OFFICIAL STATEMENT DATED OCTOBER 6, 2015

SAN JUAN COLLEGE DISTRICT
San Juan County, New Mexico
$5,000,000 - General Obligation Limited Tax Bonds, Series 2015

NEW ISSUE
Book-Entry Only

Moody's Rating: Aa2

PURPOSES Proceeds of the Bonds will be used for the purposes of 1) erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities, exclusive of stadiums, making other real property improvements, purchasing grounds or any combination of these purposes and 2) paying costs of issuance of the Bonds.

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 August 15 and February 15, commencing February 15, 2016. As long as DTC or its nominee is the registered owners 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 "The Bonds - Book-Entry-Only System. BOKF, NA, Albuquerque, New Mexico, or its successor is the Registrar and Paying Agent for the Bonds.

The Series 2015 Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS."

SECURITY The Bonds are general obligations of the San Juan College District, San Juan County, New Mexico, payable solely out of general (ad valorem) property taxes that is required to be levied against all taxable property in the District limited to a rate not to exceed five mills ($5.00 per $1,000 of taxable value); provided, this limit may be exceeded in any year in which the valuation of the property within the District declines to a level lower than the valuation of the property in the year in which the Bonds are issued.

BOND AND TAX OPINION The delivery of the Bonds is subject to the opinions of Cuddy & McCarthy, LLP and McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, as to the validity of the Bonds and the opinion of McCall, Parkhurst & Horton L.L.P., to the effect that interest on the Bonds is excludable from gross income for purposes of federal income taxation, under existing statutes, regulations, published rulings and court decisions and the Bonds will not be private activity bonds as described under "Tax Matters" herein. See "Legal Matters" and "Tax Matters" herein for a discussion of Co-Bond Counsels' opinions including a description of certain collateral federal tax consequences including the alternative minimum tax consequences for corporations. Delivery of a portion of the Bonds is also subject to the delivery of an approving opinion of the Attorney General of the State of New Mexico. The District expects to designate the Bonds as "qualified tax-exempt obligations" for financial institutions.

DELIVERY When, as and if issued, through DTC's facilities, on or about November 10, 2015

DATED DATE Date of initial delivery of the Bonds expected to be November 10, 2015

DUE DATE August 15, as shown on below:

GENERAL OBLIGATION BONDS LIMITED TAX, SERIES 2015

Years Maturing (August 15)	Principal	Interest Rate	Yield or Price	CUSIP # 798360	Years Maturing (August 15)	Principal	Interest Rate	Yield or Price	CUSIP # 798360
2016	$2,225,000	2.000%	0.400%	FC2	2022	$200,000	2.000%	1.500%	FJ7
2017	100,000	2.000%	0.650%	FD0	2023	400,000	2.000%	1.625%	FK4
2018	100,000	2.000%	0.900%	FE8	2024	400,000	2.000%	1.750% c	FL2
2019	100,000	2.000%	1.050%	FF5	2025	400,000	2.000%	1.850% c	FM0
2020	100,000	2.000%	1.250%	FG3	2026	400,000	2.000%	2.000%	FN8
2021	175,000	2.000%	1.370%	FH1	2027	400,000	2.125%	2.125%	FP3

c - Priced to 8/15/2023 call

BOSC, Inc. a subsidiary of BOK Financial Corp.

ISSUER

San Juan College District
San Juan County, New Mexico
4601 College Boulevard
Farmington, New Mexico 87402
(505) 326-3311

BOARD OF EDUCATION

Chairman: Kenneth Hare
Vice-Chairman: John Thompson
Secretary: R. Shane Chance
Member: Byron Manning
Member: Evelyn Benny
Member: Dr. Joseph Pope
Member: Matthew Tso

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Austin, Texas 78701
(512) 478-3805

DISTRICT ADMINISTRATION

President
Dr. Toni Hopper Pendergrass

Vice President for Administrative Services
Russell Litke

Vice President for Student Services
Dave Eppich

Vice President for Learning
Dr. Barbara Lynn Ake

PAYING AGENT/REGISTRAR

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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 the issues. This Official Statement is not an offer or solicitation for the Bonds, and no unlawful offer, solicitation or sale of the Bonds may occur through this Official Statement or otherwise. This Official Statement is not a contract and provides no investment advice. Investors should consult their advisors and legal counsel with their questions about this Official Statement, the Bonds or anything else related to this issue.

MARKET STABILIZATION

In connection with this Official Statement, the Initial Purchaser 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.

The estimates, forecasts, projections and opinions in this Official Statement are not hard facts, and no one 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.

Co-Bond Counsel, Cuddy & McCarthy, LLP, Santa Fe, New Mexico, and McCall, Parkhurst and Horton, L.L.P., Austin, Texas, were not requested and did not take part in the preparation of the Official Statement nor have such firm undertaken to independently verify any of the information contained herein. Such firms have 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 Co-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 Financial Advisor as follows:

District
San Juan College District
4601 College Boulevard
Farmington, NM 87402
Attn: Russell Litke

Financial Advisor
RBC Capital Markets, LLC
6301 Uptown Blvd. NE, Suite 110
Albuquerque, NM 87110
Attn: Paul J. Cassidy

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San Juan College District
San Juan County, New Mexico
$5,000,000 General Obligation Limited Tax Bonds, Series 2015

INTRODUCTION:

Thank you for your interest in learning more about the $5,000,000 San Juan College District General Obligation Limited Tax Bonds, Series 2015 (the "Bonds"). This Official Statement will tell you about the Bonds, their security and the risks involved in an investment in the Bonds.

Although the District has approved this Official Statement, it 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 (the "State") organized for the purpose of operating and maintaining a program of postsecondary education which provides coursework leading to certificates and associate degrees. The District's taxing district encompasses all of San Juan County. The District's 2015 preliminary taxable assessed valuation is $3,971,520,476. For fall 2015, the headcount enrollment was 15,331 and full-time equivalent enrollment was 5,133.

Security

The Bonds are general obligations of the District payable from ad valorem taxes levied annually against all taxable property within the District limited to a rate not to exceed five mills ($5.00 per $1,000 of taxable value); provided, this limit may be exceeded in any year in which the valuation of the property within the District declines to a level lower than the valuation of the property in the year in which the Bonds are issued. Neither the State nor any other political subdivision of the State has any responsibility to pay the debt service on the Bonds.

The Financial Advisor

The District has retained RBC Capital Markets, LLC as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds.

Financial Statements

An excerpt of the District's audited financial statements as of and for the year ended June 30, 2014, including the opinion of independent public accountants rendered thereon is attached as Appendix B. The complete audited financial statements for the District as of and for the year ended June 30, 2014, including the opinion rendered thereon of independent public accountants are available upon request. It should be noted that no audit procedures have been performed subsequent to the date of the audit opinion. Furthermore, there has not been an audit of any financial statements as of any date or for any period subsequent to the date of the latest financial statements covered by the opinion.

Purpose

Proceeds of the Bonds will be used for the purposes of 1) erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities, exclusive of stadiums, making other real property improvements, purchasing grounds or any combination of these purposes and 2) paying costs of issuance. The Bonds were authorized at an election held on February 3, 2015 which authorized an aggregate of $10,000,000 of bonds. After the issuance of the Bonds, $5,000,000 of bonds remains to be issued.

THE BONDS

Description

The Bonds are General Obligation Limited Tax Bonds, Series 2015 (the “Bonds”) issued in the aggregate principal amount of $5,000,000 and are dated November 10, 2015. The Bonds are issued as fully registered bonds in denominations of $5,000 or integral multiples thereof, bearing interest from their date to maturity at the rates specified on the cover page of this Official Statement payable semiannually on February 15 and August 15 each year, commencing on February 15, 2016, and maturing serially, as set forth on the cover page of this Official Statement. Interest will be computed on the basis of a 360-day year, consisting of twelve 30-day months. The Bonds will be issued as book-entry-only obligations; see Appendix C for a description of the Depository Trust Company and its Book-Entry-Only System.

Authorization

The Bonds were authorized at an election held in the District on February 3, 2015. The Bonds are being issued pursuant to the Board's powers under Sections 21-2A-6 through 21-2A-8, NMSA 1978, as amended and supplemented, the Constitution and other laws of the State of New Mexico (the “State”), and the Bond Resolution. After issuance of the Bonds, $5,000,000 of bonds remains to be issued from the authorizing election.

Bond Registrar and Paying Agent

BOKF, N.A., Albuquerque, New Mexico, or its successor, will serve as the Registrar (the "Registrar") and Paying Agent (the "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 a commercial bank, a trust company, a financial institution or any other entity, as provided by State law, duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar. The Registration Books for the Bonds 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, first-class postage prepaid, at the address in the Registration Books, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the last business day of the month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District.

Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Optional Prior Redemption

Bonds maturing on or after August 15, 2024 may be redeemed prior to their scheduled maturities on August 15, 2023 or on any date thereafter, in whole or in part, at the option of the District, with funds derived from any available and lawful source, and the District shall designate the amount that is to be redeemed, and if less than a whole maturity is to be redeemed, the District shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof within such maturity, for redemption (provided that a portion of a Bond may be redeemed only in an integral multiple of $5,000), at the redemption price of par, plus accrued interest to the date fixed for prepayment or redemption.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption have been met and moneys sufficient to pay the principal of and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Redemption Notices

The Registrar must, by first class mail, give redemption notices to the registered owners of the affected bonds and to various securities depositories and information services not less than 30 days prior to the redemption date. Please note that failure to give notice or any defect in such notice will effect the validity of the redemption for Bonds which notice was properly given. No transfer of Bonds called for redemption shall be made within 45 days of the date of redemption.

While the Bonds remain under the Book-Entry-Only System, the Paying Agent/Registrar will send notices only to DTC. Any problems from DTC through its system to the beneficial owners of the Bonds will not affect the validity of the Bond redemption or any other action based on the Paying Agent/Registrar's notice. Investors in the Bonds might consider arranging to receive redemption notices or other communications from DTC which affect them, including notice of interest payments. See "Book-Entry Only System" in Appendix C.

If the Paying Agent/Registrar gives proper redemption notice and the Paying Agent/Registrar holds money to pay the redemption price of the affected Bonds, then on the redemption date the Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Bonds, and their owners' only right will be to receive payment of the redemption price upon surrender of those Bonds to the Registrar.

Transfers and Exchanges

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the

Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner of his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein.

Limitation on Transfer of Bonds

Neither the District nor the Paying Agent/Registrar are required to transfer or exchange any Bond during (i) the period commencing at the close of business on the Record Date and ending at the opening of business on the next interest payment date and (ii) called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

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

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to DTC Participants or that DTC Participants or others will distribute payments with respect to the Bonds 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.

Defeasance

General. 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. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Resolution when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible entity for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar or an eligible entity for the payment of its services until after all Defeased Bonds shall have become due and payable or (c) any combination of (a) and (b). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues levied and pledged as provided in the Bond Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the Bond Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible entity may at the discretion of the District also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the Bond Resolution, and all income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank that is not

required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the District.

Investments. Any escrow agreement or other instrument entered into between the District and the Paying Agent/Registrar or an eligible entity pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District.

For the purposes of these provisions, "Defeasance Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including the interest component of bonds issued by the Resolution Funding Corporation).

SECURITY AND REMEDIES

Security

The Bonds constitute the general obligation of the District payable from general (ad valorem) property taxes levied against all taxable property within the District, limited to a rate not to exceed five mills ($5.00 per $1,000 of taxable value); provided, this limit may be exceeded in any year in which the valuation of the property within the District declines to a level lower than the valuation of the property in the year in which the Bonds are issued. The faith and credit of the District to the extent set forth in the immediately preceding sentence are irrevocably pledged for the payment of the Bonds. Outstanding bonded indebtedness shall be equally and ratably secured in all respects, without preference, priority or distinction between maturities or on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds. The Board of County Commissioners of San Juan County will levy upon all taxable property within the District a tax levy sufficient, together with other legally available revenues, to meet the debt service on the Bonds. Such annual levy for debt service creates a statutory tax lien which can be enforced personally against the owner of the property and enforced by sale of the property.

The State nor San Juan County have any responsibility to pay the debt service on the Bonds.

Legal Matters

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

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 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

DEBT AND OTHER FINANCIAL OBLIGATIONS

General Obligation Debt

The preliminary assessed valuation of taxable property within the District is $3,971,520,476 for tax year 2015, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division. The maximum general obligation indebtedness of the District may not exceed 3% of the $3,971,520,476 assessed valuation of the District, therefore, the maximum general obligation indebtedness may not exceed $119,145,614.

After the Bonds are issued, the ratio of total outstanding general obligation debt of the District to the 2015 preliminary assessed valuation will be no greater than 0.36% as summarized below:

2015 Preliminary Assessed Valuation	$3,971,520,476
2015 Estimated Actual Valuation (1)	$13,140,475,197
Bonded Debt	
Outstanding Bonds (including the Bonds)	$15,850,000
Less Debt Service Fund as of August 14, 2015 (2)	1,438,331
NET TOTAL	$14,411,669
Ratio of Estimated Net Debt to 2015 Preliminary Assessed Valuatio	0.36%
Ratio of Estimated Net Debt to 2015 Estimated Actual Valuation:	0.11%
Estimated Per Capita Net Bonded Debt:	$106.75
Estimated Population:	135,000

(1) Estimated actual valuation is computed by adding the 2014 exemptions to the 2015 assessed valuation and multiplying the result by three.

(2) The cash balance as of August 14, 2015 was $1,746,794. The amount properly attributable to principal reduction is 82.3%.

Selected Debt Ratios:

	2015
2015 Preliminary Assessed Valuation	$3,971,520,476
2015 Estimated Actual Valuation [1]	$13,140,475,197
General Obligation Debt Outstanding (including the Bonds)	$15,850,000
Net General Obligation Debt	$14,411,669
Estimated Direct & Overlapping G/O Debt	$115,693,890
Net Debt as a Percentage of	
Preliminary Assessed Valuation	0.36%
Estimated Actual Valuation	0.11%
Direct & Overlapping Debt as Percentage of	
Preliminary Assessed Valuation	2.91%
Estimated Actual Valuation	0.88%
Estimated Population	135,000
Estimated District Net Debt Per Capita	$106.75
Direct and Overlapping Debt Per Capita	$856.99

(1) Estimated actual valuation is computed by adding the 2014 exemptions to the 2015 assessed valuation and multiplying the result by three.

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 general obligation debt outstanding including the Bonds.

Issue	Original Amount Issued	Final Maturity	Principal Outstanding
Series 2004	$7,500,000	08/15/2016	$1,000,000
Series 2005	10,700,000	08/15/2021	9,850,000
The Bonds	5,000,000	08/15/2027	5,000,000
	$23,200,000		$15,850,000

Debt Service Requirements to Maturity

The District schedules principal and interest payments taking into account general obligation debt capacity, the desired tax rate, and expected property tax revenues. Below is a summary of the currently scheduled principal and interest on the District's outstanding debt as well as the principal and interest payments on the Series 2015 Bonds.

TYE	Current G/O Bonds Requirements			Series 2015 - G/O Bonds			Total G/O Bonds Requirements		
Year	Principal	Interest	Total	Principal	Interest [1]	Total	Principal	Interest	Total
2016	$1,050,000	$549,575	$1,599,575	$2,225,000	$76,771	$2,301,771	$3,275,000	$626,346	$3,901,346
2017	2,125,000	490,000	2,615,000	100,000	56,000	156,000	2,225,000	546,000	2,771,000
2018	2,300,000	383,750	2,683,750	100,000	54,000	154,000	2,400,000	437,750	2,837,750
2019	2,350,000	268,750	2,618,750	100,000	52,000	152,000	2,450,000	320,750	2,770,750
2020	2,700,000	151,250	2,851,250	100,000	50,000	150,000	2,800,000	201,250	3,001,250
2021	325,000	16,250	341,250	175,000	48,000	223,000	500,000	64,250	564,250
2022				200,000	44,500	244,500	200,000	44,500	244,500
2023				400,000	40,500	440,500	400,000	40,500	440,500
2024				400,000	32,500	432,500	400,000	32,500	432,500
2025				400,000	24,500	424,500	400,000	24,500	424,500
2026				400,000	16,500	416,500	400,000	16,500	416,500
2027	-	-	-	400,000	8,500	408,500	400,000	8,500	408,500
Total	$10,850,000	$1,859,575	$12,709,575	$5,000,000	$503,771	$5,503,771	$15,850,000	$2,363,346	$18,213,346

(1) Calculated using an average coupon rate of 2.01%.

Statement of Estimated Direct and Overlapping Debt

The following is a calculation which 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 other taxing entities which is the responsibility of taxpayers within the boundaries of the District.

	2015 Preliminary Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	$58,412,964,620	$389,270,000	2.58%	$10,043,890
San Juan County	3,971,520,476	-	100.00%	-
San Juan College District	3,971,520,476	15,850,000 [1]	100.00%	15,850,000
City of Farmington	1,121,177,660	-	100.00%	-
Farmington Schools	1,507,163,088	89,800,000	100.00%	89,800,000
Total Direct & Overlapping				$115,693,890

Ratio of Estimated Direct & Overlapping Debt to 2015 Preliminary Assessed Valuation	2.91%
Ratio of Direct & Overlapping Debt to 2015 Estimated Actual Valuation	0.94%
Per Capital Direct & Overlapping Debt	$889.95
Estimated Population	130,000

(1) Includes the Bonds.

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%. After deduction of certain personal exemptions, the 2015 preliminary assessed valuation is $3,971,520,476. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor. The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The actual value of Oil and Gas Production and Equipment (see "Oil and Gas" below) is determined by the Oil and Gas Accounting Commission. Oil and Gas totals are certified in March of the year following production. The analysis of preliminary assessed valuation for 2015 and the previous four years follows:

	2015 (2)	2014	2013	2012	2011
Assessments					
Value of Land	Information not yet available.	$538,776,361	$516,437,294	$555,417,970	$533,760,462
Improvements		1,631,542,273	1,544,267,634	1,435,635,093	1,355,292,325
Personal Property		109,034,725	112,925,580	104,958,212	119,506,196
Mobile Homes		58,063,742	59,125,073	60,187,108	61,684,833
Livestock		1,504,476	1,529,616	1,461,342	1,254,555
Assessor's Total Valuation		$2,338,921,577	$2,234,285,197	$2,157,659,725	$2,071,498,371
Less Exemptions					
Head of Family		$21,668,007	$21,705,275	$20,990,455	$20,757,659
Veterans		11,512,086	11,815,693	11,992,622	12,030,361
Veteran's Waiver		10,262,751	9,503,465	8,395,287	7,037,805
Other		365,195,079	314,451,989	293,322,901	262,661,693
Total Exemptions		$408,637,923	$357,476,422	$334,701,265	$302,487,518
Assessor's Net Valuation	$ 1,972,880,915	$1,930,283,654	$1,876,808,775	$1,822,958,460	$1,769,010,853
Central Assessed	1,027,780,847	942,232,337	1,042,144,106	1,086,753,722	1,132,044,646
Oil and Gas (1)	970,858,714	827,165,896	740,128,082	1,164,837,007	1,116,148,010
Total Assessed Valuation	$3,971,520,476	$3,699,681,887	$3,659,080,963	$4,074,549,189	$4,017,203,509

A further analysis of Assessed Valuation classified as Residential and Non-Residential the last five years follows:

	2015 (2)	2014	2013	2012	2011
Residential	$ 1,379,308,533	$ 1,342,698,528	$ 1,301,293,367	$ 1,253,440,398	$ 1,206,034,742
Non-Residential	1,621,353,229	1,529,817,463	1,617,659,514	1,656,271,784	1,695,020,757
Oil and Gas (1)	970,858,714	827,165,896	740,128,082	1,164,837,007	1,116,148,010
	$ 3,971,520,476	$ 3,699,681,887	$ 3,659,080,963	$ 4,074,549,189	$ 4,017,203,509

(1) Reflects oil and gas for previous calendar year.

(2) Preliminary.

Source: State of New Mexico, Taxation & Revenue Department, Property Division, and Office of San Juan County Assessor.

Major Taxpayers

The following is a list of the ten largest taxpayers in the District along with the 2015 preliminary assessed valuation for each. Property taxes are current for these taxpayers. This table is useful in assessing the concentration risk of the tax base. The largest ten taxpayers' assessed valuation is 20.1% of the total preliminary assessed valuation for tax year 2015.

Major Taxpayers in the District - 2015

Taxpayer	Business	Preliminary Assessed Valuation	% of SJC AV
Public Service Co. of NM	Utility	$215,894,575	5.4%
Arizona Public Service Co.	Electric Utility	160,325,844	4.0%
Enterprise Field Service	Pipeline	105,340,515	2.7%
San Juan Coal Company	Coal Minng	75,624,396	1.9%
Williams Field Service	Oil Field Service	72,738,004	1.8%
Tucson Electric Power	Electric Generation	44,303,900	1.1%
El Paso Field Service	Pipeline	37,264,679	0.9%
MSR Public Power	Electric Generation	29,792,913	0.8%
City of Farmington	Electric Utility	28,611,450	0.7%
Mid America	Pipeline	27,899,219	0.7%
Total		$797,795,495	20.1%
The District's 2015 Preliminary Assessed Valuation		$3,971,520,476	100.0%

Source: San Juan County Assessor's Office

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 2015-16 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.

	2015	2014	2013	2012	2011
	Within 20 Mill Limit for General Purposes				
State of New Mexico	$0.000	$0.000	$0.000	$0.000	$0.000
San Juan County	5.731	5.731	5.810	5.826	5.767
San Juan College	3.114	3.114	3.154	3.162	3.133
City of Aztec	4.444	4.481	4.571	4.587	4.555
City of Bloomfield	4.762	4.804	4.882	4.906	4.881
City of Farmington	1.410	1.407	1.426	1.431	1.419
Aztec Schools	0.258	0.260	0.263	0.263	0.261
Bloomfield Schools	0.293	0.295	0.298	0.299	0.296
Farmington Schools	0.323	0.322	0.326	0.327	0.324
	Over 20 Mill Limit - Interest, Principal, Judgement, etc.				
State of New Mexico	$1.360	$1.360	$1.360	$1.360	$1.362
San Juan County	0.500	0.500	0.500	0.500	0.500
San Juan College	0.600	0.600	0.600	0.420	0.600
City of Aztec	0.000	0.000	0.000	0.000	0.000
City of Bloomfield	0.971	1.191	2.094	2.099	2.254
City of Farmington	0.000	0.000	0.000	0.000	0.000
Aztec Schools	10.500	8.538	10.334	8.403	6.437
Bloomfield Schools	10.867	9.316	11.005	8.608	8.085
Farmington Schools	9.399	9.399	9.420	9.424	9.296
	Total Levy				
State of New Mexico	$1.360	$1.360	$1.360	$1.360	$1.362
San Juan County	6.231	6.231	6.310	6.326	6.267
San Juan College	3.714	3.714	3.754	3.582	3.733
City of Aztec	4.444	4.481	4.571	4.587	4.555
City of Bloomfield	5.733	5.995	6.976	7.005	7.135
City of Farmington	1.410	1.407	1.426	1.431	1.419
Aztec Schools	10.758	8.798	10.597	8.666	6.698
Bloomfield Schools	11.160	9.611	11.303	8.907	8.381
Farmington Schools	9.722	9.721	9.746	9.751	9.620
Total Residential - Aztec	$26.249	$24.584	$26.592	$24.521	$22.615
Total Residential - Bloomfield	$27.666	$26.911	$29.703	$27.180	$26.878
Total Residential - Farmington	$22.451	$22.432	$22.596	$22.450	$22.401

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

District Tax Rates

The following table shows the historical tax levies on property, per $1,000 of assessed valuation, within the District since the 2011 tax year (2011-2012 fiscal year).

	Operational		Debt	Total Tax Rate	
Tax Year	Residential	Non-Residential	Service	Residential	Non-Residential
2015	$3.114	$4.500	$0.600	$3.714	$5.100
2014	3.114	4.500	0.600	3.714	5.100
2013	3.154	4.500	0.600	3.754	5.100
2012	3.162	4.500	0.420	3.582	4.920
2011	3.133	4.500	0.600	3.733	5.100

Source: NM Department of Finance & Administration.

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 fact 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.*

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 Sections 7-36-21.2 NMSA 1978 and 7-36-21.3 NMSA 1978.

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

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year;
3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
4. When a change occurs in the zoning or use of the property;
5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978; and
6. On March 28, 2012, the New Mexico Court of Appeals upheld the constitutionality of a law capping residential valuation increases until a home changes ownership. This decision was appealed to the New Mexico Supreme Court which upheld the constitutionality of Section 7-36-21.3.

Section 7-36-21.3 NMSA 1978 places a limitation on the increase in value for property taxation purposes for single-family dwellings occupied by low-income owners who are 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The Section 7-36-21.3 limitation does not apply:

1. To property that is being valued for the first time;
2. To a change in valuation resulting from physical improvements made to the property in the preceding year; and
3. To a change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

Tax Collections

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:

Property Tax Collections for San Juan County

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections (1)	Current Collections as of % of Net Levied	Current/ Delinquent Tax Collections (2)	Current/Delinquent Collections as of % of Net Levied
2005	05/06	$48,740,336	$47,402,124	97.25%	$48,893,505	100.31%
2006	06/07	51,561,282	50,180,945	97.32%	51,727,492	100.32%
2007	07/08	56,104,216	54,445,797	97.04%	56,294,948	100.34%
2008	08/09	59,289,265	57,266,846	96.59%	59,554,871	100.45%
2009	09/10	63,978,897	61,868,631	96.70%	64,367,797	100.61%
2010	10/11	66,862,274	64,766,432	96.87%	67,724,003	101.29%
2011	11/12	68,889,565	66,897,199	97.11%	68,873,344	99.98%
2012	12/13	70,288,815	68,049,597	96.81%	70,207,784	99.88%
2013	13/14	73,340,564	70,753,818	96.47%	72,527,504	98.89%
2014	14/15	70,921,419	68,545,196	96.65%	68,545,196	96.65%

(1) As of June 30 each year.

(2) As of June 2015.

Source: San Juan County Treasurer's Office.

Interest on Delinquent Taxes

Pursuant to Section 7-38-49, NMSA 1978, if property taxes are not paid for any reason within 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.

Penalty for Delinquent Taxes

Pursuant to Section 7-38-50, NMSA 1978, 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 an 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 Section 7-38-47, NMSA 1978, 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.

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

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

Tax Collection on Oil and Gas Production

The producer of oil and gas products is required by law to report the value of his production within 65 days after the end of the month in which the products are produced. Payment must be made at the time of reporting. The value upon which the tax levy is imposed (at the prevailing tax rate) is equal to 50% of the well-head price after transaction costs and royalties have been deducted. Interest penalties are imposed on any overdue taxes, although the Oil & Gas Accounting Division of the New Mexico Taxation & Revenue Department experiences few, if any, delinquencies.

Tax Collection on Oil and Gas Equipment

The assessed value of oil and gas equipment is calculated by multiplying the prior calendar year's sales of oil and gas products by .09 (9%). The assessed value determined by this method is then multiplied by the prevailing tax rate. The producer is billed by the Oil and Gas Accounting Division of the New Mexico Taxation & Revenue Department on October 15 of each year. The taxes are payable by November 30 of each year. Interest penalties are imposed on any overdue taxes, although the Division experiences few, if any, delinquencies.

THE DISTRICT

History

San Juan College was founded in 1956 as the Farmington Branch of the New Mexico College of Agriculture and Mechanical Arts, in accordance with statutes of the State of New Mexico. All classes were initially taught by part-time instructors during evening hours in facilities at Farmington High School. In 1958, the name was changed from Farmington Branch to San Juan Branch, NMSU. This name better indicated the area served by the branch.

In July 1965, the Farmington Board of Education allowed the District to use full-time, a building on North Wall Avenue near downtown Farmington. This space allowed for full-time day and evening instruction; however, laboratories and other special facilities at Farmington High School were still used for evening instruction.

During the 1966-67 year, applications for a federal grant to assist in the construction of a separate facility for a branch campus were prepared and approved. The Farmington City Council returned to the Bureau of Land Management 590 acres of land, previously obtained by the city for park and recreational purposes, with the promise that the land be made available to New Mexico State University (NMSU) for branch campus development. Thus, with the first building constructed in 1967-68, San Juan Branch had a permanent site in the northern part of Farmington.

Also during the 1967-68 academic year committees composed of members from all areas of the county prepared a feasibility study for an area vocational-technical school at the San Juan Campus. An operating agreement between the Board of Regents, NMSU, and the Boards of Education of Aztec, Bloomfield Municipal, Central Consolidated, and Farmington Public Schools was executed. On August 10, 1968, the New Mexico State Board of Education designated San Juan Branch an area vocational-technical school.

From the first phase of construction in 1967 to 1981, the District as a branch campus experienced three successful local bond issues to substantially support three of the District's major construction projects, four phases of construction, several marked changes in administrative structure, and rapid enrollment growth. Campus facilities increased from 16,384 square feet of space in 1967-68 to 87,442 square feet in 1981, while enrollment in credit courses during the same period increased from 395 to 1604 students. As the community and local school districts invested more money and support in this university branch campus, the natural desire for more local control and autonomy arose. State laws were amended in 1980 to make such a transition possible. Petitions were circulated and a feasibility study for college independence was completed in August 1981. A county-wide election was held on November 17, 1981, which resulted in 87 percent of those voting in the four San Juan County school districts approving of separation from NMSU and financial support for a newly created junior college district. On July 1, 1982, an independent and separate community college known officially as Junior College District of San Juan County, and informally as San Juan College, came into being.

The District has established a San Juan College West Center in Kirtland, an Early Childhood Development Center, a Health and Human Performance Center, and an Advanced Technology/Enterprise Center. From its modest start in 1956 with 25 students, the District now had a 2014 fall credit enrollment of more than 15,000 students. Staff size has grown from a handful of part-time instructors to a present complement of 166 full-time and 253 part-time faculty members. The District employs a total of 898 men and women, which includes 529 full-time regular employees (faculty and staff), and 369 part-time staff.

New Mexico Higher Education Department

The New Mexico Higher Education Department ("HED") was established in 1951 to oversee the finances of state institutions of higher education. The District is subject to oversight by HED. The HED is a cabinet level State agency, with the Secretary of Higher Education (the "Secretary") appointed by the Governor and confirmed by the State Senate. The Secretary must review, adjust and approve requests for appropriations submitted by the state educational institutions before the submission of those requests to the State Legislature. Additionally, the Secretary must approve all building construction plans and projects estimated to cost in excess of $300,000 undertaken by the educational institutions.

Governing Board

The Governing Board of the District consists of seven districted positions, each designated by a number. Normally, the members of the Board are elected by districts to a -year term on the first Tuesday in February of odd-numbered years. Terms of office are staggered so that roughly half the Board is subject to change at any regular election.

The members of the Board are:

Matthew Tso, Member
District 1

Evelyn B. Benny, Member
District 2

Byron Manning, Member
District 3

Kenneth W. Hare, Chairman
District 4

John Thompson, Vice Chairman
District 5

R. Shane Chance, Secretary
District 6

Dr. Joseph Pope, Member
District 7

Administration and Staff

The President of the District is selected by the Board, and upon the President's recommendation, the Board employs other administrative personnel, instructional staff or other personnel as needed. The President and administrative staff for the District are:

Dr. Toni Hopper Pendergrass, President reestablished her roots in San Juan County, when she returned home and joined San Juan College as President on July 2, 2012.

Prior to San Juan College, Dr. Pendergrass served as the Vice President for Learning at San Jacinto College, South Campus in Houston, Texas. Before San Jacinto College, she served as Interim Vice President of Academic Affairs and Student Success at El Centro College in Dallas, Texas, as well as the Executive Dean of Communications, Mathematics, Developmental Students, and Teacher Preparation Division. She also gained academic experience in strategic planning, research, and institutional effectiveness as a vice chancellor at Wayne County Community College District in Detroit, Michigan, and as a college director of institutional planning and research at Clovis Community College in Clovis, New Mexico.

Dr. Pendergrass earned her Ph.D. in Educational Administration with a specialization in Community College Leadership from the University of Texas at Austin. She also holds a Master of Science degree in Agricultural Economics and Economics and a Bachelor's Degree in Agriculture Economics and Business, both from New Mexico State University.

Russell Litke, Vice President Administrative Services became Vice President for Administrative Services at San Juan College on August 8, 2011, previously serving the District as controller since May 2010. Prior to that role, he was chief financial officer and controller at Navajo Agricultural Products Industry (NAPI). Mr. Litke received his Master of Business Administration degree from California State University in 1997. He also holds a Bachelor's Degree in Business Administration and Accounting from California State.

In the position, Mr. Litke is responsible for the District's budget and finance operations, monitoring and reporting financial analyses to the president and board of trustees, and supervisory oversight of the District's Bookstore, Business Office, Copy Services, Finance and Investments, Locksmith, Mailroom, Motor Pool, Physical Plant, Purchasing, Risk Management, and Shipping and Receiving departments.

Dave Eppich, Vice President for Student Services has served as Vice President for Student Services since July 2005. He came to San Juan College from Fort Lewis College in Durango, Colorado where he most recently served as assistant to the president for external affairs. During his 25 years at Fort Lewis, Mr. Eppich was director of developmental projects and special assistant to the president, director of the District union and student activities, and coach of the men's club soccer team. During his early career, he was manager of housing services and residence director at the University of New Mexico.

Mr. Eppich earned his Bachelor's degree in biology from the University of New Mexico and his Master of Science Degree in Management from The American College in Bryn Mawr, Pennsylvania. He is a graduate of Farmington High School.

Dr. Barbara Lynn Ake, Vice President for Learning has served as Vice President for Learning since June 2013. Dr. Ake has also served as the Dean of Natural Sciences and Health Sciences at San Jacinto College, South Campus. She has also served as Chief Academic Officer of Aultman College of Nursing and Health Sciences and several positions at Brevard Community College including Provost from 2004 through 2008.

Dr. Ake earned her Doctorate in Education, Health Care Education from Nova Southeastern University in Fort Lauderdale, Florida and her Master of Science, Health Care Administration from Central Michigan University in Mount Pleasant, Michigan.

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 to school districts, institutions of higher learning, board members and employees. The Insurance Authority provides medical and risk-related insurance to the District, including health and life coverage, workers' compensation, property and casualty insurance, general automobile and fire insurance and general liability insurance.

Bond Projects

The District currently anticipates that the proceeds of the Series 2015 Bonds, along with the balance of the balance of the $10 million of bonds approved by voters, will be used to fund the following projects (subject to change):

School of Science, Math and Engineering Expansion and Renovation — Approximately $3,000,000

> Maintaining New Mexico's role as a leader in science and technology is essential to the economic growth, national security and productive future. STEM-H fields have become increasing central to economic competitiveness and growth and jobs rank among the best paying and fastest growing in the 21st century. Convert 6,762 square feet into laboratory space and add 6,000 square feet of new classroom space to the School of Science, Math, and Engineering. Converts 5 general purpose classrooms into 3 new science laboratories and adds 5 new classrooms; 3 dedicated to math and 2 for general education subjects. This project will nearly double the space for laboratory preparation in the chemistry and biology labs; add

increased specimen storage space; add classrooms, allowing for increased student enrollment; and modernize more than 43,000 square feet of classroom and laboratory space.

30th Street Campus — Approximately $5,000,000

The 30th Street Campus is the current location of San Juan College Adult Education programs and University programs from New Mexico Highlands University and the University of New Mexico. The project will modernize and update the facility to meet current requirements and to house departments from existing facilities. The renovations will provide much-needed additional space for current and future programs at the main campus.

Fire Tower Replacement — Approximately $1,200,000

The Fire Tower is used for San Juan College students, as well as local fire and emergency personnel training. This project will construct a safer tower, allowing for more diverse training. The current tower is about 30 years old, requiring increasing costs to repair the structure.

Hutton Street Campus — Approximately $800,000

The Hutton Street Campus will be the location of the new fire tower, along with Fire Science, Emergency Medical Services and Commercial Driver's License ("CDL") programs. Relocation will allow for Fire Science and EMS to train together in the same facility. The project will allow for CDL to expand and increase student enrollment, and will modernize and update the building to meet current requirements.

Accreditation

The Academic Quality Improvement Program ("AQIP") is the accreditation process through which the District maintains its accredited status with the Higher Learning Commission ("HLC") of the North Central Association of Colleges and Schools (NCA).

Through AQIP, the District demonstrates that it meets the Higher Learning Commission's Criteria for Accreditation while integrating the principles and benefits of continuous improvement into the culture of the District.

AQIP's five core processes are a sequence of events that are an integral part of the District's Reaffirmation of Accreditation.

- ✓ Strategy Forum
- ✓ Action Projects
- ✓ Systems Portfolio
- ✓ Systems Appraisal
- ✓ Reaffirmation of Accreditation

Tuition and Fees

A history of tuition and fees follows:

	In-State (Full-Time)		Out-Of-State (Full-Time)	
Year	Tuition	Fee	Tuition	Fee
2011-12	$984.00	$144.00	$2,520.00	$241.00
2012-13	984.00	240.00	2,520.00	432.00
2013-14	984.00	354.00	2,520.00	618.00
2014-15	984.00	328.00	2,952.00	568.00
2015-16	1,104.00	370.00	3,504.00	610.00

Note: Assumes two semesters at 12 credit hours per student.

Source: The District.

The income from tuition, fees, state appropriations or other sources is not pledged to the payment of the Bonds. Revenues from these sources are dependent on the number of students enrolled. See "Enrollment" for information concerning the District's recent enrollment history. It is possible that any significant increase in tuition and fees or other required fees could result in a reduction of the number of students.

The District competes for students with junior colleges, colleges and universities and other institutions of higher education, including vocational and other career-related schools. In addition, the District competes with other entities in the community in the sale of goods and services; this is particularly true of the goods and services offered by the District's auxiliary enterprises. Consequently, the revenues from tuition and fees and these auxiliary enterprises of the District may vary depending on the District's ability to compete successfully with these various outside entities.

Enrollment

Below is the enrollment breakdown for the District. Unduplicated student headcount is the actual number of individual students enrolled. As such, in the unduplicated headcount, students are counted once in a term.

	School Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
Unduplicated Students	18,068	18,456	18,516	17,489	15,330
Total Enrollment	26,905	27,344	27,423	25,958	23,378
Annual FTE	5,404	5,499	5,464	5,333	5,133
Student Credit Hours	162,125	164,983	163,934	159,994	154,000

Source: The District.

FINANCES OF THE EDUCATIONAL PROGRAM

The operating revenues for the District are derived from appropriations made to the District by the State and/or local governments, sales and services of auxiliary operations, tuition and fees, self-funded activities, federal, state and local government grants and contracts, private gifts, grants and contracts, and other miscellaneous sources.

Budget Process

The District operates on an annual budget with a fiscal year beginning on July 1. However, the budget and resource allocation process is a multi-year activity which assures that funding from all sources is continuously consistent with long-range policies, programmatic goals and specific campus roles and objectives of the District. The budget process is based on criteria established by the New Mexico Higher Education Department (”HED”) for the purpose of ensuring consistency in the development and reporting of budget information among State institutions of higher education.

In general, the District prepares the following types of budgets: (a) unrestricted current funds budgets, (b) restricted current funds budgets, and (c) capital construction budgets supported by State capital construction appropriations and local funds derived from the sale of bonds. Current funds represent those resources of the District that are expendable for current operating purposes. These funds are divided into two subgroups - unrestricted and restricted. While unrestricted current funds can be expended for any College purpose, the expenditures of restricted current funds is limited by the donor or grantor to specific purposes, programs or departments. Unrestricted current funds budgets are funded by State appropriations, local tax levy, tuition, sales and other sources. Restricted current funds budgets are funded by federal, private and state grants and contracts, and other sources. The State appropriated operating budgets include appropriations for instruction and related support, certain public service activities, libraries and other items. Non-appropriated operating activities include sponsored programs paid for by federal, state and private contracts and grants, student financial assistance, certain self-funding activities and auxiliary enterprises.

Accounting Policies

For the year ended June 30, 2014, the District adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 (“GASB 65”) established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The effect of GASB 65 is reflected in the Statement of Revenues, Expenses and Changes in Net Position as restatement in the amount of $39,149 due to the accounting treatment of the unamortized amount of bond issuance costs at July 1, 2013. For financial reporting purposes under GASB, the District is considered a public institution engaged only in business-type activities. Accordingly, the District’s financial statements have been presented under the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus emphasizes the long-term effects of operations on overall net resources (i.e. total assets and total liabilities). The statement of revenues, expenses, and changes in net position prepared using economic resources measurement focus includes only transactions and events that increase or decrease net position during the year. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when and obligation has been incurred, or benefit has been received. All significant intercollege transactions have been eliminated.

Statement of Net Position

Below is a five year history of Net assets for the District. The complete audit report for the fiscal year ending June 30, 2014 and the last four years can be downloaded from the District's website use the following link https://www.sanjuancollege.edu/pages/4352.asp

STATEMENT OF NET POSITION (PRIMARY INSTITUTION)

	2011	2012	2013	2014	2015*
Assets:					
Cash and cash equivalents	$14,155,224	$12,802,876	$12,322,506	$9,758,489	$11,833,831
Investments	5,500,000	5,500,000	4,750,000	3,750,000	3,000,000
Accounts receivable, net	521,516	606,335	887,690	1,017,589	2,273,918
Due from other governments	2,962,525	2,868,002	2,544,153	5,331,962	1,879,843
Other receivables, net	189,612	261,523	184,978	421,251	724,830
Inventories	916,799	724,654	1,391,826	1,151,763	1,488,677
Other assets	186,950	696,193	166,095	589,119	23,233
Total Current Assets	$24,432,626	$23,459,583	$22,247,248	$22,020,173	$21,224,332
Non-Current Assets:					
Restricted cash, cash equivalents, and investments	$167,874	$202,474	$2,153,705	$4,371,152	$2,151,566
Restricted investments	360,000	360,000	-	-	-
Capital assets, not being depreciated	2,436,298	2,010,641	2,051,208	5,816,023	2,425,517
Capital assets, net of accumulated depreciation	78,620,097	76,364,674	71,554,709	67,409,466	78,950,888
Total Non-Current Assets	$81,584,269	$78,937,789	$75,759,622	$77,596,641	$83,527,971
TOTAL ASSETS	$106,016,895	$102,397,372	$98,006,870	$99,616,814	$104,752,303
Deferred loss on refunding of debt & deferred outflows	-	-	-	117,286	4,423,953
Total deferred outflows	$0	$0	$0	$117,286	$4,423,953
TOTAL ASSETS AND DEFERRED OUTFLOWS	$106,016,895	$102,397,372	$98,006,870	$99,734,100	$109,176,256
Current Liabilities:					
Accounts payable	$1,694,625	$1,861,911	$1,531,335	$1,920,399	$1,305,271
Accrued compensated absences	163,738	139,759	133,427	138,720	141,079
Other post-employment benefits	399,933	428,525	340,739	569,378	32,950
Other accrued liabilities	2,516,294	2,188,737	2,053,072	1,902,642	1,710,139
Unearned revenue	1,208,922	1,265,560	1,649,947	1,601,567	1,876,119
Bonds and Notes payable - current	1,686,532	2,078,940	1,186,505	2,287,804	246,378
Deposits and funds held for others	297,525	190,231	202,962	248,541	240,420
Total Current Liabilities	$7,967,569	$8,153,663	$7,097,987	$8,669,051	$5,552,356
Non-Current Liabilities:					
Accrued compensated absences	$1,167,468	$1,189,262	$1,311,308	$1,638,991	$1,675,469
Other post-employment benefits	6,035,049	5,566,287	5,313,334	4,515,318	4,381,028
Bonds and Notes payable - non-current	16,939,479	14,889,549	13,729,509	11,578,145	11,294,769
Net pension liability	-	-	-	-	58,672,592
Total Non-Current Liabilities	$24,141,996	$21,645,098	$20,354,151	$17,732,454	$76,023,858
Deferred Inflows					
Deferred Inflows - Actuarial Experience	$0	$0	$0	$0	$874,016
Deferred Inflows - Investment Experience	-	-	-	-	5,333,603
Total Deferred Inflows	$0	$0	$0	$0	$6,207,619
TOTAL LIABILITIES	$32,109,565	$29,798,761	$27,452,138	$26,401,505	$87,783,833
Net Position					
Net investment in capital assets	$62,430,384	$61,406,826	$58,689,903	$59,476,826	$68,731,215
Restricted Non-Expendable	360,000	360,000	360,000	362,352	362,352
Restricted Expendable	2,419,446	2,490,884	1,677,031	3,246,753	3,666,087
Unrestricted	8,697,500	8,340,901	9,827,798	10,246,664	9,029,213
GASB 68	-	-	-	-	(60,396,454)
Total Net Position	$73,907,330	$72,598,611	$70,554,732	$73,332,595	$21,392,413
Total Liabilities and Net Position	$106,016,895	$102,397,372	$98,006,870	$99,734,100	$109,176,246

* Unaudited and unadjusted.

Source: San Juan College audits. 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. The audited financial statements for June 30, 2014 are attached in Exhibit B. The Fiscal Year 2015 Audit is expected to be available in late 2015.

Statement of Revenues, Expenditures and Changes in Net Position

Below is a five year history of Revenues and Expenditures for the District. The complete audit report for the fiscal year ending June 30, 2014 and the last four years can be downloaded from the District's website use the following link https://www.sanjuancollege.edu/pages/4352.asp

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN NET POSITION (PRIMARY INSTITUTION)

	2011	2012	2013	2014	2015 [1]
Revenues:					
Student tuition and fees	$8,902,903	$10,231,371	$10,868,107	$11,081,648	$11,618,503
Less: Scholarship allowances	(3,131,711)	(4,442,608)	(4,527,681)	(4,953,167)	(4,676,119)
Federal grants and contracts	15,552,572	15,608,951	15,591,409	2,093,250 [2]	2,412,618
State grants and contracts	2,319,130	2,159,078	2,122,087	5,665,414	3,285,884
Non-governmental grants and contracts	1,508,241	1,782,847	1,701,677	2,021,704	10,787,085
Sales and services	736,717	744,361	948,608	837,026	918,024
Auxiliary enterprises	4,297,185	4,507,760	4,731,455	4,736,833	4,842,242
Other operating revenues	400,369	397,131	396,336	591,010	700,652
Total Operating Revenues	$30,585,406	$30,988,891	$31,831,998	$22,073,718	$29,888,889
Expenditures:					
Instruction	$26,484,336	$27,559,518	$28,943,307	$28,103,541	$29,606,426
Public service	2,166,869	2,348,456	1,804,537	1,723,287	1,696,937
Academic support	3,694,519	3,687,037	3,673,814	4,326,916	4,642,683
Student services	5,941,185	6,648,391	6,856,693	6,986,133	6,937,730
Institutional support	6,620,071	5,957,289	6,052,703	6,512,380	6,659,238
Operations and maintenance of plant	6,809,621	6,466,307	6,160,411	5,536,197	5,675,977
Depreciation expense	5,525,490	5,473,450	5,371,847	5,211,856	5,176,033
Student aid	10,976,925	10,683,909	10,723,075	9,417,776	14,121,733
Auxiliary enterprises	4,075,463	4,308,451	4,433,978	4,256,568	4,455,250
Other operating expenses	141,173	157,127	136,266	133,111	129,575
GASB 68	-	-	-	-	121,996
Total Operating Expenses	$72,435,652	$73,289,935	$74,156,631	$72,207,765	$79,223,578
Operating Income (Loss)	(41,850,246)	(42,301,044)	(42,324,633)	(50,134,047)	(49,334,689)
Non-Operating Revenues (Expenses)					
State appropriations	$21,826,889	$21,828,449	$23,200,388	$24,328,639	$25,170,340
Local appropriations	15,889,327	16,310,978	16,588,391	17,838,223	16,796,065
Federal student aid	-	-	-	12,465,655 [2]	15,212,390
Investment income (loss)	485,539	69,854	73,253	72,832	60,008
Interest on capital asset - related debt	(841,279)	(784,642)	(732,580)	(685,624)	(577,568)
Gain (loss) on disposal of capital assets	(16,282)	(2,194)	(6,454)	(26,727)	5,208
Other non-operating revenues/expenditures	(39,868)	314,788	985,979	(1,493,537)	(523,919)
Total Non-Operating Revenues (Expenses)	$37,304,326	$37,737,233	$40,108,977	$52,499,461	$56,142,524
Income (loss) before other revenue (expenses)	($4,545,920)	($4,563,811)	($2,215,656)	$2,365,414	$6,807,835
Capital appropriations	6,248,299	3,097,155	13,840	451,598	48,703
Capital contributions	-	157,937	157,937	-	340,632
Increase (Decrease) in Net Position	$1,702,379	($1,308,719)	($2,043,879)	$2,817,012	$7,197,170
Net Position, beginning of year	$72,204,951	$73,907,330	$72,598,611	$70,554,732	$73,332,595
Net Position - Restatement	-	-	-	(39,149)	(59,137,351)
Net Position, beginning of year as restated	72,204,951	73,907,330	72,598,611	70,515,583	14,195,244
Net Position, end of year	$73,907,330	$72,598,611	$70,554,732	$73,332,595	$21,392,414

(1) Unaudited and unadjusted.

(2) In fiscal year 2014, federal student aid and grants were reclassified from an operating expense to a non-operating expense.

Source: San Juan College audits. 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. The audited financial statements for June 30, 2014 are attached in Exhibit B. The Fiscal Year 2015 audit is expected to be available in late 2015

Statement of Cash Flows

Below is a five year history of Cash Flows for the District. The complete audit report for the fiscal year ending June 30, 2014 and the last four years can be downloaded from the District's website use the following link https://www.sanjuancollege.edu/pages/4352.asp

Statement of Cash Flows					
	2011	2012	2013	2014	2015 [1]
Cash flows from operating activities					
Tuition and fees	$5,805,229	$5,673,031	$6,456,188	$5,950,203	$5,960,607
Grants and contracts	17,550,256	19,184,144	19,739,022	6,992,560	19,937,706
Sales and services	770,227	744,340	948,608	837,026	918,024
Auxiliary sales and services	4,255,339	4,489,631	4,731,455	4,736,833	4,842,242
Payments to suppliers	(16,128,888)	(17,453,559)	(19,578,102)	(16,611,728)	(17,700,603)
Payment to employees	(28,849,078)	(30,180,733)	(28,874,379)	(29,462,298)	(30,335,410)
Payment for benefits	(9,197,741)	(9,314,372)	(9,278,617)	(10,225,019)	(12,239,569)
Payments for utilities	(1,369,921)	(1,294,239)	(1,243,371)	(1,324,339)	(1,354,126)
Payments for scholarships	(9,056,037)	(10,344,758)	(10,398,539)	(9,074,610)	(14,121,733)
Other receipts (payments)	261,882	173,339	232,766	(195,614)	1,018,111
Net cash used by operating activities	($35,958,732)	($38,323,176)	($37,264,969)	($48,376,986)	($43,074,751)
Cash flows from noncapital financing activities					
State appropriations	$21,898,222	$21,796,903	$23,200,388	$24,328,639	$25,170,340
Local appropriations	18,064,130	18,942,365	16,588,391	17,838,223	16,796,065
Federal Student Aid	-	-	-	12,465,655 [2]	15,212,390
Other non-operating revenue (expenses)	(442,094)	(187,475)	1,143,916	(1,493,537)	(523,919)
Net cash provided by noncapital financing activities	$39,520,258	$40,551,793	$40,932,695	$53,138,980	$56,654,876
Cash flows from capital and related financing activities					
Interest payments on Bonds and Notes	($873,808)	($808,363)	($732,580)	($685,624)	($577,568)
Capital appropriations	3,376,105	1,299,956	13,840	451,598	48,703
Principal payments on Bonds and Notes	(2,049,354)	(1,685,086)	(2,061,658)	(1,049,017)	(2,324,802)
Total bond premium/loss	-	-	9,183	-	-
Prior period adjustment on Capitalization of Art	-	-	-	-	(1,259,103)
Purchases of capital assets	(4,323,803)	(2,431,891)	(608,903)	(4,859,204)	(10,421,617)
Net cash used by capital and related financing activities	($3,870,860)	($3,625,384)	($3,380,118)	($6,142,247)	($14,534,387)
Cash flows from investing activities					
Transfer to cash from investments	(1,680,000)	-	1,110,000	1,000,000	750,000
Investment income	484,260	79,019	73,253	72,832	60,008
Net cash provided by investing activities	(1,195,740)	79,019	1,183,253	1,072,832	810,008
Net increase (decrease) in cash and cash equivalents	(1,505,074)	(1,317,748)	1,470,861	(307,421)	(144,254)
Cash and cash equivalents, beginning of year	15,828,172	14,323,098	13,005,350	14,476,211	14,129,641
Restatement (Note 14)	-	-	-	(39,149)	-
Cash and cash equivalents, beginning of year, as restated	15,828,172	14,323,098	13,005,350	14,437,062	14,129,641
Cash and cash equivalents, end of year	$14,323,098	$13,005,350	$14,476,211	$14,129,641	$13,985,387
Reconciliation of net operating (loss) to net cash (used) by operating activities:					
Operating income (loss)	($41,850,246)	($42,301,044)	($42,324,634)	($50,134,047)	($49,212,693)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:					
Depreciation	5,525,490	5,473,450	5,371,847	5,211,856	5,176,033
Changes in assets and liabilities:					
Accounts receivable - Students	(534,622)	(225,193)	(281,355)	(129,899)	(1,256,329)
Due from other governments and other receivables	(376,429)	(231,316)	400,394	(3,024,081)	3,148,540
Inventories	(455,270)	192,145	(667,172)	240,063	(336,914)
Other assets	102,602	(534,517)	530,099	(540,310)	683,172
Accounts payable	(15,872)	(26,987)	(330,576)	389,064	(615,128)
Accrued liabilities	700,722	(635,898)	-	(150,430)	(192,503)
Other liabilities	472,146	68,442	(476,404)	(190,822)	(743,481)
Unearned revenue	472,746	(102,258)	512,832	(48,380)	274,552
Net cash (used) by operating activities	($35,958,733)	($38,323,176)	($37,264,969)	($48,376,986)	($43,074,751)

(1) Unaudited and unadjusted.

(2) In fiscal year 2014, federal student aid and grants were reclassified from an operating expense to a non-operating expense.

and do not purport to be complete. The audited financial statements for June 30, 2014 are attached in Exhibit B. The Fiscal Year 2015 audit is expected to be available in late 2015

Recent Results

The most recent fiscal year ended June 30, 2014 ended with a $2.8million surplus. Net position has not exhibited any significant changes and remained relatively flat increasing by 1.52% since 2010. Unrestricted net assets have trended upwards, showing 24.4% increase since 2010.

Primary revenue sources are state aid, property taxes and tuition and fees, which collectively accounted for 64.1% of fiscal 2014 revenues. District continues to benefit from implementation of programs aimed to increase student retention and graduate rates. Management expects to report another surplus for fiscal 2015, improving the unrestricted net position. Annual tuition and fees have increased for 2015 for residents and non-residents. The District's School of Energy recently opened on its main campus on 30th Street. The District invested $2 million of its fund balance along with private contributions and state grants to fully fund this facility $15.8 million cost.

Employees and Retirement Plan

The District employs 898 permanent employees which includes 166 full-time faculty and 253 part-time faculty members. In addition, there are 363 full-time and 116 part-time staff.

Post Employment Benefits

Vesting of Retirement Benefits: A member becomes vested once he/she has met service requirements and has made contributions to the retirement plan for at least five years. Service requirements are satisfied by five or more years of "earned service credit" (actual service) or an "allowed service credit."

Determination of Benefits: The annual benefit is equal to 2.35% of the average of the five highest consecutive years' salaries multiplied by the number of years of service (earned and allowed credit). Benefit may be reduced by election of an option that guarantees continuous income to a surviving beneficiary. The benefit may also be reduced if the member has less than 25 years of service and is less than age 60.

Eligibility for Retirement Benefits: Employees hired prior to July 1, 2010, become eligible to receive retirement benefits when 1) the sum of the employee's age and number of years of earned service credit equals 75; 2) if, at age 65, employee has a minimum of five years of earned service credit; or 3) employee has 25 years of earned service credit or a combination of 25 years of earned and allowed service credit. Requirements for benefited retirement changed for employees hired after July 1, 2010, to 1) the sum of the employee's age and number of years of earned service credit equals 80; 2) if at age 67, employee has a minimum of five years of earned service credit; or 3) employee has 30 years of earned service credit or a combination of 30 years of earned and allowed service credit.

Allowed Service Credits: Employees may purchase up to five years of allowed service credit if they have been an employee in one of the following: any public educational system in the United States, any U.S. Military Dependent school, accredited private school or Federal Education program in New Mexico. The cost of purchase is based on an actuarial cost that reflects the employee's length of service and current earnings. Up to five years of active military service may be purchased after five years of employment by an ERB covered entity. The cost of purchase is the combined employee and employer contribution at the current rates.

Alternative Retirement Plan: Certain eligible employees may choose to participate in the Alternative Retirement Plan (ARP), a defined contribution plan, in lieu of the Educational Retirement Act. The benefit received upon retirement is based on the amount contributed by the employee during their career, subject to any investment gains or losses. Employees are 100% vested in both the employee and employer contribution upon enrollment in the ARP program. Employees can make an annual election to switch ARP providers. After seven years of participation in the ARP plan, employees can make a one-time switch to the ERA defined benefit plan.

Upon termination of employment with San Juan College, the employee may roll over the ARP account balance to another qualified retirement plan or withdraw the balance.

Pension Plan – Educational Retirement Board

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

Funding Policy

Plan members earning $20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over $20,000 annually were required to contribute 10.1% of their gross salary in fiscal year 2014 and will be required to contribute 10.7% of their gross salary in fiscal year 2015. The District has been and is required to contribute 13.15% of the gross covered salary for employees earning $20,000 or less in fiscal years 2014 and will be required to contribute 13.9% in 2015. In fiscal year 2014 the District contributed 13.15% of gross covered salary of employees earning more than $20,000 annually. In fiscal year 2015 the District will contribute 13.9% of the gross covered salary of employees earning more than $20,000 annually. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were $3,785,145, $3,069,462, and $2,624,628 respectively, which equal the amount of the required contributions for each fiscal year.

Net Pension Liability - NMERB's net pension liability for fiscal year 2014 is $5,705.1 billion. This represents a $571.1 million, or 9.1%, decrease from the fiscal year 2013 $6,276.8 billion balance. The 2014 net pension liability stated as a percentage of covered payroll is 209.92%. The decrease in net pension liability is primarily due to investment gains. The District's share of Net Pension liability as estimated by the District is expected to be $58.7 million based on 1.02831% of employer estimated contributions statewide for the year ended June 30, 2014.

ERB Actuarials At A Glance*				
Fiscal Year	06/30/2012	06/30/2013	06/30/2014	06/30/2014 GASB 68
UAAL	*$6.2B*	*$6.5B*	*$6.3B*	*$5.7B*
Funded Ratio	*60.7%*	*60.1%*	*63.1%*	*66.9%*
Funding Period	*Infinite*	*95.1 years*	*42.1 years*	*Not applicable*

**New Mexico School Boards Association, February 2015*

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 School 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 School District is assessing the full extent of the effect of the new standards on the School District's audited financial statements. Statement No. 68 is effective beginning with the fiscal year ending June 30, 2015 for the School 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 $20,000 per year to 10.1% in Fiscal Year 2014 and 10.7% in Fiscal Year 2015 (ERB members who make less than $20,000 contribute 7.9% of their gross salary). The legislation also kept in place scheduled increases in employer contribution rates, created a new tier membership for persons who become members of the ERB Fund on or after July 1, 2013, created certain actuarial limitations on benefits of new tier members, placed limitations on future cost of living adjustments ("COLA") for current and future retirees which are tied to the future funded ratios of the Fund, and made certain other clarifying and technical changes.

In December 2013, the New Mexico Supreme Court, *Barlett v. Cameron*, 316 P.3d 889 (N.M. 2013), rejected the claims of certain retired teachers, professors and other public education employees challenging the state constitutionality of Senate Bill 115 to the extent that it reduces the future amounts that all education retirees might receive as annual COLA. The Court held that Article XX, Section 22 of the New Mexico Constitution did not grant the retirees a right to an annual COLA based on the formula in effect on the date of their retirement for the entirety of their retirement. The Court held that in the absence of any contrary indication from the 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.

TAX MATTERS

Federal Income Tax Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest of which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated in this subsection and the subsection "New Mexico Income Tax Opinion," Co-Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix D Form of Opinion of McCall, Parkhurst & Horton L.L.P.

In rendering its opinion, McCall, Parkhurst & Horton L.L.P. will rely upon (a) the District's federal tax certificate and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of McCall, Parkhurst & Horton L.L.P. is conditioned on compliance by the District with such requirements, and McCall, Parkhurst & Horton L.L.P. has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

The opinion rendered by McCall, Parkhurst & Horton L.L.P. represents its legal judgement based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. The opinion rendered by McCall, Parkhurst & Horton L.L.P. is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion rendered by McCall, Parkhurst & Horton L.L.P. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

New Mexico Income Tax Opinion

On the date of initial delivery of the Bonds, Cuddy & McCarthy, LLP, Santa Fe, New Mexico and McCall, Parkhurst & Horton L.L.P., Austin, Texas, will render their opinions that interest on the Bonds will be excluded from net income for purposes of New Mexico state income tax. Cuddy & McCarthy, LLP, express no opinion as to any other federal, state or local tax consequences, except as described in this subsection.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof of one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (1) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (2) the "initial offering price to the

public" of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods, which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profit tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of an obligation issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local & Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure, or to refrain from such action which would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."

LITIGATION

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 is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond 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 has given the Bonds a rating of "Aa2". This rating reflects only the views of such rating agency, and an explanation of the significance of the ratings may be obtained only from each rating agency. There is no assurance that the rating will be obtained or will continue for any given period of time after received or that the rating will be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have effect on the market price of the Bond.

LEGAL MATTERS

The written approval of the New Mexico Attorney General for a portion of the Bonds as to form and legality will be supplied. In addition, the legality of the Bonds will be approved by Cuddy & McCarthy, LLP, Santa Fe, New Mexico, and McCall, Parkhurst & Horton L.L.P. Austin, Texas, as Co-Bond Counsel, whose unqualified opinion approving the legality of the Bonds will be furnished to the successful bidder at no cost to the successful bidder.

In connection with the transactions described in this Official Statement, Co-Bond Counsel represent the District. The fee to be paid to Co-Bond Counsel is contingent upon the sale and delivery of the Bonds.

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

CONTINUING DISCLOSURE UNDERTAKING

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available on the MSRB's website at www.emma.msrb.org.

Annual Reports

The District will provide annually certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS", "TAX BASE", "THE DISTRICT – Tuition and Fees," "THE DISTRICT – Enrollment," "FINANCES OF THE EDUCATIONAL PROGRAM – Statement of Net Position," "Statement of Revenues, Expenditures and Changes in Net Position" and "Statement of Cash Flows" and "Appendix B" The District will update and provide this information by March 31 following the end of each fiscal year.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with accounting principles as in the District's annual financial statements attached hereto or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is June 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: 1) Principal and interest payment delinquencies; 2) Non-payment related defaults, if material within the meaning of the federal securities laws; 3) Unscheduled draws on debt service reserves reflecting financial difficulties; 4) Unscheduled draws on credit enhancements reflecting financial difficulties; 5) Substitution of credit or liquidity providers, or their failure to perform; 6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds or the Lease, or other events affecting the tax-exempt status of the Bonds; 7) Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws; 8) Bond calls, if material within the meaning of the federal securities laws; 9) Defeasances; 10) Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws; 11) Rating changes; 12) tender offers; 13) Bankruptcy, insolvency, receivership or similar event of the District; 14) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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 within the meaning of the federal securities laws; and 15) Appointment of a successor or additional trustee or the change of name of a trustee, if material with the meaning of the federal securities laws.

In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described under "Annual Reports" and "Event Notices" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 6000, Alexandria, Virginia 22314 and its telephone number is (703) 797-6600.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any

statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law or a change in the identity, nature, status or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

The District has previously entered into continuing disclosure undertakings in accordance with SEC Rule 15c2-12 with respect to certain other bonds issued by the District. The undertakings entered into by the District with respect to the District's General Obligation Limited Tax Bonds, Series 2004, Series 2005 and Series 2006 required the District to provide certain annual financial information and audited financial statements by December 31 of each year. The District did not file its annual financial information and audited financial statements by December 31 of each year for information relating to fiscal years 2010 – 2014, but did make such filings for fiscal years 2010 through 2012 on December 18, 2013. Annual information for fiscal years 2013 and 2014 were timely filed in accordance with SEC Rule 15c2-12, however, the audited and unaudited financials were not available by December 31 and were subsequently filed on January 10, 2014 and January 7, 2015, respectively. The District believes it is now in material compliance with its continuing disclosure requirements.

The District intends to maintain compliance with its continuing disclosure undertakings in future years through the collective oversight and effort of District staff and private consultants, all of whom have experience and knowledge related to the District's continuing disclosure obligations. Additionally, the District expects to formally establish continuing disclosure procedures by action of the Governing Board on October 6, 2015, contemporaneously with the Board's approval of the sale of the Bonds.

TRANSCRIPT AND CERTIFICATION OF OFFICIAL STATEMENT

A complete transcript of proceedings and a no-litigation certificate (described above under "LITIGATION") will be delivered by the District when the Bonds are delivered. The final certificates included in the transcript of legal proceedings will include the following: At closing the President of the Board of Education or the Superintendent of the District will sign a certificate stating, after reasonable investigation, that to the best of his 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 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.

OFFICIAL STATEMENT AUTHORIZATION

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

/s/ _____
Chair, Governing Board

/s/ _____
Secretary, Governing Board

APPENDIX A

ECONOMIC & DEMOGRAPHIC INFORMATION

THE ECONOMY

The San Juan College District (the "District") is located in the mineral rich "Four Corners" area in northwestern New Mexico. The economy of the area is dependent upon trade, electric power generation, oil, gas and coal production, government, tourism and agriculture.

Retail Trade

Farmington is the largest city in the Four Corners area of Colorado, Arizona, Utah and New Mexico. It serves as the retail, distribution and service center for an estimated population of over 260,000 including the Navajo Nation, the largest Indian reservation in the country.

Electrical Generation

The economic base of the area was broadened beyond agriculture and oil and gas production in the 1960's with construction of two coal-fired generating plants, the Four Corners Generating Station and the San Juan Generating Station.

Arizona Public Service ("APS") Company operates Four Corners Power Plant, a five-unit 2,040 megawatt coal-fired plant. Located on the Navajo Indian Reservation 20 miles west of Farmington, nearly 80% of the plant's employees are Native American. Three of the five units closed in December 2013 as part of a $182 million plan for APS to meet environmental regulations. APS has purchased a larger stake in Units 4 and 5 of the Four Corners Power Plant that will remain open and do not need as much investment to meet EPA standards. APS has not been replacing workers at the plant as they quit or retired since 2010 when the plan was first proposed, avoiding layoffs from the closure. APS owned 15% of Units 4 and 5 and bought an additional 48% stake in them from Southern California Eddison. PNM Resources Inc. of New Mexico, Salt River Project, El Paso Electric and Tucson Electric Power also own minority stakes in Units 4 and 5. APS expects to spend $350 million by August 2018 upgrading Units 4 and 5 to meet EPA pollution standards by adding pollution controls in a process known as selective catalytic reduction.

The Public Service Company of New Mexico ("PNM") owns a significant portion of San Juan Generating Station (SJGS), a four-unit, 1,683 megawatt of net accredited generation capacity, coal-fired plant located approximately 15 miles west of Farmington. The company operates SJGS on behalf of itself and eight other owners in the West. The plant employs approximately 740 full-time employees and is the 7th largest coal-fired generating station in the West. Subject to state Public Regulatory Commission ("PRC") approval, PNM is planning to retire coal-fired Units 2 and 3 at SJGS by Dec. 31, 2017. The company also agreed to install selective non-catalytic reduction emission control technology on Units 1 and 4 in early 2016, so the units may continue operating without setting a retirement date. Public hearings are expected to be held in late 2015 which will specifically focus on the issue of replacement power for lost coal generation after PNM shuts down two of the four San Juan generators to comply with federal haze regulations. According to a July 15, 2015 article in the Albuquerque Journal, the state's largest electric utility says the rejection of its proposal by New Mexico regulators will lead to the complete closure of a coal-fired power plant that provides power to 2 million customers in the Southwest. Coal is supplied by the San Juan mine, which will continue to be managed by BHP Minerals through the end of 2015, with Westmoreland Coal Company assuming full operation from January 1, 2016. The San Juan mine is the only active underground mine in New Mexico. Coal usage is about 6.6 million tons per year. The San Juan Plant meets or exceeds all state and federal regulations for NO2, SO2 and particulate control, and is a zero liquid discharge facility.

Oil and Gas Production

The oil and gas industry has been important to the San Juan County economy since the 1920's and between the early 1950's and early 1980's was its mainstay. Large scale development began in 1951 and continued until 1983 when cheaper foreign crude oil and natural gas supplies dominated the market.

New Mexico oil and natural gas reserves are estimated at over 700 million barrels of oil and over 17 trillion cubic feet of natural gas, according to the New Mexico Energy, Minerals and Natural Resources Division. New Mexico ranks 6th in crude oil production and 4th in proven oil reserves. In addition, New Mexico is ranked 7th in natural gas production and 3rd in natural gas reserves with approximately 68% located in northwestern New Mexico. San Juan County has been ranked first in gas production in New Mexico and 4th in oil production for the past three years and these rankings are not expected to change in the foreseeable future. Exploration for natural gas in coal seams throughout the San Juan Basin has increased potential reserves by as much as 50 trillion cubic feet.

The following tables set forth the history of oil and gas production in the County and the State as reported to the State Department of Taxation & Revenue Department by the Oil and Gas Accounting Commission.

2014

	Natural Gas		Oil	
	Volume	Value	Volume	Value
Jan	31,894,908	172,811,240	188,910	15,310,953
Feb	29,428,108	187,602,752	149,915	13,133,334
Mar	32,908,409	191,439,024	161,552	13,895,179
Apr	32,016,198	168,039,839	177,198	15,733,108
May	31,918,478	167,243,722	213,185	18,544,256
Jun	31,398,659	164,366,014	221,803	20,009,641
Jul	32,465,939	166,289,378	230,823	20,255,498
Aug	32,737,263	151,766,404	219,383	17,923,477
Sep	31,359,952	149,203,807	239,658	18,909,394
Oct	30,843,116	136,256,394	248,063	17,421,944
Nov	30,790,777	131,698,243	194,865	12,025,299
Dec	30,807,782	132,078,265	226,306	10,260,962
	378,569,589	$1,918,795,080	2,471,661	$193,423,045

2015

	Natural Gas		Oil	
	Volume	Value	Volume	Value
Jan	30,686,418	99,389,523	339,046	11,564,091
Feb	28,682,679	86,521,181	278,201	10,395,377
Mar	31,391,870	94,194,314	321,239	11,043,002
Apr	29,783,924	84,140,311	299,143	12,463,771
May	30,530,980	84,209,176	311,190	14,539,322
Jun	29,646,923	85,914,145	318,570	15,275,895
Jul	0	0	0	0
Aug	0	0	0	0
Sep	0	0	0	0
Oct	0	0	0	0
Nov	0	0	0	0
Dec	0	0	0	0
	180,722,794	$534,368,651	1,867,389	$75,281,457

Year-to-Date Comparison			
Natural Gas Value		Oil Value	
2014 YTD	1,051,502,591	2014 YTD	96,626,471
2015 YTD	534,368,651	2015 YTD	75,281,457
2015 v. 2014	-49.18%	2015 v. 2014	-22.09%

Combined YTD:	-46.90%

Source: New Mexico ONGARD

Coal Mining

BHP Billiton previously owned the three large mines producing coal for the Four Corners Power Plant and San Juan Generating Stations and transferred the mines to the Navajo Transitional Energy Co. ("NTEC") which was formed by the tribe to own the mine and other entities. BHP Billiton will continue to manage the mine through 2016 on behalf of the tribe. The Navajo Mine supplies the Four Corners Plant and the San Juan and LaPlata Mines, each estimated to have useful lives in excess of twenty years, supply the San Juan Plant. On December 30, 2013, the NTEC and Four Corners Plant executed a coal supply agreement from July 2016 through 2031. The Navajo Mine is located approximately 20 miles southwest of Farmington, the LaPlata is 20 miles north of Farmington, within the school district boundaries, and the San Juan mine is northwest. Coal production in New Mexico is estimated at over 13 million tons per year with coal reserves in San Juan of 80 million recoverable tons.

Navajo Indian Irrigation Project

The Navajo Indian Irrigation Project ("NIIP"), representing a joint federal and tribal investment is farmed by the Navajo Agricultural Products Industry ("NAPI"), an enterprise of the Navajo Nation. Composed of over 110,000 acres, the project is currently 70% complete with approximately 70,000 acres under cultivation and over 40,000 acres still to be developed. NAPI produces high value crops such as potatoes, onions, beans, alfalfa, pumpkin, barley, corn, and wheat. The enterprise also includes a 12,000 head custom feedyard, testing laboratory, fresh pack operation, bean plant, pellet/granary operation, and potato storage facilities. Business ventures contracted with NAPI include production of sod and an orchard (apples, peaches, apricots, and pears). Located on the project and just seven miles south of Farmington on Highway 371, is a 300 acre industrial park.

NAPI's success is dependent on over 150 full-time and 800 seasonal employees. Ninety-nine percent of the employees are members of the Navajo Nation.

NAPI's mission is to develop, grow and maintain the resources of the projected 110,000 acres. As a grower, NAPI provides quality products under the "Navajo Pride" label.

Education

More than 11,000 students attended Farmington Municipal Schools in school year 2014-15. There are six parochial/private and two BIA contract schools in the District.

San Juan College offers a two-year college program, enabling students to obtain Associate Degrees in Arts or Sciences in addition to occupational degrees and certificate programs. The District was founded in 1956 and has grown dramatically in size and scope since its founding. It is the most affordable post-secondary school in New Mexico. The College recently opened its Energy and Power Schools which will allow students to access careers in the oil and gas industry. It also has similar programs in pre-medicine and education.

Medical

San Juan Regional Medical Center ("SJRMC") is an acute care hospital in the Four Corners region with over 210 licensed beds. It received the Healthgrades Distinguished Hospital Award for Clinical Excellence in 2013 and is ranked among the top 5% in the nation for overall clinical excellence. In addition to this national recognition, SJRMC is also the only hospital in New Mexico and the Four Corners region to receive this distinction.

San Juan Regional Medical Center is designated a Level III Trauma Center and provides air ambulance service with a helicopter and a fixed wing aircraft. SJRMC provides a very broad range of medical, surgical and rehabilitation services. In addition to those services, the hospital also provides a Childbirth Center, a nephrology unit, a pediatric unit, an inpatient behavioral health unit, a day surgery center and extensive imaging and lab testing services. In addition, the hospital operates a number of offsite facilities.

Tourism

The Four Corners area boasts internationally known tourist attractions including Mesa Verde, Canyon de Chelly, Monument Valley and Lake Powell. Equally worthy attractions within the County include Chaco Cultural National Historical Park (a major Anasazi cultural center during the 12th and 13th centuries), Aztec Ruins National Monument (500 room Indian community ruin with reconstructed Kiva), white water river rafting and nationally renowned trout fishing on the San Juan River just below Navajo Lake. Tourist visits to Aztec Ruins have increased significantly over the years. The Connie Mack Baseball World Championship Tournament is held in Farmington each summer. Navajo rugs, Indian jewelry, paintings and sculpture are available at local trading posts and shops.

Population and Age Distribution

The following chart sets forth historical population data for the City of Farmington, San Juan County and the State of New Mexico.

US Census	City of Farmington	Farmington MSA (1)	State of New Mexico
1940	2,161	17,115	531,818
1950	3,637	18,292	681,187
1960	23,786	53,306	951,023
1970	21,979	52,517	1,017,055
1980	32,677	81,433	1,303,143
1990	33,997	91,605	1,515,069
2000	37,844	113,801	1,826,280
2010	45,877	130,145	2,065,132
2020*	N/A	146,388	2,351,724
2030*	N/A	161,593	2,613,332
2040*	N/A	175,678	2,827,692

(1) In 2004, the City of Farmington and San Juan County were reclassified as Farmington Metropolitan Statistical Area ("MSA").

* Projected.

Source: U.S. Bureau of the Census.

The following table sets forth a comparative age distribution profile for Farmington MSA, the State and the United States for 2015.

Percent of Population - 2015

Age	Farmington MSA	New Mexico	United States
0 - 17	28.2%	24.5%	23.2%
18 - 24	9.8%	9.7%	9.9%
25 - 44	25.5%	25.1%	26.0%
45 - 54	12.0%	12.6%	13.6%
55 & over	24.5%	28.1%	27.4%

Source: The Nielsen Company, August 2015.

Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five year comparison of the estimated median household income as reported by The Nielsen Company. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance.

	Farmington MSA	**New Mexico**	**United States**
Under $25,000	25.3%	28.4%	23.5%
$25,000 - $34,999	10.9%	11.6%	10.2%
$35,000 - $49,999	13.2%	14.1%	13.6%
$50,000 - $74,999	17.4%	17.1%	17.8%
$75,000 & Over	33.2%	28.8%	34.8%
2011 Est. Median Household Income	$43,646	$42,030	$49,726
2012 Est. Median Household Income	$43,808	$41,958	$49,581
2013 Est. Median Household Income	$47,601	$43,273	$49,297
2014 Est. Median Household Income	$55,671	$44,292	$51,579
2015 Est. Median Household Income	$50,767	$45,633	$53,706

Source: The Nielsen Company, August 2015.

Gross Receipts

The following table shows the total reported retail and total reported gross receipts generated in San Juan County 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 goods and services in the State of New Mexico, from leasing property in the State and from performing services in the State. Gross receipts includes, among other things, food sales and services such as legal and medical.

	San Juan County		State of New Mexico	
Fiscal	Retail	Total	Retail	Total
2010	$1,403,593,002	$7,044,156,283	$24,608,799,717	$94,722,576,401
2011	1,399,957,673	7,966,662,997	23,789,930,180	102,715,750,442
2012	1,401,325,892	7,495,735,586	23,914,774,353	104,221,140,556
2013	1,353,393,785	6,577,476,888	23,873,876,703	106,300,014,072
2014	1,382,176,839	7,517,735,686	24,395,913,091	107,584,699,939

Source: Bureau of Business & Economic Research.

Construction Activity

The following chart sets forth a five-year history of residential and commercial activity in the City of Farmington since 2010.

Year	Total New Residential Valuation	Total New Commercial Valuation	Total Other Valuation (1)	Total New Permit Valuation
2010	$29,699,640	$7,083,579	$18,520,605	$55,303,824
2011	20,235,329	8,004,147	16,979,554	45,219,030
2012	20,937,255	13,606,701	12,467,647	47,011,603
2013	22,465,511	14,062,317	12,365,582	48,893,410
2014	22,513,485	13,303,112	14,769,378	50,585,975
2015 (2)	8,308,501	7,488,000	5,088,262	20,884,763

(1) Other includes residential additions, commercial additions, storage and miscellaneous.

(2) Through June 2015.

Source: City of Farmington, Building Inspection Division.

Employment

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

	Farmington MSA		State of New Mexico		United States
Year [1]	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2005	54,461	5.30%	918,156	5.10%	5.10%
2006	55,362	4.30%	928,094	4.20%	4.60%
2007	55,637	3.40%	934,027	3.80%	4.60%
2008	57,112	3.90%	944,548	4.50%	5.80%
2009	56,398	7.90%	940,352	7.50%	9.30%
2010	54,987	9.40%	936,088	8.10%	9.60%
2011	55,096	7.80%	929,862	7.60%	8.90%
2012	55,323	7.10%	928,050	7.10%	8.10%
2013	54,549	6.80%	922,960	6.90%	7.40%
2014	55,116	6.30%	918,206	6.50%	6.20%
2015 [2]	56,729	6.20%	926,712	6.00%	5.30%

Source: New Mexico Department of Workforce Solutions, May 2015

(1) Numbers are Annual Averages

(2) Data for the month of May 2015

Major Employers

The following table shows major employers in San Juan County.

Employer	Type of Business	Number of Employees	% of County Employment
Navajo Agricultural Products	Agriculture	3,500	27.67%
BHP Billiton	Mining & Coal	1,900	15.02%
San Juan Regional Medical Center	Medical	1,500	11.86%
Farmington Municipal Schools	Education	1,200	9.49%
City of Farmington	Government	1,000	7.91%
Northern Navajo Medical Center	Medical	900	7.11%
San Juan College	Education	800	6.32%
Walmart Supercenters	Retail	650	5.14%
Basin Coordinated Health Care	Medical	600	4.74%
Key Energy Services	Oil & Gas	600	4.74%
Total Top Employers		12,650	28.87%
Total County Non-Ag Civilian & Military Employees		43,823	100.00%

Source: San Juan Economic Development, July 2015

Average Annual Wages for Covered Workers by Sector

The New Mexico Department of Workforce Solutions publishes quarterly reports of covered employment and wages. Employment is classified according to the North American Industry Classification System (NAICS). Below is information for San Juan County, New Mexico.

	2009	2010	2011	2012	2013
Grand Total	$40,437	$41,492	$43,384	$43,811	$43,823
Total Private	41,055	42,147	44,022	44,930	45,315
Agriculture, Forestry, Fishing & Hunting	25,309	26,075	26,040	24,250	22,426
Mining	70,323	74,673	78,743	80,993	81,736
Utilities	92,790	96,445	98,036	98,404	100,418
Construction	44,574	46,043	45,699	46,595	48,322
Manufacturing	41,621	41,542	44,385	43,092	44,127
Wholesale Trade	49,877	49,260	51,791	53,362	53,660
Retail Trade	26,000	26,197	26,672	27,557	28,155
Transportation & Warehousing	45,783	47,102	48,877	49,869	48,170
Information	38,203	D	40,136	38,719	37,287
Finance & Insurance	37,126	37,702	36,569	38,507	38,665
Real Estate & Rental & Leasing	41,538	D	45,625	44,859	45,951
Professional & Technical Services	43,717	43,529	40,866	41,584	41,694
Management of Companies & Enterprises	59,722	56,288	60,317	61,216	64,622
Administrative & Waste Services	29,074	28,775	30,422	31,304	30,872
Educational Services	29,438	29,073	29,826	30,488	31,458
Health Care & Social Assistance	39,992	41,694	41,846	41,643	40,926
Arts, Entertainment & Recreation	18,706	19,138	19,182	19,400	18,251
Accommodation & Food Services	13,739	14,135	14,259	14,600	14,858
Other Services, ex. Public Administration	28,189	25,696	30,100	31,936	32,403
Unclassified	38,675	169,326	22,956	D	D
Total Government	38,349	39,305	41,124	39,929	38,778
Federal	57,286	58,193	61,754	59,050	56,819
State	42,800	40,862	40,815	40,597	41,674
Local	34,952	35,584	37,298	36,464	35,651

D Withheld to avoid disclosing confidential data.

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

Source: New Mexico Department of Workforce Solutions.

Table prepared by: Bureau of Business and Economic Research, University of New Mexico
University of New Mexico.

APPENDIX B

JUNE 30, 2014 AUDITED FINANCIAL STATEMENTS

SAN JUAN COLLEGE

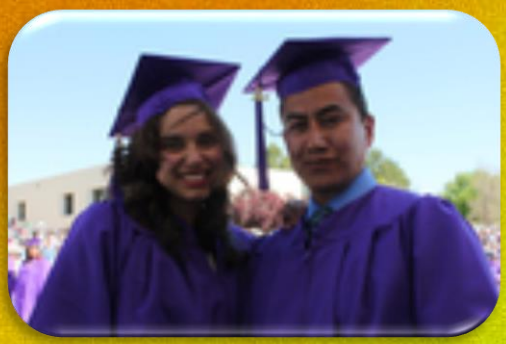
Comprehensive Annual Financial Report

For year ended June 30, 2014

Your Dream,

Your Future,

Our Focus!



Farmington, New Mexico

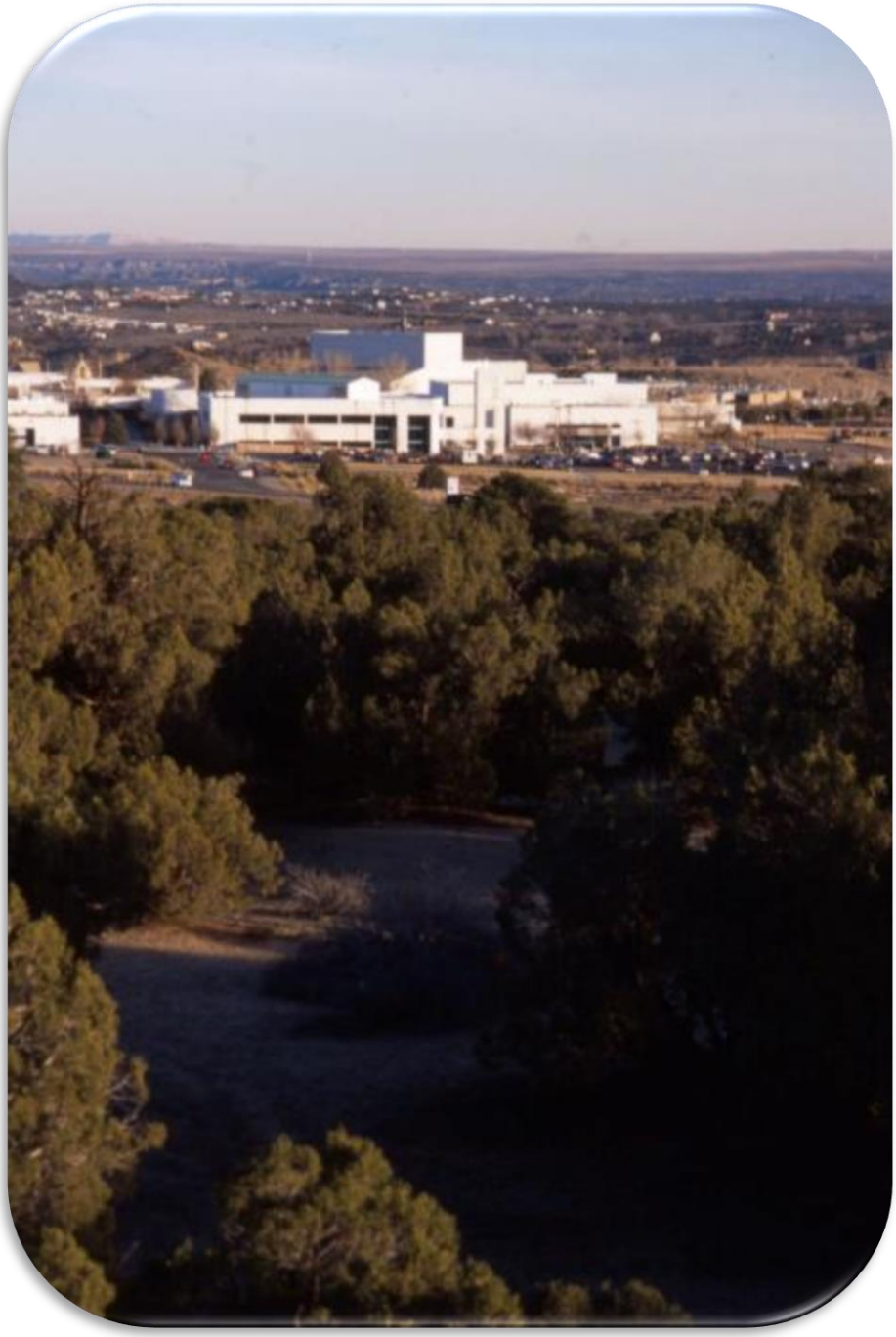
Cover page designed by Paul Hanagarne: San Juan College Digital Media Arts Major. Inspired by the Sun from the SJC Logo. He also created a black and white version that is used as the background for many pages in this report.
All photos provided by San Juan College Marketing and Public Relations Department.

SAN JUAN COLLEGE

San Juan College
Farmington, San Juan County, NM

2014 Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014
With Independent Auditors' Report Thereon

SJC Business Office



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Introductory Section (Unaudited)

SAN JUAN COLLEGE

Letter of Transmittal

November 10, 2014

To Citizens of San Juan County, San Juan College Board Members, President Pendergrass, San Juan College Foundation and Four Corners Innovations, Inc.:

We are pleased to present the San Juan College Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. The report includes the financial statements for the year as well as other useful information to assist the reader in clearly understanding the College's financial activities and outcomes.

College management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon the comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Accounting & Consulting Group, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the San Juan College's financial statements for the year ended June 30, 2014. The Independent Auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the College

Prior to 1973, San Juan Campus had been accredited with its parent institution, New Mexico State University (NMSU) in Las Cruces, New Mexico. The institution was first accepted into membership in the North Central Association (NCA) of Colleges and Schools in July 1973.

San Juan Campus separated from its parent institution, and on July 1, 1982, an independent community college known as the Junior College District of San Juan County came into being. Prior to the separation's effective date, the College applied for and received a transfer of accreditation. The policies and procedures of the North Central Association's commission call for an on-site evaluation to confirm a transfer of accreditation. However, it was noted that since the institution would continue to serve as a comprehensive community college and since the self-study process for the 1983-84 evaluation was already underway, it would be appropriate to make confirmation of the transfer of accreditation as part of the comprehensive evaluation in 1983-84.

In March, 1984 the College received a comprehensive evaluation from the Commission for the purpose of continuing its accreditation at the associate's degree-granting level and for confirming transfer of accreditation from NMSU, San Juan Campus to San Juan College. As a result of this visit, the evaluating team confirmed the transfer of accreditation and recommended continual accreditation of San Juan College for ten years, the longest period any college or university can attain. In 1994, San Juan College again received accreditation from the North Central Association for a subsequent ten-year period.

San Juan College started with one building, built in 1968. It has grown to nineteen buildings or 856,528 square feet and is still growing with the addition of the School of Energy Building to be completed in fiscal year (FY) 2015. The physical plant maintains all buildings in exceptional condition. All main campus buildings have white stucco and there is no difference in the appearance from the old and new buildings.

In 2000, San Juan College was selected by North Central Association to participate in the Academic Quality Improvement Project (AQIP). The AQIP model is a systematic, on-going approach to institutional accreditation cycle which reaffirms institutional accreditation every ten years. The AQUP program is structured around a sequence of goal setting, performance, and accountability events in a 7-year cycle. In 2007, the College completed its first full AQIP cycle and its accreditation was reaffirmed by the Higher Learning Commission (HLC) of the North Central Association of Colleges, and Schools.

San Juan College offers over 119 academic undergraduate programs and majors led by a team of professional and devoted faculty. For the fall of fiscal year 2013-2014, 3,412 new students applied and were accepted. Total enrollment was 8,938. Many of our degrees transfer to a four-year institution, and AAS degrees and certificates are also available. Thirty four AAS degrees are offered including nursing, legal assistant, occupational therapy assistant, respiratory therapy, surgical technology, and accounting. To allow students to enter the workforce in a shorter period of time twenty-eight vocational certificates are offered. The certificates include payroll, administrative office assistant, auto-body, building trades, Toyota technician training education network, commercial driver's license (CDL), cosmetology, diesel technology, fire science, and energy.

The San Juan College Board of Trustees is required to adopt an initial budget for the FY no later than April 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the basis for San Juan College's financial planning and control. The budget is prepared by fund, exhibit, cluster, department, and object. Department heads may transfer resources within a department as they see fit. Transfers between exhibits, however, need special approval from College executives.

Mission

The mission of San Juan College is to inspire and support life-long learning to achieve personal and community goals by providing quality education, services, and cultural enrichment.

Vision

San Juan College will be an innovative, dynamic learning college built on mutual respect, meaningful participation and collective commitment to students, the community and the core values of a comprehensive college.

Values

San Juan College is committed to serving the needs of our students and the community through a process of continuous quality improvement upholding the following core ICARE values:

Innovation – we value…
•Thinking creatively
•Examining and improving procedures
•Initiating strategic change
•Sharing new ideas
•Maximizing technology

Collaboration – we value…
•Open communication
•Collective wisdom
•Inclusive decision-making
•Relationship building
•Partnering to create new opportunities

Accountability – we value…
•Sound fiscal stewardship
•Responsibility and commitment
•Assessing and meeting community needs
•Assessment that leads to improvement
•Clarity of expectations
•Evidence-based decision making

Respect – we value…
•Student centered learning
•Diverse peoples, perspectives, cultures, and life circumstances
•Environmental and economic sustainability and responsibility

Excellence – we value…
•Meeting and exceeding expectations
•Modeling and developing best practices
•Continuous improvement
•On-going professional development

Community Support

In July 2012, BP America Production Company announced a $5 million donation to San Juan College's School of Energy. BP's donation is in response to the growing workforce needed in the energy industry. This donation and donations from Merrion Oil & Gas, The State of New Mexico, Westmeath Foundation, Tom Dugan Family, Conoco Phillips, Arizona Public Service, XTO Energy, DJ Simmons/Twin Stars, Williams Field Service, and a $2 million pledge from San Juan College's

Board are being used to construct a new 65,000 square foot building on the main campus. The new School of Energy Building is expected to open in the spring of 2015. This building will house: Fundamentals of Petroleum Production Operations, Industrial Apprenticeship Program, Industrial Maintenance Mechanic Program, Industrial Process Operator Program, Natural Gas Compression, Occupational Safety, Oil & Gas Industry Training Courses, and Well Control.

The San Juan College Foundation, a component unit, was established in 1973 to fill several critical needs at SJC and in the communities it serves. To meet the demands of the constantly changing educational climate, the Foundation provides scholarships to deserving students, state of the art technical equipment and program enhancements to the academic departments, capital for additional college buildings, and funds to broaden educational and cultural opportunities and services to citizens of the community.

This year was the Foundations 24th Annual San Juan College Foundation Golf Scramble. Students receive 100% of all proceeds in the form of a scholarship. The Foundation has provided almost $5 million to San Juan College student scholarships.

The college is a cornerstone to many community events such as the annual luminarias display, shown in figure 1 held the first Saturday in December. A glimmering array of bags shine from rooftops, along sidewalks, in courtyards and select campus parking lots throughout the campus for the 35th year. The community can choose to walk or drive through the nearly 30,000 luminarias which are assembled by hundreds of local elementary children, SJC Student Activities and community volunteers. Volunteers work throughout the night to keep the luminarias lit. Holiday music is played through speakers' located campus wide by San Juan College's radio station KSJE.

Figure 1 luminarias Display

San Juan College is a favored viewing point for the annual fireworks display which is coordinated by the Farmington Convention and Visitor Bureau each July. During the event, SJC offers entertainment, activities, games, food, ice cream and much more. The Annual Fireworks Display Campus Block Party concludes at 8:30 p.m., to allow spectators to find their seats prior to the fireworks display.

The 7th annual San Juan College Contest Pow-Wow was held on April 11-12, 2014. This event is hosted by the Native American Center and Student Activities at the San Juan County, McGee Park Fairgrounds. This year the Host Northern Drum were Young Spirit, and Frog Lake from Alberta, Canada. The Host Southern Drum was Buc Wilde, Chinle, Arizona. Singers and dancers participated in the Gourd Dances and the Grand Entries. Children participated in their own special Jingle Dress Dance. Food and Native American vendors completed the excitement of the weekend for all.

Kids Kollege is a summer enrichment program for children and teens between the ages of four and fifteen. Youths can participate in a variety of classes ranging from *Lego Robotics* to *Edible experiments*. Students can explore career opportunities, discover the fun side of math and science, develop life skills, or cultivate a love for the arts and sports. Children attending Kids Kollege grow comfortable on the SJC campus. Some return to teach classes when they grow older or attend classes at San Juan College to earn a degree.

Local Economy

San Juan College is located in San Juan County, which is in the Northwest corner of New Mexico. This area is known as the "Four Corners" describing where Utah, New Mexico, Colorado, and Arizona meet.

The land ownership of San Juan County is: 6.5% private ownership, 25.0% Federal Government, 65.0% Navajo and Ute Mountain Reservations, and 3.5% State Government. The county imposes a residential property tax rate of 0.6 mills for San Juan College's debt service and 4.5 mills for SJC's operations. Property tax is also collected by the State of New Mexico Taxation and Revenue Department on oil and gas production and equipment. The County collects and distributes these taxes to the College monthly. Refer to the statistical section for more information.

Energy production is the cornerstone of our economy. The San Juan Basin is one of North America's largest natural gas fields. Shale and gas exploration has been minimal recently. Currently, the Mancos shale deposit only has a few wells. The development of shale will provide a big turnaround for production, which was hit by the recession and competition from shale formation production in other areas. The County is the retail hub for the Four Corners Area serving an estimated consumer population of 250,000 making retail trade one of the top industries for job creation.

Unemployment decreased two-tenths of a percent in 2014 to 7.4%. Public school enrollment decreased, as did per capita personal income. These decreases are mostly due to energy workers moving to more active oil and gas producing areas. For FY2015, SJC enrollment is expected to decrease approximately 6 to 9 percent.

Financial Planning

San Juan College continues to review and update their strategic plan, both on a long-term and short-term basis. This fiscal year, SJC hired Condrey and Associates, Inc., to restructure and up-date SJC's employee classification and compensation package.

The New Mexico Department of Higher Education is in the process of developing a new funding formula emphasizing outcomes. The new performance-based funding formula rewards institutions for improving their performance in student completion rates, granting certificates and awarding degrees. Additional funding is awarded for at-risk students and students in the science, technology, engineering, mathematics and health fields. The new funding formula underscores the importance of stabilizing revenue through tuition and fees and searching for new revenue streams. In fiscal year 2013-2014, State funding increased, but future implications are undetermined due to the funding formula changes.

Total SJC enrollment has decreased, although graduation rates increased. The college implemented a strategic plan to increase enrollment, retain first-time freshmen to their second year and attain degrees or certificates in three years or less.

Changes in the New Mexico Lottery Scholarship has created uncertainty for SJC and future students. In 2013, high school graduates could rely upon the Legislative Lottery Scholarship for funding tuition, unfortunately, that funding source is no longer adequate to provide assistance to all college students. The College is evaluating the impact of this change.

Budget Process

The College's Board of Trustees adopts the institutional operating budget prior to May 1 annually. Per New Mexico Administrative Code 5.3.4.13.B. "Each Institution will submit a draft of the operating budget to the commission's staff by May 1." The commission's staff is New Mexico Higher Education Department. Budgetary comparison Schedules 4, 5 and 6 demonstrate compliance with the approved budget.

Three variances in Budget to Actual Schedules 5 and 6 merit explanation. In Schedule 5, actual Tuition varied from budget by $1,020,528 due to a decrease in enrollment. Student FTE decreased by 2.4% and student headcount decreased by 5.5%. Refer to Figure 50, Admissions, Enrollment and Degrees Earned in the Statistical Section. The variance in Schedule 5, Other Revenue is $2,120,539. The College $2M contribution to the construction of the School of Energy building is included in budgeted Other Revenue. The Student Services Expense $1,066,042 variance in Schedule 6 is due to a timing difference.

Under the direction of the College Leadership Team (CLT), budget units develop a supplies, travel and equipment budget package. The staffing schedule is reviewed by the unit budget monitor and approved by the CLT.

Restricted fund budgets are approved by the project directors and Restricted Fund Accountant. Auxiliary operation budgets are prepared by the Auxiliary Services Director and the Vice President for Administrative Services. These budgets are primarily based upon estimated restricted fund awards or prior year activity.

The New Mexico Higher Education Department requires Building and Equipment, Renewal and Replacement budget levels remain equal to fiscal year 2012 budgeted amount.

The College implemented a new Decision Making System in July 1, 2014. A College Council was formed with standing teams represented on the council. An existing Budget Team was aligned within the decision system. A set of budget principles were developed by the Budget Team and was approved by the CLT for the formulation of the FY15 budget. The budget team is currently developing a charter for approval by the College Council.

The Government Finance Officers Association drafted Best Practices in Community College Budgeting for fiscal year 2014-2015. The College is incorporating selected practices from the draft into the FY16 budget building process.

Awards and Acknowledgements

As evidence of its commitment to quality improvement, San Juan College received the 2000 Zia Award from Quality New Mexico. The only educational institution in the state to receive its highest quality award. San Juan College continues to improve its processes and procedures through the application of quality criteria and practices.

The Government Finance Officers Association of the United States and Canada (GFOA) awards the Certificate of Achievement for Excellence in Financial Reporting. To receive a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

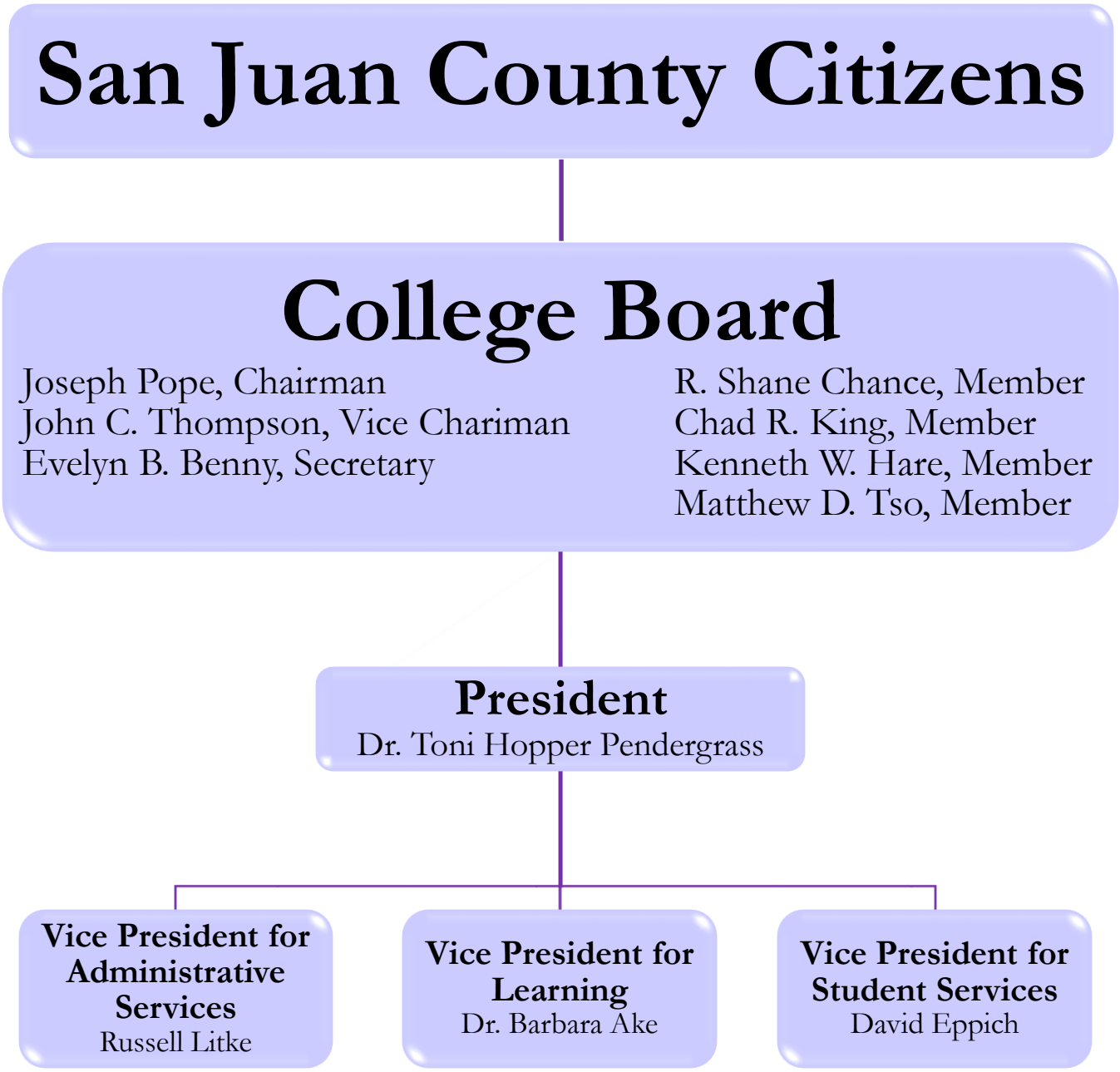
This is the inaugural year San Juan College is participating in the GFOA program by submitting this report for review and comment by GFOA, with the goal of meeting all GFOA requirements to receive the Certificate of Achievement.

Preparation of this CAFR in a timely manner would not have been possible without the coordinated efforts of the Business Office, Office of Technology Services, Office of Institutional Research and other SJC administrators, faculty, and support staff. In addition, Accounting and Consulting Group, LLP provided invaluable assistance. We also extend our appreciation to the SJC Board for their continued support and dedication to inspire and support life-long learning to achieve personal and community goals by providing quality education, services, and cultural enrichment.

Respectfully,

Russell Litke
San Juan College
Vice President for Administrative Services

SJC Organizational Chart



List of Elected and Appointed Officials

Board of Trustees

Joseph Pope ..... Chairman

John Thompson ..... Vice Chairman

Evelyn B. Benny ..... Secretary

Chad King ..... Member

Kenneth W. Hare ..... Member

R. Shane Chance ..... Member

Matthew Tso ..... Member

Executive Officers

Dr. Toni Hopper Pendergrass ..... President

Russell Litke ..... Vice President for Administrative Services

Dr. Barbara Ake ..... Vice President for Learning

Lisa Wilson ..... Associate Vice President for Learning & Strategic Initiatives

David P. Eppich ..... Vice President for Student Services

Dr. Nancy Shepherd ..... Presidential Advisor for Community Relations

Business Office Staff

Karen King ..... Controller

Steve Miller ..... Assistant Controller

Earlene Roquemore ..... Sr. Accountant

Andrea Weaver ..... Sr. Accountant

Financial Section

SAN JUAN COLLEGE

Accounting & Consulting Group, LLP
Certified Public Accountants

Independent Auditors' Report

Hector Balderas
New Mexico State Auditor
The U.S. Office of Management and Budget and
The Board of Trustees
San Juan College
Farmington, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust of San Juan College (the College) as of and for the year ended June 30, 2014 and the related notes to the financial statements which collectively comprise the basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons presented as supplementary information, as defined by the Government Accounting Standards Board as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust of the College, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, the budgetary comparisons of the College referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

2700 San Pedro NE Albuquerque NM 87110 T: 505.883.2727 F: 505.884.6719 www.acgsw.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the College's financial statements and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, the introductory section, the statistical section, and the other schedules 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 other schedules 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 the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014 on our consideration of the College'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 the 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 College's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 10, 2014

Management's Discussion and Analysis

As management of San Juan College, we offer readers of San Juan College's financial statements this narrative overview and analysis of the financial activities of San Juan College for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-8 of this report.

Financial Highlights

- College assets and deferred outflows of resources exceeded its liabilities at the close of the most recent fiscal year by $73.3 million. Of this amount $10.2 million represents unrestricted net position, which may be used to meet the college's ongoing obligations to citizens and creditors.
- The June 30, 2014 Statement of Net Position reports total net position increased 3.9 % or $2.7 million—from $70.5 million to $73.3 million. This increase is attributed to Construction in Progress for the School of Energy building.
- College total outstanding long-term debt decreased by $1.1 million during the current fiscal year. The college retired bonds totaling $1.06 million and reduced the college's post-employment benefits obligation by $356,038. See Notes 7 and 10.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to San Juan College's basic financial statements. The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in fund net position; and the Statement of Cash Flows. The Notes to the financial statements also include supplementary information intended to furnish additional detail to support the basic financial statements. These statements are presented in a manner consistent with Governmental Accounting Standards Board (GASB) Statement 34. While San Juan College—like many other colleges, universities, and governmental entities—uses fund accounting to account for its economic resources, GASB mandates presentation of the College's financial data as a single program business-type activity to facilitate interpretation by those not familiar with fund accounting. Consistent with GASB 34, Paragraph 12, assets, liabilities, revenues, expenses, gains, and losses are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, revenues are recorded as earned, and expenses are recorded as the liability is incurred.

Statement of Net Position

The Statement of Net Position presents financial information on all of San Juan College's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. The Statement of Net Position is commensurate with a balance sheet in that it presents a snapshot of the organization's financial position on the last day of the fiscal year. Assets and liabilities are regarded as either current or non-current, and the remaining interests are recorded as Net Position. Remaining interests is the most notable departure from traditional balance sheet presentations that typically regard such interests as equity, capital, or fund balance. Net Position is grouped as "Invested in Capital" (e.g. furniture, fixtures, and equipment), "Restricted", or "Unrestricted". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of San Juan College is improving or deteriorating.

The June 30, 2014 Statement of Net Position for San Juan College reports an increase in total assets of 1.0% or $1.72 million—from $98.01 to $99.73 million. Current assets (e.g., cash, investments, amounts due from students, amounts due from government, inventories) decreased by 1% or $227 thousand. Capital assets (e.g. tangible, long-lived assets such as land, buildings, and equipment) decreased by $324,877 or 0.5%. This

slight decrease is a result of construction in progress being offset by the retirement of assets and depreciation expense. The 2013-2014 depreciation expense totaled $5.2 million. The majority of this expense is attributable to the calculated depreciation of buildings, equipment, and furnishings. See Note 4 for a more comprehensive look at capital asset activities.

A condensed summary of the College's June 30, 2013 and 2014 Statement of Net Position is presented in figure 2.

San Juan College

Summary of Net Position (Dollars in thousands)

June 30, 2014 and 2013

	2014	2013
Assets		
Current assets, net	$ 22,020	$ 22,247
Non-current assets	4,371	2,154
Non-current capital assets, net	73,226	73,606
Total assets	99,617	$ 98,007
Deferred Loss on Refunding of Debt	117	
Total Assets and Deferred Outflows	$ 99,734	
Liabilities		
Post employment benefits	5,085	5,654
Other current liabilities	8,100	6,757
Other non-current liabilities	13,216	15,041
Total Liabilities	26,401	27,452
Net Position		
Net investment in capital assets	59,477	58,690
Restricted	3,609	2,037
Unrestricted	10,247	9,828
Total net position	73,333	70,555
Total liabilities and net position	$ 99,734	$ 98,007

Figure 2 Condensed Summary of Net Position

Capital Assets and Debt Administration

Net capital assets for San Juan College decreased by $380,427 during the 2013-14 fiscal year. This investment in capital assets includes land, buildings, machinery, equipment, vehicles, infrastructure, and Construction in Progress (CIP). Note 4 to the Basic Financial Statements presents a more comprehensive detail of the decrease in Capital Assets. Major capital asset events during the current fiscal year included the following:

- Non-depreciable Capital assets increased by $3.76 million due to the CIP of the new School of Energy Building
- Depreciable Capital assets decreased by $1.6 million
    - Equipment, furnishings and software was decreased by $2,553.930.

- A third-party firm was hired to perform an independent equipment inventory and compare their inventory with the current inventory of San Juan College.
- Removal from the San Juan College inventory of unaccounted for capitalized equipment purchased before FY2010 was approved by the board.
- The total equipment adjustment for unaccounted for equipment was $2,111,509.

Liabilities

The Liabilities subsection of the Condensed Statement of Net Position, Figure 2, reflects three broad categories of liabilities: Post-Employment Benefits, Other Current Liabilities, and Other Noncurrent Liabilities. Overall, total liabilities decreased 7% or $947,000. Post-Employment Benefits and Other Noncurrent Liabilities decreased by 11% and 13% respectively. Other Current Liabilities increased by 17% or $1,721,000.

Post-Employment Benefits. SJC sponsors a defined benefits healthcare plan for its retired employees. The decrease occurred in benefits due and payable after one year.

Other Current Liabilities. Current liabilities are obligations of the institution expected to be remitted within the next twelve months. Examples include amounts due to vendors for supplies or services. Amounts withheld from employees' payroll for payment of state or federal taxes and insurance premiums, and the portion of the institutions long term debt scheduled to be serviced during the next fiscal year. Most of the increase is due to the increase in bonds payable this year.

Other Noncurrent Liabilities. Noncurrent liabilities include amounts due after the one-year period. Examples include: bonds and notes payable, as well as the noncurrent segment of compensated leave accrued by employees through June 30, 2014. The reduction resulted from principal payments of long-term indebtedness.

Invested in Capital Assets, net of related debt.

Net investment in capital assets accounts for the capital asset value less any related liabilities and debt allocated to College long-lived, tangible assets such as land, buildings, and equipment. Net investment in capital assets increased $787,000 from the 2013 fiscal year. This increase was primarily due to a combination of construction in progress and a reduction of debt.

Restricted Net Position

Restricted net position includes College resources subject to restrictions or stipulations by the funding source. Restricted net position increased by $1,572. San Juan College receives local appropriations from residents and businesses in the county by way of property and production taxes. The majority of these receipts is allocated for the unrestricted operations of the College. However, a specific allotment of these levies is earmarked to service the long-term debt held by the College. The increase in restricted net position resulted from the difference of debt service proceeds received by county taxpayers during fiscal 2013, and debt service obligations due and payable during fiscal 2014.

Unrestricted Net Position.

Unrestricted net position accounts for College resources available to fund general operations. Unrestricted net position increased by $315,000. Bookstore operations resulted in an increase in net position of $418,866. The difference between the Bookstore net position and the unrestricted net position is a Dining Services deficit.

These changes in net assets were offset by two accounting treatments mandated by the Governmental Standards Accounting Board (GASB). In March 2012, GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities". The provisions of this Statement became effective for financial statements beginning after December 15, 2012. The College implemented this standard during Fiscal Year ending June 30, 2014. The first accounting treatment is related to the recognition of expense for future

compensated leave that was accrued—but unused—by employees as of June 30, 2014. The second accounting treatment is the accounting for the College's post-employment retirement healthcare plan. These accounting treatment changes resulted in a combined increase in unrestricted net position of $315,000.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position shares many of the same attributes as a Statement of Changes in Financial Position, or Statement of Changes in Net position. The Statement of Revenues, Expenses, and Changes in Net Position is a cumulative summary of the organization's financial activities for the reported fiscal year. A comparative condensed Statement of Revenues, Expenses, and Changes in Net Position is presented in figure 3.

San Juan College

Comparative Condensed Statement of Revenues, Expenses, and Changes in Net Position

Dollars in Thousands

For fiscal years ended, June 30, 2014 and 2013

	2014	2013
REVENUES:		
Operating Revenues:		
Student Tuition and Fees, net of Scholarship Allowance	$ 6,128	$ 6,340
Federal Grants and Contracts	2,093	2,353
State Grants and Contracts	5,665	2,122
Other Operating Revenues	8,187	7,778
Total Operating Revenues	22,073	18,593
EXPENSES:		
Operating Expenses:		
Education and General	47,652	47,331
Operations and Maintenance of Plant	5,536	6,160
Depreciation Expense	5,212	5,372
Student Aid	9,418	10,723
Auxiliary Enterprises	4,257	4,434
Other Operating Expenses	133	136
Total Operating Expenses	72,208	74,156
Operating Loss	(50,135)	(55,563)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	24,329	23,200
Local Appropriations	17,838	16,588
Federal Student Aid	12,466	13,238
Other Non-Operating Revenues/(Expenditures)	(2,132)	321
Total Non-Operating Revenues (Expenses)	52,501	53,347
Income (Loss) before Other Revenue (Expenses)	2,365	(2,216)
Capital Appropriations	452	14
Capital Contributions	-	158
Increase/(Decrease) in Net Position	2,817	(2,044)
Net Position, beginning of year	70,555	72,599
Net Position - Restatement	(39)	-
Net Position, beginning of year as restated	70,516	
Net Position, end of year	$ 73,333	$ 70,555

Figure 3 Comparative Condensed Statement of Revenues, Expenses, and Changes in Net Position

To underscore the financial consequences of a governmental entity's operation for its taxing constituencies, the Governmental Accounting Standards Board (GASB) mandates that revenue and expenditures be distinguished between operating and non-operating. Local and state appropriations are regarded as non-

operating revenue in that there is no specific exchange of services or goods associated with the revenues. As a result, the College's Statement of Revenues, Expenses, and Changes in Net Position reports an *operating* loss of $50.1 million. This total does not include local and state appropriations. A more representative view of the institution's fiscal effectiveness may be found in the amount reported as Increase or Decrease in Net Position. San Juan College reported an increase in net position of $2.8 million. The College's operating revenue decreased from $31.8 million to $22 million a 30% decrease. The decrease is due to a reclassification of federal student aid from federal grants in the operating revenue section to federal student aid within non-operating revenues.

Expenses and Revenues by Classification

In addition to the functional classification of expenses, it may be helpful to view expenses by their natural classification. Figure 4 illustrates the College's expenses by amount and percentage. The College continues to manage its resources and planned expenses within a framework of long range planning and budgeting. Salaries represent 39% of total expenses for FY14. Salary costs are determinable for at least the next two years for all employee groups at the College, because of the restructuring Condrey and Associates, Inc., made to up-date SJC's employee classification and compensation package.

Expenses	
Equipment and Supplies	$ 17,240,855
Salaries and Wages	29,317,161
Benefits	9,983,325
Utilities	1,324,339
Scholarships	9,074,610
Depreciation	5,211,856
Interest on Capital Debt	685,624
Other Expenses	1,575,884
Total	$ 74,413,654

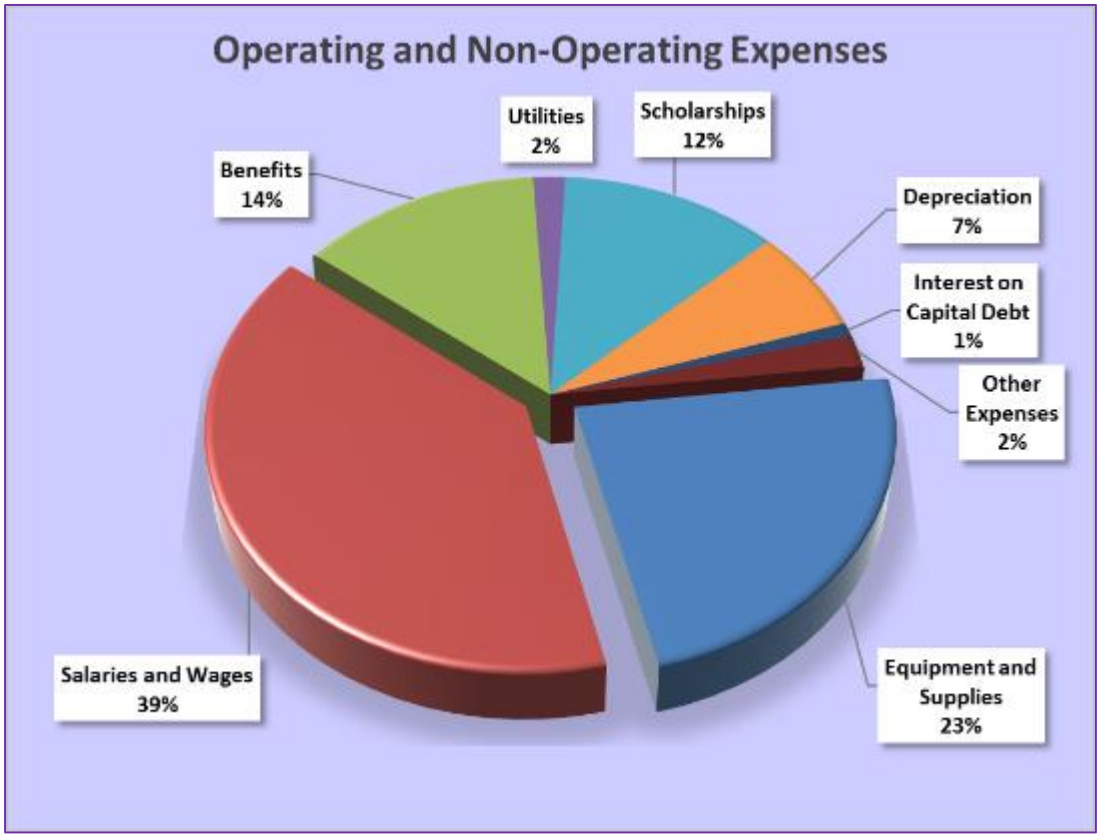


Figure 4 Expenses by natural classification and accompanying pie chart

Figure 5 summarizes revenues by functional classification. Auxiliary Sales/Services include the SJC Bookstore and Mary's Kitchen and Catering, which are the business type activities of the college. State and Local Appropriations are 55% of the College's Revenues. Revenues from property taxes and production taxes, increased in FY2014. Revenues from the State of New Mexico increased in FYE 2014. Revenues from the Federal government and tuition and fees both decreased.

Revenues		
Tuition and Fees	$	6,128,482
Grants & Contracts		9,780,368
Sales & Services		837,026
Auxiliary Sales/Services		4,736,833
State Appropriations		24,328,639
Local Appropriations		17,838,223
Federal Student Aid		12,465,655
Other Revenues		1,115,440
Total	$	77,230,666

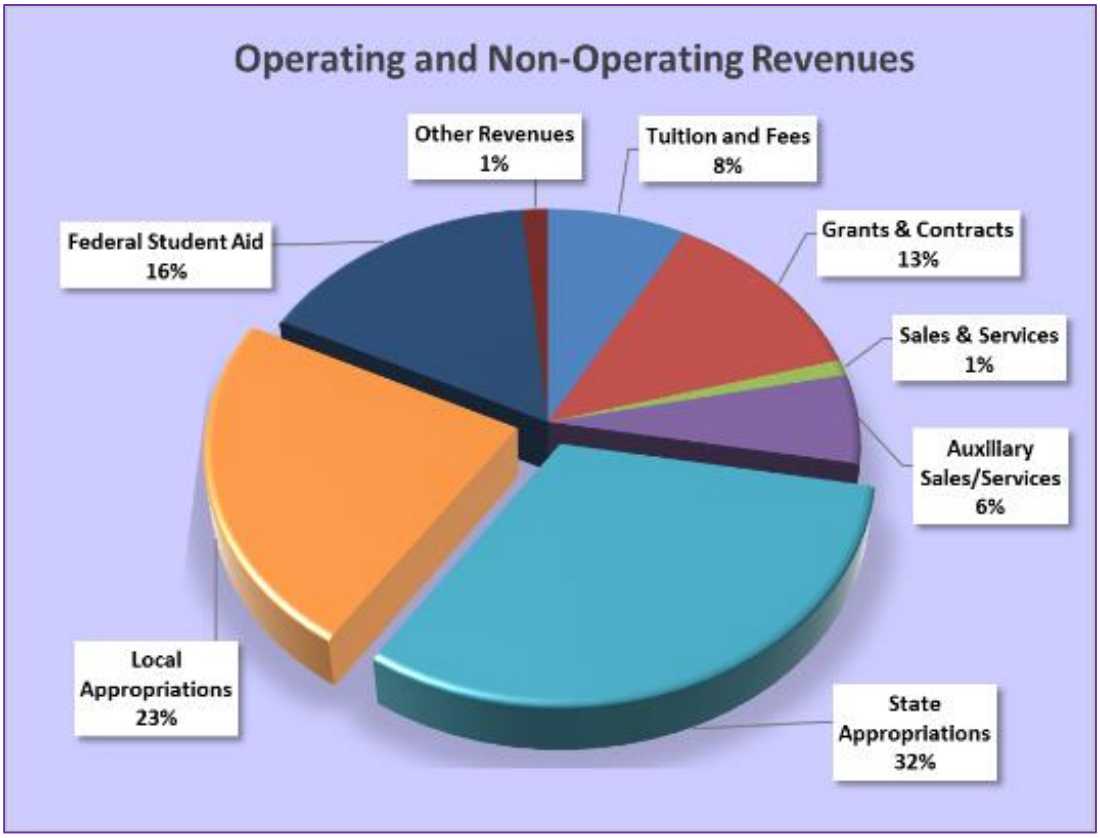


Figure 5 Revenues by functional classification and accompanying pie chart

Statement of Cash Flows

A comparative condensed statement of cash flows is presented in figure 6. Cash provided by investing activities remained fairly constant. The changes in cash provided by noncapital financing activities and cash used by operating activities was directly related to the reclassification of federal student aid. See the revenues and expenses portion of Note 1.The increase in cash used by capital financing activities was predominantly caused by the ongoing construction of the new School of Energy Building.

San Juan College

Condensed Statement of Cash Flows (Dollars in thousands)

For the Year Ended June 30, 2014 and 2013

	2014	2013
Net cash (used) by operating activities	$ (48,377)	$ (37,265)
Net cash provided by noncapital financing activities	53,139	40,933
Net cash (used) by capital and related financing activities	(6,142)	(3,380)
Net cash provided by investing activities	1,073	1,183
Net (decrease) in cash and cash equivalents	(307)	1,471
Cash and cash equivalents - beginning of year	14,476	-
Restatement (Note 14)	(39)	-
Cash and cash equivalents - beginning of year, as restated	14,437	13,005
Cash and cash equivalents - end of year	$ 14,130	$ 14,476

Figure 6 Condensed Statement of Cash Flows

Combined SJC and Component Units

San Juan College Foundation

The San Juan College Foundation was established in 1973 as a not-for-profit, 501(c) (3) corporation to provide resources for various critical needs at San Juan College and within the communities that the College serves. The mission of the Foundation is to provide private sector resources for the advancement and support of San Juan College. Pursuant to GASB Statement No. 39 and No. 61, *Determining Whether Certain Organizations are Component Units,* the Foundation is discretely presented in the College's financial statements as a component unit.

Four Corners Innovations, Inc.

The San Juan Education Extension Program, Inc. was established March 30, 2012 through the New Mexico Public Regulation Commission approving its Articles of Incorporation pursuant to the provisions of the Nonprofit Corporation Act. During fiscal year 2013, the name of this entity was changed to Four Corners Innovations, Inc. Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code has been filed with the IRS. Four Corners Innovations, Inc. is operating under the assumption that it will be granted non-profit status by the IRS and that there will not be any income tax consequences of the activity within the corporation.

Economic Outlook

In FY2014, the principal revenue sources accounted for 80.8% of total revenues. Revenues from San Juan County, which includes property taxes and production taxes, increased in FY2014. Revenues from the State of New Mexico increased in FYE 2014. Revenues from the Federal government and tuition and fees both decreased. The cumulative effect of the changes was a 2.3% increase from FY 2013 to FY 2014. Figure 7 is a graphical illustration of the principal revenue sources for the past 10 fiscal years.

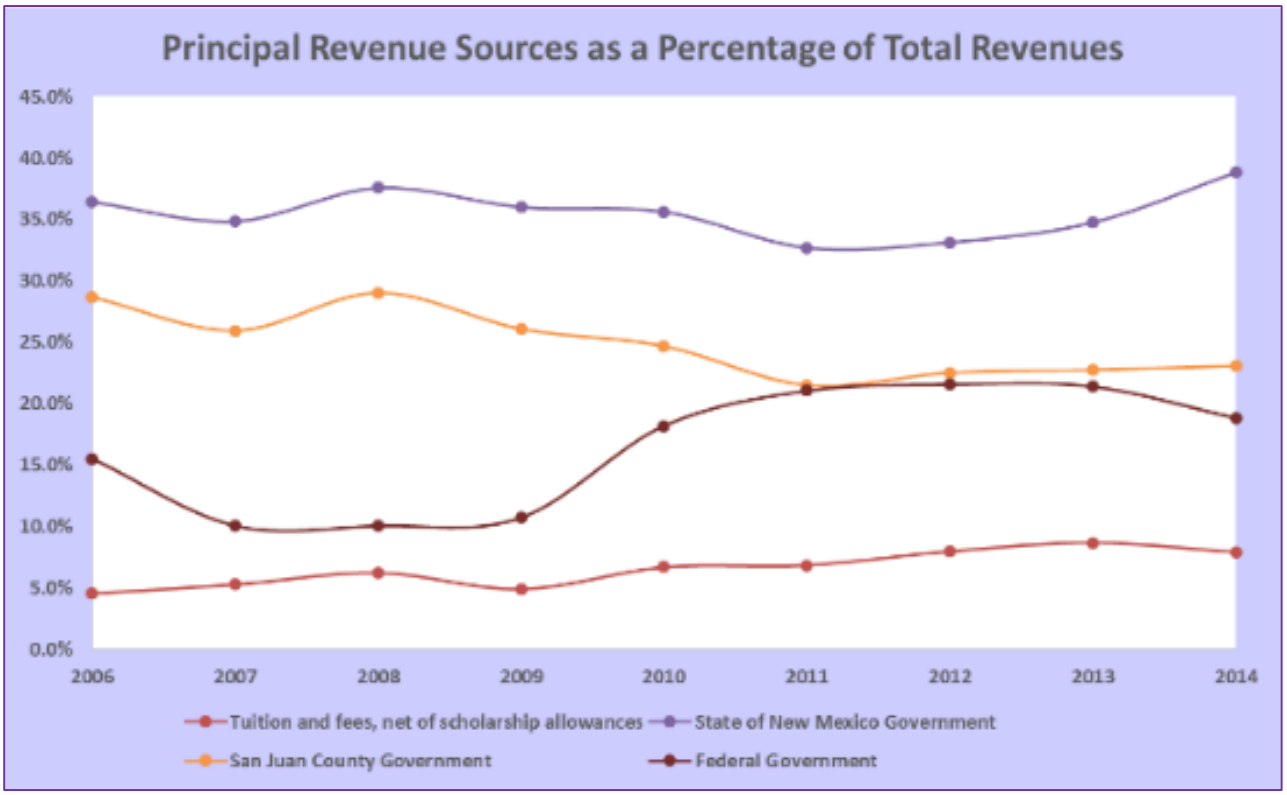


Figure 7 Chart of Principal Revenue Sources

State Appropriations

The uncertainty of appropriations from local taxes and the State of New Mexico is projected to continue beyond the 2013-14 fiscal year. This sustained uncertainty underscores the importance of the College's efforts to stabilize its revenue base through strategic increases to its tuition and fee rate structures, along with searching for new forms of revenue streams.

Local Appropriations

The New Mexico Department of Higher Education is developing a new funding formula that will emphasize outcomes. The new formula provides four output incentives: for 1) students to complete their courses, 2) institutions to increase the number of graduates, 3) institutions to increase science, technology, engineering, health, and mathematics degrees and certificates earned, and 4) institutions to enroll and graduate more at-risk students. For fiscal year 2013-2014, the New Mexico Legislature approved a budget that increased the amount funded to San Juan College; however the College continues to evaluate the effects of this new proposed funding formula.

In September 2014, San Juan College received assessed valuation totals from the San Juan County Assessor's Office. Total assessed valuations decreased by approximately 9.9% to $2.98 billion. As a result of

this, the College anticipates its local taxes budget for unrestricted operations to decrease for fiscal year 2014-2015.

Tuition and Fees

San Juan College has not raised tuition since FY2012 and fees have remained consistent since FY2013. A new fees schedule was voted on by the board starting the fall semester of FY2014. The new initiative encourages students to take more credits per semester and encourages students to graduate sooner. Under the new fees schedule, fees increase on a per credit basis until the student attains full-time status then the fee remains static. The college is monitoring the impact this change is having on tuition and fees revenue.
All applications for admission are accepted. SJC enrolled 1,082 freshmen or 31.7% of the freshmen that applied. Freshmen enrollment in FY2014 increased 6.8% over FY2013 enrollment. Total enrollment decreased 5.5% or 525 students. Associates degrees have decreased from 654 students to 617 students; however, certificates have increased from 601 students to 670 students. Overall increasing the graduation rate by 2.5%. Full-time and part-time faculty increased by 13 members or 3.2%. Full-time staff decreased by 5.5% or 21 employees, while part-time staff increased 1.8% or 2 employees.

Statement of Net Position

San Juan College
Statement of Net Position
June 30, 2014

	Primary Institution	Component Units
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 9,758,489	$ 1,174,460
Investments	3,750,000	25,682,475
Accounts Receivable, net	1,017,589	857,266
Due from Other Governments	5,331,962	-
Other Receivables, net	421,251	-
Inventories	1,151,763	-
Other Assets	589,119	1,748
Total Current Assets	22,020,173	27,715,949
Non-Current Assets:		
Restricted Cash, Cash Equivalents, and Investments	4,371,152	272,670
Promises to give, net	-	799,149
Capital Assets, not being depreciated	5,816,023	1,130,945
Capital Assets, net of accumulated depreciation	67,409,466	1,806,172
Land Held for Investment	-	5,000
Beneficial Interest in Remainder Trusts	-	342,312
Total Non-Current Assets	77,596,641	4,356,248
Total Assets	99,616,814	$ 32,072,197
Deferred Loss on Refunding of Debt	117,286	
Total Deferred Outflows	117,286	
Total Assets and Deferred Outflows	$ 99,734,100	
Liabilities		
Current Liabilities:		
Accounts Payable	$ 1,920,399	$ 31,130
Accrued Compensated Absences	138,720	-
Other Post-Employment Benefits	569,378	-
Other Accrued Liabilities	1,902,642	721
Unearned Revenue	1,601,567	-
Bonds and Note Payable - Current	2,287,804	-
Deposits and Funds Held for Others	248,541	-
Due to San Juan College	-	144,177
Total Current Liabilities	8,669,051	176,028
Non-Current Liabilities:		
Accrued Compensated Absences	1,638,991	-
Other Post-Employment Benefits	4,515,318	-
Bonds and Note Payable - Non-Current	11,578,145	-
Deposits held in trust	-	5,264,083
Total Non-Current liabilities	17,732,454	5,264,083
Total Liabilities	26,401,505	5,440,111
Net Position		
Net Investment in Capital Assets	59,476,826	2,937,117
Restricted Non-Expendable	362,352	14,187,849
Restricted Expendable	3,246,753	2,929,298
Unrestricted	10,246,664	6,577,822
Total Net Position	73,332,595	26,632,086
Total Liabilities and Net Position	$ 99,734,100	$ 32,072,197

Figure 8 Statement of Net Position

The accompanying notes are an integral part of these financial statements

Statement of Revenues, Expenses, and Changes in Net Position

San Juan College

Statement of Revenues, Expenses, and Changes in Net Position

For fiscal year ended, June 30, 2014

	Primary Institution	Component Units
Revenues		
Operating Revenues:		
Student Tuition and Fees	$ 11,081,648	
Less: Scholarship Allowances	(4,953,167)	
Federal Grants and Contracts	2,093,250	
State Grants and Contracts	5,665,414	
Non-Governmental Grants and Contracts	2,021,704	$ 6,837,436
Sales and Services	837,026	
Auxiliary Enterprises	4,736,833	
Other Operating Revenues	591,010	277,258
Total Operating Revenues	22,073,718	7,114,694
EXPENSES:		
Operating Expenses:		
Education and General		
Instruction	28,103,541	
Public Service	1,723,287	
Academic Support	4,326,916	
Student Services	6,986,133	
Institutional Support	6,512,380	
Operation sand Maintenance of Plant	5,536,197	
Depreciation Expense	5,211,856	141,470
Student Aid	9,417,776	
Auxiliary Enterprises	4,256,568	
Other Operating Expenses	133,111	1,940,563
Total Operating Expenses	72,207,765	2,082,033
Operating Income (Loss)	(50,134,047)	5,032,661
Non-Operating Revenues (Expenses)		
State Appropriations	24,328,639	
Local Appropriations	17,838,223	
Federal Student Aid	12,465,655	
Investment Income (Loss)	72,832	1,403,313
Interest on Capital Asset-related Debt	(685,624)	
Gain (Loss) on Disposal of Capital Assets	(26,727)	
Other Non-Operating Revenues/Expenditures	(1,493,537)	1,231,647
Total Non-Operating Revenues (Expenses)	52,499,461	2,634,960
Income (Loss) before Other Revenue (Expenses)	2,365,414	7,667,621
Capital Appropriations	451,598	
Capital Contributions	-	
Increase/(Decrease) in Net Position	2,817,012	7,667,621
Net Position, beginning of year	70,554,732	18,964,465
Net Position - Restatement	(39,149)	
Net Position, beginning of year as restated	70,515,583	
Net Position, end of year	$ 73,332,595	$ 26,632,086

Figure 9 Statement of Revenues, Expenses, and Changes in Net Position

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

San Juan College

Statement of Cash Flows

For the Year Ended June 30, 2014

Cash flows from operating activities:	
Tuition and Fees	$ 5,950,203
Grants and Contracts	6,992,560
Sales and Services	837,026
Auxiliary Sales and Services	4,736,833
Payments to Suppliers	(16,611,728)
Payments to Employees	(29,462,298)
Payments for Benefits	(10,225,019)
Payments for Utilities	(1,324,339)
Payments for Scholarships	(9,074,610)
Other Receipts (Payments)	(195,614)
Net cash (used) by operating activities	(48,376,986)
Cash flows from noncapital financing activities:	
State Appropriations	24,328,639
Local Appropriations	17,838,223
Fededal Student Aid	12,465,655
Other Non-Operating Revenue (Expenses)	(1,493,537)
Net cash provided by noncapital financing activities	53,138,980
Cash flows from capital and related financing activities:	
Interest Payments on Bonds and Notes	(685,624)
Capital Appropriations	451,598
Principal Payments on Bonds and Notes	(1,049,017)
Purchase of Capital Assets	(4,859,204)
Net cash (used) by capital and related financing activities	(6,142,247)
Cash flows from investing activities:	
Transfer to Cash from Investments	1,000,000
Investment Income	72,832
Net cash provided by investing activities	1,072,832
Net (decrease) in cash and cash equivalents	(307,421)
Cash and cash equivalents - beginning of year	14,476,211
Restatement (Note 14)	(39,149)
Cash and cash equivalents - beginning of year, as restated	14,437,062
Cash and cash equivalents - end of year	$ 14,129,641
Reconciliation of operating (loss) to net cash (used) by operating activities:	
Operating income (loss)	$ (50,134,047)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	5,211,856
Changes in assets and liabilities	
Account Receivable-Students	(129,899)
Due from other Governements and Other Receiavables	(3,024,081)
Inventories	240,063
Other Assets	(540,310)
Accounts Payable	389,064
Accrued Liabilities	(150,430)
Other Liablilites	(190,822)
Unearned revenue	(48,380)
Net cash (used) by operating activities	$ (48,376,986)

Figure 10 Statement of Cash Flows

The accompanying notes are an integral part of these financial statements

San Juan College Retiree Healthcare Trust

Statement of Fiduciary Net Position

San Juan College
Statement of Fiduciary Net Position
June 30, 2014

Assets:		
Money Market Account, at cost	$	52,684
Accounts Receivable-Employee		36,641
U.S. Government Issues, at cost		305,615
Mutual Fund- Fixed Income, at cost		2,767,128
Other Assets		1,277
Total Assets	$	3,163,345
Net Position:	$	3,163,345

Figure 11 Statement of Fiduciary Net Position

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Organization

The San Juan Community College District was created by majority vote of the San Juan County electorate on November 17, 1981. Formerly a branch campus of New Mexico State University, San Juan College (the College) was recognized under the state "Junior College Act" (i.e. Sections 21-13-1 through 21-13-25 New Mexico Annotated, 1978 compilation, as amended) The purpose of the Junior College Act is to provide for the creation of local junior colleges and to extend the privilege of a basic vocational, technological or higher education to all persons who are qualified to pursue the courses of study offered. San Juan College is funded through appropriations from the State of New Mexico, local mil levy, production tax and tuition and fees.

The College is governed by a Board of Trustees consisting of seven members elected from single member districts within San Juan County. The Board's authority is established by state statute, specifically the 1985 Community College Act as amended. The Board employs a President who is responsible for the management and day-to-day control of the institution including the hiring of executives, faculty, and staff.

San Juan College's discreetly presented component units are comprised of two major components, San Juan College Foundation and Four Corners Innovations, Inc. (4CI) The College has determined that the SJC Foundation and 4CI are major component units based on an evaluation of:

- Services provided by the component unit to the College are such that separate reporting as a major component unit is considered to be essential to financial statement users
- Significant transactions occur between the College and the component unit
- Significant financial benefit or burden relationship exists between the component unit and the College.

SJC's component units are nonprofit corporations controlled and governed by separate Boards of Directors whose goals are to support the College. Even though these organizations support the College, they are not subsidiaries of the College, nor are they directly or indirectly controlled by the College. The College does not have ownership of the financial and capital resources or assets of the component units and does not have the authority to mortgage, pledge, or encumber the assets of these organizations.

Component units can be defined as legally separate entities for which the College is considered to be financially accountable, GASB Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, have set forth criteria to be considered in determining financial accountability. For organizations that were previously required to be included as component units are meeting the fiscal dependency criterion under GASB Statement No. 14, a financial benefit or burden relationship also would need to be present between the primary government and the organization for it to be included in the reporting entity as a component unit. Further, the organizations that do not meet the financial accountability criteria for inclusion as component units, but that, never the less, should be included because the primary government's management determines that it would be misleading to exclude them, GASB Statement No. 61 clarifies the manner in which that determination should be made and the types of relationships that generally should be made and the types of relationships that generally should be considered in making that determination. GASB Statement No. 39 *Determining whether certain organizations are component units an amendment of* GASB No. 14*,* provides additional criteria for determining whether certain organizations are component units.

Organizations that are legally separate, tax-exempt entities and that meet all of the following criteria should also be considered component units, with discrete presentation. These criteria are

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the College, its component units, or its constituents;
2. The College or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization
3. The economic resources received or held by an individual organization that the College, or its component units, is entitled to, or has the ability to otherwise access, are significant to the College.

A description of the College's discretely presented component units and the basis for including each as a component unit in the College's financial report follows.

San Juan College Foundation – provides resources for various critical needs at San Juan College and within the communities that the College serves. These disbursements are made at the discretion of its independent board of directors, in accordance with donor directions and Foundation policy. The majority of assets held by the Foundation are endowments restricted for donor specified programs and purposes, the principal of which may not be spent. The directors of the Foundation make all decisions regarding the Foundation's business affairs, including distributions to the College. The mission of the Foundation is to provide private sector resources for the advancement and support of San Juan College.

Four Corners Innovations, Inc. – was established March 30, 2012 through the New Mexico Public Regulation Commission approving its Articles of Incorporation pursuant to the provisions of the Nonprofit Corporation Act.

The two component units above meet all of the criteria for a legally separate, tax exempt organization to be reported discretely as a component unit. The economic resources held by these component units are for the direct benefit of the College and the College has the ability to access their economic resources and the economic resources of these component units are significant to the College. Separate financial statements for the SJC Foundation can be obtained by contacting:

- San Juan College Foundation, Inc. 4601 College Blvd., Farmington, NM 87402

San Juan College's Basis of Presentation and Accounting

The accompanying financial statements of the College include a statement of net position, a statement of revenues, expenses, and changes in net position; and a statement of cash flows, each of which provide a comprehensive, entity-wide perspective of the College. A statement of net position provides information about the assets, deferred outflows or resources, liabilities, and net position of the College at the end of the fiscal year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions, or availability of assets to satisfy the College's obligations. A statement of revenues, expenses, and changes in net position provides information about the College's financial activities during the fiscal year. Revenues and expenses are classified as either operating or non-operating, and all changes in net position are reported, including capital additions and additions to endowments. A statement of cash flows provides information about the College's sources of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating, noncapital financing, capital and related financing, or investing activities.

Beginning with fiscal year 2014, the College will present its annual financial information in a Comprehensive Annual Financial Report (CAFR) format including a statistical section prepared in accordance with GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section an amendment of NCGA Statement 1*.

For the year ended June 30, 2014, the College adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 ("GASB 65") established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The effect of GASB 65 is reflected in the Statement of Revenues, Expenses and Changes in Net Position as restatement in the amount of $39,149 due to the accounting treatment of the unamortized amount of bond issuance costs at July 1, 2013.

For financial reporting purposes under GASB, the College is considered a public institution engaged only in business-type activities. Accordingly, the College's financial statements have been presented under the economic resources measurement focus and the accrual basis of accounting. The *economic resources measurement focus* emphasizes the long-term effects of operations on overall net resources (i.e. total assets and total liabilities). The statement of revenues, expenses, and changes in net position prepared using *economic resources measurement focus* includes only transactions and events that increase or decrease net position during the year. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when and obligation has been incurred, or benefit has been received. All significant intercollege transactions have been eliminated.

Cash and cash equivalents*:* In accordance with GASB, all highly liquid investments with an original maturity date of three month or less, are considered to be cash and cash equivalents. Funds invested in money market funds or through the State Treasurer's Local Government Investment Pool are also considered cash equivalents. In accordance with GASB, all restricted cash and cash equivalents, including funds held by a bond trustee, are shown as noncurrent cash and cash equivalents.

Investments: The College accounts for its investments stated at fair value in accordance with GASB Statement No. 31, Accounting for Financial Reporting for Certain Investments and External Investment Pools. Fair value typically is the quoted market price for investments. Investment returns include realized and unrealized gains and losses on investments which are reported as a component of investment income in the statement of Revenues, Expenses and Changes in Net Position.

Receivables: Net receivables at June 30, 2014 were $6,770,802, including $2,461,146 in fiscal 2014 State of New Mexico general fund appropriations for the ongoing School of Energy building construction. Other significant amounts included in the receivable balance are $1,770,143 related to tuition and fee payments due from students and others making payments on behalf of students.

Inventories: Inventories are generally stated at the lower of cost or market. Cost is determined by using the retail method. Departmental inventories—comprised of such items as classroom and laboratory supplies, teaching materials and office supplies—which are consumed in the teaching and administrative process, are expensed when purchased.

Endowment Spending Rate Policy*:* During fiscal years 2008 and 2009 the College received an endowment fund appropriations from the State of New Mexico totaling $360,000 as a match against existing endowment funds held by the College's Foundation. The endowments fund are invested in certificates of deposit at a financial institution with maturities of less than two years. As promulgated in HB 07-983, the income from the investments shall be used as scholarships for full-time students with a minimum GPA of 2.5. The College realized $1,200 in revenue from the endowment investments and expended $1,200 for student scholarships. The endowment fund is a component of Restricted Cash, Cash Equivalents and Investments.

Capital assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. The Office of the State Auditor requires that the threshold is set at $5,000 per Section 12-6-10 NMSA 1978. Due to this, the College's capitalization policy includes all land, buildings,

infrastructure, equipment, works of art and historical treasures with a unit cost of $5,000 or more and an estimated useful life of more than one year. New construction, as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of structures and have a project cost of over $5,000 are capitalized. Interest incurred during the construction phase of the projects is capitalized, net of interest earned on the invested proceeds over the same period. The College includes software purchased with a piece of equipment in the cost of capitalization. This total cost is depreciated over the useful life of the equipment. In compliance with AICPA SOP 98-1, software purchased for internal use is capitalized and depreciated. Routine repairs are charged to operating expense in the year in which the expense incurred.

Depreciation for the College is calculated using the straight-line method over the estimated useful lives of the assets; generally 30 years for buildings and infrastructure, 25 years for land improvements, five years for library books, and 3 to 15 years for equipment, furnishings, and software. The College does not depreciate land, or works of art and historical treasures that are considered inexhaustible and are held for exhibition, education, research, and public service.

Capital assets of the Foundation are stated at cost, except for works of art the Foundation intends to hold indefinitely, which are recorded at fair value on the date of donation. The foundation follows the practice of capitalizing, at cost, all expenditures for capital assets in excess of $1,000. Maintenance, repairs, and renewals which neither materially add to the value of the property nor appreciably prolong its life are charges to expense as incurred. Depreciation is computed on a straight-line basis over 25 years for buildings, 10-25 years for improvements, and 5 to 7 years for equipment.

Deferred Outflows

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The College has only one type of item that qualifies for reporting in this category. Accordingly, the item, deferred loss on refunding of debt is reported in the Statement of Net Position. These amounts are deferred and recognized as an outflow of resources in future periods. The College has recorded $117,286 related to the deferred losses on refunding.

Compensated absences: Compensated absences are full-time employee – exempt and non-exempt – vacation and compensatory time earned, but not used at fiscal yearend. Vacation, and compensatory time balances are accrued as a liability on the statement of net position and reported as an expense in the statement of revenues, expenses, and changes in net position. In the event of termination, an employee is paid for accumulated annual leave up to 240 hours and earned compensated time.

Accumulated sick leave lapses when employees leave the employ of the College and, upon, separation from service, no monetary obligation exists.

Unearned revenue: Unearned revenue consists primarily of students' tuition received in advance for the summer and fall terms and advances from contracts and grants for services the College will render after year-end.

Net position

Net investment in capital assets represents the College's total capital assets, net of accumulated depreciation and outstanding debt related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position represents those resources upon which external restrictions have been imposed that limit the purposes for which such resources can be used. Restricted expendable net position is resources that the College is legally or contractually obligated to spend in accordance with restrictions by third parties. Restricted non-expendable net position consists of endowment and similar funds in which third parties have stipulated, as a condition of the gift instrument, that the principal be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to the principal.

Unrestricted net position consists of those operating funds over which the governing board retains full control to use is achieving any of its authorized purposes.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Elimination entries have been made in the statement of revenues, expenses, and statement of net position to remove the effect of internal charges incurred for service activities in excess of the cost of providing those services and for revenue recognized by the service department for sales to other College departments. Elimination entries are not recorded between the Primary Institution and discrete Component Units.

Revenues/Expenses: Revenues and expenses are classified as operating or non-operating.

Operating Revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees, scholarship allowances, federal, state, and local grants and contracts, sales and services of auxiliary enterprises. Expenses include salaries, employee benefits, supplies, materials, services, utilities, travel and depreciation. Operating expenses are those incurred in conducting the primary programs and services of the College and are in accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities—an amendment of GASB statement No. 34*.

Non-operating Revenues include activities that have the characteristics of non-exchange transaction, such as state appropriations, local appropriations (e.g., property, equipment and production taxes), and investment income. Federal student aid is now considered a non-operating expense and has been reclassified on the financial statements starting in the FYE June 30, 2014. Non-operating expenses include interest on capital asset-related debt.

Scholarship allowances: Scholarship allowances are reported as an offset to student tuition and fee revenues, which are reported net of scholarship allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as operating or non-operating revenue in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees, the College has recorded a scholarship allowance as a contra revenue.

Not included in scholarship allowances is $229,736 in faculty and staff tuition waivers that are recorded as program expenses on the statement of revenues, expenses and changes in net position.

Property taxes: Ad valorem taxes are collected by the San Juan County Treasurer and distributed monthly to the College. Property taxes are the personal obligation of the person owning the property on January 1st of each year, the date at which the property becomes subject to valuation for property taxation purposes. Property taxes are due in two installments. The first half is due on November 10th and becomes delinquent on December 11th. The second half is due on April 10th and becomes delinquent on May 11th.

The Oil and Gas Accounting Division of the State of New Mexico Taxation and Revenue Department collects property tax on oil and gas production and equipment. The Oil and Gas Division distributes its collections to the County Treasurer who further distributes the collections to the College. The tax year for oil and gas production begins September 1st and is collected monthly. Equipment taxes are due on November 30th of each year.

Non-reverting funds: According to House Bill 2, unexpended state appropriations do not revert to the State of New Mexico at the end of the fiscal year and are available to the College in subsequent years.

Tax Status: As an instrumentally of the State of New Mexico, the income generated by the College in the exercise of its essential governmental functions is excluded from federal income tax under Internal Revenue Code (IRC) section 115. However, income generated from activities unrelated to the purpose of the College would be subject to tax under IRC section 511(a)(2)(B).

The San Juan College Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3). Four Corners Innovations, Inc. was established through the New Mexico Public Corporation Commission approving its Articles of Incorporation pursuant to the provision of the Non-Profit Corporation Act. The Federal Form 1023 application for recognition and exemption under Section 501(c) (3) of the Internal Revenue Code was filed. Management is of the opinion that the tax exempt status will be approved.

Budgetary Process: Operating budgets are submitted for approval to the Board of Trustees, the New Mexico Higher Education Department, and the State Department of Finance and Administration. Separate legislative budget requests may be submitted to the Higher Education Department or other state offices upon approval by the Board of Trustees. Actual expenditures may not exceed the budget on a functional level (i.e., expenditures must be within budgeted amounts by exhibit).

Use of 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 the reported amounts of assets and liabilities—and disclosure of contingent assets and liabilities—at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates for the College are accumulated depreciation, allowance for doubtful accounts, and other postemployment benefits liabilities (OPEB).

Long Term Debt Obligations: Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discounts.

Bond issuance costs are reported as deferred charges and amortized over the term of the related bond.

Joint Powers Agreement: In 2000 the College entered into a Joint Powers Agreement with the City of Aztec and Aztec Municipal School District to build and operate an educational complex located in Aztec, New Mexico. Together the College and the School District constructed the Educational Phase of the Northeast San Juan County Family Center. The College utilizes the facilities to provide educational opportunities for citizens located in the area at what is deemed San Juan College East. The College and the Aztec School District share operational costs for maintenance and utilities.

Pension Trust: The pension trust fund accounts for the activities of the San Juan College Retiree Healthcare Trust, which accumulates resources for fully-insured medical, dental, and vision benefits to eligible retirees

and their dependents. These benefits are considered Other Post-Employment Benefits (OPEB) under statements No. 43 and 45 of the Governmental Accounting Standards Board.

Other Significant Accounting Policies: Other significant accounting policies are set forth in the following notes.

Note 2 – Cash, Cash Equivalents, and Investments

General

The classification *Cash and Cash Equivalents* includes cash in banks (deposits); cash on hand, petty cash, certificates of deposit and overnight repurchase agreements. At year end, the College's deposits and investments total $17,867,728 and are discussed below in our analysis of deposit and investment risk as required by GASB Statement No. 40, Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3.

Cash

The College's deposits are in demand and time deposit accounts at financial institutions. State statutes require financial institutions to pledge qualifying collateral to the College to cover at least 50% of the uninsured deposits and 102% of overnight deposits. All collateral is held in third party safekeeping in the name of the College. The majority of the total deposits were invested in interest bearing accounts at June 30, 2014.

San Juan College

Schedule of Collateral Pledged by Depository

June 30, 2014

College	Citizens Bank of Farmington	Wells Fargo	Wells Fargo Repo Account	Wells Fargo Investment	WFB Flex Plan	Four Corners Community Bank	Total
Total per banks	$ 754,417	$6,640,523	$3,086,973	$3,930,000	$30,449	$ 4,831,118	$19,273,479
Reconciling items:							
deposits in transit	-	13,012	-	-	-	-	13,012
outstanding check	-	(1,268,593)	-	-	-	-	(1,268,593)
other reconciling items	-	(150,171)	-	-	-	-	(150,171)
	$ 754,417	$5,234,771	$3,086,973	$3,930,000	$30,449	$ 4,831,118	$17,867,728
Cash on hand							11,916
Cash, cash equivalents and Investments per financial statements							$17,879,643

Figure 12 Reconciliation to Financial Statements

Collateralization of deposits

At June 30, 2014, the recorded value of the College's cash with financial institutions was $17,867,728. Petty cash funds at June 30, 2014 totaled $11,916. The balances per bank statements and overnight investment accounts totaled $19,273,479 at June 30, 2014. Of the bank balance, $4,680,000 was covered by federal depository insurance, $12,211,599 was covered by collateral held at the Federal Reserve in the College's name, and $3,043,910 was uninsured and uncollateralized at June 30, 2014.

	Citizens Bank of Farmington	Wells Fargo	Wells Fargo Repo Account	Wells Fargo Investment	Four Corners Community Bank	Total
Depoists, at June 30, 2014	$ 754,417	$6,670,971	$3,086,973	$3,930,000	$ 4,831,118	$19,273,479
FDIC Insurance	250,000	250,000	-	3,930,000	250,000	4,680,000
Uninsured amount	504,417	6,420,971	3,086,973	-	4,581,118	14,593,479
Pledged Collateral Required						
102 percent on overnight	-	-	3,148,712	-	-	3,148,712
50 percent on deposits	252,208	3,210,486	-	-	2,290,559	5,753,253
Pledged Collateral Required	252,208	3,210,486	3,148,712	-	2,290,559	8,901,966
Pledged Collateral at June 30, 2014	259,346	3,622,132	3,148,712	-	5,101,795	12,131,985
Excess (deficiency)	$ 7,138	$ 411,646	$ -	$ -	$ 2,811,236	$ 3,230,020
Uninsured amount	504,417	6,420,971	3,086,973	-	4,581,118	14,593,479
Pledged collateral	259,346	3,622,132	3,086,973	-	4,581,118	11,549,569
Uninsured and Uncollateralized	$ 245,071	$2,798,839	$ -	$ -	$ -	$ 3,043,910

Figure 13 Collateralization of deposits

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation stated the types of collateral allowed is 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. A listing of depositories can be found in Schedule 7.

Investments

The College's investments are held in certificates of deposits. A listing of the College's investments and the San Juan College Foundation's investments can be found in Schedule 8.

Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, and that the changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair market value resulting from rising interest rates, the College's investment policy limits the average weighted maturity of its portfolio to three years. Figure 14, shows the maturity rates for the College's healthcare trust.

Investment Type	Book Value	Not subject to Interest Rate Risk	Less than 1 Year	1-5 Years	5+ Years
Money Markets	$ 52,684	$ 52,684	$ -	$ -	$ -
Fixed Income - Gov. & Corp.	305,615	-	151,654	153,961	-
Mutual Funds	2,767,128	2,767,128	-	-	-
Total Investments	$3,125,427	$2,819,812	$151,654	$ 153,961	$ -

Figure 14 Maturity Rates for Retiree Healthcare Trust

The Foundation investments exposed to interest rate risk are primarily invested in short and intermediate term bonds and bond funds. Maturity rates for Foundation investments are in figure 15.

Investment type	Fair value	Not subject to Interest Rate Risk	Less than 1 Year	1-5 Years	5+ Years
Certificates of Deposit	$ 1,125,703	$ 1,125,703	$ -	$ -	$ -
Equities	16,567,965	16,567,965	-	-	-
Fixed Income Securities	7,544,642	2,630,215	582,564	3,034,494	1,297,369
Other Investments	444,165	444,165	-	-	-
Total Investments	$ 25,682,475	$ 20,768,048	$ 582,564	$ 3,034,494	$ 1,297,369

Figure 15 Maturity rates – Foundation investments

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. The College investments are in time deposits or investments guaranteed by the U. S. Government and therefore are excluded from this requirement.

The Foundation investments are currently held in non-debt investments and thus not subject to credit risk.

Custodial Deposit and Investment Risk

Custodial credit risk on deposits is the risk that in the event of bank failure, the College's deposits may be lost. The College does not have a deposit policy for custodial credit risk. As of June 30, 2014, the College's bank balance was not subject to 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).

The Foundation maintains deposits in two financial institutions in Farmington, New Mexico. By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by FDIC. Beginning January 1, 2013, all of the College's accounts are at an insured depository institution, including all noninterest-bearing transact accounts will be insured by FDIC up to the standard maximum deposit insurance amount of $250,000. As of June 30, 2014, the Foundation's uninsured cash deposits total was $706,540.

Custodial credit risk on investments was changed on June 30, 2013. The College's deposits are in certificates of deposit $250,000 or less, or U.S. Government Securities or securities secured by the U.S. Federal Government. Therefore, the college is not subject to custodial credit risk.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All custodians of the investments of the Foundations are members of Securities Investor Protection Corporation (SIPC) and the securities are protected up to $500,000.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. Investments in any one issuer that represents 5% or more of total investments are considered to be exposed to concentrated credit risks and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other

pooled investments are excluded from this requirement. There were no investments in a single issuer that represents 5% or more of the total investments at June 30, 2014 or June 30, 2013.

Note 3 – Accounts Receivable, other Receivables, and Beneficial Interest in Remainder Trusts

Accounts Receivable and other receivables are shown net of allowances for doubtful accounts in the accompanying Statement of Net Position. At June 30, 2014 receivables consisted of the following:

	Accounts Receivable
College accounts receivable, Net:	
Accounts receivable	$ 2,489,811
Less: Allowance of doubtful accounts	1,472,222
Accounts receivable, net	$ 1,017,589

Figure 16 Accounts receivable

Due from other governments: consists of property taxes and unreimbursed federal, state and local grant expenditures. San Juan County is responsible for levying and billing for property taxes. The College (through the county) has the right to place a lien on the property for unpaid property taxes, and accordingly no provision for doubtful accounts has been established. At June 30, 2014 government receivables consisted on the following:

Due from Other Governments	
Billed property taxes	$ 614,109
Due from Local governments	480,731
Due from State governments	2,543,069
Due from Federal governments	1,694,053
Total due from other governments	$ 5,331,962

Figure 17 Due from other governments

Other receivables: on June 30, 2014 consisted of the following:

Other Receivables	
Due from others	$ 406,930
Accrued interest receivable	14,321
Total other receivables	$ 421,251

Figure 18 Other receivables

Pledged receivables belong to the San Juan College Foundation. Receivables are shown net of discounts on pledge receivables in the accompanying statement of net position. At June 30, 2014 pledged receivables consisted of the following:

Foundation pledged receivable net:	
Pledged receivable, Current	$ 802,564
Pledged receivables, Non- current	857,075
Discount on pledges receivable	(57,926)
Pledged receivable, net	$ 1,601,713

Figure 19 Foundation pledged receivables

Beneficial interest in remainder trust of the San Juan College Foundation consists of individuals that have established irrevocable charitable remainder unitrust agreements, and the Foundation was named beneficiary under these agreements administered by third party companies. Under the trusts' terms, the donors are to receive an annual distribution equal in the value to a specified percentage of the fair market value of the trusts' assets each year until the donors die. At that time, the remaining assets were recorded at fair market value when received, and the liabilities to the donors are recorded at the present value of the estimated future payments to be distributed over the donors' expected lives. Beneficial interest in remainder trusts totaled $342,312.

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2014:

San Juan College
Capital Assets Activity
For fiscal year ended, June 30, 2014

	Balance 6/30/2013	Additions	Transfers/ Retirements	Balance 6/30/2014
College capital assets not being depreciated:				
Land	$ 2,010,641	$ -	$ -	$ 2,010,641
Construction in progress	40,567	3,764,815	-	3,805,382
Total nondepreciable capital assets	2,051,208	3,764,815	-	5,816,023
College depreciable capital assets:				
Land & leasehold improvements	$ 8,493,953	$ -	$ -	$ 8,493,953
Infrastructure	14,752,673	275,104	-	15,027,777
Buildings	115,796,831	-	-	115,796,831
Equipment, furnishings, and software	20,723,638	739,661	2,553,930	18,909,369
Library books	1,550,000	79,624	136,222	1,493,402
Total depreciable capital assets	161,317,095	1,094,389	2,690,152	159,721,332
Less: Accumulated depreciation				
Land & leasehold improvements	5,051,771	256,681	-	5,308,452
Infrastructure	8,809,494	501,370	-	9,310,864
Buildings	56,876,470	3,418,650	-	60,295,120
Equipment, furnishings, and software	17,747,889	919,082	2,526,155	16,140,816
Library books	1,276,762	116,073	136,222	1,256,613
Total accumulated depreciation	89,762,386	5,211,857	2,662,377	92,311,866
Depreciable capital assets, net	71,554,709	(4,117,468)	27,775	67,409,466
Capital assets, net	$ 73,605,917	$ (352,653)	$ 27,775	$ 73,225,489
Foundation capital assets not being depreciated:				
Land	$ 1,130,945	$ -	$ -	$ 1,130,945
Foundation depreciable capital assets:				
Buildings	$ 3,786,752	$ -	$ -	$ 3,786,752
Less: Accumulated depreciation				
Buildings	1,839,110	141,470	-	1,980,580
Depreciable capital assets, net	1,947,642	(141,470)	-	1,806,172
Foundation Capital Assets, net	$ 3,078,587	$ (141,470)	$ -	$ 2,937,117

Figure 20 Capital Asset activity

Construction in progress additions reflected above represent expenses for new projects net of capital assets placed in service. An estimated $10,810,664 in additional expenses will be required to complete projects under construction at June 30, 2014. Construction in progress encumbrances committed through purchase orders at June 30, 2014, totaled $1,161,954.

Note 5 – Special or Specific State Appropriations

The Office of the State Auditor requires information on special and severance bond tax appropriations. Revenue from special or specific state appropriations is recognized during the period in which the funds are expended. The College expended no special or severance bond tax appropriations in Fiscal Year 2014.

Note 6 – Other Accrued Liabilities and Unearned Revenue

At June 30, 2014 other accrued liabilities consisted of the following:

Other Accrued Liabilities	
Payroll and benefits	$ 1,666,542
Gross receipts tax	3,476
Bond interest payable	232,624
Total	$ 1,902,642

Figure 21 Other accrued liabilities

At June 30, 2014 unearned revenue consisted of the following:

Unearned Revenue	
Prepaid Tuition	$ 770,267
Unearned Grant Revenues	818,026
Other	13,275
Total	$ 1,601,568

Note 7 – Long-Term Liabilities

Bonds and Notes

Figures 22 and 23 show a summary of bonds and notes payable transactions for the year ended June 30, 2014.

Bonds Payable	Balance 6/30/2013	New Issues	Retirements	Balance 6/30/2014	Due Within One Year
2004 Bonds	$ 3,775,000	$ -	$ 650,000	$ 3,125,000	$2,133,750
2005 Bonds	10,000,000	-	25,000	9,975,000	25,000
2006 Bonds	390,000	-	390,000	-	-
2008 Note	613,639	-	122,340	491,299	129,054
Total	$14,778,639	$ -	$ 1,187,340	$13,591,299	$2,287,804

Figure 22 Summary of Bond and Note Transactions

Bonds and Note Payable	Interest Rates	Amount
2004 Bonds; original amount $7,500,000; maturing 8/15/16	2.15 - 3.875%	3,125,000
2005 Bonds; original amount $10,700,000; maturing 8/15/21	3.5 - 5%	9,975,000
2006 Bonds; original amount $5,020,000; maturing 8/15/13	3.5 - 3.7%	-
2008 Note; original amount $1,070,000; maturing 1/1/18	6%	491,299
		13,591,299
Less deferred amounts:		
Bond premiums		274,650
Less current portion of bonds payable:		(2,287,804)
Long-term bonds payable		$11,578,145

Figure 23 Long-Term Debt

The bonds payable will be paid from taxes levied against property owners living within the College boundaries. The note payable is collateralized by buildings and land. Figure 24 shows the annual requirements to retire bonds and note payable as of June 30, 2014:

Due in Year Ending June 30	Amount	Interest	Payments
2015	2,278,495	601,438	2,879,933
2016	237,824	550,987	788,811
2017	1,196,370	519,904	1,716,274
2018	2,203,610	438,278	2,641,888
2019	2,300,000	326,250	2,626,250
2019-2022	5,375,000	301,875	5,676,875
Total	$13,591,299	$2,738,732	$16,330,031

Figure 24 Annual requirements to retire bonds and notes

Compensated Absences

Compensated absences are recorded by the College as a liability of accruals of vacation leave and compensatory time, but not taken at fiscal year-end. Long and short term liabilities for compensated absences are shown in figure 25:

Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014	Current Amount
$ 1,444,735	$ 487,576	$ (154,600)	$ 1,777,711	$ 138,720

Figure 25 Compensated absences

Note 8 – Contingencies and Commitments

Contingencies

Risk Management: The College is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of property; errors and omissions and natural disasters. The college participates in the New Mexico Self-Insurers' Fund Risk Pool.

The State's risk pool covers the College, subject to certain deductibles, for risks of loss related to such situations as theft, damage and destruction of property, buildings, and equipment, errors and omissions; injuries to employees, natural disasters; and liability for act or omissions of any nature while acting in the authorized governmental capacity and in the course and scope of employment or authorization.

The College has not filed any claims wherein the settlement amount exceeded the insurance coverage during the past four years. However, should a claim be filed against the College which exceeds the insurance coverage, the College would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2014, no unpaid claims have been filed which exceed policy limits, and, to the best of management's knowledge and belief, all known and unknown claims will be covered by insurance. No major lawsuits are outstanding against the College.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

Grants: The College receives grants and other forms of reimbursement from various federal and state agencies. The activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. College administration believes that the liability, if any, for reimbursements that may arise from audits, would not be material to the financial position or operations of the College.

Commitments

Construction contracts: The College's outstanding commitments for construction and renovation of various facilities as of June 30, 2014 were $10,810,664.

Operating Leases: The College is obligated under certain lease (rental) agreements which are accounted for as operating leases. The items being leased are primarily apartments and equipment. Obligations for lease payments required under operating leases are summarized in figure 26:

Lease Obligations	
Year Ending June 30,	
2015	43,800
Total Lease Obligations	$ 43,800

Figure 26 Lease Obligations

Real Property Lease Agreement: On February 1, 1988, the College entered into a Real Property Lease Agreement with the City of Farmington for the purpose of installing a public golf course and /or swimming pool. The City established and operates Pinon Hills Golf Course on the leased property. The lease terminates on January 31, 2087 and provides for the opportunity to extend or continue operation of the golf course and/or swimming pool.

Note 9 – Pension Plan – Educational Retirement Board

Plan Description

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

Funding Policy

Plan members earning $20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over $20,000 annually were required to contribute 10.1% of their gross salary in fiscal year 2014 and will be required to contribute 10.7% of their gross salary in fiscal year 2015. The College has been and is required to contribute 13.15% of the gross covered salary for employees earning $20,000 or less in fiscal years 2014 and will be required to contribute 13.9% in 2015. In fiscal year 2014 the College contributed 13.15% of gross covered salary of employees earning more than $20,000 annually. In fiscal year 2015 the College will contribute 13.9% of the gross covered salary of employees earning more than $20,000 annually. The contribution requirements of plan members and the College are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the

legislature. The College's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were $3,785,145, $3,069,462, and $2,624,628 respectively, which equal the amount of the required contributions for each fiscal year.

Post-Employment Benefits

Vesting of Retirement Benefits: A member becomes vested once he/she has met service requirements and has made contributions to the retirement plan for at least five years. Service requirements are satisfied by five or more years of "earned service credit" (actual service) or an "allowed service credit."

Determination of Benefits: The annual benefit is equal to 2.35% of the average of the five highest consecutive years' salaries multiplied by the number of years of service (earned and allowed credit). Benefit may be reduced by election of an option that guarantees continuous income to a surviving beneficiary. The benefit may also be reduced if the member has less than 25 years of service and is less than age 60.

Eligibility for Retirement Benefits: Employees hired prior to July 1, 2010, become eligible to receive retirement benefits when 1) the sum of the employee's age and number of years of earned service credit equals 75; 2) if, at age 65, employee has a minimum of five years of earned service credit; or 3) employee has 25 years of earned service credit or a combination of 25 years of earned and allowed service credit.

Requirements for benefited retirement changed for employees hired after July 1, 2010, to 1) the sum of the employee's age and number of years of earned service credit equals 80; 2) if at age 67, employee has a minimum of five years of earned service credit; or 3) employee has 30 years of earned service credit or a combination of 30 years of earned and allowed service credit.

Allowed Service Credits: Employees may purchase up to five years of allowed service credit if they have been an employee in one of the following: any public educational system in the United States, any U.S. Military Dependent school, accredited private school or Federal Education program in New Mexico. The cost of purchase is based on an actuarial cost that reflects the employee's length of service and current earnings. Up to five years of active military service may be purchased after five years of employment by an ERB covered entity. The cost of purchase is the combined employee and employer contribution at the current rates.

Alternative Retirement Plan: Certain eligible employees may choose to participate in the Alternative Retirement Plan (ARP), a defined contribution plan, in lieu of the Educational Retirement Act. The benefit received upon retirement is based on the amount contributed by the employee during their career, subject to any investment gains or losses. Employees are 100% vested in both the employee and employer contribution upon enrollment in the ARP program. Employees can make an annual election to switch ARP providers. After seven years of participation in the ARP plan, employees can make a one-time switch to the ERA defined benefit plan.

Upon termination of employment with San Juan College, the employee may roll over the ARP account balance to another qualified retirement plan or withdraw the balance.

Note 10 – Other Post-Employment Benefits (OPEB) – Retiree Healthcare Trust

Eligible employees that are active participants in the College's medical, dental, and/or vision benefit plans at retirement are eligible for participation in the institution's retiree healthcare plans. As a Phase 2 Government—i.e., total annual revenues of $10 million or more but less than $100 million—the College implemented GASB Statement No. 45*, Accounting, Reporting and Disclosure Requirements for Postemployment Benefits Other Than Pensions.*

Plan description

The post-employment medical, dental, and vision benefit plans for the College are fully-insured, single-employer defined benefit healthcare plans administered by Presbyterian. The medical plans provide medical and prescription drug benefits to eligible retirees and their spouses. Dental and vision coverage are provided through separate, stand-alone plans. The College has the authority to establish and amend benefit provisions of the medical, dental and vision plans.

College retirees are required to contribute a portion of the premium cost for retiree healthcare for themselves and their dependents. College retirees who retired prior to July 1, 2010 contribute 40% and the College contributes 60% to the cost of retiree healthcare premiums. College retirees who retire after June 30, 2010 are required to contribute 50% of the benefit premium and the College contributes the remaining 50%. Coverage may continue until terminated by the retiree's failure to pay premiums or the retiree's death. Dependent coverage ceases upon death of the retiree. Medical coverage is available past 65 for retirees, but is secondary to Medicare.

Active employees who desire to participate in the College retiree healthcare program upon their retirement must "opt in" to this benefit and agree to have a certain percent of their payroll withheld each pay period. The San Juan College rate, as established by the College's Board of Trustees, is calculated at an amount not to exceed 75% of the rate imposed by the New Mexico Retiree Health Care Authorities for state retirees participating in the state sponsored health care program for retirees. The withholding rates are shown in figure 27:

Fiscal year beginning	Withholding rate
July 1, 2010	0.49%
July 1, 2011	0.62%
July 1, 2012	0.69%
July 1, 2013	0.75%
July 1, 2014	0.75%

Figure 27 Retiree Health Care withholding Rates

Funding policy

Effective July 1, 2010, the College implemented a policy to prefund the benefits utilizing a trust fund established for that purpose. The valuation is based on the College's funding policy of contributing 100% of the Annual Required Contribution (ARC) in future years.

Prior to the establishment of the trust, the College paid a portion of the cost of retiree healthcare for existing retirees and their dependents through the State Risk Management plan. During the fiscal years that ended June 30, 2012, 2011, 2010, the College's defined benefit healthcare plans provided coverage for 104, 94, and 91 retirees respectively, at an expense, net of employee contributions, of $394,412, $331,447, and $312,987 respectively.

Annual OPEB cost and net OPEB obligations. The annual Other Post-employment Benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the College—an amount actuarially determined in accordance with the parameters of GASB Statements No. 43 and No. 45. The ARC represents a level of funding that is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Figure 28 shows the components of the College's annual OPEB cost under a funded scenario.

San Juan College Statement of Changes in Fiduciary Net Position - Retiree Healthcare Trust Fiscal Year ending June 30, 2014		
Net OPEB obligation beginning of fiscal year		$ 5,654,073
Contributions		
Employees	$ 102,895	
Retirees	366,560	
San Juan College	1,227,753	
Total Contributions		$ (1,697,208)
Annual OPEB cost		
San Juan College	1,227,753	
Interest in net OPEB obligation	256,116	
Adjustment to annual required contribution	(356,038)	
Annual OPEB cost		1,127,831
Net OPEB obligation end of fiscal year		$ 5,084,696

Figure 28 OPEB Obligation

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year is shown in figure 29:

OPEB Percent of Obligation Contributed	
Annual OPEB cost (expense)	$ 1,127,831
Percentage of annual OPEB obligation contributed	22.18%
Net OPEB Obligation as of June 30. 2014	$ 5,084,696

Figure 29 OPEB Percent

Funded status and funding progress. Prior to July 1, 2010, the post-employment benefit plans were funded on a pay-as-you-go basis. Effective July 1, 2010, the College implemented a policy to prefund the benefits utilizing a trust fund established for that purpose. The College's actuarial accrued liability (AAL) was $15,875,584. The present value of future active employee contributions was $510,251 and the actuarial value of the assets was $2,366,897, resulting in an unfunded actuarial accrued liability (UAAL) of $13,508,687. See schedule 9.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan member) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation dated July 1, 2013 used the Projected Unit Credit Method. According to this method an equal amount of an employee's projected benefit is allocated to each year from the date the employee

first enters the plan until the date the employee is first eligible to receive benefits. The actuarial assumptions used for the valuation of the College's post-employment benefit plans are indicated in figure 30:

	Actuarial Assumptions	
1	Valuation Date	7/1/2013
2	Investment Return (Discount Rate)	4.00%
3	Amortization Method	Level Dollar Amount, Open
	Amortization Period for Actuarial	30 years
	Accrued Liability	0
	Amortization Factor	17.984
4	Percentage of Employees with Covered Spouses Electing Retiree Coverage	90%
5	Percentage of Employees without Covered Spouses Electing Retiree Coverage	70%
6	Percentage of Current Spouses Electing Coverage	100%
7	Mortality Table	RP-2000 with Mortality Improvement Scale BB to 2030

8 Healthcare Cost Trend Rates	Year	Medical Trend Rate	Dental Trend Rate	Vision Trend Rate
	2013	8.00%	7.00%	3.00%
	2014	7.20%	6.20%	3.00%
	2015	6.40%	5.40%	3.00%
	2016	5.70%	4.70%	3.00%
	2017-2020	4.90%	3.90%	3.00%
	2021-2038	4.80%	3.80%	3.00%
	2039-2060	4.70%	3.70%	3.00%
	2061-2065	4.60%	3.60%	3.00%
	2066-2077	4.50%	3.50%	3.00%
	2078-2081	4.40%	3.40%	3.00%
	2082-2084	4.30%	3.30%	3.00%

Figure 30 Actuarial Assumptions

The SOA Long-Run Medical Cost Trend Model and its baseline projection on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The assumptions in figure 31 were used as input variables into the SOA Long-Run Medical Cost Trend Model:

Long-Run Medical Cost Trend Model	
Rate of Inflation	2.30%
Rate of Growth in Real Income/GDP per capita	1.70%
Income Multiplier for Health Spending	1
Extra Trend due to Technology and other factors	0.80%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2080

Figure 31 Long-Run Medical Cost Trend Model

Note 11 – Component Units (Financially Related Organization)

San Juan College's discretely presented component units are comprised of two component units, San Juan College Foundation and Four Corners Innovation, Inc. Refer to component units in Note 1 for additional information, including how to obtain separately issued financial statement.

Summary of significant accounting policies

Basis of presentation. The component unit financial statements have been prepared on the accrual basis of accounting according to the generally accepted accounting principles (GAAP). Information regarding their financial position and activities is reported according to three classes of net position: unrestricted net position, temporarily restricted net position, and permanently restricted net position.

Income taxes

All of the Colleges qualify as tax-exempt under Section 501(c) (3) of the Internal Revenue Code and therefore, there is no provision for income taxes. In addition, they qualify for the charitable contribution deduction and have been classified as organizations that are not private foundations. Any income determined to be unrelated business taxable income would be taxable.

Use of estimates

The preparation of the component units' financial statement, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions and promises to give are recognized as revenues when received or pledged. If there are no time or donor restrictions placed on these contributions and promises to give, the revenue is reflected as an increase in unrestricted net position; however, if such restrictions do exist, the revenue is classified as restricted expendable or restricted unexpendable, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions. The carrying amount of unconditional promises to give to be received in less than one year approximate the fair value because of the short maturity of those financial instruments. All promises to give expected to be received in more than one year are computed using the present value technique applied to anticipated cash flows.

San Juan College, principally through its Development Office, provides services for the administration of the Foundation in the form of personnel, equipment, and supplies to the Foundation. During the year ended June 30, 2014, the financial statements included contributed services and corresponding general and administrative services expense of $270,631. Contributed services during the year ended June 30, 2014 was reimbursed to the College through cash payments totaling $270,631.

Note 12 – Subsequent Events

On July 1, 2014, the Board of Trustees approved a motion to approve the College to redeem the portion of the Series 2004 General Obligation Refunding Bonds that were callable. On August 15, 2015, the College called these bonds in the amount of $1,750,000. This early redemption was reflected in the current portion of the College's bonds payable at June 30, 2014.

The date to which events occurring after June 30, 2014, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 10, 2014 which is the date on which the financial statements were issued.

Note 13 – Subsequent Accounting Pronouncements

In June 2012, GASB Statement No. 68 Accounting and financial reporting for Pensions—an amendment of GASB Statements No. 27, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard will be implemented during the fiscal year June 30, 2015. At this time, management is evaluating the implications of GASB No. 68 and its impact of the financial statements.

In January 2013, GASB Statement No. 69 Government combinations and disposals of Government Operations, Effective Date: The requirements of this statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. At this time, management is evaluating the implications of GASB No. 69 and its impact of the financial statement.

In November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement 68. The standard will be implemented during fiscal year June 30, 2015. At this time the College is still evaluating the impactions of GASB No. 71 and its impact on the financial statements.

Note 14 – Net Position Restatement

The College has restated net position in the amount of ($39,149) for the implementation of GASB 65, which requires all bond issuance costs to be recognized the year of issuance instead of amortizing over the years of the bonds repayment. As of June 30, 2013, the College had bond issuance costs of $64,405 with accumulated amortization of $25,256.

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

The Book-Entry-Only System

Initially, DTC will be the securities depository for the Bonds. The Paying Agent/Registrar will register all Bonds in the name of Cede & Co. (DTC's partnership nominee) and provide DTC with one Bond for each maturity.

DTC provided the following information. Neither the Financial Advisor nor the District can vouch for its accuracy or completeness. For further information, please contact DTC or view its website at www.dtc.org.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New Mexico and New York Uniform Commercial Codes, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of security certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Purchases of the Bonds under the book-entry system may be made only through brokers and dealers who are, or act through, DTC Participants. Each DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's ownership interest in the Bonds. The ownership interest of each actual purchaser of a Bond (the "Beneficial Owner") will be recorded through the records of the DTC Participant or the Indirect Participant. Beneficial Owners are to receive a written confirmation of their purchase providing certain details of the Bonds acquired. Transfers of ownership interests in the Bonds will be accomplished only by book entries made by DTC and, in turn, by DTC Participants or Indirect Participants who act on behalf of the Beneficial Owners. Beneficial Owners of the Bonds will not receive nor have the right to receive physical delivery of the Bonds, and will not be or be considered to be registered owners under the Bond Resolution except as specifically provided in the Bond Resolution in the event the book-entry system is discontinued.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The District and the Registrar may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds, selecting Bonds and portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners under the Bond Resolution, register the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The District and the Registrar will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Participant, Indirect Participant or other person not shown on the records of the Registrar as being a registered owner with respect to: the accuracy of any records maintained by DTC, any DTC Participant or Indirect Participant regarding ownership interests in the Bonds; the payment by DTC, any DTC Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the Bonds; the delivery to any DTC Participant, Indirect Participant or any Beneficial Owner of any notice that is permitted or required to be given to registered owners under the Bond Resolution; or any consent given or other action taken by DTC as a registered owner.

Neither DTC nor its nominee, Cede & Co., provides consents with respect to any security. Under its usual procedures, DTC mails an omnibus proxy to the issuer of the securities for which it is acting as securities depository as soon as possible after the establishment of a "record date" by the issuer for purposes of soliciting consents from the holders of such securities. The omnibus proxy assigns Cede & Co.'s voting rights to those DTC Participants having such securities credited to their accounts on such record date.

Principal of and interest on the Bonds will be paid to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Bonds is the responsibility of the DTC Participants or the Indirect Participants. Upon receipt of any such payments, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners of the Bonds will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Registrar or the District, subject to any statutory and regulatory requirements then in effect.

As long as the DTC book-entry system is used for the Bonds, the Registrar will give any notice required to be given to registered owners of Bonds only to DTC or its nominee. Any failure of DTC to advise any DTC Participant, of any DTC Participant to notify any Indirect Participant, or of any DTC Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of any action premised on such notice. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from

time to time. Beneficial Owners may desire to make arrangements with a DTC Participant or Indirect Participant so that all communications to DTC that affect such Beneficial Owners will be forwarded in writing by such DTC Participant or Indirect Participant.

NEITHER THE DISTRICT NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS.

For every transfer and exchange of a beneficial ownership interest in the Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar at any time. In addition, if the District determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds or (ii) continuation of the system of book-entry only transfers through DTC is not in the best interests of the Beneficial Owners of the Bonds or of the District, the District may thereupon terminate the services of DTC with respect to the Bonds. If for any such reason the system of book-entry transfers through DTC is discontinued, the District may within 90 days thereafter appoint a substitute securities depository that, in its opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms. If a successor is not approved, Bond certificates will be delivered as described in the Bond Resolution in fully registered form in denominations of $5,000 or any integral multiple thereof in the names of the Beneficial Owners, Indirect Participants or DTC Participants.

In the event the book-entry system is discontinued, the persons to whom Bond certificates are registered will be treated as registered owners for all purposes of the Bond Resolution, including the giving to the District or the Registrar of any notice, consent, request or demand pursuant to the Bond Resolution for any purpose whatsoever. In such event, the Bonds will be transferred to such registered owners, interest on the Bonds will be payable by check of the Paying Agent, as paying agent, mailed to such registered owners, and the principal and redemption price of all Bonds will be payable at the principal corporate trust office of the Paying Agent.

The foregoing material concerning DTC and DTC's book-entry system is based on information furnished by DTC. No representation is made by the District or the Underwriter as to the accuracy or completeness of such information.

Limited Book-Entry Responsibilities

While a book-entry-only system is used for the Bonds, 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 of sufficiency of the proceedings relating to the Bond redemption or any other action based on the notice.

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

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to DTC Participants or that DTC Participants or others will distribute payments with respect to the Bonds 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.

APPENDIX D

FORM OF CO-BOND COUNSEL OPINIONS

LAW OFFICES

M^C^CALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD	600 CONGRESS AVENUE	700 N. ST. MARY'S STREET
SUITE 900	SUITE 1800	SUITE 1525
DALLAS, TEXAS 75201-6587	**AUSTIN, TEXAS 78701-3248**	**SAN ANTONIO, TEXAS 78205-3503**
TELEPHONE: 214 754-9200	TELEPHONE: 512 478-3805	TELEPHONE: 210 225-2800
TELECOPY: 214 754-9250	TELECOPY: 512 472-0871	TELECOPY: 210 225-2984

[*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*]

$5,000,000
SAN JUAN COLLEGE DISTRICT
GENERAL OBLIGATION LIMITED TAX BONDS
SERIES 2015

We have acted as Co-Bond Counsel in connection with the issuance by the San Juan College District (the "Issuer"), of its General Obligation Limited Tax Bonds, Series 2015 in the aggregate principal amount of $5,000,000 (the "Bonds"). We have examined those portions of the Constitution and laws of the State of New Mexico considered by us relevant to this opinion, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of the Bonds, including the form of the Bonds approved by the Issuer. We have acted as Co-Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico and with respect to the application to the Bonds of those provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as to which an opinion is rendered herein and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement provided to us or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement), nor have we been requested to investigate or verify, nor have we independently investigated or verified any records, data or other material relating to the financial condition or capabilities of the Issuer and have not assumed any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of New Mexico and constitute valid and legally binding general obligations of the Issuer.

2. All taxable property within the territory of the Issuer is subject to an ad valorem tax levy to pay the Bonds limited to a rate not to exceed five mills; provided, however, that this limit may be exceeded in any year in which the valuation of the property within the Issuer declines to a lower level than the valuation of the property in the year which the Bonds were issued.

3. Except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We further are of the opinion that the Bonds are not "specified private activity bonds" and that accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Code. In expressing the aforementioned opinions, we have relied on, and assume compliance by the Issuer with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that failure by the Issuer to comply with such representations and covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

We call your attention to the fact that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

4. The interest on the Bonds is excluded from net income for New Mexico state income tax purposes.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

CUDDY & McCARTHY
A Limited Liability Partnership

JOHN F. MCCARTHY, JR.
JOHN F. KENNEDY
M. KAREN KILGORE
SANDRA J. BRINCK
PATRICIA SALAZAR IVES
AARON J. WOLF
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EVELYN A. PEYTON
YOUNG-JUN (JUN) ROH
NANCY V. NIETO
DAVID A. RICHTER
LAURA M. CASTILLE

OF COUNSEL:
RAMON VIGIL, JR.
CHERYL D. FAIRBANKS

REPLY TO SANTA FE OFFICE

_____, 2015

An opinion in substantially the following form will be delivered by Cuddy & McCarthy, LLP, Bond Counsel, upon delivery of the Bonds, assuming no material changes in facts or law.

$5,000,000
SAN JUAN COLLEGE DISTRICT
GENERAL OBLIGATION LIMITED TAX BONDS
SERIES 2015

We have acted as Bond Counsel in connection with the issuance by the San Juan College District, County of San Juan, State of New Mexico ("Issuer"), of its General Obligation Limited Tax Bonds, Series 2015 ("Bonds") in the aggregate principal amount of $5,000,000. In addition to examining those portions of the Constitution and laws of the State of New Mexico considered by us to be relevant to this opinion, we have reviewed certified copies of the proceedings of the Issuer and documents authorizing the release of the Bonds, including the form of Bond approved by the Issuer. We have acted as Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico, as to which an opinion is rendered herein, and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness, or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto. We have not been requested to investigate or verify, nor have we independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, and we have not assumed and do not assume any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1701 OLD PECOS TRAIL, POST OFFICE BOX 4160
SANTA FE, NEW MEXICO 87502-4160
TEL 505-988-4476; FAX 888-977-3814

7770 JEFFERSON N.E., SUITE 102
ALBUQUERQUE, NEW MEXICO 87109
TEL 505-888-1335; FAX 888-977-3816

1. The Bonds have been authorized, issued, and delivered in accordance with the Constitution and laws of the State of New Mexico, and constitute valid and legally binding general obligations of the Issuer.

2. All taxable property within the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds, to the extent the necessary funds are not provided from other sources.

3. The interest on the Bonds is excluded from base income for New Mexico State income tax purposes.

4. We express no opinion as to any federal tax consequences resulting from the ownership, carrying, or disposition of the Bonds, and in particular, no opinion is expressed as to the excludability of interest on the Bonds from the gross income of the holders, for federal tax purposes.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Further, we express no opinion as to the federal, state, or local tax consequences arising from the enactment of any pending or future legislation.

We note that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Very truly yours,