ 211,695,000** | | **$105,940,000** |

*(1) Private placement with New Mexico Finance Authority*

*(2) Private placement with the State Treasurer's Office*

*(3) Preliminary, Subject to Change.*

| LEASE-PURCHASE ARRANGEMENTS (1) | | | |
|---|---|---|---|
| Series | Original Issue Amount | Final Maturity | Principal Outstanding |
| 2010 Lease-Purchase | $ 18,000,000 | 08/01/2030 | $5,278,364 |
| 2013 Lease-Purchase | 15,500,000 | 05/01/2033 | 7,021,655 |
| 2014 Lease-Purchase | 5,500,000 | 11/01/2034 | 2,935,145 |
| **Total** | **$ 39,000,000** | | **$15,235,164** |

*(1) Lease-Purchase Arrangements are payable by the ad valorem property taxes levied against taxable property pursuant to the Public School Buildings Act. See "Lease Purchase Arrangements".*

## Pro Forma Debt Service Requirements to Maturity

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

Table 4

| | Current Requirements[1] | | | Series 2026 New Money[2] | | | Total Requirements | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | Principal | Interest | Total DS | Principal | Interest | Total | Principal | Interest | Total |
| 2027 | $13,925,000 | $3,039,817 | $16,964,817 | $7,000,000 | $663,542 | $7,663,542 | $20,925,000 | $3,703,359 | $24,628,359 |
| 2028 | 12,415,000 | 2,451,982 | 14,866,982 | 660,000 | 462,500 | 1,122,500 | 13,075,000 | 2,914,482 | 15,989,482 |
| 2029 | 10,825,000 | 1,960,642 | 12,785,642 | 660,000 | 429,500 | 1,089,500 | 11,485,000 | 2,390,142 | 13,875,142 |
| 2030 | 11,040,000 | 1,623,528 | 12,663,528 | 660,000 | 396,500 | 1,056,500 | 11,700,000 | 2,020,028 | 13,720,028 |
| 2031 | 9,340,000 | 1,263,406 | 10,603,406 | 660,000 | 363,500 | 1,023,500 | 10,000,000 | 1,626,906 | 11,626,906 |
| 2032 | 8,855,000 | 963,563 | 9,818,563 | 660,000 | 330,500 | 990,500 | 9,515,000 | 1,294,063 | 10,809,063 |
| 2033 | 9,680,000 | 690,066 | 10,370,066 | 660,000 | 297,500 | 957,500 | 10,340,000 | 987,566 | 11,327,566 |
| 2034 | 4,780,000 | 400,372 | 5,180,372 | 660,000 | 264,500 | 924,500 | 5,440,000 | 664,872 | 6,104,872 |
| 2035 | 4,005,000 | 262,600 | 4,267,600 | 660,000 | 231,500 | 891,500 | 4,665,000 | 494,100 | 5,159,100 |
| 2036 | 2,350,000 | 144,200 | 2,494,200 | 660,000 | 198,500 | 858,500 | 3,010,000 | 342,700 | 3,352,700 |
| 2037 | 1,775,000 | 76,500 | 1,851,500 | 660,000 | 165,500 | 825,500 | 2,435,000 | 242,000 | 2,677,000 |
| 2038 | 700,000 | 28,000 | 728,000 | 660,000 | 132,500 | 792,500 | 1,360,000 | 160,500 | 1,520,500 |
| 2039 | | | | 660,000 | 99,500 | 759,500 | 660,000 | 99,500 | 759,500 |
| 2040 | | | | 660,000 | 66,500 | 726,500 | 660,000 | 66,500 | 726,500 |
| 2041 | | | | 670,000 | 33,500 | 703,500 | 670,000 | 33,500 | 703,500 |
| **Total** | **$89,690,000** | **$12,904,678** | **$102,594,678** | **$16,250,000** | **$4,135,542** | **$20,385,542** | **$105,940,000** | **$17,040,219** | **$122,980,219** |

*(1) Does not include Lease Purchase Obligations*

*(2) Preliminary, Subject to Change. Interest calculation is for illustrative purposes only.*

## Statement of Estimated Direct and Overlapping Debt

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

Table 5

| Municipal Entity | 2025 Assessed Valuation | G/O Debt Outstanding | Percent Applicable | Amount |
|---|---|---|---|---|
| State of New Mexico | $113,691,900,519 | $416,585,000 | 4.50% | $18,727,290 |
| Doña Ana County | 6,675,455,789 (1) | 3,415,000 | 76.56% | 2,614,632 |
| Doña Ana Branch CC | 6,794,028,460 (1) | 14,125,000 | 75.23% | 10,625,807 |
| City of Las Cruces | 3,571,994,816 (1) | 23,450,000 | 100.00% | 23,450,000 |
| Town of Mesilla | 90,442,754 (1) | - | 100.00% | - |
| Las Cruces Schools | 5,110,940,684 (1) | 105,940,000 (1) | 100.00% | 105,940,000 (2) |
| **Total Direct & Overlapping Debt** | | | | **$161,357,730** |

| | |
|---|---|
| Ratio of Estimated Direct & Overlapping Debt to 2026 Preliminary Assessed Valuation: | 3.16% |
| Ratio of Estimated Direct & Overlapping Debt to 2026 Estimated Actual Valuation: | 0.95% |
| Per Capita Direct & Overlapping Debt: | $1,346.27 |

*(1) Preliminary 2026 assessed valuation, subject to change. Does not include protested property.*
*(2) Preliminary, includes Series 2026 Bonds. Subject to change.*

**Selected Debt Ratios**

Table 6

| | |
|---|---|
| 2026 Preliminary Assessed Valuation | $5,110,940,684 |
| 2026 Estimated Actual Valuation | $16,955,972,199 (1) |
| District Net Debt as a Percentage of | |
| Assessed Valuation | 1.70% |
| Estimated Actual Valuation | 0.51% |
| Direct and Overlapping Debt as a % of | |
| Assessed Valuation | 3.16% |
| Estimated Actual Valuation | 0.95% |
| Estimated Population | 119,855 |
| District General Obligation Debt | |
| Current Outstanding Debt (including the Bonds) | $105,940,000 (2) |
| District Net General Obligation Debt | $87,086,032 (3) |
| Estimated Direct & Overlapping G/O Debt | $161,357,730 |
| District Net Debt Per Capita | $726.59 |
| Direct & Overlapping Debt Per Capita | $1,346.27 |

*(1) Actual valuation is computed by adding the 2025 exemptions to the 2026 preliminary assessed valuation and multiplying the result by three. Subject to change.*

*(2) Preliminary, subject to change.*

*(3) Net General Obligation Debt represents the District's current outstanding debt (including the Bonds) taking into account the current portion of principal due in the next year deducted from the District's debt service fund balance.*

### Lease-Purchase Arrangements

Pursuant to NMSA 1978, Sections 22-26A-1, *et seq*., the District entered into three lease-purchase arrangements in the aggregate amount of $39 million. The first two transactions were for the construction of two Early College High Schools ("ECHS") in the Research Park of New Mexico State University. In 2014, the District entered into a third lease-purchase arrangement for $5.5 million for the purpose of constructing a charter school building for the benefit of a state chartered school. Each lease is for a period of 20 years and the primary payment source is the District's HB33 (See "Tax Base" – School Tax Rates) special property tax levy or any and all legally available funds to the District appropriated for such purpose by the Board, including mill levy proceeds and special building funds. As related to ECHS, the District also entered into a land lease arrangement with the Board of Regents of New Mexico State University for 40 years. Below is a summary of the currently scheduled principal and interest on the District's lease purchase obligations. **Such arrangements are payable from the ad valorem taxes imposed pursuant to the Public School Buildings Act.**

Table 7

| $18 Million Lease-Purchase Arrangement - 2010 [(1)] | | | |
|---|---|---|---|
| **Date** | **Principal** | **Interest** | **Total** |
| | | | |
| 02/01/2027 | $607,955 | $122,722 | $730,677 |
| 08/01/2027 | 622,090 | 108,587 | 730,677 |
| 02/01/2028 | 636,553 | 94,123 | 730,677 |
| 08/01/2028 | 651,353 | 79,324 | 730,677 |
| 02/01/2029 | 666,497 | 64,180 | 730,677 |
| 08/01/2029 | 681,993 | 48,684 | 730,677 |
| 02/01/2030 | 697,849 | 32,827 | 730,677 |
| 08/01/2030 | 714,074 | 16,602 | 730,677 |
| 02/01/2031 | | | |
| 08/01/2031 | | | |
| 02/01/2032 | | | |
| 08/01/2032 | | | |
| 02/01/2033 | | | |
| 08/01/2033 | | | |
| 02/01/2034 | | | |
| 08/01/2034 | | | |
| | $5,278,364 | $567,049 | $5,845,413 |

| $15.5 Million Lease-Purchase Arrangement - 2013 [(1)] | | | |
|---|---|---|---|
| **Date** | **Principal** | **Interest** | **Total** |
| 11/01/2026 | $448,459 | $119,368 | $567,827 |
| 05/01/2027 | 456,083 | 111,744 | 567,827 |
| 11/01/2027 | 463,837 | 103,991 | 567,827 |
| 05/01/2028 | 471,722 | 96,106 | 567,827 |
| 11/01/2028 | 479,741 | 88,086 | 567,827 |
| 05/01/2029 | 487,897 | 79,931 | 567,827 |
| 11/01/2029 | 496,191 | 71,637 | 567,827 |
| 05/01/2030 | 504,626 | 63,201 | 567,827 |
| 11/01/2030 | 513,205 | 54,623 | 567,827 |
| 05/01/2031 | 521,929 | 45,898 | 567,827 |
| 11/01/2031 | 530,802 | 37,025 | 567,827 |
| 05/01/2032 | 539,826 | 28,002 | 567,827 |
| 11/01/2032 | 549,003 | 18,825 | 567,827 |
| 05/01/2033 | 558,336 | 9,492 | 567,827 |
| 11/01/2033 | | | |
| 05/01/2034 | | | |
| 11/01/2034 | | | |
| | $7,021,655 | $927,929 | $7,949,584 |

| $5.5 Million Lease-Purchase Arrangement - 2014 [(2)] | | | |
|---|---|---|---|
| **Date** | **Principal** | **Interest** | **Total** |
| 11/01/2026 | $148,506 | $54,300 | $202,806 |
| 05/01/2027 | 151,253 | 51,553 | 202,806 |
| 11/01/2027 | 154,051 | 48,755 | 202,806 |
| 05/01/2028 | 156,901 | 45,905 | 202,806 |
| 11/01/2028 | 159,804 | 43,002 | 202,806 |
| 05/01/2029 | 162,760 | 40,046 | 202,806 |
| 11/01/2029 | 165,771 | 37,035 | 202,806 |
| 05/01/2030 | 168,838 | 33,968 | 202,806 |
| 11/01/2030 | 171,961 | 30,844 | 202,806 |
| 05/01/2031 | 175,143 | 27,663 | 202,806 |
| 11/01/2031 | 178,383 | 24,423 | 202,806 |
| 05/01/2032 | 181,683 | 21,123 | 202,806 |
| 11/01/2032 | 185,044 | 17,762 | 202,806 |
| 05/01/2033 | 188,467 | 14,338 | 202,806 |
| 11/01/2033 | 191,954 | 10,852 | 202,806 |
| 05/01/2034 | 195,505 | 7,301 | 202,806 |
| 11/01/2034 | 199,122 | 3,684 | 202,806 |
| | $2,935,145 | $512,552 | $3,447,697 |

*(1) These facilities are the district's two Early College High Schools located on the New Mexico State University campus.*
*(2) The facility is leased to J. Paul Taylor Academy - a charter school that is currently State supported.*

# TAX BASE

## Analysis of Assessed Valuation

Assessed Valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33 1/3% is legally subject to ad valorem taxes. This means the assessment ratio is 33 1/3%. The District's 2026 Preliminary Assessed Valuation is $5,110,940,684 as provided below and does not include protested property.

The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico Assessed Valuation, Taxation and Revenue Department, Property Tax Division. The estimated analysis of the Preliminary Assessed Valuation for 2026 and the previous five years follows:

Table 8

| | 2026* | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| **Assessments** | | | | | |
| Value of Land | | $1,148,613,587 | 1102222161 | $1,076,525,103 | $1,058,676,026 |
| Improvements | | 4,028,060,183 | 3722628056 | 3,461,197,991 | 3,163,010,332 |
| Personal Property | | 106,020,155 | 96829010 | 86,012,721 | 89,162,234 |
| Mobile Homes | | 72,122,266 | 67535399 | 62,875,891 | 58,947,084 |
| Livestock | | 871,823 | 815981 | 793,390 | 823,468 |
| **Assessors Total Taxable Value** | | **$5,355,688,014** | **$4,990,030,607** | **$4,687,405,096** | **$4,370,619,144** |
| | | | | | |
| **Less Exemptions** | | | | | |
| Head of Family | | $39,554,948 | 39482379 | $40,424,024 | $40,539,593 |
| Veterans | | 192,025,388 | 132721794 | 115,930,701 | 97,782,126 |
| Other | | 309,469,713 | 294396169 | 295,594,185 | 286,899,801 |
| **Total Exemptions** | | **$541,050,049** | **$466,600,342** | **$451,948,910** | **$425,221,520** |
| | | | | | |
| Assessors Net Taxable Value | | $4,814,637,965 | 4523430265 | $4,235,456,186 | $3,945,397,624 |
| Centrally Assessed | | 135,511,249 | 135689874 | 122,838,665 | 126,476,645 |
| **Total Assessed Valuation** | | **$4,950,149,214** | **$4,659,120,139** | **$4,358,294,851** | **$4,071,874,269** |
| | | | | | |
| | **2026*** | **2025** | **2024** | **2023** | **2022** |
| Residential | $3,951,678,363 | $3,827,402,221 | $3,637,445,393 | $3,385,630,926 | $3,113,777,349 |
| Non-Residential | 1,159,262,321 | 1,122,746,993 | 1,021,674,746 | 972,663,925 | 958,096,920 |
| **Total** | **$5,110,940,684** | **$4,950,149,214** | **$4,659,120,139** | **$4,358,294,851** | **$4,071,874,269** |

**Preliminary, subject to change. Does not include protested property. Detail is not available.*

*Source: Doña Ana County Assessor's Office.*

### History of Assessed Valuation

Listed below is a 5-year history of assessed valuation for the District. From 2022-2026, the tax base of the District has had an average annual growth rate of 6.00%.

Table 9

| Tax Year | Residential | % Growth Over Previous Year | Non-Residential | % Growth Over Previous Year | Centrally Assessed | % Growth Over Previous Year | Total AV | % Growth Over Previous Year |
|---|---|---|---|---|---|---|---|---|
| 2022 | $3,113,777,349 | 8.01% | $831,350,275 | 1.23% | $126,746,645 | 10.94% | $4,071,874,269 | 6.64% |
| 2023 | 3,385,630,926 | 8.73% | 849,825,260 | 2.22% | 122,838,665 | -3.08% | 4,358,294,851 | 7.03% |
| 2024 | 3,637,445,393 | 7.44% | 885,984,872 | 4.25% | 135,689,874 | 10.46% | 4,659,120,139 | 6.90% |
| 2025 | 3,827,402,221 | 5.22% | 987,235,744 | 11.43% | 135,511,249 | -0.13% | 4,950,149,214 | 6.25% |
| 2026* | 3,951,678,363 | 3.25% | 996,386,314 | 0.93% | 162,876,007 | 20.19% | 5,110,940,684 | 3.25% |

| | |
|---|---|
| *5 Year Average Annual Growth* | 6.00% |
| *10 Year Average Annual Growth* | 4.68% |

*Source: Doña Ana County Assessor's Office.*

** Source: New Mexico Public Education Department. Preliminary, Subject to change. Does not include protested property.*

### Major Taxpayers

The following is a list of the ten largest taxpayers in the District, along with the 2026 preliminary assessed valuation for each. This table is useful in assessing the concentration risk of the tax base. The assessed valuation of the ten largest taxpayers' is 3.53% of the District's total 2026 preliminary assessed valuation.

Table 10

| Name | Business | 2026 A.V.(1) | % of AV |
|---|---|---|---|
| El Paso Electric Company | Electric Utility | $67,532,233 | 1.36% |
| Las Cruces Medical Center LLC | Hospital | 20,401,880 | 0.41% |
| Comcast of New Mexico | Cable Provider | 18,686,971 | 0.38% |
| Memorial Medical Center | Hospital | 14,690,004 | 0.30% |
| Union Pacific Railroad Company | Railroad | 14,039,149 | 0.28% |
| BNSF Railway Company | Railroad | 13,176,791 | 0.27% |
| Saputo Cheese USA Inc. | Cheese Producer | 10,872,808 | 0.22% |
| Verge Apartments Owner LLC | Apartment | 7,400,000 | 0.15% |
| TCRH Hospital Realty LLLP | Real Estate | 6,942,951 | 0.14% |
| 4351 East Lohman LLC | Real Estate | 6,715,166 | 0.14% |
| | | **$180,457,953** | **3.53%** |

*Source: Doña Ana County Assessor's Office.*

*(1) Preliminary, subject to change.*

### Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to $20.00 per $1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax situation on residential property for the 2025 tax year and the previous four years. The District expects no change in the level of its taxes in the foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may impact the District's ability to repay bonds.

Table 11

| Within 20 Mill Limit for General Purposes | | | | | |
|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** |
| State of New Mexico | $0.000 | $0.000 | $0.000 | $0.000 | $0.000 |
| Doña Ana County | 8.970 | 9.029 | 9.212 | 9.172 | 9.114 |
| Doña Ana Community College | 1.209 | 1.217 | 1.242 | 1.237 | 1.230 |
| City of Las Cruces | 4.618 | 4.668 | 4.775 | 4.787 | 4.774 |
| Las Cruces Flood Control | 1.907 | 1.928 | 1.972 | 1.977 | 1.972 |
| Las Cruces Schools | 0.335 | 0.337 | 0.344 | 0.343 | 0.339 |
| **Total** | **$17.039** | **$17.179** | **$17.545** | **$17.516** | **$17.429** |

| Over 20 Mill Limit - Interest, Principal, Judgment, etc. | | | | | |
|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** |
| State of New Mexico | $1.360 | $1.360 | $1.360 | $1.360 | $1.360 |
| Doña Ana County | 0.077 | 0.081 | 0.085 | 0.091 | 0.096 |
| Doña Ana Community College | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 |
| City of Las Cruces | 2.070 | 2.070 | 2.074 | 2.030 | 2.030 |
| Las Cruces Schools | 8.991 | 9.019 | 9.113 | 9.618 | 9.593 |
| **Total** | **$13.248** | **$13.280** | **$13.382** | **$13.849** | **$13.829** |

| Total Levy | | | | | |
|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** |
| State of New Mexico | $1.360 | $1.360 | $1.360 | $1.360 | $1.360 |
| Doña Ana County | 9.047 | 9.110 | 9.297 | 9.263 | 9.210 |
| Doña Ana Community College | 1.959 | 1.967 | 1.992 | 1.987 | 1.980 |
| City of Las Cruces | 6.688 | 6.738 | 6.849 | 6.817 | 6.804 |
| Las Cruces Flood Control | 1.907 | 1.928 | 1.972 | 1.977 | 1.972 |
| Las Cruces Schools | 9.326 | 9.356 | 9.457 | 9.961 | 9.932 |
| **Total Residential in City of Las Cruces** | **$30.287** | **$30.459** | **$30.927** | **$31.365** | **$31.258** |
| **Total Non-Residential in City of Las Cruces** | **$33.399** | **$34.078** | **$34.102** | **$34.569** | **$34.573** |
| Total Residential in Town of Mesilla | $22.711 | $22.819 | $23.147 | $23.597 | $23.490 |
| Total Non-Residential in Town of Mesilla | $26.795 | $27.245 | $27.248 | $27.759 | $27.763 |

*Source: New Mexico Department of Finance & Administration.*

### School Tax Rates

The following table shows the historical school tax levies on residential property within the District since the 2021 tax year (2021-22 fiscal year). The Two Mill Levy, a public school capital improvements tax imposition not to exceed $2.00 on each $1,000 of net taxable value of property, is renewed every six years, most recently in 2021. In addition, the District authorized the imposition of a $3.00 Public School Buildings tax levy pursuant to the Public School Buildings Act, Chapter 22, Article 26, NMSA 1978. The $3.00 levy for public school buildings expenditures, including payments made with respect to lease-purchase arrangements was re-approved 2019 for a six year period.

This table breaks down the District's total residential and non-residential tax rate shown in the previous table.

Table 12

| | Operational | | Two Mill Levy | | HB33 Mill Levy | | Debt Service | | Total | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tax Year | Res. | Non-Res. | Res. | Non-Res. | Res. | Non-Res. | ETN | GO Bonds | Debt Service | Res. | Non-Res. |
| 2025 | $0.335 | $0.486 | $1.946 | $1.942 | $2.433 | $2.436 | $0.000 | $4.612 | $4.612 | $9.326 | $9.476 |
| 2024 | 0.337 | 0.500 | 1.958 | 2.000 | 2.449 | 2.508 | 0.000 | 4.612 | 4.612 | 9.356 | 9.620 |
| 2023 | 0.344 | 0.500 | 2.000 | 2.000 | 2.501 | 2.501 | 0.000 | 4.612 | 4.612 | 9.457 | 9.613 |
| 2022 | 0.343 | 0.500 | 2.000 | 2.000 | 3.000 | 3.000 | 0.000 | 4.618 | 4.618 | 9.961 | 10.118 |
| 2021 | 0.339 | 0.500 | 1.976 | 2.000 | 3.000 | 3.000 | 0.000 | 4.617 | 4.617 | 9.932 | 10.117 |

*Note: The HB33 Mill Levy is the source of revenue to pay debt service on the Lease-Purchase Arrangements.*

*Source: New Mexico Public Education Department.*

### Yield Control Limitations

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

### Developments Limiting Residential Property Tax Increases

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

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

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

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

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year, except for solar energy system installations, made to the property during the year immediately prior to the tax year or omitted in a prior tax year;
3. Valuation of a residential property in any tax year in which:
   (a) a change in ownership (as defined in NMSA 1978, Section 7-36.21.3) of the property occurred in the year immediately prior to the tax year for which the value of the property for property taxation purposes is being determined; or

   (b) the use or zoning of the property has changed in the year prior to the tax year
4. To residential property that is subject to the valuation limitation in NMSA 1978, Section 7-36-21.3. Section 7-36-21.3 places a limitation on the increase in value for property taxation purposes for single-family dwellings owned and occupied by low-income owners who are 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation (a) for a person 65 years of age or older in the tax year in which the owner qualifies and files an application, or (b) for a person who is disabled in the tax year in which the owner qualified and files an application for the limitation. The NMSA 1978, Section 7-36-21.3 limitation does not apply to:
   - Property that is being valued for the first time;
   - A change in valuation resulting from physical improvements made to the property in the preceding year; or
   - A change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

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

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

Table 13

Current/Delinquent Property Tax Collections for Doña Ana County

| Tax Year | Fiscal Year | Net Taxes Charged to Treasurer | Current Tax Collections (1) | Current Collections as a percent of Net Levied | Current/ Delinquent Tax Collections (2) | Current/Delinquent Collections as a % of Net Levied |
|---|---|---|---|---|---|---|
| 2025 | 25/26 | $192,995,106 | $185,327,104 | 96.03% | $185,327,104 | 96.03% |
| 2024 | 24/25 | 181,198,244 | 174,086,891 | 96.08% | 178,465,328 | 98.49% |
| 2023 | 23/24 | 172,270,654 | 165,945,591 | 96.33% | 171,158,515 | 99.35% |
| 2022 | 22/23 | 161,702,064 | 155,206,412 | 95.98% | 160,959,437 | 99.54% |
| 2021 | 21/22 | 151,194,908 | 146,033,493 | 96.59% | 150,581,020 | 99.59% |

*(1) As of June 30 of each year.*
*(2) As of June 2026.*
*Source: Doña Ana County Treasurer's Office.*

## Interest on Delinquent Taxes

Pursuant to NMSA 1978, Section 7-38-49, if property taxes are not paid for any reason within 30 days after the date they are due, interest on the unpaid taxes shall accrue from the 30th day after they are due until the date they are paid. Interest accrues at the rate of 1% per month or any fraction of a month. Interest shall accrue whether or not protests have been resolved. However, in the case of a timely protest, interest payable shall be computed on a principal amount equal to the unpaid taxes finally determined to be due upon resolution of the protest. Interest shall not be imposed on interest or on any penalty.

## Penalty for Delinquent Taxes

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

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

## Remedies Available for Non-Payment of Taxes

Pursuant to NMSA 1978, Section 7-38-47, property taxes are the personal obligation of the person owning the property on the date upon which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes. The sale or transfer of property after its valuation date does not relieve the former owner of personal liability for the property taxes imposed for that tax year.

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

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

### 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.

## THE DISTRICT

The District is a political subdivision of the State organized for the purpose of operating and maintaining an educational program for school-age children residing within its boundaries. The District encompasses approximately 1,458 square miles in southern New Mexico. The Las Cruces/Doña Ana County area borders Texas and the District draws a substantial amount of its enrollment from the City of Las Cruces. The City is the second largest city in the State and is the commercial, service and cultural center of southern New Mexico. The District has 40 schools; 24 elementary schools (kindergarten-5), 1 combined elementary and middle school (K-8) eight middle schools (6-8), and seven high schools (9-12). Two of the seven high schools are early college high schools and are located on the campus on New Mexico State University. The District also has a virtual learning academy, serving elementary through high school students. In addition to the regular educational program of grades kindergarten through 12, the District offers vocational programs in auto mechanics, family and consumer science, computer technology, industrial arts, business education, and vocational agriculture. Additionally, the District also offers a juvenile detention center program.

Student enrollment for the 2025-2026 school year is approximately 21,631 students. The District is the third largest employer in Doña Ana County with more than 4,759 employees.

### School District Powers

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

### Management

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

The current District Board Members are:

Pamela Cort, President, Term ends 2029
Robert Wofford, Vice President, Term Ends 2029
Patrick Nolan, Secretary, Term ends 2029
Teresa Tenorio, Member, Term ends 2027
Ed Frank, Member, Term ends 2027

*Ignacio Ruiz, Superintendent.* Ignacio Ruiz was named Superintendent of Las Cruces Public Schools (LCPS) by the LCPS Board of Education effective August 1, 2023. Ruíz had served as an assistant superintendent for the Clark County School District in Nevada, the fifth largest school district in the nation. He has held several leadership positions including assistant principal, principal and director. Previously, Ruíz held the position of Director of Language Acquisition in the Tucson Unified School District. He is a graduate of the ALAS (Association of Latino Administrators and Superintendents) National Superintendent Academy and the McCourt School of Public Policy at Georgetown.

*Chenyu "Alex" Liu Chief Financial Officer (Deputy Superintendent/CFO).* Alex Liu is the Chief Financial Officer at Las Cruces Public Schools. He is an experienced public finance and procurement leader with a demonstrated history of working in the governmental finance and supply chain management industry for over 10 years with multiple large public entities as CFO or CPO. He holds Master of Business Administration degree in Finance and Accounting from the University of New Mexico. Prior to immigrating to the United States, he served as partner and CFO for several private corporations in China.

**Insurance**

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

**Intergovernmental Agreements**

The District has entered into various joint powers agreements with other governmental entities in the State that permit them to provide equipment purchases and other services jointly.

The agreements allow the District to "piggyback" onto price agreements and use Cooperative Purchasing entities such as CES (Cooperative Educational Services) and multi-district agreements to purchase food for the District's Student Nutrition Program. Without these procurement vehicles, the District would have to procure these services on their own and most likely would not receive the same discounts as they do when collaborating with other districts.

**School Property**

Currently, the District operates and maintains a variety of facilities in meeting its obligations to provide an educational program for the school-aged children residing within its boundaries. In addition to the school buildings and their contents, the District owns the land upon which school buildings and facilities are located (other than the early college high schools located at New Mexico State University), including the District Administration Building, a maintenance shop and custodial center, an instructional materials warehouse, and numerous vehicles. The District contracts buses which are used only to transport students to and from school and school activity events.

As of June 30, 2026 the replacement value of buildings is $955,463,958 and contents of $73,398,521 for a total of $1,028,862,479 estimated for insurance purposes.

### Enrollment

Set forth below is a five year history of the District's combined enrollment, including special education and bilingual students. For a discussion of the relationship between student enrollment and amounts of financial support provided by the State for public schools, see "FINANCES OF THE EDUCATIONAL PROGRAM - SOURCES OF REVENUES".

The District's full-time enrollment for the previous five years is as follows:

Table 14

| | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|
| Elementary | 10,441 | 10,398 | 10,279 | 10,295 | 9,521 |
| Middle | 5,467 | 5,273 | 4,991 | 4,921 | 4,795 |
| High School | 7,350 | 7,409 | 7,363 | 7,493 | 7,315 |
| **Total** | **23,258** | **23,080** | **22,633** | **22,709** | **21,631** |

*The District no longer has any schools chartered by the District*

*Source: New Mexico Public Education Department and the District.*

## FINANCES OF THE DISTRCT

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

### Sources of Revenues for General Fund

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

Local Revenues - Local revenues are a minor source of revenue to the District composed, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each $1,000 of net taxable value of taxable property. Other sources of local revenues include interest income earned on the District's investments, rentals, charges for service and sale of property. In the fiscal year 2025, the District received $6,597,960 from local sources.

Federal Revenues - Another minor source of annual revenue for the District's General Fund is derived from indirect costs of direct federal grant funds related to vocational, special education, and various other programs and P.L. 874 federal impact moneys paid to the District in lieu of taxes on federal land located in the District. In fiscal year 2025, the District received 1,473,794 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the State Equalization distribution described below. During fiscal year 2025, the District received $301,652,590 from state sources. Such payments represented approximately 97.39% of actual fiscal year 2025 General Fund.

**State Equalization Program**

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

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

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

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

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

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

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

Historical SEG payments to the District are as follows:

Table 15

| Year | Program Unit Factor | Program Units | Amount [1] |
|---|---|---|---|
| 2025-26 | $6,877 | 46,888 | $322,452,089 |
| 2024-25 | 6,554 | 44,696 | 292,929,385 |
| 2023-24 | 6,242 | 45,808 | 285,920,616 |
| 2022-23 | 5,451 | 47,174 | 257,145,394 |
| 2021-22 | 4,863 | 45,547 | 213,161,591 |

*(1) Actual SEG payments net out revenue through Local and Federal sources and may not equal amount shown on audited financials.*

*Source: New Mexico Public Education Department and the District.*

The District is reimbursed by the State for the costs of transporting pupils to and from school. These payments are based upon a formula consisting of the number of students per mile that are transported. In 2025, the District received $7,769,458 for transportation purposes.

## Statement of Net Assets

The Statement of Net Assets is presented below. For a more detailed explanation of the District's basic financial statements, statement reconciliation, and Management's Discussion and Analysis, please contact the District's Assistant Superintendent for Finance. See financial statements for the fiscal year ending June 30, 2025 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2025 and the last four years can be downloaded from the State Auditor's website using the following link [http://www.saonm.org/audit_reports](http://www.saonm.org/audit_reports).

Table 16

**STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES**

| **Assets** | **2021** | **2022** | **2023** | **2024** | **2025** |
|---|---|---|---|---|---|
| Current Assets | | | | | |
| Cash and cash equivalents | $137,794,148 | $160,293,252 | $164,529,944 | $187,168,857 | $176,251,393 |
| Prepaid Expenses | | 50,466 | 5,105 | 7,100 | - |
| Taxes receivable | 14,281,366 | 22,317,395 | 2,938,702 | 2,943,130 | 3,135,358 |
| Other receivables | - | - | 2,129,434 | 562,784 | 519,538 |
| Due from other governments | - | - | 27,408,186 | 23,237,449 | 10,755,167 |
| Inventory | 770,621 | 745,258 | 823,718 | 1,072,854 | 729,426 |
| **Total Current Assets** | $152,846,135 | $183,406,371 | $197,835,089 | $214,992,174 | $191,390,882 |
| Non current assets | | | | | |
| Capital assets | 645,955,956 | 655,730,539 | 684,409,562 | 723,981,119 | 784,304,908 |
| Bond issuance costs | - | - | - | - | - |
| Less: accumulated depreciation | 242,388,033 | 260,854,137 | 280,083,833 | 294,975,655 | 314,811,837 |
| **Total Noncurrent assets** | 403,567,923 | 394,876,402 | 404,325,729 | 429,005,464 | 469,493,071 |
| **Total Assets** | $ 556,414,058 | $ 578,282,773 | $ 602,160,818 | $ 643,997,638 | $ 660,883,953 |
| **Deferred Outflow of Resources** | | | | | |
| Deferred outflow of resources related to pensions (1) | $ 476,464,708 | $ 312,017,472 | $ 156,797,181 | $ 96,685,435 | $ 107,480,935 |
| **Liabilities** | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | $17,894,388 | $15,105,905 | $8,066,979 | $10,425,712 | $3,313,569 |
| Accrued expenses | 2,082,838 | 1,941,480 | 11,082,207 | 11,712,548 | 12,755,781 |
| Accrued compensated absences | 4,244,556 | 4,479,385 | 5,792,699 | 5,583,817 | 3,764,619 |
| Deferred revenue | - | - | - | - | - |
| Due to other funds | 946 | 914 | 1,327 | 71 | - |
| Current portion of long-term debt | 13,454,033 | 14,054,493 | 14,533,312 | 19,685,651 | 29,541,652 |
| **Total Current Liabilities** | $ 37,676,761 | $ 35,582,177 | $ 39,476,524 | $ 47,407,799 | $ 49,375,621 |
| Noncurrent Liabilities | | | | | |
| General Obligation bonds | $137,141,367 | $143,917,318 | $140,796,306 | $133,054,103 | $127,877,521 |
| Bond underwriter premiums | - | - | - | - | - |
| Net pension Liability | 953,350,016 | 337,973,646 | 410,032,920 | 437,690,569 | 434,386,221 |
| Net OPEB Liability (2) | 130,743,498 | 104,160,300 | 75,183,848 | 58,086,942 | 58,945,392 |
| Accrued compensated absences | - | - | - | - | 9,125,681 |
| **Total Noncurrent liabilities** | $ 1,221,234,881 | $ 586,051,264 | $ 626,013,074 | $ 628,831,614 | $ 630,334,815 |
| **Total Liabilities** | $ 1,258,911,642 | $ 621,633,441 | $ 665,489,598 | $ 676,239,413 | $ 679,710,436 |
| **Deferred Inflow of Resources** | | | | | |
| Deferred inflow of resources related to premiums (1) | $ 3,676,055 | $ 469,777,695 | $ 243,925,874 | $ 136,963,753 | $ 78,636,332 |
| **Net Assets** | | | | | |
| Invested in capital assets, net of related debt | $257,958,583 | $241,471,110 | $248,996,111 | $276,265,710 | $312,073,898 |
| Restricted for: | | | | | |
| Debt service | 20,065,594 | 23,325,151 | 27,327,071 | 31,486,237 | 31,937,373 |
| Capital projects | 52,217,680 | 77,883,338 | 92,492,687 | 87,756,537 | 83,762,908 |
| Other | 18,897,992 | 26,734,316 | 26,536,959 | 30,768,434 | 24,512,294 |
| Unrestricted, undesignated (1) | (625,284,476) | (627,779,516) | (612,687,083) | (498,797,011) | (442,268,353) |
| **Total Net Assets** | $ (276,144,627) | $ (258,365,601) | $ (217,334,255) | $ (72,520,093) | $ 10,018,120 |

*(1) Attributable to GASB #68 and GASB #75*
*(2) Attributable to GASB #75*
*Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2025 audited financial statements is provided in Appendix B.*

## Statement of Activities

The Statement of Activities is presented below. For a more detailed explanation of the District's basic financial statements, statement reconciliation, and Management's Discussion and Analysis, please contact the District's Assistant Superintendent for Finance. See financial statements for the fiscal year ending June 30, 2025 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2025 and the last four years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

Table 17

**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**

| *Expenses:* | **2021** | **2022** | **2023** | **2024** | **2025** |
|---|---|---|---|---|---|
| Instruction: | | | | | |
| Direct Instruction | $ (274,638,911) | $ (122,970,489) | $ (146,245,849) | $ (87,194,676) | $ (156,585,584) |
| Total Instruction | (274,638,911) | (122,970,489) | (146,245,849) | (87,194,676) | (156,585,584) |
| Support services: | | | | | |
| Student support services | (41,702,707) | (23,904,792) | (30,163,274) | (25,014,770) | (35,498,539) |
| Instruction support services | (12,910,034) | (9,180,221) | (5,016,635) | (5,575,562) | (11,841,043) |
| General administration | (3,556,127) | (2,679,290) | (3,140,728) | (1,846,560) | (2,884,513) |
| School administration | (31,001,006) | (11,187,334) | (12,180,433) | (6,283,795) | (9,546,023) |
| Central services | (16,289,134) | (4,745,223) | (9,127,926) | (7,590,787) | (8,283,474) |
| Operation & maintenance of plant | (37,318,504) | (24,619,716) | (22,393,711) | (19,880,591) | (24,222,294) |
| Pupil Transportation | (1,656,455) | (8,796,756) | (1,714,470) | (217,666) | (3,072,593) |
| Food services | (39,620) | (10,320,502) | (1,486,193) | 1,899,080 | (196,595) |
| Community services | (20,447) | (164,114) | (220,149) | (306,735) | 158,413 |
| Facilities, materials, supplies & other services | (25,910,720) | (17,114,702) | (25,694,359) | (35,915,570) | (256,444) |
| Interest/amortization on long-term debt | (5,345,594) | (5,672,036) | (4,592,690) | (4,100,709) | (4,116,461) |
| Depreciation | (105,174) | (79,288) | (81,234) | (162,755) | - |
| Total governmental activities | (450,494,433) | (241,434,463) | (262,057,651) | (192,191,096) | (256,345,150) |
| *Revenues:* | | | | | |
| Taxes | | | | | |
| Property Taxes for operating programs | 1,426,051 | 1,439,730 | 1,543,775 | 1,653,949 | 1,731,308 |
| Property Taxes for debt services | 17,179,357 | 17,564,875 | 18,782,149 | 20,088,009 | 21,427,730 |
| Property taxes for capital projects | 18,416,805 | 18,806,173 | 20,171,976 | 19,473,155 | 20,403,199 |
| Federal and state aid | 209,541,821 | 213,161,591 | 257,145,394 | 285,920,616 | 292,929,385 |
| Interest and investment earnings | 174,014 | 279,920 | 4,717,533 | 7,447,938 | 6,933,975 |
| Miscellaneous | 5,847,221 | 4,885,699 | 728,170 | 2,421,591 | 1,351,376 |
| *Special item - loss on disposition of fixed assets* | | | | | |
| *Special item - loss on defeasence on bonds* | - | - | - | - | - |
| Transfers | - | - | - | - | - |
| Subtotal, general revenues | 252,585,269 | 256,137,988 | 303,088,997 | 337,005,258 | 344,776,973 |
| Changes in net assets | (197,909,164) | 14,703,525 | 41,031,346 | 144,814,162 | 88,431,823 |
| Net assets, beginning | -$79,073,387 | -$276,144,627 | -$261,441,102 | -$220,409,756 | -$75,595,594 |
| Restatement | - | - | - | - | (5,893,610) |
| GASB 68, 75 and 84 implementation | 837,924 | - | - | - | - |
| Nets assets, ending | $ (276,144,627) | $ (261,441,102) | $ (220,409,756) | $ (75,595,594) | $ 6,942,619 |

*Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2025 audited financial statements are provided in Appendix B.*

*See "Employee Retirement Plan and Other Post-Employment Benefits" herein.*

## Balance Sheet – General Fund

Listed below is the Balance Sheet (General Fund only) for fiscal years 2021 through 2025. See financial statements for the fiscal year ending June 30, 2025 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2025 and the last four years can be downloaded from the State Auditor's website using the following link [http://www.saonm.org/audit_reports](http://www.saonm.org/audit_reports).

Table 18

**BALANCE SHEET - GENERAL FUND (1)**

| Fiscal Year Ending June 30 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **ASSETS:** | | | | | |
| Cash & Investments | $41,294,254 | $28,197,034 | $19,648,453 | $34,055,965 | $37,723,213 |
| Taxes receivable | 117,968 | 100,990 | 116,755 | 120,304 | 129,315 |
| Interfund receivable | - | - | | | 7,125,305 |
| Inventory | 230,840 | 280,982 | 329,719 | 356,041 | 343,420 |
| Due from other governments | - | - | 680,212 | - | - |
| Other | 37,169 | 225,945 | 164,055 | 216,010 | 228,122 |
| Due from other funds | 10,274,047 | 16,699,872 | 21,419,075 | 18,083,169 | - |
| **Total Assets** | **$ 51,954,278** | **$ 45,504,823** | **$ 42,358,269** | **$ 52,831,489** | **$ 45,549,375** |
| **LIABILITIES AND EQUITY:** | | | | | |
| Accounts payable | $1,551,959 | $912,567 | $792,478 | $1,369,775 | $640,678 |
| Accrued expenses | 13,469,810 | 10,463,763 | 8,865,350 | 9,731,931 | 10,771,463 |
| Due to other governments | 761 | 454 | 616 | 71 | - |
| Due to other funds | 369 | - | 682,033 | - | - |
| Deferred revenue | - | - | - | - | - |
| **Total Liabilities** | **$ 15,022,899** | **$ 11,376,784** | **$ 10,340,477** | **$ 11,101,777** | **$ 11,412,141** |
| **EQUITY:** | | | | | |
| **Deferred Inflows of Resources** | | | | | |
| Unavailable Revenues | 86,506 | 77,893 | 90,906 | 98,645 | 108,042 |
| Fund balances: | | | | | |
| Nonspendable | $230,840 | $280,982 | $329,719 | $356,041 | $343,420 |
| Restricted | - | - | - | - | - |
| Reserved for inventory | 35,038,865 | 32,606,597 | - | 2,426,562 | 33,685,772 |
| Unreserved, undesignated | 1,575,168 | 1,162,567 | 31,597,167 | 38,848,464 | - |
| **Total Equity** | **$ 36,844,873** | **$ 34,050,146** | **$ 31,926,886** | **$ 41,631,067** | **$ 34,029,192** |
| **Total Liabilities and Equity** | **$ 51,954,278** | **$ 45,504,823** | **$ 42,358,269** | **$ 52,831,489** | **$ 45,549,375** |

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

*Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2025 audited financial statements is provided in Appendix B.*

### Statement of Revenues and Expenditures – General Fund

Listed below is the Statement of Revenues and Expenditures (General Fund only) for fiscal years 2021 through 2025. See financial statements for the fiscal year ending June 30, 2025 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2025 and the last four years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

Table 19

**STATEMENT OF REVENUES & EXPENDITURES - GENERAL FUND (1)**

| Fiscal Year Ending June 30 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Local Sources | $1,424,535 | $1,465,570 | $1,561,389 | $1,814,474 | $1,897,929 |
| State Sources | 215,512,536 | 224,372,597 | 266,722,622 | 305,712,227 | 301,652,590 |
| Federal Sources | - | - | - | 2,494,553 | 1,473,794 |
| Charges for services | 507,165 | 1,810,322 | 2,097,607 | 2,064,079 | 2,060,535 |
| Earnings from Investments | 60,435 | 61,628 | 775,656 | 1,057,323 | 1,785,980 |
| Miscellaneous | 2,778,766 | 1,275,145 | 626,608 | 1,100,487 | 853,516 |
| Total Revenues | $ 220,283,437 | $ 228,985,262 | $ 271,783,882 | $ 314,243,143 | $ 309,724,344 |
| | | | | | |
| **Expenditures:** | | | | | |
| Administration | | | | | |
| General administration | $1,820,926 | $2,009,518 | $2,118,853 | $2,043,020 | $2,505,122 |
| School administration | 14,496,234 | 14,930,704 | 17,429,719 | 19,464,574 | 20,238,250 |
| Direct instruction | 133,893,018 | 144,399,097 | 173,504,800 | 190,091,348 | 195,221,081 |
| Student support services | 19,337,302 | 19,269,806 | 24,055,446 | 28,918,026 | 33,745,644 |
| Instruction support services | 6,424,321 | 6,914,413 | 8,003,782 | 9,362,537 | 9,695,950 |
| Central services | 8,142,577 | 11,309,965 | 11,861,085 | 14,411,296 | 13,787,268 |
| Pupil transportation | 6,229,618 | 8,655,488 | 8,961,831 | 9,025,269 | 10,109,599 |
| Operation/plant maintenance | 24,058,017 | 24,069,574 | 26,914,936 | 29,560,472 | 30,562,642 |
| Non-instructional support | - | 4,874 | - | - | - |
| Community services | 8,994 | 8,301 | 10,517 | 11,327 | 10,925 |
| Capital outlay | - | - | 1,046,173 | 1,651,093 | 1,449,738 |
| Other operational | - | 6,715 | - | - | - |
| Food services | 2,959 | 36,505 | - | - | - |
| Total Expenditures | $ 214,413,966 | $ 231,614,960 | $ 273,907,142 | $ 304,538,962 | $ 317,326,219 |
| | | | | | |
| **Excess (deficiency) of revenue over (under) expenditures** | **$ 5,869,471** | **$ (2,629,698)** | **$ (2,123,260)** | **$ 9,704,181** | **$ (7,601,875)** |
| | | | | | |
| *Fund Balance* | | | | | |
| Beginning of Year | $ 28,392,286 | $ 36,844,873 | $ 34,050,146 | $ 31,926,886 | $ 41,631,067 |
| Prior Period Adjustment (2) | 2,583,116 | - | - | - | - |
| Transfers In | | 790 | - | - | - |
| Transfers out | - | (165,819) | - | - | - |
| Reclassification | - | - | - | - | - |
| **Fund Balance at Year End** | **$ 36,844,873** | **$ 34,050,146** | **$ 31,926,886** | **$ 41,631,067** | **$ 34,029,192** |

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

*(2) Prior period adjustments in part due to restatements from GASB implementations*

*Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the District's FY2025 audited financial statements is provided in Appendix B.*

### Special Revenue Funds

The Special Revenue Funds account is for specific revenue sources that are legally restricted expenditures for specified purposes.

### Debt Service Fund

The Debt Service Fund account is for the services of long-term debt not being financed by proprietary or non-expendable trust funds.

### Capital Projects Funds

The Capital Projects Funds account is for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

### Fiduciary Funds

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

### District Budget Process

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

- Before April 15 of each year, the District must submit an estimated budget for the next school year to the PED. If the District fails to submit a budget, the PED must prepare a District budget for the ensuing year.
- Before June 20 of each year, the District Board presents the budget of the District for the ensuing fiscal year at a public hearing. The operating budget includes proposed expenditures and the means of financing them.
- On or before July 1 of each year, the PED must approve and certify an approved operating budget for use by the District Board.

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

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

To conform with PED's requirements, budgets for all funds of the District are adopted on the cash basis of accounting with the following exception: Federal Projects – Federal categorical grants are budgets on the grant's project year rather than the District's fiscal year and, therefore, may not reflect cash basis budgeting. Unexpended portions of prior year's programs are rebudgeted into the subsequent year's program budget. Since the programs are incomplete at June 30, the schedules of budgeted and actual revenue and expenditures present unrealized revenue and expended budget, rather than budget savings.

## Employees and Retirement Plan

The District employs 3,608 permanent employees of which 237 are administrators, 2,018 are teachers and other professional instructional personnel, 559 are instructional assistants, and 794 are support and administrative staff.

Pension Plan

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

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

Table 20

| Fiscal Year Ending June 30 | Employer Contributions | Employee Contributions | Net Assets Held in Trust |
|---|---|---|---|
| 2021 | $452,872,287 | $330,066,887 | $16,361,524,358 |
| 2022 | 511,943,988 | 347,917,165 | 15,550,701,708 |
| 2023 | 662,750,272 | 394,165,107 | 16,261,793,470 |
| 2024 | 770,384,190 | 435,808,030 | 17,498,210,024 |
| 2025 | 802,437,237 | 453,872,084 | 18,960,350,984 |

*Source: New Mexico Educational Retirement Board, Financial Report.*

*Funding Policy*

Contributions

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2025, employers contributed 18.15%, and employees earning $24,000 or less continued to contribute 7.90% and employees earning more than $24,000 contributed 10.70% of their gross annual salary. Contributions to the pension plan from the District were $62,664,985 for the year ended June 30, 2025. The contribution requirements of plan members and the District are established in State statute under NMSA 1978, Chapter 22, Article 11. The requirements may be amended by acts of the legislature.

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

In July 2012, the ERB adopted goals of achieving 95%, plus or minus 5% funded ratio by the year 2042. To achieve this goal, the New Mexico Legislature amended the Educational Retirement Act in the 2013 legislative session (Senate Bill 115; Chapter 61, Laws 2013). The amendments increased employee contributions for members whose salary exceeds $24,000 per year to 10.1% in Fiscal Year 2014 and 10.7% in Fiscal Year 2015 (ERB members who make less than $24,000 contribute 7.9% of their gross salary). The legislation also kept in place scheduled increases in employer contribution rates, created a new tier membership for persons who become members of the ERB Fund on or after July 1, 2013, created certain actuarial limitations on benefits of new tier members, placed limitations on future cost of living adjustments ("COLA") for current and future retirees which are tied to the future funded ratios of the Fund, and made certain other clarifying and technical changes.

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

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At June 30, 2025, the District reported a liability of $434,386,221 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2024, 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, 2024. The District's proportion of the net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2024, actuarially determined. At June 30, 2023, the District's proportion was 4.94295%, which was a decrease of .09708%.

For the year ended June 30, 2025, the District recognized pension income of $17,254,314.

<u>Recent Legislative Changes</u>

Recent legislative changes enacted during the 2012, 2013, 2019, 2020 and 2022 legislative sessions also amended various provisions of the ERA. Senate Bill 36 and House Bill 73 described below are the most recent legislative action amending the ERA.

House Bill 360 ("HB 360"), adopted in the 2019 legislative session, amended the ERA to increase employer contributions to the educational retirement fund; increase the salary level employees would be required to reach before paying a higher contribution rate; increase the age or years of service requirements for new members to be eligible for retirement and reduce retirement benefits for new employees who work for less than 30 years; make changes to the return-to-work program; require most retirees from the Public Employees Retirement Association (PERA) to make contributions to the educational retirement fund if they become employed by an ERA-covered employer; change the salary calculation for determining retirement benefits for employees that receive a salary increase of more than 30 percent, and require substitute teachers to become members of the Educational Retirement Board (ERB) if they are employed at least one quarter time (0.25 FTE).increase employer contributions

HB 360 also amended the ERA to provide for employer contributions of 14.15 percent of annual salary, rather than 14.4 percent of annual salary, eliminate contribution increases in FY21 and FY22, require that a retired employee working 0.25 FTE or less make nonrefundable contributions to the educational retirement fund, and delayed the date for which substitute teachers with a FTE of more than 0.25 FTE would be required to become a member of the Educational Retirement Board (ERB) to July 1, 2020. House Bill 2, also approved by the legislature in 2019, included an increases to the state equalization guarantee for FY 2020 to increase employer contributions to ERB to offset the impact of HB 360.

Senate Bill 36, adopted during the 2022 legislative session, amended the ERA to provide for employer contributions of 17.15 percent of annual salary for FY 23 and FY24. House Bill 73, also adopted during the 2022 legislative session, adds a new section to the ERA to allow a retired ERB member to return to work with an ERB-affiliated employer without suspending their pension benefit. The returning employee could work for up to 36 consecutive or nonconsecutive months so long as the returning employee has not worked for an ERB-affiliated employer for 90 days prior to re-employment.

Post-Employment Benefits

Plan Description: The District contributes to the New Mexico Retiree Health Care Fund ("RHCA Fund"), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority ("RHCA"). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (NMSA 1978, Chapter 10, Article 7C) The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. That report can be obtained by writing to RHCA, 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees who were not members of an enhanced retirement plan during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. Contributions to the OPEB plan from the District were $4,396,194 for the year ended June 30, 2025.

<u>OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

At June 30, 2025, the District reported a liability of $58,945,392 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2024. At June 30, 2024, the District's proportion was 3.41099 percent.

## TAX MATTERS

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Series 2026 Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on the Bonds (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 (the "Code"), as amended, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax under the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

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. Bond Counsel expresses no opinion as to any other federal, state or local tax consequences, except as described herein.

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 2026 Bonds. The District has made various representations and warranties with respect to, and has covenanted in the Bond Resolution authorizing the 2026 Bonds and other documents, instruments and certificates to comply with certain guidelines designed to assure that interest on the 2026 Bonds will not become includable in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the 2026 Bonds being included in gross income from the date of the issue of the 2026 Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel will render an opinion that interest on the 2026 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 2026 Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the 2026 Bonds.

The opinions to be rendered by Bond Counsel will be based upon existing legislation as of the date of issuance and delivery of the Bonds, and Bond Counsel will express 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 2026 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 2026 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.

## ORIGINAL ISSUE DISCOUNT

Certain maturities of the 2026 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 with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holders' tax basis in the 2026 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of 2026 Bonds offered at original issue discount should consult their tax advisor for an explanation of the accrual rules.

## ORIGINAL ISSUE PREMIUM

Certain maturities of the 2026 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 2026 Bonds offered at an original issue premium should consult their tax advisors for an explanation of the amortization rules.

## INTERNAL REVENUE SERVICE AUDIT PROGRAM

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in 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 2026 Bonds. If an audit is commenced, under current procedures, the Service will treat the District as the taxpayer and the 2026 Bond owners may have no right to participate in such procedure. None of the initial purchasers of the 2026 Bonds, the Municipal Advisor or Bond Counsel is obligated to defend the tax-exempt status of the 2026 Bonds. The District has covenanted in the Bond Resolution not to take action that would cause the interest on the 2026 Bonds to lose their exclusion from gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the District, the Municipal Advisor or Bond Counsel is responsible to pay or reimburse the costs of a 2026 Bond owner with respect to any audit or litigation relating to the 2026 Bonds.

## FUTURE AND PROPOSED LEGISLATION

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the 2026 Bonds under Federal or state law and could affect the market price or marketability of the 2026 Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding the foregoing matters.

## LEGAL MATTERS RELATING TO STATE EDUCATION SYSTEM

There have been various legal challenges to the State's funding process for primary and secondary public education. In 2014, two plaintiff groups filed lawsuits, each of which challenged the sufficiency of school funding and the school funding formula as applied to the needs of at-risk students. The lawsuits were consolidated (Martinez, et al. v. the State of New Mexico consolidated with Yazzie, et al. v. the State of New Mexico, No. D-101-CV-2014-00793) and proceeded to a bench trial in 2017. On February 14, 2019, the Court entered a Final Judgment and Order that the State violated the Education Clause, the Equal Protection Clause, and the Due Process Clause of the New Mexico Constitution. The Court required the State to ensure schools have resources, including funding and accountability measures, to give at-risk students an opportunity to obtain a sufficient education. In response, during the 2019 Regular Session, the Legislature increased public school funding by approximately $400 million. In October of 2019, the Plaintiffs filed motions claiming that the State had not complied with the order. In March of 2020, the State filed a motion to dismiss the lawsuit. In June 2020, the court denied the State's motion, maintained oversight of reforms and approved a motion for discovery by the plaintiffs. In September 2024, the Plaintiffs filed a joint motion of noncompliance and requested a comprehensive remedial action plan by the Legislative Education Study Committee staff. In April 2025, the court ruled that PED and the State are still not in compliance and granted the Plaintiff's motion, in part. The order assigned PED responsibility for the development of a comprehensive remedial action plan which was submitted to the court on November 3, 2025. PED filed a final Comprehensive Remedial Plan in November of 2025 as required. The Plaintiffs filed Objections and Opposition to the Comprehensive Remedial Plan and a Motion for additional relief in February 2026. A hearing on Plaintiffs Joint Motion for Further Relief is currently set for September 2026

In a lawsuit filed in the New Mexico Eleventh Judicial District Court in 1998, (Zuni Public School District, et al., v. the State of New Mexico, et al., No. D-1113-CV-9800014), two school districts sought a declaratory judgment that the State's method of funding of capital improvements for public schools violated the State Constitutional requirement to provide a "uniform" and "adequate" system of funding capital improvements. On December 29, 2020, the trial court filed a Decision and Order ruling in favor of the Plaintiffs. On June 18, 2021, the State appealed, and on August 7, 2023, the New Mexico Court of Appeals certified the case to the New Mexico Supreme Court. By Dispositional Order of Remand filed December 2, 2024, the New Mexico Supreme Court remanded to the district court for further proceedings regarding the litigation. The case was dismissed on February 17, 2026, for lack of prosecution; Plaintiff's Motion to Reinstate the case is pending.

While the various court cases related to educational funding proceed through the appeals, post-trial procedures, and remedial legislative measures, the outcomes of such litigation and associated legislative changes may impact the State's education funding and, consequently, the District; however, the extent of the impact to the District cannot be assessed at this time.

## CONTINUING DISCLOSURE UNDERTAKING

The District will enter into an undertaking (the "Undertaking"), in the form attached as Appendix E, for the benefit of the holders of the Bonds to provide (i) certain financial information by no later than March 31st of each year, beginning March 31, 2027 until the Bonds are no longer outstanding, and (ii) operating data, and to provide notice of certain events, pursuant to the requirements of section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission (17 C.F.R. § 240.15c2-12). A failure by the District to provide any information required thereunder shall not constitute an Event of Default under the Bond Resolution.

### Compliance with Prior Undertakings

The District has previously entered into continuing disclosure undertakings (each a "Prior Undertaking" and collectively, the "Prior Undertakings") with respect to certain other obligations of the District in accordance with SEC Rule 15c2-12. On October 17, 2022, S&P Global Ratings upgraded its long-term rating to "A+" from "A" on the District's general obligation debt. The rating change was required to be posted within ten business days of the occurrence. The rating report and failure notice were subsequently posted on MSRB's EMMA website March 24,

2023. With the exception of the aforementioned, during the last five years, the District has complied in all material respects with those Prior Undertakings.

## LITIGATION

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

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

## RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "A1" without regard to any enhancement program. Moody's also assigned an enhanced rating of "Aa2" on the Bonds based on the New Mexico School District Enhancement Program. See "New Mexico School District Enhancement Program". These ratings reflect only the views of such rating agencies, and an explanation of the significance of the ratings may be obtained only from each rating agency. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward, upward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an effect on the market price or marketability of the Bonds and/or Notes.

## THE MUNICIPAL ADVISOR

RBC Capital Markets, LLC is employed as Municipal Advisor to the District 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 sale and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

## LEGAL MATTERS

The Bonds are subject to the written approval of the New Mexico Attorney General for the Bonds as to form and legality. In addition, the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, approving the legality of the Bonds and relating to the tax-exempt status of the 2026 Bonds will be furnished to the successful bidder at no cost to the successful bidder. A form of the opinion of Bond Counsel is attached hereto as Appendix D.

In connection with the transactions described in this Official Statement, Bond Counsel has represented the District. The fee to be paid to Bond Counsel is contingent upon the sale and delivery of the Bonds. Bond Counsel was not requested and did not take part in the preparation of the Official Statement, nor has Bond Counsel undertaken to verify any of the information contained herein. Bond Counsel has no responsibility for the accuracy or completeness of any information furnished in connection with the offer or sale of the Bonds in the Official Statement or otherwise.

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

## DISCLOSURE CERTIFICATE

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

## ADDITIONAL MATTERS

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

## FORWARD LOOKING STATEMENTS

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

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

## A LAST WORD

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

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

Pamela Cort, President, Board of Education

Patrick Nolan, Secretary, Board of Education

# APPENDIX A

## ECONOMIC & DEMOGRAPHIC INFORMATION

## THE ECONOMY

The economy of the Las Cruces MSA (Metropolitan Statistical Area) is diversified with the major employers being government, primarily White Sands Missile Range, NASA, New Mexico State University, City/County government and the District, which accounted for over 19,000 jobs in 2025. The remaining non-agricultural jobs are in manufacturing (3,280), wholesale/retail trade (9,712), natural resources, mining and construction (5,365), transportation/warehousing/utilities (2,673), information (480), finance and insurance (1,565) and all other services (39,509)[1]

Growth in the economy is demonstrated in the growth of gross receipts from retail trade, assessed valuation, building permits, housing prices, and median household income.

### Industry

A combination of a well-educated labor force, favorable tax rates, and a high quality of living has attracted industry to Las Cruces. The blend of industries in the area contributing to the diversification of the City's economy include the following: White Sands Missile Range (U.S. Army, private industry testing facility), Las Cruces Medical Center (hospital), NASA LBJ Test Facility (rocket testing), Honeywell Technology Solutions (aerospace services), Wal-Mart (retail), Tresco, Inc. (sheltered employment), ADC Telecommunications (telephone equipment manufacturer), IBP Prepared Foods (meat processor), NMSU Physical Science Laboratory (aerospace contractor), Frontier Airlines (Reservation Center), REA Magnet Wire (Wire Processing), Multi-Plastics (Component Parts), Taylor Metro (Scales & Measurement), Calculex (Electronics), Smart Corp (Computerized & Home Systems), Aldershot (Wholesale Nursery), Foamex, Inc. (Packaging), Young Pecan (Food Processing), and Las Cruces Machine (Machine Parts).

### Tourism

The tourism industry has an impact on the Las Cruces economy with over 7,700 persons employed in the industry. A number of recreation sites in the Las Cruces area, including Leasburg Dam State Park, Fort Selden State Monument, Aguirre Springs, and Dripping Springs, attract visitors to their facilities. The Las Cruces Farmers & Crafts Market, held each Wednesday and Saturday morning, is rated as one of the top ten open-air markets in the United States. The New Mexico Farm & Ranch Heritage Museum, along with the University Art Gallery, the New Mexico State University Museum, the Las Cruces Museum of Natural History, and the Branigan Cultural Center give area visitors a glimpse into the life and culture of contemporary and historical New Mexico. The White Sands Missile Range is located in nearby Alamogordo. It was established in 1945 and is operated by the United States Army. The Range is a major test facility for testing capabilities needed by the U. S. Army, Navy and Air Force, and by NASA. White Sands is the home of Trinity Site, where the first atomic bomb was detonated, and is open to the public on the first Saturday in April and October.

### New Mexico State University

New Mexico State University (the "University"), was originally founded in 1888, and in 1889 was established as a land grant college. The University consists of its main campus in the City of Las Cruces, with branch campuses located in Alamogordo, Grants, Doña Ana and a satellite learning center in Albuquerque. The University had enrollment of 21,797 students across all campuses, and its Las Cruces Campus had a Fall 2023 enrollment (full-time equivalent) of 17,151 full time undergraduate and graduate students. 29 doctoral programs, 68 master's degree programs, and 97 undergraduate degree programs, 24 graduate certificate programs, and one education specialist program are available in the University's 6 colleges (Agriculture, Consumer and Environmental Sciences; Arts and Sciences; Business; Engineering; Health, Education and Social Transformation; and Honors) and the Graduate School.

The University's main campus encompasses approximately 900 acres and consists of more than 211 academic, research, and auxiliary buildings, and over 400 housing buildings. As of September 2023, the University employed 3,502 faculty members of which 574 are located on the Las Cruces campus. Research for engineering, space

[1]*New Mexico Department of Workforce Solutions, Quarterly Census of Employment and Wages Program*

technology, and farm production and related industries are also conducted by various University departments. The University is classified as an R2 Doctoral/Research institution as rated by the Carnegie Foundation. The University anchors the southern end of New Mexico's Rio Grande Research Corridor. The statewide Water Resources Research Institute is situated at the University and studies the State's water supply and demands, conservation and use, as well as ecological and other aspects thereof.

**Agriculture**

Doña Ana County is home to 1,946 private and commercial farms and ranks third for farm commodity production. The County excels in pecans, bearing more than half of the state production and ranks fourth in the state for hay production. Other principal crops include cotton, alfalfa, onions, lettuce, chile, barley, and nursery stock. Water for the various agricultural operations is provided by surface water diverted from the Rio Grande River and approximately 900 irrigation wells. The area's growing season averages about 200 days each year. The livestock, dairy cattle, Stahmann Farms, and the poultry industry also provide a significant portion of agricultural income. Several chile processing plants are located in the area with seasonal employment growing to near 1,000 employees.

**Transportation**

Historically a crossroads of the Southwest, Las Cruces is serviced by Interstate Highways I-10 (east-west) and I-25 (north-south). Five major U.S. highways and seven State highways also serve the City. More than 20 interstate, regional, and local motor carriers serve Las Cruces; four of them operate terminals in the area.

Commuter air service and corporate and general aviation services are available at the City's airport. Major scheduled airline service is provided by El Paso International Airport, approximately 50 miles from Las Cruces.

Daily rail service, with piggyback and container service, is provided by the Santa Fe and Southern Pacific railroads.

## Population

Based on information gained from the Bureau of Business & Economic Research, the following table shows both the historical and projected population data for the City of Las Cruces, Doña Ana County, and the State of New Mexico.

Table 21

| Year | City of Las Cruces | Doña Ana County | State of New Mexico |
|---|---|---|---|
| 1960 | 29,367 | 59,948 | 951,023 |
| 1970 | 37,857 | 69,773 | 1,017,055 |
| 1980 | 45,086 | 96,340 | 1,303,143 |
| 1990 | 62,648 | 136,523 | 1,519,933 |
| 2000 | 74,267 | 175,524 | 1,821,078 |
| 2010 | 98,158 | 209,230 | 2,059,174 |
| 2020 | 111,385 | 219,561 | 2,117,522 |
| 2026(1) | 119,855 | 232,365 | 2,130,660 |
| 2031(2) | 125,003 | 241,193 | 2,138,427 |
| ***Projected Growth 2026 - 2031 (2)*** | ***4.30%*** | ***3.80%*** | ***0.36%*** |

*Source: Spotlight, U.S. Census Bureau: State and County QuickFacts.*

*(1) Estimates. Source: Spotlight, July 2026*

*(2) Projected. Source: Spotlight, July 2026*

## Age Distribution

The following table sets forth a comparative age distribution profile for the City of Las Cruces, the State of New Mexico and the United States as of July 2026.

Table 22

| Age Group | City of Las Cruces | New Mexico | United States |
|---|---|---|---|
| 0 - 17 | 21.70% | 20.48% | 20.97% |
| 18 - 24 | 13.09% | 9.76% | 9.52% |
| 25 - 34 | 14.65% | 12.77% | 13.02% |
| 35 - 44 | 12.71% | 13.01% | 13.32% |
| 45 - 54 | 10.36% | 11.36% | 12.09% |
| 55 and Older | 27.49% | 32.62% | 31.08% |

*Source: Spotlight, July 2026*

### Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a comparison of the estimated median household income as reported by Spotlight. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income, and transfer payments. Deductions are made for federal, state, and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance. The following chart depicts the median household EBI level for the City of Las Cruces, the State of New Mexico and the United States.

Table 23

| Effective Buying Income Group | City of Las Cruces | New Mexico | United States |
|---|---|---|---|
| Under $25,000 | 22.53% | 18.40% | 13.62% |
| $25,000 - $34,999 | 8.17% | 7.91% | 6.13% |
| $35,000 - $49,999 | 10.12% | 11.07% | 9.63% |
| $50,000 - $74,999 | 17.84% | 16.25% | 14.77% |
| $75,000 and over | 41.34% | 46.37% | 55.85% |
| | | | |
| 2022 Est. Median Household Income | $45,534 | $55,028 | $72,191 |
| 2023 Est. Median Household Income | 46,148 | 57,526 | 73,336 |
| 2024 Est. Median Household Income | 49,560 | 60,813 | 75,780 |
| 2025 Est. Median Household Income | 55,422 | 63,588 | 78,426 |
| 2026 Est. Median Household Income | 62,502 | 68,927 | 86,286 |

*Source: Spotlight, July 2026.*

### Gross Receipts

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

Table 24

| | City of Las Cruces | | State of New Mexico | |
|---|---|---|---|---|
| FYE 6/30 | Retail Trade | Total | Retail Trade | Total |
| 2026(1) | $944,597,549 | $2,975,377,237 | $16,017,000,606 | $80,803,445,353 |
| 2025 | 1,272,878,921 | 3,897,810,110 | 20,480,079,013 | 102,429,369,359 |
| 2024 | 1,251,218,296 | 3,685,843,117 | 20,194,107,748 | 97,465,135,538 |
| 2023 | 1,033,920,591 | 3,050,924,420 | 16,385,595,101 | 77,791,110,291 |
| 2022 | 1,076,150,173 | 3,114,273,921 | 16,634,688,934 | 72,895,961,670 |

*(1) Collections as of Q1 2026.*

*Source: New Mexico Taxation & Revenue Department.*

**Employment**

Historically, the unemployment rates for the Las Cruces MSA and the State of New Mexico have remained comparable to national levels. The following table provides a ten-year history of labor force and unemployment rates for the Las Cruces MSA, the State of New Mexico, and the United States.

Table 25

| Year (1) | Las Cruces MSA | | State of New Mexico | | United States |
|---|---|---|---|---|---|
| | Labor Force | % Unemployed | Labor Force | % Unemployed | % Unemployed |
| 2026(2) | 104,833 | 5.30% | 967,281 | 4.60% | 4.10% |
| 2025(3) | 105,897 | 4.80% | 987,819 | 4.20% | 4.10% |
| 2024 | 102,537 | 4.90% | 981,492 | 4.10% | 4.00% |
| 2023 | 102,796 | 4.10% | 971,137 | 3.60% | 3.70% |
| 2022 | 99,532 | 4.40% | 947,025 | 4.00% | 3.50% |
| 2021 | 98,170 | 6.60% | 943,356 | 6.80% | 5.40% |
| 2020 | 97,153 | 8.30% | 927,685 | 9.00% | 8.90% |
| 2019 | 99,907 | 5.20% | 954,596 | 4.90% | 3.70% |
| 2018 | 96,769 | 5.70% | 934,178 | 5.80% | 4.40% |
| 2017 | 94,943 | 6.20% | 929,567 | 6.20% | 4.40% |
| 2016 | 95,001 | 7.20% | 928,732 | 6.70% | 4.90% |

*1) - Numbers are annual averages.*

*2) - Data for the month of May 2026. Numbers are Preliminary.*

*2) - Data for the month of December 2025. Numbers are Final.*

*Source: U.S. Bureau of Labor Statistics, July 2026.*

## Covered Wage and Salary Employment by NAICS Code Classification

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

Table 26

***Dona Ana County***

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Grand Total** | **71,175** | **74,758** | **77,610** | **79,412** | **81,797** |
| Total Private | 54,325 | 56,819 | 58,972 | 60,305 | 62,584 |
| Accommodation and Food Services | 6,947 | 7,735 | 8,386 | 8,364 | 8,242 |
| Administrative and Waste Services | 3,236 | 3,259 | 3,435 | 3,902 | 3,894 |
| Agriculture, Forestry, Fishing & Hunting | 2,433 | 2,448 | 2,385 | 2,370 | 2,306 |
| Arts, Entertainment, and Recreation | 576 | 684 | 702 | 628 | 637 |
| Construction | 3,809 | 3,681 | 4,028 | 4,363 | 5,309 |
| Educational Services | 751 | 797 | 910 | 904 | 856 |
| Finance and Insurance | 1,339 | 1,417 | 1,522 | 1,500 | 1,565 |
| Health Care and Social Assistance | 15,205 | 16,014 | 16,113 | 16,848 | 18,018 |
| Information | 509 | 527 | 557 | 479 | 480 |
| Management of Companies and Enterprises | 86 | 91 | 93 | 193 | 183 |
| Manufacturing | 2,900 | 3,209 | 3,297 | 3,140 | 3,280 |
| Mining | 44 | 44 | 52 | 64 | 56 |
| Other Services, Ex. Public Admin | 1,162 | 1,290 | 1,386 | 1,409 | 1,399 |
| Professional and Technical Services | 3,390 | 3,355 | 3,299 | 3,191 | 3,123 |
| Real Estate and Rental and Leasing | 827 | 838 | 814 | 804 | 851 |
| Retail Trade | 7,282 | 7,674 | 7,994 | 8,134 | 8,249 |
| Transportation and Warehousing | 2,089 | 1,996 | 2,241 | 2,207 | 2,244 |
| Utilities | 305 | 297 | 289 | 333 | 429 |
| Wholesale Trade | 1,435 | 1,463 | 1,469 | 1,472 | 1,463 |
| Total Government | 16,850 | 17,939 | 18,638 | 19,107 | 19,213 |

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

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

## Major Employers

The following table shows major employers in Las Cruces MSA.

Table 27

| Major Employers of City of Las Cruces |
|---|
| New Mexico State University |
| City of Las Cruces |
| Ambercare |
| Las Cruces Public Schools |
| Memorial Medical Center |
| Tresco |
| Doña Ana Branch Community College |
| La Clinica de Familia |
| Keystone Industries |
| Peak Behavioral Health |
| Doña Ana County |

*Source: City of Las Cruces FY2025 Annual Report*

**APPENDIX B**

# JUNE 30, 2025
# AUDITED FINANCIAL STATEMENTS

# STATE OF NEW MEXICO
# LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

## YEAR ENDED JUNE 30, 2025

PATTILLO, BROWN & HILL, LLP

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

# INTRODUCTORY SECTION

# STATE OF NEW MEXICO
# LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
# TABLE OF CONTENTS
# JUNE 30, 2025

# STATE OF NEW MEXICO
# LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
# TABLE OF CONTENTS
# JUNE 30, 2025

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**OFFICIAL ROSTER**
**JUNE 30, 2025**

| Board of Education | |
|---|---|
| Pamela Cort | President |
| Robert Wofford | Vice President |
| Patrick Nolan | Secretary |
| Ed Frank | Member |
| Teresa Tenorio | Member |

| School Officials | |
|---|---|
| Ignacio Ruiz | Superintendent |
| Chenyu “Alex” Liu | Deputy Superintendent of Finance |
| Melissa Zuniga | Executive Director of Finance |

# FINANCIAL SECTION

# Independent Auditor's Report

To Joseph M. Maestas, P.E., CFE
New Mexico State Auditor

The Office of Management and Budget
Board of Education
Las Cruces Public Schools District No. 2
Las Cruces, New Mexico 88001

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of Las Cruces Public Schools District No. 2 (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 18 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, during the year ended June 30, 2025. This new standard establishes recognition and measurement guidance for compensated absences, resulting in changes to the entity's accounting policies and adjustments to previously reported balances. Our opinion is not modified with respect to this matter.

***Responsibility of Management for the Financial Statements***

The District's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 – 15, *Schedules of the District's Proportionate Share of the Net Pension Liability and Net OPEB Liability*, and *Schedules of District Contributions* on pages 62 – 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the supplementary information listed in the table of contents as required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
January 15, 2026

## Introduction

The discussion and analysis of Las Cruces Public School District's (District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the school district's financial performance.

## Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- The District's net position increased by approximately $88.4 million.
- State Equalization Guarantee (SEG) revenue increased by approximately $7 million (Table A- 2). This was primarily due to an increase in funding, which resulted in a 5% higher unit value from previous year.
- Total Assets and Deferred Outflows of Resources increased by $27.7 million, reflecting continued balance sheet growth and investment activity.
- Total Liabilities increased slightly by $3.5 million, or 1%, reflecting stable debt and obligation levels.
- Net Investment in Capital Assets increased by $35.8 million, aligning with capital asset growth and limited increases in long-term debt.

The District demonstrated notable improvement in its financial condition during fiscal year 2025, driven by capital investment growth, stable liabilities, and a substantial reduction in deferred inflows of resources, resulting in a positive total net position in the comparative period. (Table A-1)

### Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes on these statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund.

## Reporting the District as a Whole

### Statement of Net Position and Statements of Activities

The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The Statement of Net Position and the Statement of Activities presents the District's activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. This method of accounting includes all the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report on the District's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, the district has one kind of activity:

Governmental Activities

The School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, student transportation, and extracurricular activities.

Table A-1 reflects the District's net position, which increased by approximately $88.4 million, moving from a negative $(72.5) million to a positive $10.0 million at year-end in fiscal year 2025.

There was a slight decrease in the net pension liability and related expenses from the New Mexico Educational Employee's Retirement Board (ERB) pension plan, and changes in the net Other Post-Employment Benefits Plan (OPEB) liability from the New Mexico Retiree Health Care Authority (RHCA) health plan. Governmental Accounting Standards Board (GASB) standards requires the District to include in its government wide financial statements a proportionate share of the net pension liability from the ERB pension plan, and a proportionate share of the net OPEB liability from the RHCA healthcare plan (see the Notes to the financial statements for additional information). The net pension liability decreased by approximately $3.3 million, and the net OPEB liability increased by approximately $900 thousand.

Capital and Non-Current Assets grew by $40.5 million, indicating substantial investment in capital assets and long-term infrastructure. The majority of the increase is attributable to the completion of capital improvement projects, including HVAC system upgrades and multipurpose room renovations at various school sites, which resulted in an increase in capital assets during the fiscal year.

**Table A-1**
**The District's Net Position**

| | FY 2025 | FY 2024 | Amount Change | Total % Change |
|---|---|---|---|---|
| Assets: | | | | |
| Current and Other Assets | $ 191,390,882 | $ 214,992,174 | $ (23,601,292) | -11% |
| Capital and Non-Current Assets | 469,493,071 | 429,005,464 | 40,487,607 | 9% |
| Total Assets | 660,883,953 | 643,997,638 | 16,886,315 | 3% |
| Deferred Outflows of Resources | 107,480,935 | 96,685,435 | 10,795,500 | 11% |
| Total Assets and Deferred Outflows of Resources | $ 768,364,888 | $ 740,683,073 | $ 27,681,815 | 4% |
| Liabilities: | | | | |
| Current Liabilities | $ 49,375,621 | $ 47,407,799 | $ 1,967,822 | 4% |
| Long-Term Liabilities | 630,334,815 | 628,831,614 | 1,503,201 | 0% |
| Total Liabilities | 679,710,436 | 676,239,413 | 3,471,023 | 1% |
| Deferred Inflows of Resources | 78,636,332 | 136,963,753 | (58,327,421) | -43% |
| Net Position: | | | | |
| Net Investment in Capital Assets | 312,073,898 | 276,265,710 | 35,808,188 | 13% |
| Restricted | 140,212,575 | 150,011,208 | (9,798,633) | -7% |
| Unrestricted | (442,268,353) | (498,797,011) | 56,528,658 | -11% |
| Total Net Position | 10,018,120 | (72,520,093) | 82,538,213 | -114% |
| Total Liabilities, Deferred Inflows of Resources and Net Position | $ 768,364,888 | $ 740,683,073 | $ 27,681,815 | 4% |

Table A-2 reflects the changes in the District's net position. As previously stated, the District's net position increased by approximately $88.3 million in fiscal year 2025.

- The District experienced an increase in General Revenues during fiscal year 2025 due to a slight increase in SEG and Property Taxes.

- Total program revenues reflect a significant decrease in Grants and Contributions. The decrease was primarily due to the expired funding of the Education Stabilization Funds (COVID Funding).

## Table A-2
## Changes in the District's Net Position

| | FY 2025 | FY 2024 | Amount Change | Total % Change |
|---|---|---|---|---|
| Revenues: | | | | |
| Program Revenues: | | | | |
| Charges for Services | $ 2,574,396 | $ 2,642,705 | $ (68,309) | -3% |
| Capital Grants and Contributions | 2,913,116 | 8,440,393 | (5,527,277) | -65% |
| Operating Grants and Contributions | 85,369,367 | 130,938,129 | (45,568,762) | -35% |
| Total Program Revenues | 90,856,879 | 142,021,227 | (51,164,348) | -36% |
| | | | | |
| General Revenues: | | | | |
| State Equalization Guarantee | 292,929,385 | 285,920,616 | 7,008,769 | 2% |
| Property Taxes | 43,562,237 | 41,215,113 | 2,347,124 | 6% |
| Unrestricted Investment Earnings | 6,933,975 | 7,447,938 | (513,963) | -7% |
| Miscellaneous | 1,351,376 | 2,421,591 | (1,070,215) | -44% |
| Total General Revenues | 344,776,973 | 337,005,258 | 7,771,715 | 2% |
| | | | | |
| Total Revenues | 435,633,852 | 479,026,485 | (43,392,633) | -9% |
| | | | | |
| Expenses: | | | | |
| Instruction | 193,194,407 | 171,205,366 | 21,989,042 | 13% |
| Support Services | 78,288,351 | 62,766,195 | 15,522,156 | 25% |
| Central Services | 10,825,719 | 10,133,032 | 692,687 | 7% |
| Operation and Maintenance of Plant | 30,147,423 | 25,805,720 | 4,341,703 | 17% |
| Student Transportation | 10,842,051 | 7,848,210 | 2,993,841 | 38% |
| Other Support Services | 196,595 | | | |
| Food Services Operations | 19,278,886 | 15,912,338 | 3,366,548 | 21% |
| Community Services Operations | 312,137 | 362,428 | (50,291) | -14% |
| Capital Outlay | - | 35,915,570 | (35,915,570) | -100% |
| Interest on Long-Term Debt | 4,116,461 | 4,100,709 | 15,752 | 0% |
| Unallocated Depreciation | - | 162,755 | (162,755) | -100% |
| Total Expenses | 347,202,030 | 334,212,323 | 12,989,708 | 4% |
| | | | | |
| **CHANGE IN NET POSITION** | 88,431,822 | 144,814,163 | (56,382,341) | -39% |
| | | | | |
| Net Position - Beginning of Year | (72,520,093) | (217,334,255) | 144,814,163 | -67% |
| | | | | |
| Change in accounting principle | (5,893,610) | - | (5,893,610) | 0% |
| | | | | |
| Net Position - Beginning of Year, As Restated | (78,413,703) | (217,334,255) | 138,920,553 | -64% |
| | | | | |
| **NET POSITION - END OF YEAR** | $ 10,018,120 | $ (72,520,093) | $ 82,538,212 | -114% |

## Reporting the District's Most Significant Funds

### Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The district uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the district's most significant funds.

### Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the district's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

### The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of approximately $435.4 million and expenditures and other financing uses of approximately $478.6 million. The net change in fund balance for the year was a decrease of approximately $17.7 million. (See Statement of Revenues, Expenditures, and Changes in Fund Balances)

General Fund revenues decreased by approximately 1.4% to approximately $309.7 million, while expenditures increased by approximately 4.2% to approximately $317.3 million. The increase in general fund revenues was primarily due to an increase in SEG, property tax, and interest income. (See Statement of Revenues, Expenditures, and Changes in Fund Balances)

### General Fund Budgetary Highlights

The District's budget is prepared according to New Mexico State Statutes and Public Education Department Regulations, which is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The District's General Fund budget is developed by using incremental budgeting techniques, best practices, and guidance provided by the New Mexico Legislature. The school-sites and departments are allowed the autonomy to develop their budgets through site-based budgeting. Throughout the year, budget adjustments can be requested to move budget within functions to amend the budget and allow for the flexibility to utilize their budgets efficiently. The target goals are to allocate the majority of funds within "in-classroom use" functions (i.e. 1000-Istruction, 2100-Student Support, and 2200-Instruction Support). The budgets are monitored to adhere to parameters on a quarterly basis. In addition, the New Mexico Public Education department approves all budget facets from budget adoption to budget amendments.

For the General Fund, actual expenditures were less than final budgeted expenditures by approximately $34.6 million. This variance includes $12.5 million that was budgeted as an operational reserve, resulting in net variance of $22.1 million. The net variance includes vacancy savings from positions that were unfilled for all or part of the fiscal year. However, the expenditure variance has decreased from prior year due to the expiration of the Education Stabilization Funds. (See Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – General Fund)

## Changes Between Original and Final Budgets

| | Original | Final | Change | % Change |
|---|---|---|---|---|
| General Fund: | | | | |
| Revenue | $ 307,853,104 | $ 309,588,493 | $ 1,735,389 | 0.6 % |
| Expenditures | 349,798,038 | 351,961,068 | 2,163,030 | 0.6 % |

The slight increase in budgeted revenue and expenses is primarily due to an increase in interest income.

## Capital Assets and Debt Administration

### Capital Assets

During the 2025 fiscal year, the District had a net increase of approximately $40.5 million in capital assets NBV. At the end of fiscal year 2025, the District had approximately $743.6 million invested in depreciable assets, with accumulated depreciation of approximately $314.8 million, approximately $7.4 million in land and approximately $33.3 million in construction in progress (see Note 6). The following is a summary of the District's capital assets, net of depreciation, at June 30, 2025, and 2024:

| | Balance June 30, 2024 | Additions | Deletions & Transfers | Balance June 30, 2025 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated | $ 39,425,822 | $ 54,547,673 | $ (53,230,267) | $ 40,743,228 |
| Land Improvements | 47,662,427 | 6,671 | 2,142,985 | 49,812,083 |
| Buildings and Building Improvements | 596,030,803 | 223,189 | 51,085,482 | 647,339,474 |
| Equipment and Vehicles | 40,862,067 | 6,632,845 | (1,084,789) | 46,410,123 |
| Less Accumulated Depreciation | (294,975,655) | (22,634,772) | 2,798,590 | (314,811,837) |
| Capital Assets, Net | $ 429,005,464 | $ 38,775,606 | $ 1,712,001 | $ 469,493,071 |

Debt

At June 30, 2025, the district had outstanding general obligation bonds payable of approximately $133.5 million, unamortized bond premiums of approximately $5.8 million (see note 7). The District elected to issue $25 million in general obligation bonds in fiscal year 2025. A summary of long-term debt at June 30, 2025, and 2024 is presented below:

| | | Balance June 30, 2024 | Additions | Deletions | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|---|
| Bonds Payable | $ | 125,985,000 | 25,000,000 | (17,465,000) | 133,520,000 | 27,230,000 |
| Unamortized Bond Premiums | | 6,393,206 | 397,806 | (1,032,036) | 5,758,976 | - |
| Finance Purchase Obligation | | 20,361,548 | - | (2,221,351) | 18,140,197 | 2,311,652 |
| Total Long-Term Debt | $ | 152,739,754 | 25,397,806 | (20,718,387) | 157,419,173 | 29,541,652 |

As a result of the implementation of GASB Statement No. 101, sick leave is now included in the calculation of compensated absences. Accordingly, during the fiscal year ended June 30, 2025, the following changes occurred in accrued compensated absences:

| | | Balance June 30, 2024 | Restatement | As Restated June 30,2024 | Net Change | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|---|---|
| Compensated Absences | $ | 5,583,817 | 5,893,610 | 11,477,427 | 1,412,873 | 12,890,300 | 3,764,619 |

In November 2025, the district's voters approved the issuance of $65 million in general obligation bonds. The bonds are to be sold in blocks over a four-year period. See the following table for the schedule of issuance:

| Date of Sale | Amount Sold or to be Sold |
|---|---|
| September 2026 | $16.25 million |
| September 2027 | $16.25 million |
| September 2028 | $16.25 million |
| September 2029 | $16.25 million |

**Factors Impacting Future Periods**

In October 2024, $12.5 million of tax-exempt general obligation bonds were issued in a competitive bid sale. The net effective interest rate is 2.8996%. Also in June 2025, the final $12.5 million of taxable general obligation bonds were issued in a private sale to the New Mexico State Treasurer. The net effective interest rate is 4.817%.

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the district's finances and to reflect the district's accountability for the monies it receives. To learn more about the district's strategic plan, goals, and program results, please visit our web site at www.lcps.net. Questions about this report or additional financial information needs should be directed to:

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**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**STATEMENT OF NET POSITION**
**JUNE 30, 2025**

| | | Governmental Activities |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ | 30,736,968 |
| Restricted cash | | 66,622,743 |
| Investments | | 78,891,682 |
| Accounts receivable | | |
| Taxes | | 3,135,358 |
| Due from other governments | | 10,755,167 |
| Other | | 519,538 |
| Prepaid expenses | | - |
| Inventory | | 729,426 |
| Total current assets | | 191,390,882 |
| Noncurrent assets: | | |
| Capital assets (net of accumulated depreciation): | | |
| Construction in Progress | | 33,287,911 |
| Art | | 20,700 |
| Land | | 7,434,617 |
| Land Improvements | | 49,812,083 |
| Buildings and building improvements | | 647,339,474 |
| Equipment and Vehicles | | 46,410,123 |
| Less: accumulated depreciation | | (314,811,837) |
| Total noncurrent assets | | 469,493,071 |
| **Total assets** | | 660,883,953 |
| Deferred Outflows | | |
| Pension related | | 84,050,910 |
| OPEB related | | 23,430,025 |
| **Total deferred outflows** | $ | 107,480,935 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**STATEMENT OF NET POSITION**
**JUNE 30, 2025**

| | | Governmental Activities |
|---|---|---|
| **LIABILITIES AND NET POSITION** | | |
| **LIABILITIES** | | |
| Accounts payable | | 1,398,619 |
| Accrued interest | | 1,914,950 |
| Accrued expenses | | 12,755,781 |
| Due to government | | - |
| Current portion of compensated absences | | 3,764,619 |
| Current portion finance purchase obligation | | 2,311,652 |
| Current portion of bonds payable | | 27,230,000 |
| Total current liabilities | | 49,375,621 |
| Noncurrent liabilities: | | |
| Bonds due in more than one year, net of premiums | | 112,048,976 |
| Finance purchase obligation due in more than one year | | 15,828,545 |
| Long term portion of compensated absences | | 9,125,681 |
| Net pension liability | | 434,386,221 |
| Net OPEB liability | | 58,945,392 |
| Total noncurrent liabilities | | 630,334,815 |
| Total liabilities | | 679,710,436 |
| Deferred inflows | | |
| Pension related | | 32,194,797 |
| OPEB related | | 46,441,535 |
| Total deferred inflows | | 78,636,332 |
| NET POSITION | | |
| Net investment in capital assets | | 312,073,898 |
| Restricted for: | | |
| Special revenue funds | | 24,512,294 |
| Debt service funds | | 31,937,373 |
| Capital projects funds | | 83,762,908 |
| Unrestricted | | (442,268,353) |
| Total net position | $ | 10,018,120 |

-

*See Notes to Financial Statements.*

*See Notes to Financial Statements*

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2025**

| Functions/Programs | Expenses | Program Revenues: Charges for Service | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenue and Changes in Net Position |
|---|---|---|---|---|---|
| **Primary government** | | | | | |
| Governmental activities | | | | | |
| Instruction | $ 193,194,407 | 2,060,535 | 34,548,288 | - | (156,585,584) |
| Support Services | | | | | |
| Students | 43,759,819 | - | 8,261,280 | - | (35,498,539) |
| Instruction | 17,620,044 | - | 2,865,885 | 2,913,116 | (11,841,043) |
| General Administration | 3,779,290 | - | 894,777 | - | (2,884,513) |
| School Administration | 13,129,197 | - | 3,583,174 | - | (9,546,023) |
| Central Services | 10,825,719 | - | 2,542,245 | - | (8,283,474) |
| Operation & Maintenance of Plant | 30,147,423 | - | 5,925,129 | - | (24,222,294) |
| Student Transportation | 10,842,051 | - | 7,769,458 | - | (3,072,593) |
| Other Support Services | 196,595 | - | - | - | (196,595) |
| Food Operations | 19,278,886 | 513,861 | 18,923,438 | - | 158,413 |
| Community Service | 312,137 | - | 55,693 | - | (256,444) |
| Interest on long-term debt | 4,116,461 | - | - | - | (4,116,461) |
| **Total Primary Government** | $ 347,202,029 | 2,574,396 | 85,369,367 | 2,913,116 | (256,345,150) |

| | |
|---|---|
| **General Revenues:** | |
| Property taxes: | |
| Levied for general purposes | 1,731,308 |
| Levied for debt service | 21,427,730 |
| Levied for capital projects | 20,403,199 |
| State Equalization Guarantee | 292,929,385 |
| Unrestricted investment earnings | 6,933,975 |
| Transfers | - |
| Miscellaneous | 1,351,376 |
| Total general revenues | 344,776,973 |
| Change in net position | 88,431,823 |
| Net Position - beginning as previously reported | (72,520,093) |
| Restatement of beginning net position | (5,893,610) |
| Net position - beginning as restated | (78,413,703) |
| Net Position - ending | $ 10,018,120 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2025**

| | | General Fund | | | |
|---|---|---|---|---|---|
| | | General Fund | Title I IASA 24101 | Entitlement IDEA-B 24106 | CRRSA ESSER II 24308 |
| **ASSETS** | | | | | |
| *Current Assets* | | | | | |
| Cash and cash equivalents | $ | 18,820,413 | 387,943 | 258,486 | - |
| Restricted cash | | - | - | - | - |
| Investments | | 18,902,800 | - | - | - |
| Accounts receivable | | | | | |
| Taxes | | 129,315 | - | - | - |
| Due from other governments | | - | 1,553,089 | 2,003,996 | - |
| Interfund receivables | | 7,125,305 | - | - | - |
| Other | | 228,122 | 197 | - | - |
| Prepaid expenses | | - | - | - | - |
| Inventory | | 343,420 | - | - | - |
| *Total assets* | $ | 45,549,375 | 1,941,229 | 2,262,482 | - |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| *Current Liabilities* | | | | | |
| Accounts payable | $ | 640,678 | 625 | - | - |
| Accrued payroll liabilities | | 10,771,463 | 387,942 | 258,486 | - |
| Due to government | | - | - | - | - |
| Interfund payables | | - | 1,552,662 | 2,003,996 | - |
| *Total liabilities* | | 11,412,141 | 1,941,229 | 2,262,482 | - |
| **DEFERRED INFLOWS** | | | | | |
| Unavailable revenues | | 108,042 | - | - | - |
| *Total deferred inflows* | | 108,042 | - | - | - |
| *Fund balances* | | | | | |
| Nonspendable | | 343,420 | - | - | - |
| Restricted by Grantor | | - | - | - | - |
| Restricted for Debt Service | | - | - | - | - |
| Restricted for Capital Projects | | - | - | - | - |
| Assigned | | 33,685,772 | - | - | - |
| Unassigned | | - | - | - | - |
| *Total fund balance* | | 34,029,192 | - | - | - |
| *Total liabilities, deferred inflows, and fund balance* | $ | 45,549,375 | 1,941,229 | 2,262,482 | - |

*See Notes to Financial Statements*

| ARP ESSER II 24330 | Bond Building 31100 | State Capital Improvement 31600 | Debt Service 41000 | Other Governmental Funds | Total Primary Government |
|---|---|---|---|---|---|
| - | - | - | - | 11,270,126 | 30,736,968 |
| - | 20,057,200 | 20,011,591 | 9,952 | 26,544,000 | 66,622,743 |
| - | 7,726,285 | 9,341,692 | 31,577,454 | 11,343,451 | 78,891,682 |
| - | - | 849,163 | 1,508,375 | 648,505 | 3,135,358 |
| - | - | - | - | 7,198,082 | 10,755,167 |
| - | - | - | - | - | 7,125,305 |
| - | 27,422 | 62,834 | 94,292 | 106,671 | 519,538 |
| - | - | - | - | - | - |
| - | - | - | - | 386,006 | 729,426 |
| - | 27,810,907 | 30,265,280 | 33,190,073 | 57,496,841 | 198,516,187 |
| - | 48,484 | 92,296 | - | 616,536 | 1,398,619 |
| - | - | - | - | 1,337,890 | 12,755,781 |
| - | - | - | - | - | - |
| - | - | - | - | 3,568,647 | 7,125,305 |
| - | 48,484 | 92,296 | - | 5,523,073 | 21,279,705 |
| - | - | 709,016 | 1,252,700 | 538,951 | 2,608,709 |
| - | - | 709,016 | 1,252,700 | 538,951 | 2,608,709 |
| - | - | - | - | 386,006 | 729,426 |
| - | - | - | - | 24,512,294 | 24,512,294 |
| - | - | - | 31,937,373 | - | 31,937,373 |
| - | 27,762,423 | 29,463,968 | - | 26,536,517 | 83,762,908 |
| - | - | - | - | - | 33,685,772 |
| - | - | - | - | - | - |
| - | 27,762,423 | 29,463,968 | 31,937,373 | 51,434,817 | 174,627,773 |
| - | 27,810,907 | 30,265,280 | 33,190,073 | 57,496,841 | 198,516,187 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**GOVERNMENTAL FUNDS**
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**
**JUNE 30, 2025**

| | | Governmental Funds |
|---|---|---|
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Fund balances - total governmental funds | $ | 174,627,773 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 469,493,071 |
| Defined benefit pension and OPEB plan deferred outflows are not financial resources and, therefore, are not reported in the funds | | 107,480,935 |
| Defined benefit pension and OPEB plan deferred inflows are not financial obligations and, therefore, are not reported in the funds | | (78,636,332) |
| Delinquent ad valorem assessments receivable are not available to pay current year expenditures and, therefore, are reported as deferred inflows in the fund financial statements | | 2,608,709 |
| Original bond issue discounts and premiums are not financial resources and, therefore, are not reported in the funds. | | |
| Bond Issuance Premiums Net of Accumulated Amortization | | (5,758,976) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds: | | |
| Accrued Interest | | (1,914,950) |
| Accrued Compensated Absences | | (12,890,300) |
| Net pension liability | | (434,386,221) |
| Net OPEB liability | | (58,945,392) |
| Finance Lease Obligation | | (18,140,197) |
| General Obligation Bons | | (133,520,000) |
| Net Position-total Governmental Activities | $ | 10,018,120 |

*See Notes to Financial Statements*

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | General Fund | Title I IASA 24101 | Entitlement IDEA-B 24106 | CRRSA ESSER II 24308 |
|---|---|---|---|---|
| Charges for service | $ 2,060,535 | - | - | - |
| Property taxes | 1,723,161 | - | - | - |
| State grants | 301,652,590 | - | - | - |
| Federal grants | 1,473,794 | 10,490,162 | 7,234,010 | - |
| Miscellaneous | 853,516 | - | - | - |
| Local and Private Sources | 174,768 | 197 | - | - |
| Interest | 1,785,980 | - | - | - |
| *Total revenues* | 309,724,344 | 10,490,359 | 7,234,010 | - |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | 195,221,081 | 4,175,812 | 3,636,464 | - |
| Support Services | | | | |
| Students | 33,745,644 | 1,923,965 | 3,583,903 | - |
| Instruction | 9,695,950 | 3,394,160 | - | - |
| General Administration | 2,505,122 | 497,578 | 13,643 | - |
| School Administration | 20,238,250 | 36,367 | - | - |
| Central Services | 13,787,268 | 81,432 | - | - |
| Operation & Maintenance of Plant | 30,562,642 | 4,750 | - | - |
| Student Transportation | 10,109,599 | 172,701 | - | - |
| Other Support Services | - | - | - | - |
| Food Services Operations | - | - | - | - |
| Community Service | 10,925 | 203,594 | - | - |
| Capital outlay | 1,449,738 | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 317,326,219 | 10,490,359 | 7,234,010 | - |
| *Excess (deficiency) of revenues over (under) expenditures* | (7,601,875) | - | - | - |
| *Other financing sources (uses)* | | | | |
| Bond Issuance Premiums | - | - | - | - |
| Bond Proceeds | - | - | - | - |
| Operating transfers | - | - | - | - |
| *Total other financing sources (uses)* | - | - | - | - |
| *Net change in fund balances* | (7,601,875) | - | - | - |
| *Fund balances (deficits), beginning of year* | 41,631,067 | - | - | - |
| *Fund balances, (deficits) end of year* | $ 34,029,192 | - | - | - |

| ARP ESSER II 24330 | Bond Building 31100 | State Capital Improvement 31600 | Debt Service 41000 | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| - | - | - | - | 513,861 | 2,574,396 |
| - | - | 11,326,264 | 21,327,933 | 8,981,212 | 43,358,570 |
| - | - | - | - | 14,418,776 | 316,071,366 |
| 9,418,005 | - | - | - | 33,471,567 | 62,087,538 |
| - | - | 353,533 | - | 144,327 | 1,351,376 |
| - | - | - | | 2,877,999 | 3,052,964 |
| - | 1,270,358 | 1,183,961 | 840,383 | 1,853,293 | 6,933,975 |
| 9,418,005 | 1,270,358 | 12,863,758 | 22,168,316 | 62,261,035 | 435,430,185 |
| | | | | | |
| 4,866,637 | - | - | - | 16,014,599 | 223,914,593 |
| 318,728 | - | - | - | 11,592,145 | 51,164,385 |
| 58,341 | - | - | - | 3,667,331 | 16,815,782 |
| 403,714 | - | 113,318 | 213,309 | 1,416,994 | 5,163,678 |
| 5,000 | - | - | - | 25,907 | 20,305,524 |
| 34,533 | - | - | - | 39,013 | 13,942,246 |
| - | - | - | - | 1,707,122 | 32,274,514 |
| 14,264 | - | - | - | 1,474,218 | 11,770,782 |
| - | 196,595 | - | - | - | 196,595 |
| - | - | - | - | 19,523,459 | 19,523,459 |
| - | - | - | - | 69,718 | 284,237 |
| 3,717,744 | 28,285,186 | 8,214,182 | - | 19,743,528 | 61,410,378 |
| - | - | - | 17,465,000 | - | 17,465,000 |
| - | - | - | 4,368,497 | - | 4,368,497 |
| 9,418,961 | 28,481,781 | 8,327,500 | 22,046,806 | 75,274,034 | 478,599,670 |
| | | | | | |
| (956) | (27,211,423) | 4,536,258 | 121,510 | (13,012,999) | (43,169,485) |
| | | | | | |
| - | - | - | 329,626 | - | 329,626 |
| - | 25,108,544 | - | - | - | 25,108,544 |
| - | - | - | - | - | - |
| - | 25,108,544 | - | 329,626 | - | 25,438,170 |
| (956) | (2,102,879) | 4,536,258 | 451,136 | (13,012,999) | (17,731,315) |
| 956 | 29,865,302 | 24,927,710 | 31,486,237 | 64,447,816 | 192,359,088 |
| - | 27,762,423 | 29,463,968 | 31,937,373 | 51,434,817 | 174,627,773 |

*See Notes to Financial Statements*

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | | Governmental Funds |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Net Change in fund balances - total governmental funds | $ | (17,731,315) |
| Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period. | | |
| Depreciation expense | | (22,634,772) |
| Capital Outlays | | 61,410,378 |
| Transfer/adjustment of assets | | 1,751,253 |
| Loss on Disposal of assets | | (39,252) |
| (Increase) decrease in Pension liability | | 57,035,666 |
| (Increase) decrease in OPEB liability | | 14,533,153 |
| Revenues that do not provide current financial resources are not reported as revenues in the fund statements but are reported in the Statement of Activities. These are the amounts by which the deferred inflows and outflows of resources changed from the prior year: | | |
| Increase in deferred inflows from property taxes | | 203,667 |
| The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, whereas these amounts are deferred and amortized in the statement of activities: | | |
| Amortization of Original Issue Premium | | 634,230 |
| (Increase) decrease in Accrued Interest Payable | | (4,663) |
| (Increase) decrease in Accrued Compensated Absences | | (1,412,873) |
| Finance Purchase Obligation Payments | | 2,221,351 |
| Bond proceeds | | (25,000,000) |
| Principal payments on bonds | | 17,465,000 |
| Change in Net Position-total Governmental Activities | $ | 88,431,823 |

*See Notes to Financial Statements*

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**GENERAL FUND - 11000, 13000, 14000, 22000, 23000, 80000/81000**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance |
| *Revenues* | | | | |
| Charges for service | $ 2,081,698 | 2,089,236 | 2,057,745 | (31,491) |
| Property taxes | 1,640,481 | 1,640,481 | 1,722,777 | 82,296 |
| State grants | 300,592,391 | 300,698,843 | 301,185,659 | 486,816 |
| Federal grants | 1,588,434 | 2,235,967 | 1,943,899 | (292,068) |
| Miscellaneous | 950,000 | 1,109,478 | 1,017,581 | (91,897) |
| Local and Private Sources | - | - | 33,455 | 33,455 |
| Interest | 1,000,100 | 1,814,488 | 1,785,980 | (28,508) |
| *Total revenues* | 307,853,104 | 309,588,493 | 309,747,096 | 158,603 |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | 213,495,650 | 208,673,842 | 195,113,811 | 13,560,031 |
| Support Services | | | | |
| Students | 33,054,675 | 34,578,874 | 33,745,644 | 833,230 |
| Instruction | 10,259,804 | 10,561,646 | 9,695,950 | 865,696 |
| General Administration | 2,634,819 | 3,178,752 | 2,505,122 | 673,630 |
| School Administration | 20,995,249 | 21,079,757 | 20,238,250 | 841,507 |
| Central Services | 16,187,382 | 15,982,957 | 13,787,268 | 2,195,689 |
| Operation & Maintenance of Plant | 32,259,524 | 33,469,578 | 30,562,642 | 2,906,936 |
| Student Transportation | 9,948,156 | 10,780,998 | 10,109,599 | 671,399 |
| Other Support Services | 9,500,000 | 12,500,000 | - | 12,500,000 |
| Food Services Operations | - | - | - | - |
| Community Service | 16,000 | 15,000 | 10,925 | 4,075 |
| Capital outlay | 1,446,779 | 1,139,664 | 1,557,008 | (417,344) |
| *Total expenditures* | 349,798,038 | 351,961,068 | 317,326,219 | 34,634,849 |
| *Excess (deficiency) of revenues over (under) expenditures* | (41,944,934) | (42,372,575) | (7,579,123) | 34,793,452 |
| *Other financing sources (uses)* | | | | |
| Designated cash | 41,944,934 | 42,372,575 | - | (42,372,575) |
| Operating transfers | - | - | - | - |
| *Total other financing sources (uses)* | 41,944,934 | 42,372,575 | - | (42,372,575) |
| *Net change in fund balances* | $ - | - | (7,579,123) | (7,579,123) |
| *Reconciliation to GAAP Basis:* | | | | |
| Revenue accruals | | | $ (22,752) | |
| Expenditure accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | $ (7,601,875) | |

*See Notes to Financial Statements*

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**TITLE I - 24101**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance |
| *Revenues* | | | | |
| State grants | $ - | - | - | - |
| Federal grants | 13,743,768 | 11,796,029 | 10,490,359 | (1,305,670) |
| Miscellaneous | - | - | - | - |
| Interest | - | - | - | - |
| *Total revenues* | 13,743,768 | 11,796,029 | 10,490,359 | (1,305,670) |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | 4,590,231 | 4,590,231 | 4,175,812 | 414,419 |
| Support Services | | | | |
| Students | 5,013,176 | 2,261,958 | 1,923,965 | 337,993 |
| Instruction | 3,319,941 | 3,675,238 | 3,394,160 | 281,078 |
| General Administration | 497,578 | 497,578 | 497,578 | - |
| School Administration | 59,563 | 59,563 | 36,367 | 23,196 |
| Central Services | 71,050 | 99,050 | 81,432 | 17,618 |
| Operation & Maintenance of Plant | 21,000 | 21,000 | 4,750 | 16,250 |
| Student Transportation | - | 370,182 | 172,701 | 197,481 |
| Other Support Services | - | - | - | - |
| Food Services Operations | - | - | - | - |
| Community Service | 171,229 | 221,229 | 203,594 | 17,635 |
| Capital outlay | - | - | - | - |
| *Total expenditures* | 13,743,768 | 11,796,029 | 10,490,359 | 1,305,670 |
| *Excess (deficiency) of revenues over (under) expenditures* | - | - | - | - |
| *Other financing sources (uses)* | | | | |
| Designated cash | - | - | - | - |
| Operating transfers | - | - | - | - |
| *Total other financing sources (uses)* | - | - | - | - |
| *Net change in fund balances* | $ - | - | - | - |
| *Reconciliation to GAAP Basis:* | | | | |
| Revenue accruals | | | - | |
| Expenditure accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | $ - | |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**IDEA-B - 24106**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance |
| *Revenues* | | | | |
| State grants | $ - | - | - | - |
| Federal grants | - | 7,731,639 | 7,234,010 | (497,629) |
| Miscellaneous | - | - | - | - |
| Interest | - | - | - | - |
| *Total revenues* | - | 7,731,639 | 7,234,010 | (497,629) |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | - | 3,868,068 | 3,636,464 | 231,604 |
| Support Services | | | | |
| Students | - | 3,849,928 | 3,583,903 | 266,025 |
| Instruction | - | - | - | - |
| General Administration | - | 13,643 | 13,643 | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & Maintenance of Plant | - | - | - | - |
| Student Transportation | - | - | - | - |
| Other Support Services | - | | - | - |
| Food Services Operations | - | - | - | - |
| Community Service | - | - | - | - |
| Capital outlay | - | - | - | - |
| *Total expenditures* | - | 7,731,639 | 7,234,010 | 497,629 |
| *Excess (deficiency) of revenues over (under) expenditures* | - | - | - | - |
| *Other financing sources (uses)* | | | | |
| Designated cash | - | - | - | - |
| Operating transfers | - | - | - | - |
| *Total other financing sources (uses)* | - | - | - | - |
| *Net change in fund balances* | $ - | - | - | - |
| *Reconciliation to GAAP Basis:* | | | | |
| Revenue accruals | | | - | |
| Expenditure accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | $ - | |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**CRRSA ESSER II - 24308**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance |
| *Revenues* | | | | |
| State grants | $ - | - | - | - |
| Federal grants | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Interest | - | - | - | - |
| *Total revenues* | - | - | - | - |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | - | - | - | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & Maintenance of Plant | - | - | - | - |
| Student Transportation | - | - | - | - |
| Other Support Services | - | | - | - |
| Food Services Operations | - | - | - | - |
| Community Service | - | - | - | - |
| Capital outlay | - | - | - | - |
| *Total expenditures* | - | - | - | - |
| *Excess (deficiency) of revenues over (under) expenditures* | - | - | - | - |
| *Other financing sources (uses)* | | | | |
| Designated cash | - | - | - | - |
| Operating transfers | - | - | - | - |
| *Total other financing sources (uses)* | - | - | - | - |
| *Net change in fund balances* | $ - | - | - | - |
| *Reconciliation to GAAP Basis:* | | | | |
| Revenue accruals | | | - | |
| Expenditure accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | $ - | |

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**ARP ESSER II - 24330**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance |
| *Revenues* | | | | |
| State grants | $ - | - | - | - |
| Federal grants | 19,209,823 | 12,764,482 | 9,418,005 | (3,346,477) |
| Miscellaneous | - | - | - | - |
| Interest | - | - | - | - |
| *Total revenues* | 19,209,823 | 12,764,482 | 9,418,005 | (3,346,477) |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | 7,764,749 | 6,080,291 | 6,044,491 | 35,800 |
| Support Services | | | | |
| Students | - | 318,728 | 318,728 | - |
| Instruction | 10,000 | 57,385 | 57,385 | - |
| General Administration | 415,074 | 403,714 | 403,714 | - |
| School Administration | - | 5,000 | 5,000 | - |
| Central Services | 20,000 | 34,533 | 34,533 | - |
| Operation & Maintenance of Plant | - | - | 0 | - |
| Student Transportation | - | 384,861 | 14,264 | 370,597 |
| Other Support Services | - | - | - | - |
| Food Services Operations | - | - | 0 | - |
| Community Service | - | - | 0 | - |
| Capital outlay | 11,000,000 | 5,479,970 | 2,539,890 | 2,940,080 |
| *Total expenditures* | 19,209,823 | 12,764,482 | 9,418,005 | 3,346,477 |
| *Excess (deficiency) of revenues over (under) expenditures* | - | - | - | - |
| *Other financing sources (uses)* | | | | |
| Designated cash | - | - | - | - |
| Operating transfers | - | - | - | - |
| *Total other financing sources (uses)* | - | - | - | - |
| *Net change in fund balances* | $ - | - | - | - |
| *Reconciliation to GAAP Basis:* | | | | |
| Revenue accruals | | | - | |
| Expenditure accruals | | | (956) | |
| Net change in fund balance (GAAP Basis) | | | $ (956) | |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**STATEMENT OF FIDUCIARY NET POSITION**
**June 30, 2025**

| | | Custodial Fund |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ | 110,968 |
| *Total Current Assets* | | 110,968 |
| **CURRENT LIABILITIES** | | |
| Accrued Liabilities | | 11,963 |
| *Total Current Liabilities* | | 11,963 |
| **NET POSITION** | | |
| Net Position | | 99,005 |
| *Total Net Position, Restricted for Beneficiaries* | $ | 99,005 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | | Custodial Fund |
|---|---|---|
| **Additions** | | |
| Contributions: | | |
| Donations | $ | 150,000 |
| *Total Additions* | | 150,000 |
| **Deductions** | | |
| Benefits Paid to Beneficiaries | | 186,750 |
| *Total Deductions* | | 186,750 |
| *Net increase (decrease) in fiduciary net position* | | (36,750) |
| **Net positions, beginning** | | 135,755 |
| **Net position, ending** | $ | 99,005 |

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Las Cruces Public School District No. 2 (the District) Board was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the state of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

The School Board operates forty schools within the District with a total enrollment of approximately 24,000 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

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

### Reporting Entity

The GASB Codification establishes criteria for determining the government reporting entity and component unit that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government,* since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Codification, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The District has no component units.

### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax and operational revenues to be available if they are collected within 60 days of the end of the current fiscal period. The district considers Grant revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

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

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Fund* accounts for the services of long-term debt not being financed by proprietary or nonexpendable trust funds.

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

Under the requirements of GASB No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following, which include funds that were not required to be presented as major but were at the discretion of management.

The General Fund is made up of the Operating Fund (11000), Pupil Transportation (13000), Instructional Materials (14000), Ad Valorem Taxes (15200), Athletics (22000), Non-Instructional Materials (23000), and Non-Instructional Activities (80000/81000). Fund 13000 is used to account for the State Equalization received from the State Department of Education which is used to pay for the costs associated with transporting school age children. Fund 14000 is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. Fund 15200 is used to account for ad valorem taxes and administrative fees received from the county the District resides in. Fund 22000 is used to account for fees generated at athletic activities. Fund 23000 are used to

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**
account for student activities other than athletics. Fund 80000/81000 is used to account for monies generated for individual schools within the district.

The *Title I IASA Special Revenue Fund (24101)* is used to account for the monies received from the State Department of Education and expended in the Title I program, which provides supplemental educational opportunities for academically disadvantaged children in the area of reading.

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

The *CRRSA ESSER II Act Fund (24308)* is used to account for monies received from the Federal Government. The money is part of the Elementary and Secondary School Emergency Relief (ESSER II) awards.

The ARP-ESSER III (24330) is used to assist schools to return safely to in-person instruction, maximize in-person instructional time, sustain the safe operation of schools, and address the academic, social, emotional, and mental health impacts of the COVID-19 pandemic on students.

The *Bond Building Capital Projects Fund (31100/31101/31102)* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

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

The *Debt Service Fund (41000)* is used to account for the accumulation of resources for the payment of Long-Debt principal and interest.

Additionally, the District reports the following custodial fund:

The *Fiduciary Fund* accounts for assets held by the District in a trustee capacity related to the *JPA – Community School Initiative Program* with the City of Las Cruces.

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Likewise, general revenues include all taxes.

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

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

The District had no required tax abatement disclosures to report in accordance with GASB No. 77 as of June 30, 2025.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

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

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

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

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

Advances between funds, as reported in the fund financial statements, are classified as nonspendable in the general fund to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Dona Ana County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the Dona Ana County Treasurer in July and August 2025 is considered "measurable and available" and, accordingly, is recorded as revenue during the year ended June 30, 2025.

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)**

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

*Inventory*: Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and nonfood supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

Inventories are classified as nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

*Capital Assets*: Capital assets, which include construction in progress, land and land improvements, building and building improvements, equipment, and vehicles are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, infrastructure assets have not been included in the June 30, 2025 financial statements of the District, since the District did not own any infrastructure assets as of June 30, 2025. Information technology equipment, including software, is being capitalized and included in equipment and vehicles as the District did not maintain internally developed software. The District expensed the cost of library books when purchased. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2025.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)**

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Land Improvements | 20 Years |
| Buildings/Building Improvements | 20 to 50 Years |
| Equipment and Vehicles | 4 to 20 Years |

*Unearned Revenues:* The District may report unearned revenues on its Statement of Net Position and various fund balance sheets. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

*Compensated Absences:* 12-month employees are entitled to accumulate annual leave up to 15 days per year, depending on length of service, and the employee's hire date. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 30 days.

Qualified employees are entitled to accumulate sick leave. Employees employed for 182 but not more than 219 days accrue one day per month, not to exceed 10 days per year. Employees employed for 220 days accrue one day per month, not to exceed 11 days per year. Employees employed for 240 days or more accrue one day per month, not to exceed 12 days per year. Accumulated sick leave is not paid out upon termination.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

*Long-term Obligations:* In the government-wide fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. During the year, $4,368,497 was recorded as interest on long-term debt in the fund financial statements.

*Deferred Outflows/Inflows of Resources*: In addition to assets, the statement of financial position reports 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 (expenses/expenditure) until then. The District is reporting $84,050,910 related to the pension plan and $23,430,025 related to OPEB in this category as of June 30, 2025.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)**

In addition to liabilities, the statement of financial position reports 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows that were related to the net pension liability in the amount of $32,194,797 and net OPEB liability of $46,441,535 as of June 30, 2025. The District also reported deferred inflows on the fund financial statements related to unavailable property tax revenue of $2,608,708 as of June 30, 2025.

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

*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 Retiree Health Care Authority (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Finance Lease Obligation:* Leases that substantially transfer all of the risks and benefits of ownership are accounted for as finance lease obligations. The underlying assets are included in the capital assets, and where appropriate, are amortized over the shorter of their economic useful lives or lease terms. The related finance lease obligations are included in the long-term liabilities in the government-wide financial statements.

*Net Position or Fund Balance:* In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

> *Net investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> *Restricted Net Position*: Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service, capital projects, or other."
>
> *Unrestricted Net Position*: All other net position that does not meet the definition of "restricted" or "investment in capital assets."

The government-wide statement of net position reports $140,212,575 of restricted net position, which is restricted by enabling legislation.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)**

The District reports fund balance based on generally accepted accounting principles using the following classifications:

- *Nonspendable* – portion of net resources that cannot be spent because of its form or because it must remain intact.
- *Restricted* – amounts constrained by external parties, constitutional provision, or enabling legislation.
- *Committed* – amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision-making authority. There are no committed funds in the current year.
- *Assigned* – amounts a government intends to use for a particular purpose. The Board of Education has the authority to assign.
- *Unassigned* – only the general fund may report positive unassigned fund balance.

*Use of Restricted Resources*: When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's policy to spend committed resources first.

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

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

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

### Revenues

*State Equalization Guarantee:* School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Article 8 Section 22-8-25, NMSA 1978) is at least equal to the school district's program cost."

A school district's program costs are determined through the use of various formulas using 'program units', which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual- multicultural education; 5) size, etc. Payment is made from the public-school fund under the authority of the Director of School Budget and Finance Analysis Bureau. The District received $292,929,385 in state equalization guarantee distributions during the year ended June 30, 2025.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)**

*Tax Revenues:* The District receives mill levy and ad-valorem tax revenues primarily for debt service, capital outlay and general operating purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized on the Statement of Revenues, Expenditures, and Changes in Fund Balance $43,562,237 in tax revenues during the year ended June 30, 2025. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

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

*Transportation Distributions:* School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of School Budget and Finance Analysis Bureau. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received $7,769,458 in transportation distributions during the year ended June 30, 2025.

*Instructional Materials:* The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 70% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 30% of each allocation is available for purchases directly from vendors. Allocations received from the state for the year ended June 30, 2025, totaled $0.

*Public School Capital Outlay:* Under the provisions of Chapter 22, Article 24, a public-school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public-school capital outlay council (Council) necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase or construction of temporary or permanent classrooms.

The Council approves the District's application for grant assistance from the fund when the Council determines that:

1. A critical need exists requiring action.
2. The residents of the school district have provided all available resources to the district to meet its capital outlay requirements.
3. The school district has used its resources in a prudent manner.
4. The school district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

During the year ended June 30, 2025, the District did not receive any funding in special capital outlay funds.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenues (Continued)

*SB-9 State Match:* The Director distributes to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of section 22-25-3 NMSA 1978, assuming a 100% collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the district under the Public School Capital Improvements Act. The distribution is made by December 1st of each year that the tax is imposed, in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure is reduced as necessary.

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

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

## NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Budgetary Information

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

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

Actual expenditures may not exceed the budget at the function level, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from the School Budget and Finance Analysis Bureau.

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

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

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

## NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

**Budgetary Information (Continued)**

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

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

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

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

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

7. Legal budget control for expenditures is by function.

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

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

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual line item.

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

## NOTE 3 CASH AND TEMPORARY INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed state investment requirements as of June 30, 2025.

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

The rate of interest in nondemand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than 100% of the asked price on United States treasury bills of the same maturity on the day of deposit.

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

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds on page 111 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the state of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate and separate from the $250,000 coverage for public unit demand deposits at the same institution. Additionally, all deposits in noninterest bearing transaction accounts (such as noninterest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

### Deposits

NM state statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for a least one half of the amount on deposit with the institution. The schedule listed below will meet the state of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

| | Bank of America | Citizens Bank Of Las Cruces | Demand Deposit US Bank |
|---|---|---|---|
| Total Amount of Deposits | $ - | 84,914,829 | 1,262,805 |
| FDIC Coverage | - | (250,000) | (250,000) |
| Total Uninsured Public Funds | - | 84,664,829 | 1,012,805 |
| Collateral Requirement (50% of Uninsured Public Funds) | - | 42,332,415 | 506,403 |
| Pledged Security | - | (51,430,918) | (1,500,000) |
| Total Under (Over) Collateralized | $ - | (9,098,503) | (993,597) |

## NOTE 3 CASH AND TEMPORARY INVESTMENTS (CONTINUED)

| | | Wells Fargo Bank | Total |
|---|---|---|---|
| Total Amount of Deposits | $ | 13,276,931 | 99,454,565 |
| FDIC Coverage | | (250,000) | (750,000) |
| Total Uninsured Public Funds | | 13,026,931 | 98,704,565 |
| Collateral Requirement (50% of Uninsured Public Funds) | | 6,513,466 | 49,352,283 |
| Pledged Security | | (7,643,496) | (60,574,414) |
| Total Under (Over) Collateralized | $ | (1,130,030) | (11,222,131) |

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2025, $38,130,151 of the District's bank balances were exposed to custodial credit risk as it was uninsured and uncollateralized. Overall, the District meets and exceeds the 50% requirement by $11,222,131.

**Investments**

As a participant in the New Mexico State Treasurer's Local Government Investment Pool (LGIP), the District is not required to categorize the value of shares in accordance with the fair value hierarchy. The District's investment in the LGIP represents a proportionate interest in the Pool's portfolio. The District'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. The District's investment in LGIP at June 30, 2025, was $78,888,883.

*Credit Risk* - 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 District's investment in the LGIP approximates the value of the District's pool share.

*Interest Rate Risk – Investments.* The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The District's investments were rated AAA by Moody's Investors Services and S&P and have a weighted average days to maturity (WAM R) of 30 days and (WAM F) of 39 days.

*Concentration Credit Risk – Investments.* For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in the State Pool-4101 LGIP Fund represent 100% of the investment portfolio. Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10- 63, NMSA 1978).

## NOTE 4 RECEIVABLES

| | | General | Title I IASA | IDEA-B | CRRSA ESSER II | ARP ESSER III | Bond Building | Capital Imprv HB 33 | Debt Service | Non Major Funds | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Property Taxes | $ | 129,315 | - | - | - | - | - | 849,163 | 1,508,375 | 648,505 | 3,135,358 |
| Due from Others | | - | 1,553,089 | 2,003,996 | - | - | - | - | - | 7,198,082 | 10,755,167 |
| Other | | 228,122 | 197 | - | - | - | 27,422 | 62,834 | 94,292 | 106,671 | 519,538 |
| | $ | 336,314 | 1,553,286 | 2,003,996 | - | - | 27,422 | 911,997 | 1,602,667 | 7,953,258 | 14,410,063 |

The above receivables are deemed 100% collectible.

## NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

"Interfund balances" have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. Interfund balances as of June 30, 2025, consist of the following:

| | Interfund Receivables | Interfund Payables |
|---|---|---|
| Governmental Activities: | | |
| Major Funds: | | |
| General Fund | $ 7,125,305 | $ - |
| Title I IASA | - | 1,552,662 |
| IDEA-B | - | 2,003,996 |
| CRRSA ESSER II | - | - |
| ARP-ESSER III | - | - |
| Nonmajor Funds: | | |
| Special Revenue Funds | - | 3,391,286 |
| Capital Project Funds | - | 177,361 |
| Total Governmental Activities | $ 7,125,305 | $ 7,125,305 |

## NOTE 6 CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2025. Land is not subject to depreciation.

| | | Balance June 30, 2024 | Additions | Deletions | Adjustments/ Transfers | Balance June 30, 2025 |
|---|---|---|---|---|---|---|
| Capital Assets not being depreciated: | | | | | | |
| Construction in Progress | $ | 31,970,505 | 54,547,673 | - | (53,230,267) | 33,287,911 |
| Art | | 20,700 | - | - | - | 20,700 |
| Land | | 7,434,617 | - | - | - | 7,434,617 |
| Total Capital Assets not being depreciated: | | 39,425,822 | 54,547,673 | - | (53,230,267) | 40,743,228 |
| Capital Assets being depreciated: | | | | | | |
| Land improvements | | 47,662,427 | 6,671 | (1,800) | 2,144,785 | 49,812,083 |
| Buildings and Improvements | | 596,030,803 | 223,189 | - | 51,085,482 | 647,339,474 |
| Equipment and Vehicles | | 40,862,067 | 6,632,845 | (1,084,789) | - | 46,410,123 |
| Total Capital Assets being depreciated | | 684,555,297 | 6,862,705 | (1,086,589) | 53,230,267 | 743,561,680 |
| Less Accumulated Depreciation: | | | | | | |
| Land Improvements | | (23,018,699) | (2,189,425) | 1,800 | 398 | (25,205,926) |
| Buildings and Improvements | | (243,597,614) | (17,525,424) | - | (58,507) | (261,181,545) |
| Equipment and Vehicles | | (28,359,342) | (2,919,923) | 1,045,537 | 1,809,362 | (28,424,366) |
| Total Accumulated Depreciation | | (294,975,655) | (22,634,772) | 1,047,337 | 1,751,253 | (314,811,837) |
| Total Capital Assets, Net | $ | 429,005,464 | 38,775,606 | (39,252) | 1,751,253 | 469,493,071 |

## NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2025 was charged to governmental activities as follows:

| | | |
|---|---|---|
| Instruction | $ | 13,179,441 |
| Support Services – Students | | 2,561,600 |
| Support Services - Instruction | | 1,299,569 |
| Support Services – General Administration | | 211,029 |
| Support Services – School Administration | | 759,562 |
| Central Services | | 780,044 |
| Operations and Maintenance of Plant | | 1,986,532 |
| Student Transportation | | 604,158 |
| Food Operations | | 1,224,937 |
| Community Services Operations | | 27,900 |
| Total | $ | 22,634,772 |

## NOTE 7 LONG-TERM DEBT

During the year ended June 30, 2025, the following changes occurred in the liabilities reported in the government-wide statement of net position:

| | | Balance June 30, 2024 | Additions | Deletions | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|---|
| Bonds Payable | $ | 125,985,000 | 25,000,000 | (17,465,000) | 133,520,000 | 27,230,000 |
| Unamortized Bond Premiums | | 6,393,206 | 397,806 | (1,032,036) | 5,758,976 | - |
| Finance Purchase Obligation | | 20,361,548 | - | (2,221,351) | 18,140,197 | 2,311,652 |
| Total Long-Term Debt | $ | 152,739,754 | 25,397,806 | (20,718,387) | 157,419,173 | 29,541,652 |

During the year ended June 30, 2025, the following changes occurred in accrued compensated absences:

| | | Balance June 30, 2024 | Restatement | As Restated June 30,2024 | Net Change | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|---|---|
| Compensated Absences | $ | 5,583,817 | 5,893,610 | 11,477,427 | 1,412,873 | 12,890,300 | 3,764,619 |

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes that are levied against all taxable property in the District. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually on August 1 and February 1. Interest rates on the bonds range from 2% to 5.25%. Principal payments in varying amounts are due annually on August 1 through 2038.

The annual requirements to amortize the General Obligation Bonds and Bond Anticipation Notes as of June 30, 2025, including interest payments, are as follows:

| Year Ending June 30, | | Principal | Interest | Total Debt Service |
|---|---|---|---|---|
| 2026 | $ | 27,230,000 | 4,158,150 | 31,388,150 |
| 2027 | | 16,600,000 | 3,396,370 | 14,782,090 |
| 2028 | | 13,925,000 | 2,745,900 | 14,677,775 |
| 2029 | | 12,415,000 | 2,206,313 | 14,522,273 |
| 2030 | | 10,825,000 | 1,792,086 | 14,033,813 |
| 2031-2035 | | 43,695,000 | 4,260,471 | 53,848,571 |
| 2036-2040 | | 8,830,000 | 380,000 | 14,321,486 |
| Total | $ | 133,520,000 | 18,939,289 | 148,023,062 |

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

## NOTE 7 LONG-TERM DEBT (CONTINUED)

**Finance Purchase Obligations**

The District entered into a finance purchase for the Early College High School (ECHS) I, Early College High School II, and Court Youth Center (CYC), LLC to acquire facilities for a charter school on August 1, 2010, April 1, 2013, and August 20, 2014, respectively. The total of the transaction (principal) is $18,000,000 for ECHS I, $15,500,000 for ECHS II, and $5,500,000 for CYC. Amortization of the financed buildings included $953,127 in the current year and is included with depreciation expense. The remaining balance on ECHS I, ECHS II, and CYC will be paid with equal semi-annual payments of $730,676, $567,827, and $202,806 beginning on August 1, 2012, May 1, 2015, and May 1, 2016, respectively. The District has a bargain purchase option to purchase all three buildings for $1.00 at the end of the purchase obligation period. The total remaining purchase obligation is $18,140,917, of which $2,311,612 is considered current. The following represents future minimum debt payments as of June 30, 2025:

| Year Ending June 30, | | Interest | Principal | Total Debt Service |
|---|---|---|---|---|
| 2026 | $ | 691,008 | 2,311,612 | 3,002,620 |
| 2027 | | 596,221 | 2,406,396 | 3,002,617 |
| 2028 | | 497,466 | 2,505,153 | 3,002,619 |
| 2029 | | 394,568 | 2,608,051 | 3,002,619 |
| 2030 | | 287,351 | 2,715,268 | 3,002,619 |
| 2031-2035 | | 368,456 | 5,594,437 | 5,962,893 |
| Total | $ | 2,835,070 | 18,140,917 | 20,975,987 |

**Compensated Absences**

Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2025, compensated absences decreased $208,882 over the prior year accrual.

## NOTE 8 RISK MANAGEMENT

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

The NMPSIA provides coverage for up to a maximum of $500,000,000 for each property damage claim with a $750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. Crime insurance has a limit of $2,000,000 per occurrence with a limit of insurance for faithful performance of $1,000,000.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2025 and for the three previous fiscal years, there have been no claims that have exceeded insurance coverage.

## NOTE 9 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2025:

  Major Funds: None
  Nonmajor Funds: None

## NOTE 10 PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

**Plan Description**

The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's annual comprehensive financial report. The report can be found on NMERB's Web site at https://www.erb.nm.gov/annual-reports.

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

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, junior and community colleges, public technical and vocational institutions, state special schools, charter schools, regional education cooperatives, the New Mexico Activities Association, and certain employees at state agencies that provide an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

**Benefits Provided**

A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier.

For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired after June 30, 2019 the multiplier accrues as follows:

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

**Benefits Provided (Continued)**

| Years of Service | Benefit Percentage Earned |
|---|---|
| 10 or less | 1.35% |
| 10.25 to 20 | 2.35% |
| 20.25 to 30 | 3.35% |
| 30.25 plus | 2.40% |

FAS is the average of the member's fiscal annual earnings for the last 20 calendar service quarters (60 months) prior to retirement or the highest average fiscal annual earning for any 20 consecutive calendar quarters.

***Summary of Plan Provisions for Retirement Eligibility by Tier –***

***Tier 1: Membership prior to July 1, 2010***

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more. Those who retire under the age of 60, and who have fewer than 25 years of earned service credit will receive reduced retirement benefits, or
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

***Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013***

Chapter 288, Laws of 2009 changed the eligibility requirements for new members who were first employed on or after July 1, 2010, and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 was refunded all members contributions and then becomes re-employed after July 1, 2010. These members must meet one of the following requirements.

- The member's age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits, or
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

***Tier 3: Membership beginning on or after July 1, 2013, but prior to July 1, 2019***

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

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

**Benefits Provided (Continued)**

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

***Tier 4: Membership beginning on or after July 1, 2019***

Section 2-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019, or who were employed before July 1, 2019 but terminated employment and subsequently withdrew all contributions and returned to work for an ERB employer on or after July 1, 2019. A member in this tier must meet one of the following requirements.

- The member is any age and has 30 or more years of earned service credit, or
- The member is at least 67 years of age and has 5 or more years of earned service credit, or
- The sum of the member's age and years of earned service credit equals at least 80.

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

***Benefit Options –*** The Plan has three benefit options available.

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

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

***Benefits Provided (Continued)***

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

***Cost of Living Adjustment* (COLA)** – All retired members and beneficiaries receiving benefits receive an adjustment in their benefit on July 1 following the year a member retires or July 1 following the year a member reaches the age below, whichever is later.

| Membership | Age Eligible for Cola |
|---|---|
| Tier 1 | 65 |
| Tier 2 | 65 |
| Tier 3 | 67 |
| Tier 4 | 67 |

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund's funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.

However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.

- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

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

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

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

**Contributions**

For the fiscal year ended June 30, 2025 and 2024 educational employers contributed to the Plan based on the following rate schedule.

| Fiscal Year | Date Range | Wage Category | Member Rate | Employer Rate | Combined Rate | Increase over Prior Year |
|---|---|---|---|---|---|---|
| 2025 | 7/1/24 to 6/30/25 | Over $24K | 10.70% | 18.15% | 28.85% | 0.00% |
| 2025 | 7/1/24 to 6/30/25 | $24K or less | 7.90% | 18.15% | 26.05% | 0.00% |
| 2024 | 7/1/23 to 6/30/24 | Over $24K | 10.70% | 18.15% | 28.85% | 1.00% |
| 2024 | 7/1/23 to 6/30/24 | $24K or less | 7.90% | 18.15% | 26.05% | 1.00% |

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2025 and 2024, the District paid employee and employer contributions of $62,664,985 and $59,984,335, which equal the amount of the required contributions for each fiscal year.

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

At June 30, 2025, the District reported a liability of $434,386,221 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2024, 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, 2024.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2024, actuarially determined. At June 30, 2024, the District's proportion was 4.94295%, which was an decrease of .09708% from its proportionate measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension income of $17,254,314. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 35,421,771 | 963,027 |
| Changes in assumptions | - | 11,384,122 |
| Net difference between projected and actual earnings on pension plan investments | - | 13,158,372 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 9,026,319 | 6,689,276 |
| Employer contributions subsequent to the measurement date | 39,602,820 | - |
| **Total** | **$ 84,050,910** | **32,194,797** |

$39,602,820 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

| Year ended June 30: | |
|---|---|
| 2025 | $ (2,357,320) |
| 2026 | 19,593,201 |
| 2027 | (1,419,805) |
| 2028 | (3,562,783) |
| 2029 | - |
| Thereafter | - |

**Actuarial Assumptions**

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Plan's actuary. The assumptions for the year ending June 30, 2024 were based on Board adopted assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019.

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

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.30% |
| Salary increases | Composed of 2.30% inflation, plus a 0.70% productivity increase rate, plus a step-rate promotional increase for members with less than 5 years of service. |
| Investment rate of return | 7.00% |
| Mortality | ***Healthy males:*** 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. |
| | ***Healthy females:*** Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. |

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)

**Actuarial Assumptions**

- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|---|---|---|
| Equities | 24% | |
| Fixed income | 23% | |
| Alternative | 52% | |
| Cash | 1% | |
| Total | 100% | 7.00% |

**Discount rate.**

A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2023. This is the same rate used for June 30, 2022. The 7.00% single discount rate was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.69%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the 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.

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

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.**
The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 597,305,442 | 434,386,221 | 299,550,881 |

**Pension plan fiduciary net position.**
Detailed information about the pension plan's fiduciary net position is available in the separately issued NMERB's financial reports. The reports can be found on NMERB's web site at https://www.erb.nm.gov/annual-reports/.

**Payables to the pension plan.**
The District did not accrue any payables for the pension plan at June 30, 2025. All 10-month teacher contracts for the school year are paid by fiscal year end.

## NOTE 11 POSTEMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN

**Plan Description**

Employees for the District 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 Statues 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**
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.

**NOTE 11 POSTEMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

**Employees covered by benefit terms –** At June 30, 2024, the Fund's measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Plan membership | |
| Current retirees and surviving spouses | 52,978 |
| Inactive and eligible for deferred benefit | 12,552 |
| Current active members | 93,595 |
| | 159,125 |
| Active membership | |
| State general | 18,462 |
| State police and corrections | 1,260 |
| Municipal general | 17,283 |
| Municipal police | 3,169 |
| Municipal fire | 2,419 |
| Educational Retirement Board | 51,002 |
| | 93,595 |

**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 statue and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the District were $4,396,194 for the year ended June 30, 2025.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2025, the District reported a liability of $58,945,392 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2024. At June 30, 2024, the District's proportion was 3.41099 percent.

For the year ended June 30, 2025, the District recognized OPEB income of $10,132,871. At June 30, 2025 the District 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 |
|---|---|---|
| Differences between expected and actual experience | $ 631,720 | 6,157,105 |
| Changes in assumptions | 11,030,160 | 37,379,452 |
| Changes in proportion | 6,845,063 | 2,904,978 |
| Net difference between projected and actual earnings on OPEB plan investments | 526,915 | - |
| Contributions subsequent to the measurement date | 4,396,194 | - |
| **Total** | $ **23,430,052** | **46,441,535** |

**NOTE 11 POSTEMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

Deferred outflows of resources totaling $4,396,194 represent District 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

| Year ended June 30: | | |
|---|---|---|
| 2025 | $ | (7,551,365) |
| 2026 | | (11,151,954) |
| 2027 | | (7,256,140) |
| 2028 | | (1,810,875) |
| 2029 | | 362,657 |
| Total | $ | (27,407,677) |

**Actuarial assumptions.**
The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to the measurement date of June 30, 2023, using the following actuarial assumptions:

| | |
|---|---|
| Valuation date | June 30, 2023 |
| Actuarial cost method | Entry age normal, level percent of pay, calculated on individual employee basis |
| Asset valuation method | Market value of assets |
| Inflation | 2.30% for ERB members; 2.50% for PERA members |
| Projected payroll increases | 3.00% to 13.00%, based on years of service, including inflation |
| Investment rate of return | 7.00%, 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 8.5% graded down to 4.5% over 16 years for Medicare medical plan costs |
| Mortality | ERB members: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%. |

**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.

## NOTE 11 POSTEMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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 | 1.6% |
| U.S. equity – large cap | 6.9% |
| Non U.S. – emerging markets | 8.7% |
| Non U.S. – developed equities | 7.2% |
| Private equity | 10.0% |
| Credit and structured finance | 3.7% |
| Real estate | 3.6% |
| Absolute return | 3.2% |
| U.S. equity – small/mid cap | 6.9% |

**Discount Rate** The discount rate used to measure the total OPEB liability is 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that 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 included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. The 7.00% assumed investment return on plan assets, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates**

The following presents the net OPEB liability, calculated using the discount rate of 7.00% as of June 30, 2024, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-pont higher than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| $ | 74,334,019 | 58,945,392 | 46,330,685 |

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates (Continued)**

The following presents the net OPEB liability of the District, as well as what the District'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:

**NOTE 11 POSTEMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

| | 1% Decrease | Current Trend Rates | 1% Increase |
|---|---|---|---|
| $ | 45,552,360 | 58,945,392 | 93,340,371 |

**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, 2024.

**Payables changes in the net OPEB liability**
At June 30, 2025, the District did not accrue any payables for OPEB. All 10-month teacher contracts for the school year are paid by fiscal year end.

**NOTE 12 CONTINGENT LIABILITIES**

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

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

**NOTE 13 COMMITMENTS**

The District has committed to pay several construction contractors for construction of District Facilities as of June 30, 2025. The commitments, in some instances, are projected for which costs will be shared with the New Mexico Public School Facilities Authority.

## NOTE 14 JOINT POWERS AGREEMENTS (JPA)

**JPA – Community School Initiative Program**

| | |
|---|---|
| Participants | Las Cruces Public Schools No. 2 and City of Las Cruces |
| Responsible Party | Las Cruces Public Schools No. 2 and City of Las Cruces |
| Description | To establish a Community Schools Initiative utilizing the combined resources of the Parties together with the resources of other public and private organizations. |
| Term of Agreement | Indefinite |
| Amount of Project | Varies |
| District Contributes | Creation of Partnership and Board. |
| Audit Responsibility | Las Cruces Public School District No. 2 |

**JPA – Education Services**

| | |
|---|---|
| Participants | Las Cruces Public Schools No. 2 and the New Mexico School for the Deaf |
| Responsible Party | Las Cruces Public Schools No. 2 and the New Mexico School for the Deaf |
| Description | To provide special education and related services to students placed with the NMSD by the District in accordance with the agreement. |
| Term of Agreement | July 1, 2023 to June 30, 2024 |
| Amount of Program | Varies |
| District Contributes | The District agrees to pay to the New School for the Deaf, an amount not to exceed $3,500 per student per school year for all eligible students reported by NMSD to the District as of December 1 child count for the 2021-2022, 2022-2023, and 2023-2024 school years, respectively. |
| Audit Responsibility | Las Cruces Public School District No. 2 |

## NOTE 15 RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 101, Compensated Absences, revises the accounting for leave benefits such as vacation and sick leave. It requires governments to recognize a liability for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. This standard simplifies measurement by using the employee's pay rate at the financial statement date and streamlines disclosures by allowing entities to report only the net change in the liability, rather than gross increases and decreases. This Statement was implemented at June 30, 2025, and changes have been included in Note 7, Compensated Absences.

GASB Statement No. 102, Certain Risk Disclosures, enhances transparency by requiring governments to disclose risks arising from concentrations and constraints that could significantly impact financial health. Concentrations refer to a lack of diversity in inflows or outflows—such as reliance on a single revenue source—while constraints involve limitations imposed by external parties or formal actions. If such risks are likely to materialize within 12 months of the financial statement issuance, governments must disclose the nature of the risk, related events, and any mitigation efforts. The District will take a structured approach to identifying and disclosing vulnerabilities related to concentrations and constraints that could significantly impact its operations or financial condition.

GASB Statement No. 103, Financial Reporting Model Improvements – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

## NOTE 16 NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued but are not yet effective at June 30, 2025.

GASB Statement No. 104, Disclosure of Certain Capital Assets – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

The District will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The District believes that the above listed new GASB pronouncements will not have a significant financial impact to the District or in issuing its financial statements.

## NOTE 17 SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2025, the date of the most recent statement of net position, has been evaluated for possible adjustment to the financial statements or disclosures is January 15, 2026, which is the date on which the financial statements were issued.

## NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE: GASB 101

Effective for the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB 101 establishes a unified recognition and measurement model for all types of compensated absences, including vacation leave, sick leave, and other paid time off.

As a result of this implementation, the Cooperative changed its method of accounting for compensated absences. Previously, liabilities were recognized only when certain criteria were met (e.g., vesting or payment upon termination). Under GASB 101, liabilities are recognized when leave is earned and attributable to services already rendered, regardless of whether the leave is vested or taken.

This change in accounting principle was applied retroactively by restating the beginning balances of the government-wide financial statements. The effect of the restatement is summarized below:

| | | 6/30/2024 As Previously Reported | Change Within Financial Reporting Entity | 6/30/2024 As Restated |
|---|---|---|---|---|
| Government-Wide | $ | 5,583,817 | 5,893,610 | 11,477,427 |

# REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOLS**
**SCHEDULE OF THE DISTRICT'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY**
**June 30, 2025**

**New Mexico Educational Retirement Board Pension Plan**
**For Last 10 Fiscal Years***

| | | June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal Year** | | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| **Measurement Date** | | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| District's Proportion of the Net Pension Liability (Asset) | | 4.94295% | 5.04003% | 4.86876% | 4.76860% | 4.70421% | 4.68410% | 4.68230% | 4.57489% | 4.46272% | 4.73255% |
| District's Proportionate Share of Net Pension Liability (Asset) | $ | 434,386,221 | 437,690,569 | 410,032,920 | 337,973,646 | 953,350,016 | 354,924,637 | 556,781,845 | 508,428,946 | 321,156,680 | 306,539,866 |
| District's Covered Payroll | $ | 208,817,980 | 194,561,075 | 165,012,455 | 152,874,678 | 152,959,511 | 136,986,403 | 130,856,604 | 130,283,547 | 127,456,763 | 134,530,374 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll | | 208.02% | 224.96% | 248.49% | 221.08% | 623.27% | 259.09% | 425.49% | 390.25% | 251.97% | 227.86% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 66.57% | 65.19% | 64.87% | 69.77% | 39.11% | 64.13% | 52.17% | 52.95% | 61.58% | 63.97% |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOLS**
**SCHEDULE OF DISTRICT CONTRIBUTIONS**
**June 30, 2025**

**New Mexico Educational Retirement Board Pension Plan**
**Last Ten Fiscal Years***

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Statutory Required Contributions | $ 39,602,820 | 37,900,470 | 33,367,224 | 24,999,387 | 21,631,767 | 21,261,372 | 19,041,110 | 18,189,068 | 18,109,413 | 17,716,490 | 18,699,722 |
| Contribution in Relation to the Statutorily Required Contributions | 39,602,820 | 37,900,470 | 33,367,224 | 24,999,387 | 21,631,767 | 21,261,372 | 19,041,110 | 18,189,068 | 18,109,413 | 17,716,490 | 18,699,722 |
| Annual Contribution Deficiency (Excess) | $ - | - | - | - | - | - | - | - | - | - | - |
| District's Covered Payroll | $ 218,197,298 | 208,817,980 | 194,561,075 | 165,012,455 | 152,874,678 | 152,959,511 | 136,986,403 | 130,856,604 | 130,283,547 | 127,456,763 | 134,530,374 |
| Contributions as a Percentage of Covered Payroll | 18.15% | 18.15% | 17.15% | 15.15% | 14.15% | 13.90% | 13.90% | 13.90% | 13.90% | 13.90% | 13.90% |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOLS**
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**
**June 30, 2025**

**New Mexico Retiree Healthcare Authority**
**For Last 10 Fiscal Years***

| | | June 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Fiscal Year** | | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Measurement Date** | | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** |
| District's Proportion of the Net OPEB liability (Asset) | | 3.30263% | 3.41099% | 3.25245% | 3.16563% | 3.11375% | 3.09404% | 3.06331% | 3.03470% |
| District's Proportionate Share of Net OPEB Liability (Asset) | $ | 58,945,392 | 58,086,942 | 75,183,848 | 104,160,300 | 130,743,498 | 100,320,805 | 133,203,588 | 137,522,681 |
| District's Covered Payroll | $ | 185,249,201 | 168,912,593 | 154,332,748 | 146,069,888 | 150,243,800 | 136,936,400 | 130,805,300 | 130,277,300 |
| Districts's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll | | 31.82% | 44.16% | 48.72% | 71.31% | 87.02% | 73.26% | 101.83% | 105.56% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 46.99% | 34.39% | 33.33% | 25.39% | 16.50% | 18.92% | 13.14% | 11.34% |

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.*

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOLS**
**SCHEDULE OF DISTRICT CONTRIBUTIONS**
**June 30, 2025**

**New Mexico Retiree Healthcare Authority**
**Last Ten Fiscal Years***

| | | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Contractually Required | $ | 4,396,194 | 4,206,257 | 3,907,016 | 3,304,149 | 3,057,525 | 3,004,876 | 2,738,728 | 2,616,106 |
| Contributions in Relation to the Contractually Required | | 4,396,194 | 4,206,257 | 3,907,016 | 3,304,149 | 3,057,525 | 3,004,876 | 2,738,728 | 2,616,106 |
| Contribution Deficiency (Excess) | $ | - | - | - | - | - | - | - | - |
| Employer's covered payroll | $ | 210,312,840 | 210,312,840 | 195,350,516 | 165,207,450 | 152,876,250 | 150,243,800 | 136,936,400 | 130,805,300 |
| Contributions as a percentage of covered payroll | | 2.09% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |

**This schedule is presented to*

*Changes in ERB benefit provisions.* There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2024.

*Changes in ERB assumptions and methods.* Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The assumption for year ending June 30, 2024 were based on Board adopted assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019.

*Retiree Health Care Authority (RHCA).* In the total OPEB liability measured as of June 30, 2024, changes in assumptions include adjustment resulting from an increase in the discount rate from 6.22% to 7%.

# SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET-GENERAL FUND**
**JUNE 30, 2025**

| | | Operational 11000 | Transportation 13000 | Instrucational Materials 14000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ | 15,962,637 | - | - |
| Restricted cash | | - | - | - |
| Investments | | 18,900,000 | - | - |
| Accounts receivable | | | | |
| Taxes | | 129,315 | - | - |
| Due from other governments | | - | - | - |
| Interfund receivables | | 7,125,305 | - | - |
| Other receivables | | 198,493 | - | - |
| Prepaid Expenses | | - | - | - |
| Inventory | | 343,420 | - | - |
| Total assets | $ | 42,659,170 | - | - |
| **LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES** | | | | |
| Current liabilities | | | | |
| Accounts payable | $ | 595,839 | - | - |
| Accrued payroll liabilities | | 10,769,766 | - | - |
| Due to government | | - | - | - |
| Interfund payables | | - | - | - |
| Total liabilities | | 11,365,605 | - | - |
| Deferred Inflows | | | | |
| Unavailable revenue | | 108,042 | - | - |
| Total deferred inflows | | 108,042 | - | - |
| Fund balances (deficit) | | | | |
| Nonspendable | | 343,420 | - | - |
| Restricted | | - | - | - |
| Committed | | - | - | - |
| Assigned | | 30,842,103 | - | - |
| Unassigned | | - | - | - |
| Total fund balance (deficit) | | 31,185,523 | - | - |
| Total liabilities, deferred inflows, and fund balance (deficit) | $ | 42,659,170 | - | - |

| Ad Valorem Taxes 15200 | Athletics Fund 22000 | Non-Instructional Materials 23000 | Non-Instructional Activities 80000/81000 | Totals |
|---|---|---|---|---|
| 588,615 | 402,653 | 1,849,521 | 16,987 | 18,820,413 |
| - | - | - | - | - |
| - | - | - | 2,800 | 18,902,800 |
| | | | | - |
| - | - | - | - | 129,315 |
| - | - | - | - | - |
| - | - | - | - | 7,125,305 |
| - | - | 29,629 | - | 228,122 |
| - | - | - | - | - |
| - | - | - | - | 343,420 |
| 588,615 | 402,653 | 1,879,150 | 19,787 | 45,549,375 |
| | | | | |
| - | - | 44,839 | - | 640,678 |
| - | 181 | 1,516 | - | 10,771,463 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 181 | 46,355 | - | 11,412,141 |
| | | | | |
| - | - | - | - | 108,042 |
| - | - | - | - | 108,042 |
| | | | | |
| - | - | - | - | 343,420 |
| - | - | - | - | - |
| - | - | - | - | - |
| 588,615 | 402,472 | 1,832,795 | 19,787 | 33,685,772 |
| - | - | - | - | - |
| 588,615 | 402,472 | 1,832,795 | 19,787 | 34,029,192 |
| 588,615 | 402,653 | 1,879,150 | 19,787 | 45,549,375 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**
**CHANGES IN FUND BALANCES -- GENERAL FUND**
**FOR YEAR ENDED JUNE 30, 2025**

| | Operational 11000 | Transportation 13000 | Instructional Materials 14000 |
|---|---|---|---|
| *Revenues* | | | |
| Charges for service | $ 132,908 | - | - |
| Property taxes | - | - | - |
| State grants | 293,883,132 | 7,769,458 | - |
| Federal grants | 1,473,794 | - | - |
| Miscellaneous | 852,716 | - | - |
| Local and Private Sources | - | - | - |
| Interest | 1,774,080 | - | - |
| *Total revenues* | 298,116,630 | 7,769,458 | - |
| *Expenditures* | | | |
| Current | | | |
| Instruction | 191,750,207 | - | - |
| Support Services | | | |
| Students | 33,742,335 | - | - |
| Instruction | 9,686,605 | - | - |
| General Administration | 2,487,890 | - | - |
| School Administration | 20,238,250 | - | - |
| Central Services | 13,787,268 | - | - |
| Operation & Maintenance of Plant | 30,534,983 | - | - |
| Student Transportation | 2,340,141 | 7,769,458 | - |
| Other Support Services | - | - | - |
| Food Services Operations | - | - | - |
| Community Service | 10,925 | - | - |
| Capital outlay | 1,557,008 | - | - |
| *Total expenditures* | 306,135,612 | 7,769,458 | - |
| *Excess (deficiency) of revenues over (under) expenditures* | (8,018,982) | - | - |
| *Other financing sources (uses)* | | | |
| Operating transfers | - | - | - |
| *Total other financing sources (uses)* | - | - | - |
| *Net change in fund balances* | (8,018,982) | - | - |
| *Fund balances (deficits), beginning of year* | 39,204,505 | - | - |
| *Fund balances, (deficits) end of year* | $ 31,185,523 | - | - |

| Ad Valorem Taxes 15200 | Athletics Fund 22000 | Non-Instructional Materials 23000 | Non-Instructional Activities 80000/81000 | Total |
|---|---|---|---|---|
| - | 493,383 | 1,431,454 | 2,790 | 2,060,535 |
| 1,723,161 | - | - | - | 1,723,161 |
| - | - | - | - | 301,652,590 |
| - | - | - | - | 1,473,794 |
| 800 | - | - | - | 853,516 |
| - | - | 174,108 | 660 | 174,768 |
| - | 12,472 | 1,706 | (2,278) | 1,785,980 |
| 1,723,961 | 505,855 | 1,607,268 | 1,172 | 309,724,344 |
| | | | | |
| 1,265,270 | 423,952 | 1,674,382 | - | 195,113,811 |
| - | - | - | 3,309 | 33,745,644 |
| 9,345 | - | - | - | 9,695,950 |
| 17,232 | - | - | - | 2,505,122 |
| - | - | - | - | 20,238,250 |
| - | - | - | - | 13,787,268 |
| 27,659 | - | - | - | 30,562,642 |
| - | - | - | - | 10,109,599 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 10,925 |
| - | - | - | - | 1,557,008 |
| 1,319,506 | 423,952 | 1,674,382 | 3,309 | 317,326,219 |
| 404,455 | 81,903 | (67,114) | (2,137) | (7,601,875) |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| 404,455 | 81,903 | (67,114) | (2,137) | (7,601,875) |
| 184,160 | 320,569 | 1,899,909 | 21,924 | 41,631,067 |
| 588,615 | 402,472 | 1,832,795 | 19,787 | 34,029,192 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR GOVERNMENTAL FUNDS**
**JUNE 30, 2025**

| | SPECIAL REVENUE | CAPITAL PROJECTS | TOTAL |
|---|---|---|---|
| **ASSETS** | | | |
| *Current Assets* | | | |
| Cash and cash equivalents | $ 11,270,126 | - | 11,270,126 |
| Restricted cash | - | 26,544,000 | 26,544,000 |
| Investments | 11,240,000 | 103,451 | 11,343,451 |
| Accounts receivable | | | - |
| Taxes | - | 648,505 | 648,505 |
| Due from other governments | 7,020,721 | 177,361 | 7,198,082 |
| Interfund receivables | - | - | - |
| Other receivables | 55,299 | 51,372 | 106,671 |
| Prepaid Expenses | - | - | - |
| Inventory | 386,006 | - | 386,006 |
| *Total assets* | $ 29,972,152 | 27,524,689 | 57,496,841 |
| **LIABILITIES AND FUND BALANCES** | | | |
| *Current Liabilities* | | | |
| Accounts payable | $ 344,676 | 271,860 | 616,536 |
| Accrued expenses | 1,337,890 | - | 1,337,890 |
| Due to government | - | - | - |
| Interfund payables | 3,391,286 | 177,361 | 3,568,647 |
| *Total liabilities* | 5,073,852 | 449,221 | 5,523,073 |
| **DEFERRED INFLOWS** | | | |
| Property taxes | - | 538,951 | 538,951 |
| *Total deferred inflows* | - | 538,951 | 538,951 |
| *Fund balances* | | | |
| Nonspendable | 386,006 | - | 386,006 |
| Restricted by Granton | 24,512,294 | - | 24,512,294 |
| Restricted for Capital Projects | - | 26,536,517 | 26,536,517 |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| *Total fund balance* | 24,898,300 | 26,536,517 | 51,434,817 |
| *Total liabilities and fund balance* | $ 29,972,152 | 27,524,689 | 57,496,841 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES**
**NONMAJOR GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | | SPECIAL REVENUE | CAPITAL PROJECTS | TOTAL |
|---|---|---|---|---|
| *Revenues* | | | | |
| Charges for Services | $ | 513,861 | - | 513,861 |
| Property taxes | | - | 8,981,212 | 8,981,212 |
| State grants | | 11,959,950 | 2,458,826 | 14,418,776 |
| Federal grants | | 33,471,567 | - | 33,471,567 |
| Miscellaneous | | 124,366 | 19,961 | 144,327 |
| Local and Private Sources | | 2,423,709 | 454,290 | 2,877,999 |
| Interest | | 489,890 | 1,363,403 | 1,853,293 |
| *Total revenues* | | 48,983,343 | 13,277,692 | 62,261,035 |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | | 16,014,599 | - | 16,014,599 |
| Support Services | | | | |
| Students | | 11,592,145 | - | 11,592,145 |
| Instruction | | 3,667,331 | - | 3,667,331 |
| General Administration | | 1,327,157 | 89,837 | 1,416,994 |
| School Administration | | 25,907 | - | 25,907 |
| Central Services | | 39,013 | - | 39,013 |
| Operation & Maintenance of Plant | | 1,707,122 | - | 1,707,122 |
| Student Transportation | | 1,474,218 | - | 1,474,218 |
| Other Support Services | | - | - | - |
| Food Services Operations | | 19,523,459 | - | 19,523,459 |
| Community Service | | 69,718 | - | 69,718 |
| Capital outlay | | 128,665 | 19,614,863 | 19,743,528 |
| Debt service | | | | |
| Principal | | - | - | - |
| Interest | | - | - | - |
| *Total expenditures* | | 55,569,334 | 19,704,700 | 75,274,034 |
| *Excess (deficiency) of revenues over (under) expenditures* | | (6,585,991) | (6,427,008) | (13,012,999) |
| *Other financing sources (uses)* | | | | |
| Operating Transfers | | - | - | - |
| Bond Issuance Costs | | - | - | - |
| *Total other financing sources (uses)* | | - | - | - |
| *Net change in fund balances* | | (6,585,991) | (6,427,008) | (13,012,999) |
| *Fund balances, beginning of year* | | 31,484,291 | 32,963,525 | 64,447,816 |
| *Fund balances, end of year* | $ | 24,898,300 | 26,536,517 | 51,434,817 |

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

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

**Universal Free Meals (21100) –** To account for funding to be used specifically for school meals – including breakfast, lunch, snack, and supper.

**Migrant Children Education IASA (24103) –** To account for federal resources administered by the State Public Education Department to provide for special educational needs of migratory agricultural workers (P.L. 100-297).

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

**Education of Homeless (24113) –** To ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth. Authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

**Fresh Fruits & Vegetables USDA (24118) –** To assist states, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769.

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

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

**Immigrant Funding Title III (24163) –** To provide funds to address the English Language Proficiency and Acquisition for English Learner Students, in its elementary and secondary schools.

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

**USDA Equipment Assistance Grant (24183) –** To purchase equipment needed to serve healthier meals, improve food safety, and to help support the establishment, maintenance, or expansion of the School Breakfast Program.

**Migrant Regional Recruiting (24187) –** To identify and recruit migrant students in New Mexico and support recruitment in other areas as needed. The work is performed through the region as assigned by the Department, and includes accurately documenting the facts of eligibility. Recruiter will assist in the monitoring of student academic progress and provide outreach to the families. In addition, recruiter will work with identified personnel in school districts to identify migrant students.

**Student Support and Academic Enrichment Grants (24189) –** To support well-rounded educational opportunities, safe and healthy students and effective use of technology.

**Comprehensive Literacy State Development (24194) –** To improve literacy skills of preschool children and significantly increase the percentage of elementary, middle, and high school students to meet the state's language and literacy standards, birth through grade 12.

**ARP-ESSER III Near Peer Tutoring (24333) –** To account for federal funding to provide opportunities for high school students to be compensated for providing near peer tutoring in reading and mathematics to elementary and middle school students enrolled in the same LEA.

**ARP-ESSER III Round 2 (24342) –** To account for federal funding to provide statewide access to courses through a virtual environment to support students, families and local education agencies.

**IDEA-B ARPA (24346) –** To account for federal funding received from the New Mexico Public Education Department for Grant to States Individuals with Disabilities Education Act/American Rescue Plan Act of 2021. Intended to help fund the education of individuals with disabilities.

**IDEA-B ARPA Preschool (24349) –** To account for federal funding received from the New Mexico Public Education Department for Grant to States Individuals with Disabilities Education Act/American Rescue Plan Act of 2021. Intended to help fund the education of individuals with disabilities at the preschool level.

**ARPA Homeless Children & Youth (24350) –** To account for funding received through the American Rescue Plan Elementary and Secondary Schools Emergency Relief Fund – Homeless Children and Youth to address the impact that the Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools.

**ARPA Homeless Emergency Rescue Fund (24355) –** To account for funding received through the American Rescue Plan Elementary and Secondary Schools Emergency Relief Fund – Homeless Children and Youth to address the impact that the Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools.

**Headstart (25127) –** To account for federal resources administered by the U.S. Department of Health and Human Services to provide comprehensive early childhood development for disadvantaged preschool children and their families. (Community Opportunities, Accountability and Training Act of 1998).

**Title XX – Health & Social Services (25129) –** To account for federal resources administered through the Human Service Department to provide day care benefits to qualifying low income families with dependent children (P.L. 103-66, P.L. 100-485).

**Impact Aid Special Education (25145) –** To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b)): where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

**Safe Routes to School NMDOT (25146) –** To account for funds administered by New Mexico Department of Transportation to promote or improve safety of walking and bicycling to school.

**Title XIX MEDICAID 3/21 Years (25153) –** To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

**EPA Clean School Bus Program (25273) –** To account for funding received from the U.S. Environmental Protection Agency's Clean School Bus Program to purchase new and clean schools buses to replace older, diesel fueled schools buses.

**DOE Full-Service Community School (25274) –** To account for the Full-Service Community School (FSCS) program to provide support for the planning, implementation, and operation of full-service community schools that improve the coordination, integration, accessibility, and effectiveness of services for children and families, particularly for children attending high-poverty schools, including high-poverty rural schools.

**REC District Fiscal Agent (26107) –** To account for funding under the Memorandum of Understanding Agreement entered into by and between the Region 9 Education Cooperative (REC 9) and Las Cruces Public Schools.

**Kellogg's Foundation (26121) –** To improve the quality of education for children in Dona Ana County by expanding community schools integrated services focused on academic, health, and social services. To improve student learning, create stronger families and build healthier communities.

**Daniels Funds (26141) –** To explore how early childhood education can be enhanced in Dona Ana County so that more children have access to high quality early childhood education. More specifically, to explore how partner organization's services in early childhood education can be aligned, expanded and/or become more accessible throughout Dona Ana County. Develop a cadre of "parent educators" who facilitate First Teacher or Abriendo Puertas with a common knowledge curriculum to enhance early childhood education throughout the county, and to improve "Workforce Development for Early Childhood Education."

**Spaceport GRT Grant Dona Ana County (26204) –** These funds are intended for middle and high school students who will explore aerospace-related topics and participate in activities and programs that enhance learning and promote post- secondary education, leading to careers in science, technology, engineering, and mathematics.

**2012 GO Bond Public School Library (27107) –** The purpose of the 2012 GOB Public School Library Award is to acquire library books and library resources for public school libraries statewide. These funds were made available through Senate Bill 66, Laws of 2012, 2$^{nd}$ Session, Chapter 54, Section 10.B(3).

**Instructional Materials (27109) –** This appropriation is intended specifically for the purchase of instructional materials to make up for shortfalls in past appropriations.

**NM Reads to Lead (27114) –** To account for state appropriated funding for Early Literacy and Reading Support. This funding is to be used specifically for public elementary schools, to leverage federal programming and improve literacy rates.

**Community Schools Planning Grant (27126) –** To be used to conduct an initial school and community needs assessment, to identify community supports and services through asset mapping, and for establishing a site-based leadership in order to implement the community school framework.

**Community Schools Implementation Grant (27127) –** To implement the community schools framework that includes active family and community engagement, collaborative leadership and practices, expended and enriched learning time and opportunities and integrated student supports, and to hire a community schools coordinator.

**New Mexico PreK Program (27149) –** The purpose of PreK is to ensure every child in New Mexico has the opportunity to attend a high-quality early childhood education program before kindergarten. The purpose of New Mexico PreK is to increase access to voluntary high-quality pre-kindergarten programs, provide developmentally appropriate activities for New Mexico children, expand early childhood community capacity, support linguistically and culturally appropriate curriculum, and focus on school readiness.

**NM Grown FVV (27183) –** The purpose of the NM Grown FVV appropriation is to provide for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs.

**Family Income Index (27407) –** To provide student support and services to schools serving the highest concentration of students living in poverty. These funds are required to be spent on literacy interventions, math interventions, and other student support and services.

**Next Gen CTE (27502) –** To support Local Educational Agencies (LEA) in the cost of starting new career technical education (CTE) programs of study.

**Transportation Summer Reading Program (27536) –** To provide transportation for the students of New Mexico for the Summer Literacy Program.

**CTE Statewide Innovation Zones (27552) –** To account for state appropriated funding for the Innovation Zone Initiative. This funding is awarded to support schools is their efforts to transform and align education throughout the high school. Each Innovation Zone will receive funding to support launching or continuing site-based transformation that aligns educational experiences with the community's expectations.

**FY24 Junior Bill Classroom Extension (27568) –** To account for funding for classroom extension programs.

**Bilingual Multicultural Ed Laws (27575) –** To account for funding made available to New Mexico districts and charter schools with an LCD approved state-funded BMEP to implement BMEP's, in accordance with the New Mexico State Bilingual Multicultural Education Act through approved services and methods.

**Behavioral Health Supports (27583) –** To be used specifically for public school districts to create and build inclusive, engaging, safe, and supportive learning environments through social emotional learning; to include wellness rooms as a place to cultivate SEL and strategy within a Multi-Layered System of Supports (MLSS).

**Attendance Success Initiative (27584) –** To fund the implementation of innovative, comprehensive plans that address student re-engagement, improved attendance, higher graduation rates and reduced dropout rates. The awards will fund plans that provide interventions and strategies to support students in the district from pre-k through 12th grade.

**ECHS Flowthrough Funding (27589) –** To be used to support early college high school programs in their efforts to transform and enhance education, ensuring seamless alignment throughout the high school experience, with the goal of promoting and expanding the ECHS model throughout NM.

**Regional Alliance Science/Eng/Math NMSU (28160) –** Regional Alliance/ Science/ English/ Math NMSU – To account for funds from NMSU for Teacher Outreach in the science, technology, engineering, and mathematics curriculum.

**GRADS Child Care CYFD (28189) –** To account for an agreement to provide childcare services in conjunction with the Graduation, Reality, and Dual Role Skills Program. Funding is provided by State of New Mexico Children Youth and Families Department.

**GRADS Instruction (28190) –** To provide grants to states, territories, or tribes to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193.

**Safe Routes to School DOH (28199) –** To account for monies received from the Department of Health to expand opportunities to promote safe routes to schools within the District and to encourage active living for children where they live, learn, and play.

**ECECD Direct (28208)** – These funds are made available via the American Rescue Plan Act to invest in New Mexico's childcare system to ensure childcare providers are economically stable and that safe, high quality, and affordable child care is available for all families.

**NM Economic Development Department – Outdoor Equity Fund (28210) –** To account for funds received from the New Mexico Outdoor Recreation Division (ORD), a division of the New Mexico Economic Development Department, to enable all New Mexican youth equitable access to the outdoors. The grant supports programming that provides outdoor experiences that foster stewardship and respect for New Mexico's land, water and cultural heritage.

**Private Dir Grants (Categorical) (29102) –** To account for local grants awarded to provide additional funding for specific projects.

**School Based Health Centers (29130) –** To account for funds administered by the Department of Health and the County of Dona Ana in support of providing Primary Care and Mental Health Service on school campus.

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

**Public Schools Capital Outlay (31200) –** To account for funding from the Public School Capital Outlay Council. These funds are used to remodel, erect, refurbish, purchase or improve schools grounds, or any combination thereof as determined by PSCOC.

**Special Capital Outlay – Local (31300) –** To account for revenues that are derived from local sources, such as the sale of a building.

**Special Capital Outlay – State (31400) –** – Direct Appropriation to purchase, install, and equip weight room equipment for Onate High School.

**Capital Improvements SB9 State Match (31700) –** To account for erecting, remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds, or any combination thereof, as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching. (22-25-1 to 22-25-10 NMSA 1978).

**Capital Improvements SB9 Local Fund (31701) –** To account for erecting, remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as identified by the local school board. Financing is provided by a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10 NMSA 1978).

**SB-9 State Match Cash – Local (31703) –** To account for erecting, remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds, or any combination thereof, as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching. (22-25-1 to 22-25-10 NMSA 1978). This funding used to be 31700 but is now Fund 31703.

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR SPECIAL REVENUE FUNDS**
**JUNE 30, 2025**

| | | Food Services | Universal Free Meals | Migrant Children Ed IA |
|---|---|---|---|---|
| | | 21000 | 21100 | 24103 |
| **ASSETS** | | | | |
| *Current Assets* | | | | |
| Cash and cash equivalents | $ | 633,709 | 3,817,724 | - |
| Restricted cash | | - | - | - |
| Investments | | - | - | - |
| Accounts receivable | | | | |
| Taxes | | - | - | - |
| Due from other governments | | 1,598,073 | 229,927 | 16,363 |
| Interfund receivables | | - | - | - |
| Other | | 15 | - | - |
| Prepaid Expenses | | - | - | - |
| Inventory | | 386,006 | - | - |
| *Total assets* | $ | 2,617,803 | 4,047,651 | 16,363 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| *Current Liabilities* | | | | |
| Accounts payable | $ | 195,270 | - | - |
| Accrued payroll liabilities | | 315,620 | - | - |
| Due to government | | - | - | - |
| Interfund payables | | - | - | 16,363 |
| *Total liabilities* | | 510,890 | - | 16,363 |
| **DEFERRED INFLOWS** | | | | |
| Property taxes | | - | - | - |
| *Total deferred inflows* | | - | - | - |
| *Fund balances* | | | | |
| Nonspendable | | 386,006 | - | - |
| Restricted by Grantor | | 1,720,907 | 4,047,651 | - |
| Restricted for Capital Projects | | - | - | - |
| Assigned | | - | - | - |
| Unassigned | | - | - | - |
| *Total fund balance* | | 2,106,913 | 4,047,651 | - |
| *Total liabilities, deferred inflows, and fund balance* | $ | 2,617,803 | 4,047,651 | 16,363 |

| Education of Homeless 24109 | Education of Homeless 24113 | IDEA-B Private Schools 24115 | Fresh Fruits & Vegetables USDA 24118 | English Language Acquisition 24153 |
|---|---|---|---|---|
| 8,129 | 14 | 98 | - | 8,932 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 9,087 | 1,956 | 372 | 22,991 | 205,737 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 17,216 | 1,970 | 470 | 22,991 | 214,669 |
| - | - | - | - | 298 |
| 8,129 | 14 | 98 | - | 8,932 |
| - | - | - | - | - |
| 9,087 | 1,956 | 372 | 22,991 | 205,439 |
| 17,216 | 1,970 | 470 | 22,991 | 214,669 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 17,216 | 1,970 | 470 | 22,991 | 214,669 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR SPECIAL REVENUE FUNDS**
**JUNE 30, 2025**

| | | Teacher/Principal Training & Recruiting | Immigrant Funding Title III | Carl D. Perkins Secondary PY Obligation |
|---|---|---|---|---|
| | | 24154 | 24163 | 24174 |
| **ASSETS** | | | | |
| *Current Assets* | | | | |
| Cash and cash equivalents | $ | 47,610 | - | 6 |
| Restricted cash | | - | - | - |
| Investments | | - | - | - |
| Accounts receivable | | | | |
| Taxes | | - | - | - |
| Due from other governments | | 149,336 | - | 49,524 |
| Interfund receivables | | - | - | - |
| Other | | 62 | - | - |
| Prepaid Expenses | | - | - | - |
| Inventory | | - | - | - |
| *Total assets* | $ | 197,008 | - | 49,530 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| *Current Liabilities* | | | | |
| Accounts payable | $ | 60 | - | - |
| Accrued payroll liabilities | | 47,612 | - | 6 |
| Due to government | | - | - | - |
| Interfund payables | | 149,336 | - | 49,524 |
| *Total liabilities* | | 197,008 | - | 49,530 |
| **DEFERRED INFLOWS** | | | | |
| Property taxes | | - | - | - |
| *Total deferred inflows* | | - | - | - |
| *Fund balances* | | | | |
| Nonspendable | | - | - | - |
| Restricted by Grantor | | - | - | - |
| Restricted for Capital Projects | | - | - | - |
| Assigned | | - | - | - |
| Unassigned | | - | - | - |
| *Total fund balance* | | - | - | - |
| *Total liabilities, deferred inflows, and fund balance* | $ | 197,008 | - | 49,530 |

| Carl D. Perkins Secondary Redistribution 24176 | USDA Equipment Assistance Grant 24183 | Migrant Regional Recruiting 24187 | Student Support and Academic Enrichment Grants 24189 | Title 1 Comprehensive Support 24190 |
|---|---|---|---|---|
| - | - | - | 31,879 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | 121,551 | 9,445 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 153,430 | 9,445 |
| | | | | |
| - | - | - | - | - |
| - | - | - | 31,879 | - |
| - | - | - | - | - |
| - | - | - | 121,551 | 9,445 |
| - | - | - | 153,430 | 9,445 |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| | | | | |
| - | - | - | 153,430 | 9,445 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR SPECIAL REVENUE FUNDS**
**JUNE 30, 2025**

| | | Comprehensive Literacy State Development 24194 | Stronger Connections 24196 | ARP-ESSER III Near Peer Tutoring 24333 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| *Current Assets* | | | | |
| Cash and cash equivalents | $ | 2,635 | - | - |
| Restricted cash | | - | - | - |
| Investments | | - | - | - |
| Accounts receivable | | | | |
| Taxes | | - | - | - |
| Due from other governments | | 137,536 | 138,668 | - |
| Interfund receivables | | - | - | - |
| Other | | - | - | - |
| Prepaid Expenses | | - | - | - |
| Inventory | | - | - | - |
| *Total assets* | $ | 140,171 | 138,668 | - |
| **LIABILITIES AND FUND BALANCES** | | | | |
| *Current Liabilities* | | | | |
| Accounts payable | $ | - | - | - |
| Accrued payroll liabilities | | 2,635 | - | - |
| Due to government | | - | - | - |
| Interfund payables | | 137,536 | 138,668 | - |
| *Total liabilities* | | 140,171 | 138,668 | - |
| **DEFERRED INFLOWS** | | | | |
| Property taxes | | - | - | - |
| *Total deferred inflows* | | - | - | - |
| *Fund balances* | | | | |
| Nonspendable | | - | - | - |
| Restricted by Grantor | | - | - | - |
| Restricted for Capital Projects | | - | - | - |
| Assigned | | - | - | - |
| Unassigned | | - | - | - |
| *Total fund balance* | | - | - | - |
| *Total liabilities, deferred inflows, and fund balance* | $ | 140,171 | 138,668 | - |

| ARP ESSER III Round 2 24342 | IDEA-B ARPA 24346 | IDEA-B ARPA Preschool 24349 | APRA Homeless Children & Youth 24350 | ARPA-HCY 2 Homeless Emergency Rescue Fund 24355 |
|---|---|---|---|---|
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR SPECIAL REVENUE FUNDS**
**JUNE 30, 2025**

| | | Headstart 25127 | Title XX- Health & Social Services 25129 | Impact Aid Special Education 25145 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| *Current Assets* | | | | |
| Cash and cash equivalents | $ | 166,460 | 340,422 | 83 |
| Restricted cash | | - | - | - |
| Investments | | - | - | - |
| Accounts receivable | | | | |
| Taxes | | - | - | - |
| Due from other governments | | 524,931 | - | - |
| Interfund receivables | | - | - | - |
| Other | | - | - | - |
| Prepaid Expenses | | - | - | - |
| Inventory | | - | - | - |
| *Total assets* | $ | 691,391 | 340,422 | 83 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| *Current Liabilities* | | | | |
| Accounts payable | $ | - | - | - |
| Accrued payroll liabilities | | 166,460 | 2,404 | - |
| Due to government | | - | - | - |
| Interfund payables | | 524,931 | - | - |
| *Total liabilities* | | 691,391 | 2,404 | - |
| **DEFERRED INFLOWS** | | | | |
| Property taxes | | - | - | - |
| *Total deferred inflows* | | - | - | - |
| *Fund balances* | | | | |
| Nonspendable | | - | - | - |
| Restricted by Grantor | | - | 338,018 | 83 |
| Restricted for Capital Projects | | - | - | - |
| Assigned | | - | - | - |
| Unassigned | | - | - | - |
| *Total fund balance* | | - | 338,018 | 83 |
| *Total liabilities, deferred inflows, and fund balance* | $ | 691,391 | 340,422 | 83 |

| Safe Routes to School NMDOT 25146 | Title XIX MEDICAID 3/21 Years 25153 | Congressionally Funded Community Projects 25225 | EPA Clean School Bus Program 25273 | DOE Full Service Community School 25274 |
|---|---|---|---|---|
| 12,179 | 2,582,019 | - | 132 | 13,408 |
| - | - | - | - | - |
| - | 11,240,000 | - | - | - |
| - | - | - | - | - |
| 96,762 | 473,980 | - | - | 48,898 |
| - | - | - | - | - |
| - | 55,222 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 108,941 | 14,351,221 | - | 132 | 62,306 |
| - | 10,362 | - | - | 9,000 |
| 12,179 | 304,507 | - | - | 13,408 |
| - | - | - | - | - |
| 96,762 | - | - | - | 39,898 |
| 108,941 | 314,869 | - | - | 62,306 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 14,036,352 | - | 132 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 14,036,352 | - | 132 | - |
| 108,941 | 14,351,221 | - | 132 | 62,306 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR SPECIAL REVENUE FUNDS**
**JUNE 30, 2025**

| | | REC District Fiscal Agent 26107 | Kellogg's Foundation 26121 | Daniel's Fund 26141 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| *Current Assets* | | | | |
| Cash and cash equivalents | $ | 132,907 | 132,903 | 329 |
| Restricted cash | | - | - | - |
| Investments | | - | - | - |
| Accounts receivable | | | | |
| Taxes | | - | - | - |
| Due from other governments | | 606,690 | - | - |
| Interfund receivables | | - | - | - |
| Other | | - | - | - |
| Prepaid Expenses | | - | - | - |
| Inventory | | - | - | - |
| *Total assets* | $ | 739,597 | 132,903 | 329 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| *Current Liabilities* | | | | |
| Accounts payable | $ | - | - | - |
| Accrued payroll liabilities | | 98,784 | 25 | - |
| Due to government | | - | - | - |
| Interfund payables | | 640,813 | - | - |
| *Total liabilities* | | 739,597 | 25 | - |
| **DEFERRED INFLOWS** | | | | |
| Property taxes | | - | - | - |
| *Total deferred inflows* | | - | - | - |
| *Fund balances* | | | | |
| Nonspendable | | - | - | - |
| Restricted by Grantor | | - | 132,878 | 329 |
| Restricted for Capital Projects | | - | - | - |
| Assigned | | - | - | - |
| Unassigned | | - | - | - |
| *Total fund balance* | | - | 132,878 | 329 |
| *Total liabilities, deferred inflows, and fund balance* | $ | 739,597 | 132,903 | 329 |

| Spaceport GRT Grant Dona Ana County 26204 | 2012 GO Bond Public School Library 27107 | Instructional Materials 27109 | NM Reads to Lead 27114 | Community Schools Planning Grant 27126 |
|---|---|---|---|---|
| | | | | |
| 2,849,405 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| 1,222,429 | 85,027 | - | 18,901 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 4,071,834 | 85,027 | - | 18,901 | - |
| | | | | |
| 15,162 | - | - | - | - |
| 132,840 | - | - | - | - |
| - | - | - | - | - |
| - | 85,027 | - | 18,901 | - |
| 148,002 | 85,027 | - | 18,901 | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| 3,923,832 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 3,923,832 | - | - | - | - |
| | | | | |
| 4,071,834 | 85,027 | - | 18,901 | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR SPECIAL REVENUE FUNDS**
**JUNE 30, 2025**

| | | Schools Implementation Grant 27127 | New Mexico PreK Program 27149 | NM Grown FFV 27183 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| *Current Assets* | | | | |
| Cash and cash equivalents | $ | 359 | 124,720 | - |
| Restricted cash | | - | - | - |
| Investments | | - | - | - |
| Accounts receivable | | | | |
| Taxes | | - | - | - |
| Due from other governments | | - | 389,669 | - |
| Interfund receivables | | - | - | - |
| Other | | - | - | - |
| Prepaid Expenses | | - | - | - |
| Inventory | | - | - | - |
| *Total assets* | $ | 359 | 514,389 | - |
| **LIABILITIES AND FUND BALANCES** | | | | |
| *Current Liabilities* | | | | |
| Accounts payable | $ | 359 | - | - |
| Accrued payroll liabilities | | - | 124,720 | - |
| Due to government | | - | - | - |
| Interfund payables | | - | 389,669 | - |
| *Total liabilities* | | 359 | 514,389 | - |
| **DEFERRED INFLOWS** | | | | |
| Property taxes | | - | - | - |
| *Total deferred inflows* | | - | - | - |
| *Fund balances* | | | | |
| Nonspendable | | - | - | - |
| Restricted by Grantor | | - | - | - |
| Restricted for Capital Projects | | - | - | - |
| Assigned | | - | - | - |
| Unassigned | | - | - | - |
| *Total fund balance* | | - | - | - |
| *Total liabilities, deferred inflows, and fund balance* | $ | 359 | 514,389 | - |

| Intergovernmental Agreement 27400 | Family Income Index 27407 | Aviation CTE Las Cruces 27501 | Next Gen CTE 27502 | Train Secondary Educators 27523 |
|---|---|---|---|---|
| 19,870 | 40,327 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 304,363 | 150,227 | 21,193 | 782 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 324,233 | 190,554 | 21,193 | 782 | - |
| 109,714 | - | 175 | - | - |
| 19,869 | 40,327 | - | - | - |
| - | - | - | - | - |
| 194,650 | 150,227 | 21,018 | 782 | - |
| 324,233 | 190,554 | 21,193 | 782 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
|  | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 324,233 | 190,554 | 21,193 | 782 | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR SPECIAL REVENUE FUNDS**
**JUNE 30, 2025**

| | Community Schools 27528 | Transportation Summer Reading Program 27536 | CTE Statewide Innovation Zones 27552 |
|---|---|---|---|
| **ASSETS** | | | |
| *Current Assets* | | | |
| Cash and cash equivalents | $ 4,229 | - | $ 1,190 |
| Restricted cash | - | - | - |
| Investments | - | - | - |
| Accounts receivable | | | |
| Taxes | - | - | - |
| Due from other governments | 13,227 | 19,963 | 249,208 |
| Interfund receivables | - | - | - |
| Other | - | - | - |
| Prepaid Expenses | - | - | - |
| Inventory | - | - | - |
| *Total assets* | $ 17,456 | 19,963 | $ 250,398 |
| **LIABILITIES AND FUND BALANCES** | | | |
| *Current Liabilities* | | | |
| Accounts payable | $ - | - | $ - |
| Accrued payroll liabilities | 4,229 | - | 1,190 |
| Due to government | - | - | - |
| Interfund payables | 13,227 | - | 249,208 |
| *Total liabilities* | 17,456 | - | 250,398 |
| **DEFERRED INFLOWS** | | | |
| Property taxes | - | - | - |
| *Total deferred inflows* | - | - | - |
| *Fund balances* | | | |
| Nonspendable | - | - | - |
| Restricted by Grantor | - | 19,963 | - |
| Restricted for Capital Projects | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| *Total fund balance* | - | 19,963 | - |
| *Total liabilities, deferred inflows, and fund balance* | $ 17,456 | 19,963 | $ 250,398 |

| FY24 Junior Classroom Extension 27568 | Bilingual Multicultural Ed Laws 27575 | Behavioral Health Supports 27583 | Attendance Success Initiative 27584 | ECHS Flowthrough Funding 27589 |
|---|---|---|---|---|
| - | - | - | 185 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 73,599 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 73,784 | - |
| - | - | - | - | - |
| - | - | - | 185 | - |
| - | - | - | - | - |
| - | - | - | 73,599 | - |
| - | - | - | 73,784 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 73,784 | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR SPECIAL REVENUE FUNDS**
**JUNE 30, 2025**

| | | Improving Educational & Cultural Outcomes 27901 | Regn. Alliance Science/Eng/Math NMSU 28160 | GRADS Child Care CYFD 28189 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| *Current Assets* | | | | |
| Cash and cash equivalents | $ | 61 | 3,714 | - |
| Restricted cash | | - | - | - |
| Investments | | - | - | - |
| Accounts receivable | | | | |
| Taxes | | - | - | - |
| Due from other governments | | 30,306 | - | - |
| Interfund receivables | | - | - | - |
| Other | | - | - | - |
| Prepaid Expenses | | - | - | - |
| Inventory | | - | - | - |
| *Total assets* | $ | 30,367 | 3,714 | - |
| **LIABILITIES AND FUND BALANCES** | | | | |
| *Current Liabilities* | | | | |
| Accounts payable | $ | - | - | - |
| Accrued payroll liabilities | | 61 | - | - |
| Due to government | | - | - | - |
| Interfund payables | | 30,306 | - | - |
| *Total liabilities* | | 30,367 | - | - |
| **DEFERRED INFLOWS** | | | | |
| Property taxes | | - | - | - |
| *Total deferred inflows* | | - | - | - |
| *Fund balances* | | | | |
| Nonspendable | | - | - | - |
| Restricted by Grantor | | - | 3,714 | - |
| Restricted for Capital Projects | | - | - | - |
| Assigned | | - | - | - |
| Unassigned | | - | - | - |
| *Total fund balance* | | - | 3,714 | - |
| *Total liabilities, deferred inflows, and fund balance* | $ | 30,367 | 3,714 | - |

| GRADS Instruction 28190 | Safe Routes to School DOH 28199 | ECECD Direct 28208 | NM Econ Dev Dept 28210 | Private Dir. Grants (Categorical) 29102 |
|---|---|---|---|---|
| 5,840 | 71,718 | 18,699 | 54,802 | 143,429 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 5,840 | 71,718 | 18,699 | 54,802 | 143,429 |
| 4,276 | - | - | - | - |
| 1,564 | - | - | - | 213 |
| - | - | - | - | - |
| - | - | - | - | - |
| 5,840 | - | - | - | 213 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 71,718 | 18,699 | 54,802 | 143,216 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 71,718 | 18,699 | 54,802 | 143,216 |
| 5,840 | 71,718 | 18,699 | 54,802 | 143,429 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING BALANCE SHEET**
**NONMAJOR SPECIAL REVENUE FUNDS**
**JUNE 30, 2025**

| | School Based Health Centers 29130 | Total |
|---|---|---|
| **ASSETS** | | |
| *Current Assets* | | |
| Cash and cash equivalents | $ - | 11,270,126 |
| Restricted cash | - | - |
| Investments | - | 11,240,000 |
| Accounts receivable | | |
| Taxes | - | - |
| Due from other governments | - | 7,020,721 |
| Interfund receivables | - | - |
| Other | - | 55,299 |
| Prepaid Expenses | - | - |
| Inventory | - | 386,006 |
| *Total assets* | $ - | 29,972,152 |
| **LIABILITIES AND FUND BALANCES** | | |
| *Current Liabilities* | | |
| Accounts payable | $ - | 344,676 |
| Accrued payroll liabilities | - | 1,337,890 |
| Due to government | - | - |
| Interfund payables | - | 3,391,286 |
| *Total liabilities* | - | 5,073,852 |
| **DEFERRED INFLOWS** | | |
| Property taxes | - | - |
| *Total deferred inflows* | - | - |
| *Fund balances* | | |
| Nonspendable | - | 386,006 |
| Restricted by Grantor | - | 24,512,294 |
| Restricted for Capital Projects | - | - |
| Assigned | - | - |
| Unassigned | - | - |
| *Total fund balance* | - | 24,898,300 |
| *Total liabilities, deferred inflows, and fund balance* | $ - | 29,972,152 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Food Services 21000 | Universal Free Meals 21100 | Migrant Children Ed IA 24103 |
|---|---|---|---|
| Charges for service | $ 513,861 | - | - |
| Property taxes | - | - | - |
| State grants | - | 1,955,069 | - |
| Federal grants | 14,856,857 | - | 198,990 |
| Miscellaneous | 24,016 | - | - |
| Local and Private Sources | - | - | - |
| Interest | 2,065 | 3,108 | - |
| *Total revenues* | 15,396,799 | 1,958,177 | 198,990 |
| *Expenditures* | | | |
| Current | | | |
| Instruction | - | - | 128,324 |
| Support Services | | | |
| Students | - | - | 63,426 |
| Instruction | - | - | 1,932 |
| General Administration | 754,621 | - | 5,308 |
| School Administration | - | - | - |
| Central Services | - | - | - |
| Operation & Maintenance of Plant | - | - | - |
| Student Transportation | - | - | - |
| Other Support Services | - | - | - |
| Food Services Operations | 19,098,885 | 28,809 | - |
| Community Service | - | - | - |
| Capital outlay | - | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| *Total expenditures* | 19,853,506 | 28,809 | 198,990 |
| *Excess (deficiency) of revenues over (under) expenditures* | (4,456,707) | 1,929,368 | - |
| *Other financing sources (uses)* | | | |
| Proceeds from bond issue | - | - | - |
| Operating Transfers | - | - | - |
| *Total other financing sources (uses)* | - | - | - |
| *Net change in fund balances* | (4,456,707) | 1,929,368 | - |
| *Fund balances, beginning of year* | 6,563,620 | 2,118,283 | - |
| *Fund balances, (deficits) end of year* | $ 2,106,913 | 4,047,651 | - |

| Education of Homeless 24109 | Education of Homeless 24113 | IDEA-B Private Schools 24115 | Fresh Fruits & Vegetables USDA 24118 | English Language Acquisition 24153 |
|---|---|---|---|---|
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 145,929 | 106,062 | 1,832 | 250,505 | 552,086 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 145,929 | 106,062 | 1,832 | 250,505 | 552,086 |
| 145,929 | 48,268 | 1,832 | - | 128,432 |
| - | 56,392 | - | - | 1,672 |
| - | - | - | - | 333,138 |
| - | 1,402 | - | - | 28,748 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 250,505 | - |
| - | - | - | - | 60,096 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 145,929 | 106,062 | 1,832 | 250,505 | 552,086 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | | Teacher/Principal Training & Recruiting 24154 | Immigrant Funding Title III 24163 | Carl D. Perkins Secondary PY Obligation 24174 |
|---|---|---|---|---|
| Charges for service | $ | - | - | - |
| Property taxes | | - | - | - |
| State grants | | - | - | - |
| Federal grants | | 1,273,493 | - | 253,265 |
| Miscellaneous | | - | - | - |
| Local and Private Sources | | 62 | - | - |
| Interest | | - | - | - |
| *Total revenues* | | 1,273,555 | - | 253,265 |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | | 95,630 | - | 165,468 |
| Support Services | | | | |
| Students | | - | - | - |
| Instruction | | 1,109,030 | - | 66,507 |
| General Administration | | 66,300 | - | 12,799 |
| School Administration | | 2,595 | - | 8,491 |
| Central Services | | - | - | - |
| Operation & Maintenance of Plant | | - | - | - |
| Student Transportation | | - | - | - |
| Other Support Services | | - | - | - |
| Food Services Operations | | - | - | - |
| Community Service | | - | - | - |
| Capital outlay | | - | - | - |
| Debt service | | | | |
| Principal | | - | - | - |
| Interest | | - | - | - |
| *Total expenditures* | | 1,273,555 | - | 253,265 |
| *Excess (deficiency) of revenues over (under) expenditures* | | - | - | - |
| *Other financing sources (uses)* | | | | |
| Proceeds from bond issue | | - | - | - |
| Operating Transfers | | - | - | - |
| *Total other financing sources (uses)* | | - | - | - |
| *Net change in fund balances* | | - | - | - |
| *Fund balances, beginning of year* | | - | - | - |
| *Fund balances, (deficits) end of year* | $ | - | - | - |

| Carl D. Perkins Secondary Redistribution 24176 | USDA Equipment Assistance Grant 24183 | Migrant Regional Recruiting 24187 | Student Support and Academic Enrichment Grants 24189 | Title 1 Comprehensive Support 24190 |
|---|---|---|---|---|
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 26,865 | - | - | 695,292 | 415,797 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 26,865 | - | - | 695,292 | 415,797 |
| | | | | |
| 26,865 | - | - | 63,213 | 169,836 |
| | | | | |
| - | - | - | 283,815 | 15,210 |
| - | - | - | 312,079 | 230,751 |
| - | - | - | 36,185 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 5,999 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| 26,865 | - | 5,999 | 695,292 | 415,797 |
| - | - | (5,999) | - | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | (5,999) | - | - |
| - | - | 5,999 | - | - |
| - | - | - | - | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Comprehensive Literacy State Development 24194 | Stronger Connections 24196 | ARP-ESSER III Near Peer Tutoring 24333 |
|---|---|---|---|
| Charges for service | $ - | - | - |
| Property taxes | - | - | - |
| State grants | - | - | - |
| Federal grants | 495,344 | 1,684,795 | - |
| Miscellaneous | - | - | - |
| Local and Private Sources | - | - | - |
| Interest | - | - | - |
| *Total revenues* | 495,344 | 1,684,795 | - |
| *Expenditures* | | | |
| Current | | | |
| Instruction | 491,001 | - | - |
| Support Services | | | |
| Students | 196 | - | - |
| Instruction | 4,147 | - | - |
| General Administration | - | - | - |
| School Administration | - | - | - |
| Central Services | - | - | - |
| Operation & Maintenance of Plant | - | 1,684,795 | - |
| Student Transportation | - | - | - |
| Other Support Services | - | - | - |
| Food Services Operations | - | - | - |
| Community Service | - | - | - |
| Capital outlay | - | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| *Total expenditures* | 495,344 | 1,684,795 | - |
| *Excess (deficiency) of revenues over (under) expenditures* | - | - | - |
| *Other financing sources (uses)* | | | |
| Proceeds from bond issue | - | - | - |
| Operating Transfers | - | - | - |
| *Total other financing sources (uses)* | - | - | - |
| *Net change in fund balances* | - | - | - |
| *Fund balances, beginning of year* | - | - | - |
| *Fund balances, (deficits) end of year* | $ - | - | - |

| ARP ESSER III Round 2 24342 | IDEA-B ARPA 24346 | IDEA-B ARPA Preschool 24349 | APRA Homeless Children & Youth 24350 | ARPA-HCY 2 Homeless Emergency Rescue Fund 24355 |
|---|---|---|---|---|
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 2,249 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 2,249 |
| - | - | - | - | - |
| - | - | - | - | 2,249 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 2,249 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | | Headstart 25127 | Title XX- Health & Social Services 25129 | Impact Aid Special Education 25145 |
|---|---|---|---|---|
| Charges for service | $ | - | - | - |
| Property taxes | | - | - | - |
| State grants | | - | - | - |
| Federal grants | | 4,463,314 | 160,048 | - |
| Miscellaneous | | - | - | - |
| Local and Private Sources | | - | - | - |
| Interest | | - | - | - |
| *Total revenues* | | 4,463,314 | 160,048 | - |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | | 3,072,586 | 71,314 | - |
| Support Services | | | | |
| Students | | 1,084,858 | - | - |
| Instruction | | 139,167 | - | - |
| General Administration | | 164,665 | - | - |
| School Administration | | - | - | - |
| Central Services | | - | - | - |
| Operation & Maintenance of Plant | | 2,038 | - | - |
| Student Transportation | | - | - | - |
| Other Support Services | | - | - | - |
| Food Services Operations | | - | - | - |
| Community Service | | - | - | - |
| Capital outlay | | - | - | - |
| Debt service | | | | |
| Principal | | - | - | - |
| Interest | | - | - | - |
| *Total expenditures* | | 4,463,314 | 71,314 | - |
| *Excess (deficiency) of revenues over (under) expenditures* | | - | 88,734 | - |
| *Other financing sources (uses)* | | | | |
| Proceeds from bond issue | | - | - | - |
| Operating Transfers | | - | - | - |
| *Total other financing sources (uses)* | | - | - | - |
| *Net change in fund balances* | | - | 88,734 | - |
| *Fund balances, beginning of year* | | - | 249,284 | 83 |
| *Fund balances, (deficits) end of year* | $ | - | 338,018 | 83 |

| Safe Routes to School NMDOT 25146 | Title XIX MEDICAID 3/21 Years 25153 | Congressionally Funded Community Projects 25225 | EPA Clean School Bus Program 25273 | DOE Full Service Community School 25274 |
|---|---|---|---|---|
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 353,444 | 6,949,145 | 107,270 | - | 478,985 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 480,535 | - | - | - |
| 353,444 | 7,429,680 | 107,270 | - | 478,985 |
| | | | | |
| 275 | - | - | - | 93,475 |
| | | | | |
| 348,367 | 7,715,254 | - | - | 324,071 |
| 4,802 | 16,694 | - | - | 11,869 |
| - | - | - | - | - |
| - | - | - | - | 8,506 |
| - | 4,019 | - | - | 29,700 |
| - | 1,262 | - | - | 1,742 |
| - | - | - | 1,473,537 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 9,622 |
| - | - | 107,270 | - | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| 353,444 | 7,737,229 | 107,270 | 1,473,537 | 478,985 |
| - | (307,549) | - | (1,473,537) | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | (307,549) | - | (1,473,537) | - |
| - | 14,343,901 | - | 1,473,669 | - |
| - | 14,036,352 | - | 132 | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | REC District Fiscal Agent 26107 | Kellogg's Foundation 26121 | Daniel's Fund 26141 |
|---|---|---|---|
| Charges for service | $ - | - | - |
| Property taxes | - | - | - |
| State grants | 2,732,332 | - | - |
| Federal grants | - | - | - |
| Miscellaneous | - | 100,350 | - |
| Local and Private Sources | - | - | - |
| Interest | - | - | - |
| *Total revenues* | 2,732,332 | 100,350 | - |
| *Expenditures* | | | |
| Current | | | |
| Instruction | 2,730,415 | 12,378 | - |
| Support Services | | | |
| Students | 1,279 | 54,954 | - |
| Instruction | 638 | 49,305 | - |
| General Administration | - | 3,202 | - |
| School Administration | - | - | - |
| Central Services | - | 5,294 | - |
| Operation & Maintenance of Plant | - | - | - |
| Student Transportation | - | - | - |
| Other Support Services | - | - | - |
| Food Services Operations | - | - | - |
| Community Service | - | - | - |
| Capital outlay | - | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| *Total expenditures* | 2,732,332 | 125,133 | - |
| *Excess (deficiency) of revenues over (under) expenditures* | - | (24,783) | - |
| *Other financing sources (uses)* | | | |
| Proceeds from bond issue | - | - | - |
| Operating Transfers | - | - | - |
| *Total other financing sources (uses)* | - | - | - |
| *Net change in fund balances* | - | (24,783) | - |
| *Fund balances, beginning of year* | - | 157,661 | 329 |
| *Fund balances, (deficits) end of year* | $ - | 132,878 | 329 |

| Spaceport GRT Grant Dona Ana County 26204 | 2012 GO Bond Public School Library 27107 | Instructional Materials 27109 | NM Reads to Lead 27114 | Community Schools Planning Grant 27126 |
|---|---|---|---|---|
| - | - | - | - | - |
| - | - | - | - | - |
| - | 338,246 | - | 143,603 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 2,396,647 | - | - | - | - |
| 4,182 | - | - | - | - |
| 2,400,829 | 338,246 | - | 143,603 | - |
| 4,403,693 | - | 39 | 133,005 | - |
| - | - | - | - | - |
| 305,159 | 338,246 | - | 10,598 | - |
| 67,654 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 4,776,506 | 338,246 | 39 | 143,603 | - |
| (2,375,677) | - | (39) | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| (2,375,677) | - | (39) | - | - |
| 6,299,509 | - | 39 | - | - |
| 3,923,832 | - | - | - | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | | Community Schools Implementation Grant 27127 | New Mexico PreK Program 27149 | NM Grown FFV 27183 |
|---|---|---|---|---|
| Charges for service | $ | - | - | - |
| Property taxes | | - | - | - |
| State grants | | - | 3,567,877 | 145,260 |
| Federal grants | | - | - | - |
| Miscellaneous | | - | - | - |
| Local and Private Sources | | - | - | - |
| Interest | | - | - | - |
| *Total revenues* | | - | 3,567,877 | 145,260 |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | | - | 2,445,500 | - |
| Support Services | | | | |
| Students | | - | 751,839 | - |
| Instruction | | - | 220,953 | - |
| General Administration | | - | 149,585 | - |
| School Administration | | - | - | - |
| Central Services | | - | - | - |
| Operation & Maintenance of Plant | | - | - | - |
| Student Transportation | | - | - | - |
| Other Support Services | | - | - | - |
| Food Services Operations | | - | - | 145,260 |
| Community Service | | - | - | - |
| Capital outlay | | - | - | - |
| Debt service | | | | |
| Principal | | - | - | - |
| Interest | | - | - | - |
| *Total expenditures* | | - | 3,567,877 | 145,260 |
| *Excess (deficiency) of revenues over (under) expenditures* | | - | - | - |
| *Other financing sources (uses)* | | | | |
| Proceeds from bond issue | | - | - | - |
| Operating Transfers | | - | - | - |
| *Total other financing sources (uses)* | | - | - | - |
| *Net change in fund balances* | | - | - | - |
| *Fund balances, beginning of year* | | - | - | - |
| *Fund balances, (deficits) end of year* | $ | - | - | - |

| Intergovernmental Agreement 27400 | Family Income Index 27407 | Aviation CTE Las Cruces 27501 | Next Gen CTE 27502 | FY24 FY25 Train Secondary Educators 27523 |
|---|---|---|---|---|
| - | - | - | - | - |
| - | - | - | - | - |
| 857,338 | 655,781 | 65,327 | 205,051 | 65,260 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 857,338 | 655,781 | 65,327 | 205,051 | 65,260 |
| | | | | |
| - | 614,323 | 65,327 | 193,234 | 65,260 |
| | | | | |
| 559,167 | 12,699 | - | - | - |
| 251,863 | 28,759 | - | 11,089 | - |
| 36,688 | - | - | - | - |
| - | - | - | 491 | - |
| - | - | - | - | - |
| 9,620 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| 857,338 | 655,781 | 65,327 | 204,814 | 65,260 |
| - | - | - | 237 | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 237 | - |
| - | - | - | (237) | - |
| - | - | - | - | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | | Next Gen CTE 27528 | Transportation Summer Reading Program 27536 | CTE Statewide Innovation Zones 27552 |
|---|---|---|---|---|
| Charges for service | $ | - | - | - |
| Property taxes | | - | - | - |
| State grants | | 187,249 | 19,963 | 562,646 |
| Federal grants | | - | - | - |
| Miscellaneous | | - | - | - |
| Local and Private Sources | | - | - | - |
| Interest | | - | - | - |
| *Total revenues* | | 187,249 | 19,963 | 562,646 |
| *Expenditures* | | | | |
| Current | | | | |
| Instruction | | 9,355 | - | 562,883 |
| Support Services | | | | |
| Students | | - | - | - |
| Instruction | | 177,894 | - | - |
| General Administration | | - | - | - |
| School Administration | | - | - | - |
| Central Services | | - | - | - |
| Operation & Maintenance of Plant | | - | - | - |
| Student Transportation | | - | 681 | - |
| Other Support Services | | - | - | - |
| Food Services Operations | | - | - | - |
| Community Service | | - | - | - |
| Capital outlay | | - | - | - |
| Debt service | | | | |
| Principal | | - | - | - |
| Interest | | - | - | - |
| *Total expenditures* | | 187,249 | 681 | 562,883 |
| *Excess (deficiency) of revenues over (under) expenditures* | | - | 19,282 | (237) |
| *Other financing sources (uses)* | | | | |
| Proceeds from bond issue | | - | - | - |
| Operating Transfers | | - | - | - |
| *Total other financing sources (uses)* | | - | - | - |
| *Net change in fund balances* | | - | 19,282 | (237) |
| *Fund balances, beginning of year* | | - | 681 | 237 |
| *Fund balances, (deficits) end of year* | $ | - | 19,963 | - |

| FY24 Junior Classroom Extension 27568 | Bilingual Multicultural Ed Laws 27575 | Behavioral Health Supports 27583 | Attendance Success Initiative 27584 | ECHS Flowthrough Funding 27589 |
|---|---|---|---|---|
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 316,072 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 316,072 | - |
| | | | | |
| - | - | - | 16,893 | - |
| | | | | |
| - | - | - | 253,779 | - |
| - | - | - | 42,661 | - |
| - | - | - | - | - |
| - | - | - | 2,739 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 316,072 | - |
| - | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Improving Educational & Cultural Outcomes 27901 | Regn. Alliance Science/Eng/Math NMSU 28160 | GRADS Child Care CYFD 28189 |
|---|---|---|---|
| Charges for service | $ - | - | - |
| Property taxes | - | - | - |
| State grants | 60,300 | - | 5,064 |
| Federal grants | - | - | - |
| Miscellaneous | - | - | - |
| Local and Private Sources | - | - | - |
| Interest | - | - | - |
| *Total revenues* | 60,300 | - | 5,064 |
| *Expenditures* | | | |
| Current | | | |
| Instruction | - | - | 5,064 |
| Support Services | | | |
| Students | 60,300 | - | - |
| Instruction | - | - | - |
| General Administration | - | - | - |
| School Administration | - | - | - |
| Central Services | - | - | - |
| Operation & Maintenance of Plant | - | - | - |
| Student Transportation | - | - | - |
| Other Support Services | - | - | - |
| Food Services Operations | - | - | - |
| Community Service | - | - | - |
| Capital outlay | - | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| *Total expenditures* | 60,300 | - | 5,064 |
| *Excess (deficiency) of revenues over (under) expenditures* | - | - | - |
| *Other financing sources (uses)* | | | |
| Proceeds from bond issue | - | - | - |
| Operating Transfers | - | - | - |
| *Total other financing sources (uses)* | - | - | - |
| *Net change in fund balances* | - | - | - |
| *Fund balances, beginning of year* | - | 3,714 | - |
| *Fund balances, (deficits) end of year* | $ - | 3,714 | - |

| GRADS Instruction 28190 | Safe Routes to School DOH 28199 | ECECD Direct 28208 | NM Econ Dev Dept 28210 | Private Dir. Grants (Categorical) 29102 |
|---|---|---|---|---|
| - | - | - | - | - |
| - | - | - | - | - |
| 26,512 | - | - | 51,000 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 27,000 |
| - | - | - | - | - |
| 26,512 | - | - | 51,000 | 27,000 |
| | | | | |
| 25,602 | - | 7,758 | 1,954 | 19,468 |
| | | | | |
| 860 | 1,758 | - | - | - |
| 50 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 3,085 |
| - | - | - | - | - |
| - | - | - | - | 1,666 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 21,395 |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| 26,512 | 1,758 | 7,758 | 1,954 | 45,614 |
| - | (1,758) | (7,758) | 49,046 | (18,614) |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | (1,758) | (7,758) | 49,046 | (18,614) |
| - | 73,476 | 26,457 | 5,756 | 161,830 |
| - | 71,718 | 18,699 | 54,802 | 143,216 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | School Based Health Centers 29130 | Total |
|---|---|---|
| Charges for service | $ - | 513,861 |
| Property taxes | - | - |
| State grants | - | 11,959,950 |
| Federal grants | - | 33,471,567 |
| Miscellaneous | - | 124,366 |
| Local and Private Sources | - | 2,423,709 |
| Interest | - | 489,890 |
| *Total revenues* | - | 48,983,343 |
| *Expenditures* | | |
| Current | | |
| Instruction | - | 16,014,599 |
| Support Services | | |
| Students | - | 11,592,145 |
| Instruction | - | 3,667,331 |
| General Administration | - | 1,327,157 |
| School Administration | - | 25,907 |
| Central Services | - | 39,013 |
| Operation & Maintenance of Plant | - | 1,707,122 |
| Student Transportation | - | 1,474,218 |
| Other Support Services | - | - |
| Food Services Operations | - | 19,523,459 |
| Community Service | - | 69,718 |
| Capital outlay | - | 128,665 |
| Debt service | | - |
| Principal | - | - |
| Interest | - | - |
| *Total expenditures* | - | 55,569,334 |
| *Excess (deficiency) of revenues over (under) expenditures* | - | (6,585,991) |
| *Other financing sources (uses)* | | |
| Proceeds from bond issue | - | - |
| Operating Transfers | - | - |
| *Total other financing sources (uses)* | - | - |
| *Net change in fund balances* | - | (6,585,991) |
| *Fund balances, beginning of year* | - | 31,484,291 |
| *Fund balances, (deficits) end of year* | $ - | 24,898,300 |

# STATE OF NEW MEXICO
# LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
# COMBINING BALANCE SHEET
# NONMAJOR CAPITAL PROJECT FUNDS
# JUNE 30, 2025

| | Public School Capital Outlay 31200 | Special Capital Outlay 31300 | Special Capital Outlay State 31400 |
|---|---|---|---|
| **ASSETS** | | | |
| *Current Assets* | | | |
| Cash and cash equivalents | $ - | - | - |
| Restricted cash | 3,842,069 | 5,503,322 | - |
| Investments | - | - | - |
| Accounts receivable | | | |
| Taxes | - | - | - |
| Due from other governments | - | - | 177,361 |
| Interfund receivables | - | - | - |
| Other | - | 40,780 | - |
| Prepaid Expenses | - | - | - |
| Inventory | - | - | - |
| *Total assets* | $ 3,842,069 | 5,544,102 | 177,361 |
| **LIABILITIES AND FUND BALANCES** | | | |
| *Current Liabilities* | | | |
| Accounts payable | $ 194,269 | - | - |
| Accrued expenses | - | - | - |
| Due to government | - | - | - |
| Interfund payables | - | - | 177,361 |
| *Total liabilities* | 194,269 | - | 177,361 |
| **DEFERRED INFLOWS** | | | |
| Property taxes | - | - | - |
| *Total deferred inflows* | - | - | - |
| *Fund balances* | | | |
| Nonspendable | - | - | - |
| Restricted by Grantor | - | - | - |
| Restricted for Capital Projects | 3,647,800 | 5,544,102 | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| *Total fund balance* | 3,647,800 | 5,544,102 | - |
| *Total liabilities, deferred inflows, and fund balances* | $ 3,842,069 | 5,544,102 | 177,361 |

| Capital Improvements SB-9 State Match 31700 | Capital Improvements SB-9 Local 31701 | SB-9 State Match Cash - Local 31703 | Total |
|---|---|---|---|
| - | - | - | - |
| - | 11,692,095 | 5,506,514 | 26,544,000 |
| - | 103,451 | - | 103,451 |
| - | 648,505 | - | 648,505 |
| - | - | - | 177,361 |
| - | - | - | - |
| - | 10,592 | - | 51,372 |
| - | - | - | - |
| - | - | - | - |
| - | 12,454,643 | 5,506,514 | 27,524,689 |
| - | 33,230 | 44,361 | 271,860 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 177,361 |
| - | 33,230 | 44,361 | 449,221 |
| - | 538,951 | - | 538,951 |
| - | 538,951 | - | 538,951 |
| - | - | - | - |
| - | - | - | - |
| - | 11,882,462 | 5,462,153 | 26,536,517 |
| - | - | - | - |
| - | - | - | - |
| - | 11,882,462 | 5,462,153 | 26,536,517 |
| - | 12,454,643 | 5,506,514 | 27,524,689 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES**
**NONMAJOR CAPITAL PROJECT FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Public School Capital Outlay 31200 | Special Capital Outlay 31300 | Special Capital Outlay State 31400 |
|---|---|---|---|
| *Revenues* | | | |
| Charges for service | - | - | - |
| Property taxes | - | - | - |
| State grants | - | - | 201,815 |
| Federal grants | - | - | - |
| Miscellaneous | - | - | - |
| Local and Private Sources | - | 454,290 | - |
| Interest | 292,580 | 237,495 | - |
| *Total revenues* | 292,580 | 691,785 | 201,815 |
| *Expenditures* | | | |
| Current | | | |
| Instruction | - | - | - |
| Support Services | | | |
| Students | - | - | - |
| Instruction | - | - | - |
| General Administration | - | - | - |
| School Administration | - | - | - |
| Central Services | - | - | - |
| Operation & Maintenance of Plant | - | - | - |
| Student Transportation | - | - | - |
| Other Support Services | - | - | - |
| Food Services Operations | - | - | - |
| Community Service | - | - | - |
| Facilities, Materials, and Supplies | 4,531,867 | 9,123 | 201,815 |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Bond Issuance Costs | - | - | - |
| *Total expenditures* | 4,531,867 | 9,123 | 201,815 |
| *Excess (deficiency) of revenues over (under) expenditures* | (4,239,287) | 682,662 | - |
| *Other financing sources (uses)* | | | |
| Proceeds from bond issue | - | - | - |
| Operating Transfers | - | - | - |
| *Total other financing sources (uses)* | - | - | - |
| *Net change in fund balances* | (4,239,287) | 682,662 | - |
| *Fund balances, beginning of year* | 7,887,087 | 4,861,440 | - |
| *Fund balances, end of year* | 3,647,800 | 5,544,102 | - |

| Capital Improvements SB-9 State Match 31700 | Capital Improvements SB-9 Local 31701 | SB-9 State Match Cash - Local 31703 | Total |
|---|---|---|---|
| - | - | - | - |
| - | 8,981,212 | - | 8,981,212 |
| - | - | 2,257,011 | 2,458,826 |
| - | - | - | - |
| - | 19,961 | - | 19,961 |
| - | - | - | 454,290 |
| - | 555,615 | 277,713 | 1,363,403 |
| - | 9,556,788 | 2,534,724 | 13,277,692 |
| | | | |
| - | - | - | - |
| | | | |
| - | - | - | - |
| - | - | - | - |
| - | 89,837 | - | 89,837 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | 11,537,777 | 3,334,281 | 19,614,863 |
| | | | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | 11,627,614 | 3,334,281 | 19,704,700 |
| - | (2,070,826) | (799,557) | (6,427,008) |
| | | | |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | (2,070,826) | (799,557) | (6,427,008) |
| - | 13,953,288 | 6,261,710 | 32,963,525 |
| - | 11,882,462 | 5,462,153 | 26,536,517 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| Name of Depository | Description of Pledged Collateral | Maturity | CUSIP Number | | Face Value or Fair Market Value |
|---|---|---|---|---|---|
| Citizens Bank of Las Cruces: | | | | | |
| | FHLB | 2/10/2027 | 3130AKYH3 | $ | 2,306,313 |
| | FHLB | 2/24/2027 | 3130ACT29 | | 1,205,687 |
| | FNMA | 10/8/2027 | 3135G05Y5 | | 4,654,650 |
| | FHLB | 11/26/2027 | 3130AL6T6 | | 1,861,020 |
| | FFCB | 1/27/2028 | 3133ENMN7 | | 4,721,250 |
| | FFCB | 1/27/2028 | 3133ENMN7 | | 2,832,750 |
| | FHLB | 6/9/2028 | 3130AEB25 | | 1,471,710 |
| | FHLB | 6/9/2028 | 3130AEB25 | | 981,140 |
| | FFCB | 3/27/2029 | 3133EKEP7 | | 2,891,580 |
| | FFCB | 4/9/2029 | 3133EKGG5 | | 959,040 |
| | FAMCA | 5/1/2029 | 3130H0CF8 | | 961,320 |
| | FFCB | 6/12/2029 | 3133EKQJ8 | | 2,024,547 |
| | Treasury | 1/31/1930 | 9128CGJ4 | | 2,941,890 |
| | Treasury | 2/15/1930 | 912828Z94 | | 1,794,540 |
| | Treasury | 5/15/1930 | 912810FM5 | | 2,196,880 |
| | Treasury | 1/31/1931 | 91282CJX0 | | 1,996,100 |
| | FHLMC | 3/15/1931 | 3134A4AA2 | | 5,674,650 |
| | Treasury | 2/15/1932 | 91282CDY4 | | 4,343,750 |
| | FHLMC | 7/15/1932 | 3134A4KX1 | | 5,612,100 |
| | | | | | 51,430,917 |
| Location of Safekeeper: | | | | | |
| P.O. Box 2018, Las Cruces NM 88004 | | Total Citizens Bank of Las Cruces | | | 51,430,917 |
| US Bank National Association: | | | | | |
| | Letter of Credit | 8/1/2025 | 580305 | | 1,500,000 |
| Location of Safekeeper: 221 E. 4th Street, Suite 600, Cincinnati, OH 45202 | | | Total US Bank | | 1,500,000 |
| Wells Fargo Bank | | | | | |
| | GNMA | 7/2/1953 | 31418DYR7 | | 4,932,538 |
| | FNMA | 4/1/1951 | 36179YDJ0 | | 2,710,957 |
| Location of Safekeeper: 101 Barclay Street, 4th Floor East New York NY 10286 | | | Total Wells Fargo Bank | $ | 7,643,495 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| Bank Account Type | | Wells Fargo Bank | Citizens | US Bank | Total |
|---|---|---|---|---|---|
| Checking - Accounts Payable Clearing | ** | $ 402,324 | - | - | 402,324 |
| Checking - Payroll Clearing | ** | 12,874,607 | - | - | 12,874,607 |
| Certificate of Deposit | * | - | 2,800 | - | 2,800 |
| Checking - Food Services | * | - | 4,150,328 | - | 4,150,328 |
| Checking - Operational Account | * | - | 14,675,845 | - | 14,675,845 |
| Checking - Bond Building Account | * | - | 65,022,717 | - | 65,022,717 |
| Checking - Activities | * | - | 1,063,139 | - | 1,063,139 |
| Checking - Debt Service | ** | - | - | 9,952 | 9,952 |
| Checking - Activity | ** | - | - | 466 | 466 |
| Checking - Activity Investment | ** | - | - | 1,252,387 | 1,252,387 |
| Total on Deposit | | 13,276,931 | 84,914,829 | 1,262,805 | 99,454,565 |
| Reconciling items | | (13,277,128) | 11,296,041 | - | (1,981,087) |
| **Reconciled Balance - June 30, 2025** | | $ (197) | 96,210,870 | 1,262,805 | 97,473,478 |
| Investments with State of New Mexico Treasurer's Office | | | | | 78,888,883 |
| Plus: Cash with Fiscal Agent - NMFA | | | | | - |
| Subtotal | | | | | 176,362,361 |
| Less: Fiduciary Funds Cash | | | | | 110,968 |
| Cash and investments per financial statements | | | | | $ 176,251,393 |

* indicates interest bearing accounts
** indicates non-interest bearing accounts

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**CASH RECONCILIATION**
**JUNE 30, 2025**

| | Operational 11000 | Transportation 13000 | Instructional Materials 14000 |
|---|---|---|---|
| Cash, June 30, 2024 | $ 31,421,213 | - | - |
| Add: | | | |
| 2024-25 revenues | 298,116,630 | 7,769,458 | - |
| Less: | | | |
| Prior Year Warrants Voided | - | - | - |
| Total cash available | 329,537,843 | 7,769,458 | - |
| Less: | | | |
| 2024-25 expenditures | (306,135,612) | (7,769,458) | - |
| Transfers to/from other funds | - | - | - |
| Payroll Liabilities | 1,048,470 | - | - |
| Adjustments | | - | - |
| Outstanding Loans | (7,125,305) | - | - |
| Cash, June 30, 2025 | 17,325,396 | - | - |
| Fund Balance Reconciliations to GAAP Basis: | | | |
| Audit reclassifications to cash | 17,537,241 | - | - |
| Cash per Books | 34,862,637 | - | - |
| Fund Balance Reconciliation to GAAP Basis: | | | |
| Modified Accrual Adjustments | (3,677,114) | - | - |
| Fund Balance , Modified Accrual Basis | $ 31,185,523 | - | - |

| Local Revenue Operational 15200 | Food Services 21000 | Universal Free Lunch 21100 | Athletics 22000 | Non-Instructional Support 23000 | Federal Flowthrough 24000 |
|---|---|---|---|---|---|
| 301,199 | 6,060,410 | 1,876,486 | 320,569 | 1,990,944 | 1,011,335 |
| 1,723,961 | 15,396,799 | 1,958,177 | 505,855 | 1,607,268 | 33,244,940 |
| - | - | - | - | - | - |
| 2,025,160 | 21,457,209 | 3,834,663 | 826,424 | 3,598,212 | 34,256,275 |
| (1,319,506) | (19,853,506) | (28,809) | (423,952) | (1,674,382) | (33,251,895) |
| - | - | - | - | - | - |
| - | (48,039) | - | - | - | 265,576 |
| - | (84,315) | - | - | - | - |
| - | - | - | - | - | - |
| 705,654 | 1,471,349 | 3,805,854 | 402,472 | 1,923,830 | 1,269,956 |
| | | | | | 745,732 |
| (117,039) | (837,640) | 11,870 | 181 | (74,309) | (524,224) |
| 588,615 | 633,709 | 3,817,724 | 402,653 | 1,849,521 | 745,732 |
| - | 1,473,204 | 229,927 | (181) | (16,726) | (745,732) |
| 588,615 | 2,106,913 | 4,047,651 | 402,472 | 1,832,795 | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**CASH RECONCILIATION**
**JUNE 30, 2025**

| | | Federal Direct 25000 | Local Grants 26000 | State Flowthrough 27000 |
|---|---|---|---|---|
| Cash, June 30, 2024 | $ | 16,041,519 | 6,001,100 | 165,736 |
| Add: | | | | |
| 2024-25 revenues | | 12,992,741 | 5,233,511 | 7,189,973 |
| Less: | | | | |
| Prior Year Warrants Voided | | - | - | - |
| Total cash available | | 29,034,260 | 11,234,611 | 7,355,709 |
| Less: | | | | |
| 2024-25 expenditures | | (14,685,093) | (7,633,971) | (7,170,730) |
| Transfers to/from other funds | | - | - | - |
| Payroll Liabilities | | (83,703) | - | - |
| Adjustments | | - | - | - |
| Outstanding Loans | | 661,591 | 640,813 | 1,226,614 |
| Cash, June 30, 2025 | | 14,927,055 | 4,241,453 | 1,411,593 |
| Fund Balance Reconciliations to GAAP Basis: | | | | |
| Audit reclassifications to cash | | (572,352) | (1,125,909) | (1,220,652) |
| Cash per Books | | 14,354,703 | 3,115,544 | 190,941 |
| Fund Balance Reconciliation to GAAP Basis: | | | | |
| Modified Accrual Adjustments | | 19,882 | 941,495 | (170,978) |
| Fund Balance , Modified Accrual Basis | $ | 14,374,585 | 4,057,039 | 19,963 |

| State Direct 28000 | Local or State 29000 | Bond Building 31100 | Public Schools Capital Outlay 31200 | Special Capital Outlay Local 31300 | Special Capital Outlay State 31400 |
|---|---|---|---|---|---|
| 92,786 | 163,043 | 32,519,690 | 7,887,087 | 4,820,660 | - |
| 82,576 | 27,000 | 26,378,902 | 292,580 | 691,785 | 201,815 |
| - | - | - | - | - | - |
| 175,362 | 190,043 | 58,898,592 | 8,179,667 | 5,512,445 | 201,815 |
| (88,501) | (45,614) | (28,481,781) | (4,531,867) | (9,123) | (201,815) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 177,361 |
| 86,861 | 144,429 | 30,416,811 | 3,647,800 | 5,503,322 | 177,361 |
| 67,912 | (1,000) | (2,633,326) | 194,269 | - | (177,361) |
| 154,773 | 143,429 | 27,783,485 | 3,842,069 | 5,503,322 | - |
| (5,840) | (213) | (21,062) | (194,269) | 40,780 | - |
| 148,933 | 143,216 | 27,762,423 | 3,647,800 | 5,544,102 | - |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**CASH RECONCILIATION**
**JUNE 30, 2025**

| | | Capital Improvements HB 33 31600 | Capital Improvements SB9 - State 31700 | Capital Improvements SB9 - Local 31701 |
|---|---|---|---|---|
| Cash, June 30, 2024 | $ | 24,931,794 | - | 14,007,851 |
| Add: | | | | |
| 2024-25 revenues | | 12,863,758 | - | 9,556,788 |
| Less: | | | | |
| Prior Year Warrants Voided | | - | - | - |
| Total cash available | | 37,795,552 | - | 23,564,639 |
| Less: | | | | |
| 2024-25 expenditures | | (8,327,500) | - | (11,627,614) |
| Transfers to/from other funds | | - | - | - |
| Payroll Liabilities | | - | - | - |
| Adjustments | | - | - | - |
| Outstanding Loans | | - | - | - |
| Cash, June 30, 2025 | | 29,468,052 | - | 11,937,025 |
| Fund Balance Reconciliations to GAAP Basis: | | | | |
| Audit reclassifications to cash | | (114,769) | - | (141,479) |
| Cash per Books | | 29,353,283 | - | 11,795,546 |
| | | | | |
| Fund Balance Reconciliation to GAAP Basis: | | | | |
| Modified Accrual Adjustments | | 110,685 | - | 86,916 |
| Fund Balance , Modified Accrual Basis | $ | 29,463,968 | - | 11,882,462 |

| | Capital Improvements B9 - State Match 31703 | Debt Service GO Bond 41000 | Total |
|---|---|---|---|
| | 6,414,739 | 31,118,656 | 187,146,817 |
| | 2,534,724 | 22,168,316 | 460,537,557 |
| | - | - | - |
| | 8,949,463 | 53,286,972 | 647,684,374 |
| | (3,334,281) | (22,046,806) | (478,641,816) |
| | - | - | - |
| | - | - | 1,182,304 |
| | - | - | (84,315) |
| | - | - | (4,418,926) |
| | 5,615,182 | 31,240,166 | 165,721,621 |
| | (108,668) | 347,240 | 10,509,985 |
| | 5,506,514 | 31,587,406 | 176,231,606 |
| Fund 80000/81000 | | | 19,787 |
| Per Statement of Net Position | | | $ 176,251,393 |
| | | - | |
| | (44,361) | 349,967 | (1,623,620) |
| | 5,462,153 | 31,937,373 | 174,627,773 |

# COMPLIANCE SECTION

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To Joseph M. Maestas, P.E., CFE
New Mexico State Auditor

The Office of Management and Budget
Board of Education
Las Cruces Public Schools District No. 2
Las Cruces, New Mexico 88001

We have audited, 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Las Cruces Public Schools District No. 2 (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2026.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, LLP

Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
January 15, 2026

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To Joseph M. Maestas P.E., CFE
New Mexico State Auditor

The Office of Management and Budget
The Board of Education
Las Cruces Public Schools District No. 2
Las Cruces, New Mexico 88001

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Las Cruces Public Schools District No. 2's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, LLP

Pattillo, Brown, & Hill, L.L.P.
Albuquerque, New Mexico
January 15, 2026

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**JUNE 30, 2025**

| Federal Grantor or Pass-Through Grantor/Program Title | Passthrough Number | Federal Assistance Listing # | Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Education** | | | |
| *Passthrough State of New Mexico Department of Education* | | | |
| Career and Technical Education - Basic Grants to States | 24174 | 84.048 | 253,265 |
| Career and Technical Education - Basic Grants to States | 24176 | 84.048 | 26,865 |
| Title II Part A Teacher/Principal Training and Recruiting | 24154 | 84.367 | 1,273,555 |
| Title I-IASA | 24101 | 84.010A* | 10,490,162 |
| Comprehensive Support and Improvement | 24190 | 84.010A* | 415,797 |
| Migrant Children Education | 24103 | 84.011A | 198,990 |
| Education of Homeless | 24113 | 84.196A | 106,062 |
| Full Service Community Schools | 25274 | 84.215J | 478,272 |
| Congressionally Funded Community | 25225 | 84.215K | 107,270 |
| Title III English Language Acquisition | 24153 | 84.365A | 552,086 |
| Comprehensive Literacy State Development | 24194 | 84.371C | 495,344 |
| Title IV Student Support and Academic Enrichment | 24189 | 84.424A* | 695,292 |
| Stronger Connections Grant Program | 24196 | 84.424F* | 1,684,795 |
| COVID - 19 - ARP Act, ESSER | 24330 | 84.425U | 9,418,961 |
| COVID - ESSER III Homeless Children and Youth II | 24355 | 84.425W | 2,249 |
| Special Education Cluster (IDEA) | | | |
| Entitlement IDEA B | 24106 | 84.027A | 7,234,010 |
| Preschool IDEA-B | 24109 | 84.027A | 145,929 |
| IDEA Private School Share | 24115 | 84.027A | 1,831 |
| Total Special Education Cluster | | | 7,381,770 |
| *Total - Passthrough State of New Mexico Department of Education* | | | 33,580,735 |
| **Total U.S. Department of Education** | | | 33,580,735 |
| **U.S. Department of Agriculture** | | | |
| *Passthrough State of New Mexico Department of Education* | | | |
| Child Nutrition Cluster | | | |
| Fresh Fruits & Vegetables | 24118 | 10.582 | 250,505 |
| School Lunch Program | 21000 | 10.553 | 4,590,773 |
| National School Lunch Program | 21000 | 10.555 | 8,569,781 |
| Special Milk Program for Children | 21000 | 10.556 | 121,693 |
| Total Child Nutrition Cluster | | | 13,532,752 |
| **Total U.S. Department of Agriculture** | | | 13,532,752 |
| **U.S. Department of Transportation** | | | |
| *Passthrough State of New Mexico Department of Education* | | | |
| Highway Planning and Construction Cluster | | | |
| Safe Routes to School/NMDOT | 25146 | 20.205 | 353,444 |
| **Total U.S. Department of Transportation** | | | 353,444 |
| **U.S. Environmental Protection Agency** | | | |
| *Passthrough State of New Mexico Department of Education* | | | |
| EPA Clean School Bus Program | 25273 | 66.045* | 1,473,537 |
| **Total U.S. Environmental Protection Agency** | | | 1,473,537 |
| **U.S. Department of Health and Human Services** | | | |
| *Passthrough State of New Mexico Health and Human Services* | | | |
| Headstart | 25127 | 93.600 | 4,463,314 |
| *Passthrough State of New Mexico Department of Education* | | | |
| Title XX Health and Social Services | 25129 | 93.667 | 71,314 |
| **Total U.S. Department of Health and Human Services** | | | 4,534,628 |
| | | | $ 53,475,096 |

* Major Federal Financial Assistance Program

See notes to schedule of expenditures of federal awards.

## NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Las Cruces Public Schools (District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flow of the District.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), where certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 15% de minimis indirect cost rate allowed under the uniform guidance.

## NOTE 3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the District did not provide any federal awards to subrecipients.

## NOTE 4. RECONCILIATION OF FEDEDRAL REVENUE TO FEDERAL EXPENDITURES

| | | |
|---|---|---|
| Federal expenditures as reported on the Schedule of Expenditures of Federal Awards | | |
| The District as contractor relationship | $ | 53,475,096 |
| Title XIX Medicaid 3/21 Years | | 6,949,145 |
| Indirect Costs | | 1,473,794 |
| Reporting differences | | 189,503 |
| Federal revenue as reported in the financial statements | $ | 62,087,538 |

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**YEAR ENDED JUNE 30, 2025**

## A. SUMMARY OF AUDIT RESULTS

*Financial Statements:*

1. Type of auditor's report issued — Unmodified

2. Internal control over financial reporting:

   a. Material weakness identified? — No

   b. Significant deficiency identified that are not considered to be
      a. material weaknesses? — No

   c. Noncompliance material to financial statements noted? — No

*Federal Awards:*

1. Internal control over major programs:

   a. Material weakness identified? — No

   b. Significant deficiencies identified not considered to be material weaknesses? — No

   c. Known questioned cost greater then $25,000 for a compliance requirement for a major program? — No

   d. Known questioned costs greater than $25,000 for which a program is not audited as a major program? — No

   e. Know or likely fraud? — No

   f. Significant instances of abuse relating to major programs? — No

   g. Circumstances causing the auditor's report on compliance for each major program to be modified, unless otherwise reported as an audit finding? — No

   h. Instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding? — No

2. Type of auditors' report issued on compliance for major programs — Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? — No

*Federal Award (Continued):*

4. Identification of major programs:

| Assistance Listing Number | Federal Program |
|---|---|
| 10.582, 10.553, 10.555, 10.556 | Child Nutrition Cluster |
| 66.045 | EPA Clean School Bus Program |
| 84.010A | Title I – IASA |
| 84.424 | Title IV Student Support and Academic Enrichment |

5. Dollar threshold used to distinguish between type A and type B programs: $2,144,946

6. Auditee qualified as low-risk auditee? No

## B. FINANCIAL STATEMENT FINDINGS

None

## C. OTHER FINDINGS AS REQUIRED BY NM STATE STATUTE SECTION 12-6-5 NMSA 1978

None

## D. FEDERAL AWARD FINDINGS

None

**STATE OF NEW MEXICO**
**LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2**
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**
**YEAR ENDED JUNE 30, 2025**

2024-001 Information Technology Control Deficiency (Significant Deficiency) - **Resolved**

# STATE OF NEW MEXICO
# LAS CRUCES PUBLIC SCHOOL DISTRICT NO. 2
# EXIT CONFERENCE
# YEAR ENDED JUNE 30, 2025

An exit conference was conducted on January 15, 2026 with the following individuals:

Las Cruces Public Schools:

| | |
|---|---|
| Ignacio Ruiz | Superintendent |
| Chenyu Liu | Deputy Superintendent of Finance |
| Melissa Zuniga | Executive Director of Finance |
| Nicole Koehn | Assistant Controller of Accounting and Financial Reporting |
| Ophelia Watkins | Community member - Audit Committee Member |
| Michelle Adames | Parent Rep - Audit Committee Member |
| Teresa Tenorio | Board Member |
| Ed Frank | Audit Chair - Board Member |

Pattillo, Brown & Hill, LLP:

| | |
|---|---|
| Chris Garner, CPA | Partner |

Pattillo, Brown & Hill, LLP prepared the GAAP-basis financial statements and footnotes of Las Cruces Public Schools from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.

# APPENDIX C

## BOOK-ENTRY-ONLY SYSTEM

*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Municipal Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

*The District and the Municipal Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption notices or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption notices or other notices to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities 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 S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 ("Beneficial Owner") is in turn 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 interests 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 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 effect 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. 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, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments, with respect to the Bonds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities depository). In that event, Bond certificates will be printed and delivered to bond holders.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District and the Municipal Advisor believe to be reliable, but neither the District nor the Municipal Advisor take any responsibility for the accuracy thereof.

**Use of Certain Terms in Other Sections of this Official Statement**

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for whom the Direct or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

**Effect of Termination of Book-Entry-Only System**

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "The Bonds" below in this Official Statement.

# APPENDIX D

## FORM OF BOND COUNSEL OPINION

## FORM OF BOND COUNSEL OPINION

October __, 2026

Las Cruces School District No. 2
Las Cruces, New Mexico

Re: Las Cruces School District No. 2, Doña Ana County, New Mexico
$16,250,000 General Obligation School Bonds, Series 2026

Ladies and Gentlemen:

We have acted as bond counsel to the Las Cruces School District No. 2 (the "District"), Doña Ana County, State of New Mexico (the "State") in connection with the issuance of its $16,250,000 General Obligation School Bonds, Series 2026 (the "Bonds"), dated their date of issuance, with interest payable on February 1, 2027, and semi-annually thereafter on August 1 and February 1, in each year in which the Bonds are outstanding, being issued in registered form and maturing serially on August 1 in the years 2027 through 20__, inclusive. The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on August 18, 2026, as supplemented by the Pricing Certificate executed on September __, 2026 (collectively, the "Bond Resolution").

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 exercise of judicial discretion in accordance with general principles of equity:

1. The Bonds constitute valid and binding general obligations of the District and are to be paid from the proceeds of the levy of ad valorem taxes on all taxable property within the District without limitation as to rate or amount.

2. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended, and is not a specific item of tax preference for purposes of the federal alternative minimum tax under the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of 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 District with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the District 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 District related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the District and the security provided therefor, as contained in the Bond Resolution, 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 opinions expressed herein represent our legal judgment based upon a review of existing legal authorities as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions and are not a guarantee of a 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 E

## FORM OF CONTINUING DISCLOSURE UNDERTAKING

**$16,250,000**
**LAS CRUCES SCHOOL DISTRICT NO. 2**
**COUNTY OF DOÑA ANA, STATE OF NEW MEXICO**
**GENERAL OBLIGATION SCHOOL BONDS**
**SERIES 2026**

**CONTINUING DISCLOSURE UNDERTAKING**

Section 1. Recitals. This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Las Cruces School District No. 2, Doña Ana County, New Mexico (the "District"), in connection with the issuance of the $16,250,000 Las Cruces School District No. 2, Doña Ana County, New Mexico, General Obligation School Bonds, Series 2026 (the "Bonds"). The Bonds are being issued pursuant to the Resolution of the District adopted on August 18, 2026 and the Pricing Certificate executed on September __, 2026, (collectively, the "Resolution"). Pursuant to the Resolution, to allow the underwriters of the Bonds to comply with the Rule (defined below), the District 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.

(a) "Annual Financial Information" means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time ("GAAP"), for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB")) or operating data with respect to the District, delivered at least annually pursuant to Sections 3(a) and 3(b) of this Undertaking, consisting of information of the type included in the section of the Official Statement entitled "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," "THE DISTRICT-Enrollment," and "FINANCES OF THE DISTRICT - State Equalization Guarantee, Statement of Net Assets, Statement of Activities, Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances" (Tables 2-19). Annual Financial Information may, but is not required to, include Audited Financial Statements.

(b) "Audited Financial Statements" means the District's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed from time to time by GASB, which financial statements have been audited by such auditor as may then be required or permitted by the laws of the State.

(c) "EMMA" means the MSRB's Electronic Municipal Market Access system located on the MSRB website at emma.msrb.org.

(d) "Event Information" means the information delivered pursuant to section 3(d).

(e) "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.

(f) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Bonds.

(g) "Report Date" means March 31 of each year, beginning in 2027.

(h) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, 5 240.15~2-12), as the same may be amended from time to time.

(i) "SEC" means the Securities and Exchange Commission.

(j) "State" means the State of New Mexico.

Section 3. Provision of Annual Financial Information and Reporting of Event Information.

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

(b) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the District, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information. In such cases, Audited Financial Statements will be provided to EMMA when and if available.

(c) The District, or its designated agent, may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the District, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a "final official statement" within the meaning of the Rule, such final official statement must also be available from the MSRB.

(d) The District, or its designated agent, will provide, to EMMA, notice of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;

(vii) modifications to rights of security holders, if material;

(viii) bond calls, if material or tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities, if material; and

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(xiv) appointment of a successor or additional trustee, or a change of name of a trustee, if material;

(xv) the incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and

(xvi) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(e) The District or its designated agent, will provide, in a timely manner after the occurrence of the event, to EMMA, notice of failure of the District to timely provide the Annual Financial Information as specified in Sections 3(a) and 3(b).

Section 4. Method of Transmission. Unless otherwise required by law and subject to technical or economic feasibility, the District, or its designated agent, will employ such methods of electronic or physical information transmission as are requested or recommended from time to time by EMMA, the MSRB or the SEC.

Section 5. Enforcement. The obligations of the District under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the District to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The District's breach of its obligations under this Undertaking will not constitute an event of default under the Resolution, and none of the rights and remedies provided by such Resolution will be available to the Owners with respect to such a breach.

Section 6. Term. The District's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Resolution; (ii) the date on which the District is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 7. Amendments. The District may amend this Undertaking from time to time, without the consent of any Owner, upon the District's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

(a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the District;

(b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and

(c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Beneficiaries. This Undertaking binds and inures to the sole benefit of the District and the Owners and creates no rights in any other person or entity.

Section 9. Undertaking Does Not Create General Obligation Debt. The District's performance of its obligations under this Undertaking shall be subject to the availability of necessary funds from annual operating revenues of the District and this Undertaking shall not be deemed to create a long-term general obligation indebtedness of the District.

Section 10. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Date: October __, 2026

LAS CRUCES SCHOOL DISTRICT NO. 2

By:_________________________________
Pamela Cort, President,
Board of Education

By:_________________________________
Ignacio Ruiz, Superintendent

# APPENDIX F

# OFFICIAL NOTICE OF BOND SALE WITH FORM OF ISSUE PRICE CERTIFICATE

OFFICIAL NOTICE OF BOND SALE

$16,250,000
LAS CRUCES SCHOOL DISTRICT NO. 2
COUNTY OF DOÑA ANA, STATE OF NEW MEXICO
GENERAL OBLIGATION SCHOOL BONDS, SERIES 2026

PUBLIC NOTICE IS HEREBY GIVEN that the Superintendent and CFO of the Las Cruces School District No. 2 ("District"), Doña Ana County, New Mexico, will receive and publicly open bids using the facilities of PARITY at the hour of 8:30 a.m., prevailing Mountain Time, on September 15, 2026 (bidding will open at 8:00 a.m. Mountain Time and close at 8:30 a.m. Mountain Time) for the purchase of the District's General Obligation School Bonds, Series 2026 (the "Bonds") in the aggregate principal amount of $16,250,000. Bids will be submitted as an electronic bid using the facilities of PARITY. No other method of submitting bids will be accepted. The Superintendent and/or CFO will thereafter take action to award the Bonds and certify to the Board in writing that the final terms comply with the parameters and conditions established in the Notice of Sale Resolution adopted by the Board on August 18, 2026.

DESCRIPTION OF ISSUE: The Bonds in the aggregate principal amount of $16,250,000 will be issued to erect, remodel, make additions to and furnish school buildings, to purchase or improve school grounds, and to purchase computer software and hardware for student use in public schools, and to provide matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act or any combination of these purposes and to pay the costs of issuance of the Bonds (the "Improvement Project"). The Bonds will be dated the date of delivery, and will mature on August 1st in the following amounts:

| Years Maturing* | Amounts Maturing* |
|---|---|
| 2027 | $7,000,000 |
| 2028 | 660,000 |
| 2029 | 660,000 |
| 2030 | 660,000 |
| 2031 | 660,000 |
| 2032 | 660,000 |
| 2033 | 660,000 |
| 2034 | 660,000 |
| 2035 | 660,000 |
| 2036 | 660,000 |
| 2037 | 660,000 |
| 2038 | 660,000 |
| 2039 | 660,000 |
| 2040 | 660,000 |
| 2041 | 670,000 |

*Subject to Change

The Bonds will be fully registered bonds in the denomination of $5,000 each, or any integral multiple thereof. Interest will be payable on February 1, 2027 and semiannually thereafter on August 1 and February 1 of each year.

ADJUSTMENT OF PRINCIPAL AMOUNTS, MODIFICATION OR CLARIFICATION PRIOR TO BID DEADLINE: The Superintendent and/or CFO may, after consultation with the Board's financial and bond advisors, in the Superintendent or CFO's sole discretion and prior to the examination of bids, (i) adjust the aggregate principal amount set forth herein; (ii) adjust individual maturities; and/or (iii) modify or clarify any other term hereof by issuing a notification of the adjusted amounts, modification or clarification via Thomson Municipal News ("TM3") and/or Bloomberg Financial Services no later than 8:30 a.m., prevailing Mountain Time, on the Bid Date.

RESCHEDULING OF BID DATE AND DEADLINE: The Superintendent and/or CFO may, after consultation with the Board's financial and bond advisors, in the Superintendent's and/or CFO's sole discretion on notice given at least twenty-four (24) hours prior to the Original Deadline, reschedule the Original Bid Date and Original Deadline, and may, at that time or a subsequent time on at least twenty-four (24) hours prior notice, in each case via TM3 and/or Bloomberg Financial Services, establish a Rescheduled Bid Date and Rescheduled Deadline and a place where electronic bids will be publicly examined.

ADJUSTMENT OF PRINCIPAL AMOUNT OF THE BONDS AFTER BIDS RECEIVED: The District in consultation with its financial and bond advisors reserves the right to adjust the principal amount of the Bonds by increasing or decreasing the principal amount of each maturity, no later than four (4) hours following receipt of bids to obtain sufficient funds to complete the improvements with respect to the Bonds and/or maintain the debt service mill levy at an acceptable level; notice of any adjustment will be given promptly to the winning bidder and any adjustment will be done in a "spread neutral" manner.

In the event the District exercises its right to make adjustments to the aggregate principal amount of the Bonds and/or the maturity schedule for such series after the deadline for the submission of bids, the winning bidder must execute and promptly deliver to the District an acknowledgment of and agreement with such modification and adjusted maturity schedule, and the Bonds shall be payable in the principal amounts contained therein and shall bear interest at the respective interest rates submitted by the winning bidder in its bid.

**For purposes of bids received through the electronic bidding process, the time as maintained by PARITY shall constitute the official time.**

BIDS DELIVERED TO THE BOARD: Bids must be submitted as an electronic bid using the facilities of PARITY. No other method of submitting bids will be accepted.

ELECTRONIC BIDDING PROCEDURES: Any prospective bidder that intends to submit a bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The Board will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Bond Sale ("Notice"), and shall be binding upon the bidder. The Board and the Board's financial and bond advisors shall not be responsible for any malfunction or mistake made by or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice conflict with information provided by PARITY, as the approved provider of electronic bidding services, this Notice shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 1359 Broadway, 2nd Floor, New York, New York 10018, i-Deal Prospectus: (212) 849-5024 or (212) 849-5025; BidComp/Parity: (212) 849-5021.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Board, as described under "BASIS OF AWARD" below. All electronic bids shall be deemed to incorporate the provisions of this Notice and the Official Bid Form.

The Bonds are not private activity bonds.

OPTIONAL REDEMPTION: The Bonds maturing on and after August 1, 2034 may be redeemed prior to their scheduled maturities on August 1, 2033, or on any date thereafter, in whole or in part, at the option of the District at par plus accrued interest to the date of redemption, if any.

PAYMENT OF PURCHASE PRICE: The purchaser will be required to make payment of the balance of the purchase price of the Bonds (after credit for the bidder's good faith deposit, without interest to the purchaser) in immediately available funds at a depository designated by the District on the date of closing.

INTEREST RATE, BID LIMITATIONS: The maximum net effective interest rate permitted on the Bonds is ten percent (10%), and no interest rate on any maturity of the Bonds may be greater than ten percent (10%) per annum. It is permissible to bid different or split rates of interest; provided, however, that: (1) no bid shall specify more than one interest rate for each maturity; (2) each bid shall specify one interest rate applicable for each common maturity of the Bonds; (3) each interest rate specified must be stated in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) per annum; (4) the maximum interest rate specified for any maturity may not exceed the minimum interest rate specified for any other maturity by no more than three percent (3%); and (5) the bid premium shall not exceed 6%. A bid of zero percent is not permitted. The purchaser's discount shall not exceed 3% of the aggregate principal amount of the Bonds.

**The Bonds will not be sold for less than 100% of par.**

Bidders are required to submit a bid specifying the lowest rate or rates of interest and premium, if any, at which such bidder will purchase the Bonds. For informational purposes only, each bidder is requested to specify: (a) the method of payment of the good faith deposit, (b) the True Interest Cost on the Bonds stated as a nominal annual percentage rate (see “BASIS OF AWARD” below), (c) gross interest cost, (d) premium, if any, and (e) net interest cost. Only unconditional bids shall be considered. Bids should be submitted as an electronic bid using the facilities of PARITY. No other method of submitting bids will be accepted (see "FURTHER INFORMATION" below).

NEW MEXICO CREDIT ENHANCEMENT PROGRAM: The District will qualify the Bonds for the New Mexico Credit Enhancement Program created under Section 22-18-13, NMSA 1978 and the District will apply and pay for a Moody’s Investor’s Service, Inc., rating on the Bonds based on the New Mexico Credit Enhancement Program.

BASIS OF AWARD: The Bonds will be awarded to the best bidder, considering the interest rate or rates specified and the premium offered, if any, and subject to the right of the Board to reject any and all bids and re-advertise. The best bid will be determined and will be awarded on the basis of the True Interest Cost of the Bonds (i.e., using a True Interest Cost method) for each bid received, and an award will be made (if any is made) to the responsible bidder submitting the bid that results in the lowest actuarial yield on the Bonds. “True Interest Cost” of the Bonds, as used herein, means that yield, which if used to compute the present worth, as of the date of the Bonds, of all payments of principal and interest to be made on the Bonds, from their date to their respective maturity dates, as specified in the maturity schedule and without regard to the possible optional prior redemption with respect to the Bonds, using the interest rates specified in the bid, produces an amount equal to the principal amount of the Bonds plus any premium bid. No adjustment shall be made in such calculation for accrued interest on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360-day year consisting of twelve thirty day months and a semiannual compounding interval. The purchaser must pay accrued interest from the date of the Bonds to the date of delivery. **The Bonds will not be sold for less than par plus accrued interest.** The District reserves the right to waive any irregularity or informality in any bid, except time of filing.

GOOD FAITH DEPOSIT: Not later than 2:00 p.m. (prevailing Mountain Time) on September 15, 2026, and prior to the official award of the Bonds, the successful bidder must send an electronic wire transfer to such account as the District shall specify in immediately available funds a good faith deposit of $325,000. If such wire transfer is not received from the successful bidder by 2:00 p.m. (prevailing Mountain Time) on September 15, 2026, the next best bidder may be awarded the Bonds. No interest on the deposit will accrue to the best bidder. The deposit will be applied to the purchase price of the Bonds.

If the successful bidder fails or neglects to complete the purchase of the Bonds within thirty

(30) days following the acceptance of the bid or within ten (10) days after the Bonds are made ready and offered by the District for delivery, whichever is later, the amount of the deposit shall be forfeited to the District as liquidated damages, and, in that event, the Board may accept the next best bid. If all bids are rejected, the Board shall re-advertise the Bonds for sale in the same manner as herein provided for the original advertisement. If there be two or more equal bids and such bids are the best bids received, the Superintendent and/or CFO shall determine which bid shall be accepted.

TIME OF AWARD AND DELIVERY: The Superintendent and/or CFO will take action awarding the Bonds or rejecting all bids not later than 24 hours after the expiration of the time herein prescribed for the receipt of the bids. Delivery of the Bonds will be made to the successful bidder through the facilities of The Depository Trust Company, New York, New York, within 60 days of the acceptance of the bid. If for any reason delivery cannot be made within 60 days, the successful bidder shall have the right to purchase the Bonds during the succeeding 30 days upon the same terms, or at the request of the successful bidder, during said succeeding 30 days, the good faith deposit will be returned, and such bidder shall be relieved of any further obligation. It is anticipated that the delivery of the Bonds will be on or about October 7, 2026.

ESTABLISHMENT OF ISSUE PRICE (HOLD-THE-OFFERING-PRICE RULE MAY APPLY IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED FOR THE BONDS):

The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" or similar certificate, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(a) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(i) the District shall disseminate a Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(ii) all bidders shall have an equal opportunity to bid;

(iii) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(iv) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to the Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid**.**

In the event that the competitive sale requirements described above in subparagraph (a) are not satisfied with respect to the Bonds, the District shall so advise the winning bidder. The District may determine to treat (i) the first price at which 10% of each maturity of the Bonds is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the District if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The District shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule during the Holding Period, as defined in subparagraph (d)(i) below. Bids will not be subject to cancellation in the event that the District determines to apply the hold-the-offering-price rule to any maturity of the Bonds.

(b) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the Holding Period, as defined in subparagraph (c)(i) below.

(c) The following terms are defined below:

(i) Hold-the-Offering-Price Maturity means a maturity of the Bonds of which less than 10% has been sold to the Public on the Sale Date.

(ii) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date, or (b) the date on which the winning bidder sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Holding-the-Offering-Price Maturity.

(iii) Maturity means Bonds with the same credit and payment terms. Bond with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(iv) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(v) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is expected to be September 15, 2026.

(vi) Underwriter means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

FURTHER INFORMATION: Information concerning the Bonds, information regarding electronic bidding procedures, bid submission and other matters related to the Bonds, including printed copies of this Notice and the Preliminary Official Statement ("Preliminary Official Statement"), may be obtained from the District's Municipal Advisor, RBC Capital Markets, LLC, 6301 Uptown Blvd. NE, Suite 110, Albuquerque, New Mexico 87110. This Notice, the Official Bid Form and the Preliminary Official Statement is available for viewing in electronic format at www.fmhub.com (MuniHub) and at www.i-dealprospectus.com. The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but will not prepare any other document or version for such purpose except as described below. In addition, any NASD registered broker-dealers or dealer banks with The Depository Trust Company clearing arrangements who bid on the Bonds are advised that they may either: (a) print out a copy of the Preliminary Official Statement on their own printer or (b) at any time prior to the sale date, elect to receive a photocopy of the Preliminary Official Statement in the mail by requesting it from the District's Municipal Advisor. All bidders must review the Preliminary Official Statement, and by submitting a bid for the Bonds, each bidder certifies that such bidder has done so prior to participating in the bidding.

The District will agree in a separate agreement to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12 ("Rule"), as described in the Preliminary Official Statement under "Continuing Disclosure of Information." The Preliminary Official Statement is deemed final by the District for purposes of Rule 15c2-12(b)(1) except for the omission of the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, any other terms or provisions required by an insurer of such securities to be specified in the winning bid, ratings, other terms of the securities depending on such matters, and the identity of the purchaser. The Board will furnish to the successful bidder or bidders, acting through a designated senior representative, in accordance with instructions received from such successful bidder(s) in order to comply with the Rule, within seven (7) business days from the sale date an aggregate of 20 copies of the final Official Statement, reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of preparation of the Official Statement shall be borne by the District except for the cost of any final Official Statement in excess of the number specified shall be borne by the successful bidder(s).

TRANSCRIPT AND LEGAL OPINIONS: The Bonds are subject to the written approval of the New Mexico Attorney General, as to form and legality . In addition, the legality of the Bonds will be approved by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Attorneys at Law, Albuquerque, New Mexico, whose opinion approving the legality of the Bonds will be furnished to the successful bidder at no cost to the successful bidder. The opinion will state in substance that the issue of the Bonds is valid and legally binding upon the District, that all of the taxable property in the District is subject to the levy of a tax to pay the same without limitation of rate or amount, and that interest on the Bonds is excludable from gross income for purposes of federal income tax (see Preliminary Official Statement for the form of Bond Counsel Opinion). The successful bidder (without cost to such bidder) will also be furnished with a complete transcript of the legal proceedings, including a no-litigation certificate stating that to the knowledge of the signer or signers thereof, as of the date of the delivery of the Bonds, no litigation is pending affecting their validity or the levy or collection of such taxes for their payment.

BOOK-ENTRY ONLY OBLIGATIONS: The Bonds will be issued in book-entry only form through the facilities of the Depository Trust Company (see Preliminary Official Statement).

CUSIP NUMBERS: CUSIP identification numbers may be typed or printed on the Bonds, but neither the failure to provide such number on any of the Bonds nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms hereof. The District's Municipal Advisor shall make timely application in writing to the CUSIP Service Bureau for and shall obtain CUSIP numbers. CUSIP identification numbers may be typed or printed on the Bonds, but neither the failure to provide such number on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms hereof. All expenses in relation to the CUSIP Service charge for the assignment of said numbers will be the responsibility of and will be paid for by the District's Municipal Advisor.

BLUE SKY LAWS: The District has not investigated the eligibility of any institution or person to purchase or participate in the underwriting of the Bonds under any applicable legal investment, insurance, banking, or other laws.

By submitting a bid, the initial purchaser represents that the sale of the Bonds in states other than New Mexico will be made only under exemptions from registration, or, wherever necessary, the initial purchaser will register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The District agrees to cooperate with the initial purchaser, at the initial purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary but will not consent to service of process in any such jurisdiction.

EXHIBIT A

FORM OF CERTIFICATE REGARDING ISSUE PRICE

*(For use where three or more bids for the Bonds* were *received by the District)*

The undersigned hereby certifies as follows with respect to the $16,250,000 principal amount of Las Cruces School District No. 2, Doña Ana County, General Obligation School Bonds, Series 2026 (the "Bonds").

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

2. *Defined Terms.*

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 15, 2026.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

By: ___________________________________
Name: _________________________________
Dated: _________________________________

CERTIFICATE REGARDING ISSUE PRICE

(*For use where the District did not receive three or more bids for the Bonds*)

The undersigned hereby certifies as follows with respect to the $16,250,000 principal amount of Las Cruces School District No. 2, Doña Ana County, General Obligation School Bonds, Series 2026 (the "Bonds").

1. *Hold-the-Price.*

(a) Other than the Bonds maturing in ____ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each Maturity was sold on the Sale Date to the Public are their respective initial offering prices ("Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(b) On or before the Sale Date, the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Hold-the-Price Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Hold-the-Price Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Hold-the-Price Maturity.

2. *Defined Terms.*

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 15, 2026.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Modrall, Sperling, Roehl, Harris & Sisk, P.A., as Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

By: ___________________________________
Name: _________________________________
Dated: _________________________________