



Rating Action: Moody's Ratings assigns A2 UND/Aa2 ENH to Rio Rancho Public School Dist. 94 (Sandoval County), NM's GO bonds

09 Sep 2026

New York, September 09, 2026 -- Moody's Ratings (Moody's) has assigned A2 underlying and Aa2 enhanced ratings to Rio Rancho Public School District 94 (Sandoval County), NM's proposed \$35 million General Obligation School Bonds, Series 2026. We maintain the district's A2 issuer and general obligation unlimited tax (GOULT) ratings. The district will have about \$103 million in debt outstanding following this sale.

RATINGS RATIONALE

The A2 issuer rating reflects a strong and growing economy, narrow but adequate reserves and slightly elevated debt. Fiscal 2026 (June 30 year-end) is anticipated to close with a roughly \$1.5 million reduction of general fund balance based on unaudited results, dropping the general fund balance ratio to 5%. Together with the debt service fund, reserves will remain sufficient at about 21% of revenue. Management anticipates no further reduction of general fund balance in fiscal 2027.

The economy is solid and boasts an improving full value per capita of \$126,000 and a strong adjusted income of 116% of the US. The enrollment trend is declining and the district's three-year CAGR is expected to fall to -1.9% with a projected decrease of 170 students in fiscal 2026. Management anticipates enrollment will continue decrease due to home schooling, charter schools, and transfers to adjacent public schools.

The rating further considers the district's long-term liabilities and fixed costs ratios of 248% and 14%, which are slightly elevated relative to A2 peers. The ratios are likely to remain flat with revenue growth and fast principal amortization.

The A2 GOULT rating is at the same level as the issuer rating, reflecting the unlimited property tax pledge dedicated to debt service.

The Aa2 enhanced rating is based on the New Mexico School District Intercept Program's programmatic rating. In order to qualify for the programmatic rating, per our methodology, annual debt service coverage must be at least sum sufficient. In Rio Rancho PSD 94's case, coverage is ample at roughly 6x based on fiscal 2025 state aid.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Trend of balanced operations resulting in maintenance of available fund balance ratio above 25% and significant strengthening of available general fund reserves
- Moderation of long-term liabilities ratio well below 250%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Fiscal 2026 or 2027 financial results that are weaker than expected, resulting in available operating fund ratio falling below 17.5% or a general fund ratio below 5%
- Acceleration of enrollment declines
- Material increase in the long-term liabilities ratio

PROFILE

Rio Rancho Public S.D. 94 is approximately 15 miles north of Albuquerque, in Sandoval County in central New Mexico. The district serves a population of 109,000 that primarily includes the City of Rio Rancho. The district operates 21 school sites and provides primary and secondary education to approximately 16,500 students in 2025.

METHODOLOGY

The principal methodology used in the underlying rating was US K-12 Public School Districts published in June 2026 and available at <https://ratings.moody.com/rmc-documents/466688>. The principal methodology used in the enhanced rating was US State Aid Intercept Programs and Financings published in February 2024 and available at <https://ratings.moody.com/rmc-documents/415020>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of these methodologies.

REGULATORY DISCLOSURES

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

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