

NOTICE

SAN JUAN COLLEGE DISTRICT
San Juan County, New Mexico
\$5,000,000¹ General Obligation Limited Tax Bonds, Series 2019
Preliminary Official Statement
dated December 4, 2018

The Preliminary Official Statement, dated December 4, 2018 relating to the above-described bonds (the "Bonds") of the San Juan College District (the "District" or the "Issuer"), has been posted on the internet via i-dealprospectus.com as a matter of convenience. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat XI). Although this format should replicate the Preliminary Official Statement available from the Issuer, its appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat XI may cause the Preliminary Official Statement that you view or print to differ in format from the Preliminary Official Statement.

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

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

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

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

Preliminary Official Statement dated December 4, 2018

¹ Preliminary, subject to change. See "Official Notice of Bond Sale for the Bonds".

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 4, 2018

**SAN JUAN COLLEGE DISTRICT
San Juan County, New Mexico**

\$5,000,000¹ - General Obligation Limited Tax Bonds, Series 2019

NEW ISSUE

Book-Entry Only

Moody's Rating: Aa2 Underlying

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-only form, 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 August 15, 2019. 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 "Book-Entry Only System" in Appendix C. BOKF, NA, Albuquerque, New Mexico (or successor) is the Registrar and Paying Agent for the Bonds.

SECURITY The Bonds are limited tax 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 such 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 When, as and if issued, through DTC's facilities, on or about January 17, 2019

DATED DATE Date of initial delivery of the Bonds

DUE DATE August 15, as shown on below:

GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2019									
Years Maturing (August 15)	Principal	Interest Rate	Yield or Price	CUSIP # 798360	Years Maturing (August 15)	Principal	Interest Rate	Yield or Price	CUSIP # 798360
2019	\$250,000				2027	\$535,000			
2020	100,000				2028	535,000			
2021	50,000				2029	535,000			
2022	200,000				2030	535,000			
2023	-				2031	535,000			
2024	-				2032	535,000			
2025	100,000				2033	555,000			
2026	535,000								

Electronic and/or sealed bids will be opened at 10:00 AM, prevailing Mountain Time, Tuesday, December 11, 2018
See Notice of Sale for the Bonds enclosed.

¹ Preliminary, subject to change. See "Notice of Bond Sale for the Bonds".

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

ISSUER

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

COLLEGE BOARD OF TRUSTEES

Chairman: John Thompson
Vice-Chairman: Dr. Joseph Pope
Secretary: Byron Manning
Member: R. Shane Chance
Member: Evelyn B. Benny
Member: Hoskie Benally, Jr.
Member: Joe Rasor

FINANCIAL ADVISOR

RBC Capital Markets, LLC
6301 Uptown Blvd. NE, Suite 110
Albuquerque, New Mexico 87110
(505) 872-5999

CO-BOND COUNSEL

Cuddy & McCarthy, LLP
1701 Old Pecos Trail
Santa Fe, New Mexico 87505
(505) 988-4476

McCall, Parkhurst and Horton L.L.P.
600 Congress Avenue, Suite 1800
Austin, Texas 78701
(512) 478-3805

DISTRICT ADMINISTRATION

President
Dr. Toni Hopper Pendergrass
Executive Vice President
Edward DesPlas
Vice President for Student Services
Dr. Boomer Appleman
Vice President for Learning
Dr. Adrienne Forgette

PAYING AGENT/REGISTRAR

BOKF, N.A.
100 Sun Avenue NE. Suite 500
Albuquerque, New Mexico 87109
(505) 222-8447

ELECTRONIC BID PROVIDER

i-Deal LLC Bidcomp/Parity
1359 Broadway – 2nd Floor
New York, NY 10018
(212) 849-5021

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: Edward DesPlas, Executive Vice President

Financial Advisor

RBC Capital Markets, LLC
6301 Uptown Blvd. NE, Suite 110
Albuquerque, NM 87110

Attn: Evan Kist
(505) 872-5996

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**San Juan College District
San Juan County, New Mexico,
\$5,000,000¹ General Obligation Limited Tax Bonds, Series 2019**

INTRODUCTION:

Thank you for your interest in learning more about the \$5,000,000¹ San Juan College District General Obligation Limited Tax Bonds, Series 2019 (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 resolution adopted by the College Board of the District on October 2, 2018 and a pricing certificate executed by a pricing officer as provided in such resolution (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 encompasses all of San Juan County. The District's 2018 taxable assessed valuation is \$3,680,556,472. For the 2017-2018 academic year, the unduplicated headcount enrollment was 10,678 and full-time equivalent enrollment was 4,592.

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 such 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 Preliminary 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, 2017, 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, 2017, including the opinion rendered thereon of independent public accountants are available upon request. The audit for fiscal year ended June 30, 2018 has been completed and submitted to the New Mexico Office of the State Auditor for review and release. The completion of the audit is expected to occur mid-December 2018. District officials do not expect that the audit will contain any information that would materially adversely affect the District's financial condition. The audit will be posted to EMMA when it is

¹ Preliminary, subject to change. See "Notice of Bond Sale for the Bonds".

released from the State Auditor, and also available at www.saonm.org and on the San Juan College website www.sanjuancollege.edu once it is released for publishing.

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 of the Bonds.

THE BONDS

Description

The Bonds are anticipated to be issued in the aggregate principal amount of \$5,000,000¹ and are dated January 17, 2019. 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 August 15, 2019, 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 ("DTC") and its Book-Entry-Only System.

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 or through the facilities of DTC when the Bonds are in book-entry-only form. 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 registered 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.

¹ Preliminary, subject to change. See "Official Notice of Bond Sale for the Bonds".

Optional Prior Redemption

Bonds maturing on or after August 15, 2028 may be redeemed prior to their scheduled maturities on August 15, 2027 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 affect 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 or 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, 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 such 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.

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SOURCES AND USES OF FUNDS

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

Sources:	Series 2019
Par Amount	
Net Premium	
	\$0.00

Uses:	
Project Fund	
Cost of Issuance	
Underwriter's Discount	
	\$0.00

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 such 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 limited tax general obligation 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, subject to the limitation described above. 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.

Neither 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 or of 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 assessed valuation of taxable property within the District is \$3,680,556,472 for tax year 2018, 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 \$3,680,556,472 assessed valuation of the District, therefore, the maximum general obligation indebtedness may not exceed \$110,416,694.16

After the Bonds are issued, the ratio of total outstanding general obligation debt of the District to the 2018 assessed valuation will be no greater than 0.38% as summarized below:

2018 Assessed Valuation	\$3,680,556,472
2018 Estimated Actual Valuation ⁽¹⁾	\$12,284,798,673
Bonded Debt	
Outstanding Bonds (including the Series 2019 Bonds) ⁽³⁾	\$14,560,000
Less Debt Service Fund ⁽²⁾	<u>754,382</u>
NET TOTAL	<u><u>\$13,805,618</u></u>
Ratio of Estimated Net Debt to 2018 Assessed Valuation:	0.38%
Ratio of Estimated Net Debt to 2018 Estimated Actual Valuation:	0.11%
Estimated Per Capita Net Bonded Debt:	\$108.71
Estimated Population:	127,000

(1) *Estimated actual valuation is computed by adding exemptions to the 2018 assessed valuation and multiplying the result by three.*

(2) *The cash balance as of 11/12/2018 was \$952,000. The amount properly attributable to principal reduction is 79.24%.*

(3) *Preliminary, subject to change.*

Selected Debt Ratios:

2018 Assessed Valuation	\$3,680,556,472
2018 Estimated Actual Valuation ⁽¹⁾	\$12,284,798,673
General Obligation Debt Outstanding (including the Bonds) ⁽²⁾	\$14,560,000
Net General Obligation Debt	\$13,805,618
Estimated Direct & Overlapping G/O Debt	\$103,316,970
Net Debt as a Percentage of	
Assessed Valuation	0.38%
Estimated Actual Valuation	0.11%
Direct & Overlapping Debt as Percentage of	
Assessed Valuation	2.81%
Estimated Actual Valuation	0.84%
Estimated Population	127,000
Estimated District Net Debt Per Capita	\$108.71
Direct and Overlapping Debt Per Capita	\$813.52

(1) Estimated actual valuation is computed by adding exemptions to the 2018 assessed valuation and multiplying the result by three.

(2) Preliminary, subject to change.

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 2015	5,000,000	08/15/2027	2,575,000
Series 2016	9,335,000	08/15/2025	6,985,000
Series 2019	5,000,000 ⁽¹⁾	08/15/2033 ⁽¹⁾	5,000,000 ⁽¹⁾
	\$19,335,000		\$14,560,000

(1) Preliminary and subject to change.

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 proposed principal and interest payments on the Bonds.

Year	Current G/O Bonds Requirements			Series 2019 - G/O Bonds ⁽¹⁾				Total G/O Bonds Requirements		
	Principal	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total
2019	\$1,400,000	\$292,650	\$1,692,650	\$250,000	5.00%	\$139,583	\$389,583	\$1,650,000	\$432,233	\$2,082,233
2020	1,300,000	238,650	1,538,650	100,000	5.00%	237,500	337,500	1,400,000	476,150	1,876,150
2021	1,375,000	188,650	1,563,650	50,000	5.00%	232,500	282,500	1,425,000	421,150	1,846,150
2022	1,150,000	137,150	1,287,150	200,000	5.00%	230,000	430,000	1,350,000	367,150	1,717,150
2023	1,195,000	95,150	1,290,150	-	5.00%	220,000	220,000	1,195,000	315,150	1,510,150
2024	1,250,000	63,300	1,313,300	-	5.00%	220,000	220,000	1,250,000	283,300	1,533,300
2025	1,090,000	38,300	1,128,300	100,000	5.00%	220,000	320,000	1,190,000	258,300	1,448,300
2026	400,000	16,500	416,500	535,000	5.00%	215,000	750,000	935,000	231,500	1,166,500
2027	400,000	8,500	408,500	535,000	5.00%	188,250	723,250	935,000	196,750	1,131,750
2028				535,000	5.00%	161,500	696,500	535,000	161,500	696,500
2029				535,000	5.00%	134,750	669,750	535,000	134,750	669,750
2030				535,000	5.00%	108,000	643,000	535,000	108,000	643,000
2031				535,000	5.00%	81,250	616,250	535,000	81,250	616,250
2032				535,000	5.00%	54,500	589,500	535,000	54,500	589,500
2033				555,000	5.00%	27,750	582,750	555,000	27,750	582,750
Total	\$9,560,000	\$1,078,850	\$10,638,850	\$5,000,000		\$2,470,583	\$7,470,583	\$14,560,000	\$3,549,433	\$18,109,433

(1) Assumed interest rates shown are for purposes of illustration. Preliminary, subject to change.

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.

	2018 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$60,802,028,562	\$411,525,000	2.51%	\$10,341,970
San Juan County	3,680,556,472	-	100.00%	-
San Juan College District	3,680,556,472	14,560,000 ⁽¹⁾	100.00%	14,560,000
City of Farmington	1,193,371,174	-	100.00%	-
Farmington Schools	1,528,006,212	78,415,000	100.00%	78,415,000
Total Direct & Overlapping				\$103,316,970

Ratio of Estimated Direct & Overlapping Debt to 2018 Assessed Valuation 2.81%

Ratio of Direct & Overlapping Debt to 2018 Estimated Actual Valuation 0.84%

Per Capital Direct & Overlapping Debt \$813.52

Estimated Population 127,000

(1) Preliminary, subject to change.

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 2018 assessed valuation is \$3,680,556,472. 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 assessed valuation for tax year 2018 and the previous four tax years is as follows:

	2018	2017	2016	2015	2014
Assessments					
Value of Land	\$591,615,889	\$580,751,025	\$577,303,982	\$559,262,325	\$538,776,361
Improvements	1,784,793,502	1,755,310,683	1,699,380,544	1,667,404,212	1,631,542,273
Personal Property	107,499,923	110,703,969	110,908,455	107,914,020	109,034,725
Mobile Homes	58,236,378	57,889,983	57,052,902	59,264,216	58,063,742
Livestock	1,676,991	2,021,979	2,308,051	2,378,336	1,504,476
Assessor's Total Valuation	\$2,543,822,683	\$2,506,677,639	\$2,446,953,934	\$2,396,223,109	\$2,338,921,577
Less Exemptions					
Head of Family	\$22,024,122	\$21,961,526	\$21,747,467	\$21,749,469	\$21,668,007
Veterans	11,104,035	11,067,365	11,121,431	11,136,227	11,512,086
Veteran's Waiver				11,228,295	10,262,751
Other	381,248,262	375,587,867	366,369,861	364,613,634	365,195,079
Total Exemptions	\$414,376,419	\$408,616,758	\$399,238,759	\$408,727,625	\$408,637,923
Assessor's Net Valuation	\$ 2,108,614,415	\$ 2,098,060,881	\$ 2,047,715,175	\$ 1,987,495,484	\$1,930,283,654
Centrally Assessed	1,007,809,763	1,033,594,685	1,099,487,611	1,027,785,645	942,232,337
Oil and Gas ⁽¹⁾	564,132,294	422,163,083	502,056,708	970,858,714	827,165,896
Total Assessed Valuation	\$ 3,680,556,472	\$ 3,540,738,497	\$ 3,637,535,171	\$ 3,986,139,843	\$3,699,681,887
Residential					
Residential	\$ 1,482,140,618	\$ 1,454,899,649	\$ 1,419,486,767	\$ 1,385,620,153	\$ 1,342,698,528
Non-Residential	1,634,283,560	1,663,675,765	1,715,991,696	1,629,660,976	1,529,817,463
Oil and Gas ⁽¹⁾	564,132,294	422,163,083	502,056,708	970,858,714	827,165,896
	\$ 3,680,556,472	\$ 3,540,738,497	\$ 3,637,535,171	\$ 3,986,139,843	\$ 3,699,681,887

(1) Oil and Gas values represent previous calendar year

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

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Major Taxpayers

The following is a list of the ten largest taxpayers in the District along with the 2018 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 21% of the total assessed valuation for tax year 2018.

Major Taxpayers - 2018			
Taxpayer	Business	Assessed Valuation	% of SJC AV
Arizona Public Service Co.	Electric Utility	\$310,583,040	8.4%
Public Service Co. of NM	Utility	144,161,943	3.9%
Enterprise Field Service	Pipeline	68,367,512	1.9%
Williams Field Service	Oil Field Service	67,515,384	1.8%
Transwestern Pipeline	Pipeline	41,424,553	1.1%
San Juan Coal Company	Coal Mining	37,609,939	1.0%
El Paso Field Service	Pipeline	35,983,464	1.0%
City of Farmington	Electric Utility	31,600,514	0.9%
Mid America	Pipeline	31,005,690	0.8%
Hilcorp	Electric Generation	29,184,196	0.8%
Total		\$797,436,235	21.7%

Source: San Juan County Assessor's Office

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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 2018 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.

Within 20 Mill Limit for General Purposes					
	2018	2017	2016	2015	2014
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
San Juan County	6.200	6.045	6.029	5.731	5.731
San Juan College	3.392	3.314	3.263	3.114	3.114
City of Aztec	4.475	4.391	4.385	4.444	4.481
City of Bloomfield	4.841	4.727	4.713	4.762	4.804
City of Farmington	1.425	1.394	1.392	1.410	1.407
Aztec Schools	0.261	0.255	0.255	0.258	0.260
Bloomfield Schools	0.301	0.292	0.291	0.293	0.295
Farmington Schools	0.327	0.320	0.319	0.323	0.322
Over 20 Mill Limit - Interest, Principal, Judgement, etc.					
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
San Juan County	0.500	0.500	0.500	0.500	0.500
San Juan College	0.600	0.600	0.600	0.600	0.600
City of Aztec	0.000	0.000	0.000	0.000	0.000
City of Bloomfield	0.807	0.900	0.872	0.971	1.191
City of Farmington	0.000	0.000	0.000	0.000	0.000
Aztec Schools	12.324	12.312	12.860	10.500	8.538
Bloomfield Schools	12.290	11.450	11.499	10.867	9.316
Farmington Schools	9.946	9.947	9.921	9.939	9.939
Total Levy					
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
San Juan County	6.700	6.545	6.529	6.231	6.231
San Juan College	3.992	3.914	3.863	3.714	3.714
City of Aztec	4.475	4.391	4.385	4.444	4.481
City of Bloomfield	5.648	5.627	5.585	5.733	5.995
City of Farmington	1.425	1.394	1.392	1.410	1.407
Aztec Schools	12.585	12.567	13.115	10.758	8.798
Bloomfield Schools	12.591	11.742	11.790	11.160	9.611
Farmington Schools	10.273	10.267	10.240	10.262	10.261
Total Residential - Aztec	\$28.851	\$28.522	\$28.983	\$26.249	\$24.584
Total Residential - Bloomfield	\$29.791	\$28.651	\$28.579	\$27.666	\$26.911
Total Residential - Farmington	\$23.250	\$22.936	\$22.835	\$22.451	\$22.432

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 2014 tax year (2014-2015 fiscal year).

Tax Year	Operational		Debt	Total Tax Rate	
	Residential	Non-Residential	Service	Residential	Non-Residential
2018	\$3.392	\$4.500	\$0.600	\$3.992	\$5.100
2017	3.314	4.500	0.600	3.914	5.100
2016	3.263	4.500	0.600	3.863	5.100
2015	3.114	4.500	0.600	3.714	5.100
2014	3.114	4.500	0.600	3.714	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 factor is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication, "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year (unless there was a decrease, in which case zero is used) by the index for such calendar year next preceding the prior calendar year. *The growth control factor applies to authorized operating levies and to any capital improvements levies but does not apply to levies for paying principal and interest on public general obligation debt.*

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.

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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:

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
2008	08/09	59,289,265	57,266,846	96.59%	56,567,183	95.41%
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%	72,916,238	99.42%
2014	14/15	70,921,419	68,545,196	96.65%	69,725,148	98.31%
2015	15/16	74,798,185	72,008,378	96.27%	74,982,974	100.00%
2016	16/17	78,754,795	77,841,619	98.84%	77,941,619	98.97%
2017	17/18	79,971,961	77,979,430	97.51%	77,979,430	97.51%

(1) As of June 30 each year

(2) As of September 2018

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 of 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 1,604 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 San Juan Junior College District, now the District, 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 2017-18 academic year unduplicated headcount was 10,678 and full-time equivalent students was 4,592. Staff size has grown from a handful of part-time instructors to a present complement of 153 full-time and 269 part-time faculty members (90 FTE). The District has a total of 501 full-time regular employees (faculty and staff), and 54 part-time staff (152 FTE).

New Mexico Higher Education Department

The New Mexico Higher Education Department (“HED”) was established 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.

College Board

The Governing Board of the District consists of seven districted positions, each designated by a number. Effective July 1, 2018, members of the Board are elected by districts to a six-year term on the first Tuesday after the first Monday in November of odd-numbered years. Terms of office are staggered so that roughly one third of the Board is subject to change at any regular election.

The members of the Board are:

Joe Razor, Member - District 4

Evelyn B. Benny, Member - District 2

Byron Manning, Secretary- District 3

Hoskie Benally, Member - District 1

John Thompson, Chairman - District 5

R. Shane Chance, Member - District 6

Dr. Joseph Pope, Vice Chairman - 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.

Edward DesPlas, Executive Vice President joined San Juan College on March 7, 2016. Before assuming his post at San Juan College, DesPlas was the Executive Vice Chancellor, Business Affairs for the Dallas County Community College District from 2006 to 2016. From 1998 – 2006, he served El Centro College in Dallas as Executive Vice President and then Interim President. DesPlas holds a B.S. in Business Administration and Accounting from the University of Texas/Dallas and an M.S. in Human Resources and Training from Amberton University in Garland, Texas. Throughout his 38-year career in higher education, DesPlas has occasionally served as an adjunct faculty member, most recently teaching Higher Education Finance in Southern Methodist University's graduate program in Higher Education Policy and Administration. In the position, Mr. DesPlas 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.

Dr. Boomer Appleman, Vice President for Student Services joined San Juan College as the Vice President for Student Services in July, of 2018. In this position, he is responsible for leadership and guidance of Student Services to include strategic enrollment management, student support centers, financial aid, advising, counseling, testing, disability services, student development and leadership, and student housing. Prior to accepting the position at San Juan College, he served as the Dean of Students at East Central University (ECU) in Ada, Oklahoma, for six years. During his nearly 20-year career in higher education, he also has served as a faculty member, Dean of Students, and as an Assistant Vice President for Student Development. His experience brings a wide breadth of knowledge in strategic enrollment management, student affairs, case management, housing, and residential life. Dr. Appleman holds an associate degree in Business Administration from Northern Oklahoma College, a bachelor's degree in Management Information Systems from Oklahoma State University, and a master's degree in Adult Education from the University of Central Oklahoma. Dr. Appleman earned his doctoral degree in Higher Education from Oklahoma State University.

Dr. Adrienne Forgette, Vice President for Learning, has served as Associate Vice President for the Office for Learning since June, 2016. Effective August 15, 2017, she was promoted to Vice President for Learning. In this position, Dr. Forgette is responsible, along with the Deans for the college's six schools, for ensuring the quality of a San Juan College education. The duties include planning, development, implementation, and evaluation of instructional programs. Dr. Forgette's other responsibilities involve leadership, implementation, and oversight. She will serve on both the President's Cabinet and the Learning Leadership Team, and play a large role in the implementation of Office for Learning initiatives. Prior to accepting the position at San Juan College, Dr. Forgette spent eight years as the Dean of Faculty at Northwestern College in Orange City, Iowa. She also served as an Associate Dean and a Professor of Psychology. She was responsible for and managed assessment, accreditation, strategic planning, and faculty development at Northwestern College. Dr. Forgette received her Ph.D. in Psychology and her Master of Arts in Theology from Fuller Theological Seminary. She received a Bachelor of Arts in Psychology from California State University. She earned her Associate of Arts degree from Mt. San Antonio College.

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.

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). The College received reaffirmation of accreditation from the Higher Learning Commission through 2023-2024.

Through AQIP, the District demonstrates that it meets the HLC'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:

Year	Resident Full-Time			Non-Resident Full-Time		
	Annual Tuition*	Per Credit Hour	Fee	Annual Tuition*	Per Credit Hour	Fee
2013-14	\$1,230.00	41	\$354.00	\$3,690.00	123	\$568.00
2014-15	1,380.00	46	370.00	4,380.00	146	610.00
2015-16	1,380.00	46	370.00	4,380.00	146	610.00
2016-17	1,380.00	46	370.00	4,380.00	146	610.00
2017-18	1,470.00	49	370.00	4,650.00	155	610.00

**Annual Tuition based on 30 credits per year*

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			
	2014-15	2015-16	2016-17	2017-18
Unduplicated Students	15,331	11,599	11,641	10,678
Total Enrollment	23,378	19,034	19,237	18,086
Annual FTE	5,133	4,925	4,882	4,592
Student Credit Hours	154,000	147,745	146,447	137,773

Source: The District.

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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 financial reporting purposes under the Governmental Accounting Standards Board (GASB), the District is considered a public institution engaged only in business-type activities. The 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 of resources, liabilities, deferred inflows of resources, 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 and uses 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. In fiscal year 2017 net position was restated by a reduction of \$(19.6) million due to recognition of Other Post Employment Benefits (OPEB), required by implementation of GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans and Statement*. In fiscal year 2015 the net position restatement was a reduction of \$(59.1) million due to recognition of the pension liability required by the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*.

Statement of Net Position

Below is a six year history of Net assets for the District, including the unaudited financials for FY 2018. District officials do not expect that the audit will contain any information that would materially adversely affect the District's financial condition. The complete audit report for the fiscal year ending June 30, 2017 and the prior four years can be downloaded using the following link http://www.saonm.org/audit_reports.

Statement of Net Position (Primary Institution)						
	2013	2014	2015	2016	2017	2018
Assets						
Total Current Assets	\$ 22,247,248	\$ 22,020,173	\$ 21,486,365	\$ 23,612,158	\$ 27,618,991	\$ 28,851,753
Total Non-Current Assets	75,759,622	77,596,641	83,527,960	86,054,068	87,853,878	85,758,025
Total Assets	\$98,006,870	\$99,616,814	\$105,014,325	\$109,666,226	115,472,869	114,609,778
Total Deferred Outflows of Resources	-	117,286	4,423,953	6,864,220	11,130,404	37,004,423
Total Assets and Deferred Outflows	\$ 98,006,870	\$ 99,734,100	\$ 109,438,278	\$ 116,530,446	\$ 126,603,273	\$ 151,614,201
Liabilities						
Current Liabilities						
Accounts Payable	\$ 1,531,335	\$ 1,920,399	\$ 1,305,271	\$ 1,280,861	\$ 2,249,488	\$ 2,354,423
Accrued Compensated Absences	133,427	138,720	141,079	151,234	170,896	180,629
Other Post-Employment Benefits	340,739	569,378	-	-	-	-
Other Accrued Liabilities	2,053,072	1,902,642	1,710,139	1,650,446	1,499,059	1,476,077
Interest Payable	-	-	-	235,236	203,809	186,247
Unearned Revenue	1,649,947	1,601,567	1,885,587	2,348,952	3,027,813	2,484,413
Bonds and Note Payable - Current	1,186,505	2,287,804	246,378	3,421,202	1,429,234	1,622,319
Deposits and Funds Held for Others	202,962	248,541	240,420	150,874	159,691	158,448
Total Current Liabilities	7,097,987	8,669,051	5,528,874	9,238,805	8,739,990	8,462,556
Non-Current Liabilities						
Accrued Compensated Absences	1,311,308	1,638,991	2,042,594	1,420,558	1,260,764	1,193,616
Other Post-Employment Benefits	5,313,334	4,515,318	4,446,928	3,946,154	24,577,097	18,285,024
Bonds and Note Payable - Non-Current	13,729,509	11,578,145	11,294,769	12,901,184	18,959,034	17,269,169
Net Pension Liability	-	-	58,672,592	66,864,820	74,598,502	111,265,821
Total Non-Current liabilities	20,354,151	17,732,454	76,456,883	85,132,716	119,395,397	148,013,630
Total Liabilities	27,452,138	26,401,505	81,985,757	94,371,521	128,135,387	156,476,186
Total Deferred Inflows of Resources	-	-	6,207,619	1,456,694	1,286,822	8,250,671
Total Liabilities and Deferred Inflows of Resources	27,452,138	26,401,505	88,193,376	95,828,215	129,422,209	164,726,857
Net Position						
Total Net Position	70,554,732	73,332,595	21,244,902	20,702,231	(2,818,936) *	(13,112,656) *
Total Liabilities, Deferred Inflows and Net Position	\$ 98,006,870	\$ 99,734,100	\$ 109,438,278	\$ 116,530,446	\$ 126,603,273	\$ 151,614,201

*San Juan College implemented GASB No. 74 and 75 in fiscal year 2017, which was early implementation. This resulted in significant increase in retiree healthcare plan cost.

Statement of Revenues, Expenditures and Changes in Net Position

Below is a six year history of Net assets for the District, including the unaudited financials for FY 2018. District officials do not expect that the audit will contain any information that would materially adversely affect the District's financial condition. The complete audit report for the fiscal year ending June 30, 2017 and the prior four years can be downloaded using the following link http://www.saonm.org/audit_reports.

Statement of Revenues, Expenses and Changes in Net Position (Primary Institution)						
	2013	2014	2015	2016	2017	2018
Revenues						(unaudited)
Total Operating Revenues	31,831,998	22,073,718	28,459,801	21,185,861	19,380,268	18,945,461
Total Operating Expenses	74,156,631	72,207,765	74,041,984	73,184,857	73,480,696	79,932,117
Operating Profit (Loss)	(42,324,633)	(50,134,047)	(45,582,183)	(51,998,996)	(54,100,428)	(60,986,656)
Non-Operating Revenues (Expenses):						
State Appropriations	23,200,388	24,328,639	25,170,340	25,072,455	23,458,630	22,982,981
Local Appropriations	16,588,391	17,838,223	17,067,457	16,080,365	16,824,516	17,155,803
Federal Student Aid ⁽¹⁾	-	12,465,655	11,053,275	10,384,595	10,857,082	10,140,356
Investment Income (Loss)	73,253	72,832	50,618	93,810	32,060	144,820
Interest on Capital Asset-related Debt	(732,580)	(685,624)	(577,568)	(611,186)	(757,472)	(572,287)
Gain (Loss) on Disposal of Capital Assets	(6,454)	(26,727)	5,208	3,600	57,368	(19,335)
Other Non-operating Revenues/Expenses	985,979	(1,493,537)	(526,824)	(1,153,075)	(2,212,326)	(1,391,715)
Total Non-Operating Revenues (Expenses)	40,108,977	52,499,461	52,242,506	49,870,564	48,259,858	48,440,623
Income (Loss) before Other Revenue (Expenses)	(2,215,656)	2,365,414	6,660,323	(2,128,432)	(5,840,570)	(12,546,033)
Capital Appropriations	13,840	451,598	48,703	1,155,166	1,852,716	2,860,571
Capital Contributions	157,937	-	340,632	19,100	32,625	153,570
Increase (Decrease) in Net Position	(2,043,879)	2,817,012	7,049,658	(954,166)	(3,955,229)	(9,531,892)
Net Position, Beginning of Year	72,598,611	70,554,732	73,332,595	21,244,902	20,702,231	(2,818,937)
Net Position - Restatement	-	(39,149)	(59,137,351) ⁽³⁾	411,495	(19,565,938) ⁽²⁾	(761,827)
Net Position - Beginning of Year as Restated	-	70,515,583	14,195,244	21,656,397	1,136,293	(3,580,764)
Net Position End of Year	\$ 70,554,732	\$ 73,332,595	\$ 21,244,902	\$ 20,702,231	\$ (2,818,936) ⁽²⁾	\$ (13,112,656)

⁽¹⁾ In fiscal year 2014 federal student aid and grants were reclassified from an operating to non-operating.

Source: Fiscal year 2013 - 2017 San Juan College audited financial statements. Fiscal year 2018 is unaudited.

⁽²⁾ San Juan College implemented GASB No. 74 and 75 in fiscal year 2017, which was early implementation. This resulted in significant increase in retiree healthcare plan cost.

⁽³⁾ Attributable to GASB No. 68

Statement of Cash Flows

Below is a six year history of Net assets for the District, including the unaudited financials for FY 2018. District officials do not expect that the audit will contain any information that would materially adversely affect the District's financial condition. The complete audit report for the fiscal year ending June 30, 2017 and the prior four years can be downloaded using the following link http://www.saonm.org/audit_reports.

Statement of Cash Flows (Primary Institution)						
	2013	2014	2015	2016	2017	2018
Cash Flows from Operating Activities						(unaudited)
Net Cash Provided (used) by Operating Activities	(37,264,969)	(48,376,986)	(39,921,271)	(46,491,828)	(49,181,445)	(45,671,785)
Cash Flows from Noncapital Financing Activities						
Net Cash Provided (used) by Noncapital Financing Activities	40,932,695	53,138,980	53,291,072	49,182,169	52,582,487	47,830,867
Cash Flows from Capital and Related Financing Activities						
Net Cash Provided (used) by Capital and Related Financing Activities	(3,380,118)	(6,142,247)	(14,314,673)	5,725,821	1,194,603	(3,140,414)
Cash Flows from Investing Activities						
Net Cash Provided (used) by Investing Activities	1,183,253	1,072,832	800,618	307,309	(2,817,140)	104,871
Net Increase (decrease) in Cash and Cash Equivalents	1,470,861	(307,421)	(144,254)	8,723,471	1,778,505	(876,461)
Cash and Cash Equivalents - beginning of year July 1, 20xx	13,005,350	14,476,211	14,129,641	13,985,387	22,708,858	24,487,363
FY14 - Restatement, FY18 - Revised to Include Current Investments	-	(39,149)	-			5,650,213
Cash and Cash Equivalents - end of year June 30, 20xx	14,476,211	14,129,641	13,985,387	22,708,858	24,487,363	29,261,115

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Employees and Retirement Plan

The District employs 955 permanent employees who include 153 full-time faculty and 269 part-time faculty members. In addition, there is 348 full-time and 185 part-time staff. Substantially all of the College's full-time employees participate in a public employee retirement system. New Mexico Educational Retirement Board (ERB) was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates. The ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

The contribution requirements of plan members and the District's are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017 (and thereafter) in most cases employers contributed 13.90% of employees' gross annual salary to the Plan. Lower contributions of 3% are made for employees in the alternative retirement. Participating employees earning more than \$20,000 annually contributed 10.70% of their gross salary. Employees earning \$20,000 or less contributed 7.90%. Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan.

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

The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. The District's contributions to ERB for the fiscal years ending June 30, 2018, 2017, 2016, and 2015, were \$3,888,319 (unaudited), \$3,967,093, \$4,190,420, and \$4,048,677 respectively, which equal the amount of the required contributions for each fiscal year.

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

Pension Liabilities

At June 30, 2018, the District reported a liability of \$111,265,821 (unaudited) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 based on an actuarial valuation of the total pension liability performed as of June 30, 2016. The District's proportion of the net pension liability was based on the projection of the District's long-term share of contributions of the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2017, the District's portion was 1.00118%.

Report available at: http://nmerb.org/pdfs/FinalVersion2017ScheduleofEmployerLocations_07232018.pdf

Retiree Health Care Plan

Plan Description

Certain of the District's employees and their spouses and certain dependents are eligible for post-employment medical, dental and vision benefits through the San Juan College Retiree Health Trust (RHT), which is a single-employer defined benefit plan, qualified as a Voluntary Employees' Benefits Association under section 501(c)(9) of the Internal Revenue Code. Over-65, benefits are provided under fully-insured group policies. Pre-65, the plan offers premium reimbursement for individual policies purchased by the retirees. The College Board has the authority to establish and amend benefit provisions of the medical, dental and vision plans.

Eligibility

Employees who meet the eligibility requirements to participate in the New Mexico Educational Retirement Board Pension (ERB) or the Alternative Retirement Plan (ARP) (See 'Employees and Retirement Plan' above) are eligible to enroll in the RHT. Enrollment was only open to those employed or already receiving benefits under a prior plan on July 1, 2010 and those hired before July 1, 2017. The plan is closed to new entrants, and no employee hired on or after July 1, 2017 is eligible to participate.

Employees wishing to be eligible for participation in the RHT's retiree healthcare benefits upon their retirement must "opt in" to this benefit upon employment and contribute a percentage of their payroll, currently .75%, each pay period. Employees who did not enroll when initially eligible are able to enroll in a subsequent period under certain limited circumstances and upon paying a 'make up' contribution to the RHT. In addition to the service credit earned while employed by the District, employees are given service credit for employment with other administrative units in New Mexico, (e.g., public schools, universities, junior colleges).

As of the most recent employee retiree census (coincident with the most recent Actuarial Valuation date of July 1, 2017), there were two-hundred and five (205) active employees who are participating and contributing to the plan, and one-hundred-and-twenty-nine (129) retirees participating in the plan and covered by the plan's medical, dental, or vision insurance. There are currently no eligible inactive plan members entitled to but not yet receiving health benefits.

Vesting of Benefits

Participants are eligible for the post-employment medical, dental and vision benefits once they satisfy any one of the following:

- a. Have a sum of age and years of Service Credit of at least eighty (80)
- b. Attained age sixty-five with at least five (5) years of Service Credit.
- c. Been credited with at least twenty-five (25) years of Service Credit and have attained age fifty-five (55)
- d. Retirees participating in the District's Post-Retirement Medical Benefits Plan prior to July 1, 2010.

Determination of Benefits

For retirees ages 65 and over, benefits are provided under fully-insured group policies. Pre-65, the plan offers premium reimbursement for individual policies purchased by the retirees. The College Board has the authority to establish and amend benefit provisions of the medical, dental and vision plans.

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 age 65 for retirees, but is secondary to Medicare.

Funding Policy

Employees wishing to be eligible for post-retirement benefits must participate while employed and contribute a percentage of their payroll, currently 0.75%, every pay period. This rate, as established by the College's Board, 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 College Board has the right to change this withholding rate at any time and re-set to any level it chooses.

In addition, the District contributes some or all of the Annual Required Contributions as defined by GASB 45, as calculated by the plan's actuary. The District's contributions to the RHT for the years ending June 30, 2018, and 2017 were \$1,165,872 (unaudited), and \$548,496, respectively.

Upon retirement, retirees are required to contribute a portion of the premium cost for healthcare, dental, and vision, for themselves as well as their dependents. District retirees who retired prior to July 1, 2010 contribute 40% and the District contributes 60% to the cost of retiree healthcare premiums. District retirees who retire after June 30, 2010 are required to contribute 50% of the benefit premium and the District's contributes the remaining 50%.

Assets

The RHT has accumulated asset to fund some portion of future benefit payments. These assets are largely invested in bond mutual funds. As of June 30, 2018, the fair market value of plan assets was \$5,882,365 (unaudited)

OPEB Pension Liability

During the fiscal year ending June 30, 2018 the District had an Other Post-Employment Benefits ("OPEB") report prepared, "Actuarial Valuation of Other Postemployment Benefits (as of July 1, 2017)". The actuarial valuation date is July 1, 2017, and is the date when a snap shot of the plans membership and benefit provisions were taken for the valuation. The measurement date is June 30, 2018, the date as of which the net OPEB liability is measured. The purpose of the report was to measure the liabilities and expense figures for the retiree medical benefits, in compliance with GASB Statements No. 74 and No.75, and provide a funding valuation with actuarially determined contributions.

At June 30, 2018, the District reported total, and net, OPEB liability as follows:

Total OPEB Liability (unaudited)	\$	24,167,389
Plan Fiduciary Net Position (unaudited)		5,882,365
Net OPEB Liability (unaudited)	\$	18,285,024

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 RECENTLY ENACTED LEGISLATION OR FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

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 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 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 2015 and Series 2016 required the District to provide certain annual financial information and audited financial statements by March 31 of each year. In Fiscal Year 2013 and 2014, the District failed to timely file the necessary financial information. After the deadline, the District did file the necessary financial information and posted a Notice of Failure to Provide Financial Information to EMMA. The District since then has implemented processes to be in compliance with the Continue Disclosure Undertaking requirements. For financial disclosures, please see emma.msrb.org.

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 Chairman of the College Board or the President of the District will sign a certificate stating, after reasonable investigation, that to the best of his/her knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of his 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 its 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, College Board

/s/

Secretary, College 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, with two units remaining active. Located on the Navajo Indian Reservation 20 miles west of Farmington, nearly 80% of the plant's employees are Native American. APS spent approximately \$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"), currently a two-unit, 847 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. In 2017, PNM shut down two of the coal-fired plant's four generating units, unit numbers 2 and 3, under an agreement with regulatory authorities to comply with federal visibility regulations under the Clean Air Act.

In its 2017 Integrated Resource Plan, recently approved by the New Mexico Public Regulation Commission, PNM stated its intent to retire the San Juan Generating Station's two remaining generating units in 2022. This would require approval of regulatory authorities, and it is possible a buyer might come forward. However, at present it is uncertain whether the plant will remain open after 2022. If closed, it would be removed from the property tax rolls.

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 3rd in natural gas production and 3rd in natural gas reserves with approximately 68% located in northwestern New Mexico. San Juan County was ranked second in gas production in New Mexico and 3rd in oil production, in 2017.

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.

San Juan County Oil & Gas History				
Year	Crude Oil		Natural Gas	
	Volume (bbls)	Value (\$000s)	Volume (MCF)	Value (\$000s)
2017	4,728,892	199,529	330,759,782	1,086,211
2016	3,924,905	131,989	342,850,067	899,432
2015	4,112,885	156,173	365,471,873	1,024,309
2014	2,367,099	194,924	380,567,113	1,970,285
2013	1,274,573	107,152	386,166,366	1,738,715
2012	561,651	45,514	240,905,680	650,723
2011	2,167,068	80,745	454,172,594	2,529,552
2010	918,284	59,302	426,402,736	2,297,225
2009	1,056,286	48,457	525,211,631	2,149,341
2008	995,158	99,241	475,771,277	4,138,521
2007	1,052,512	65,864	563,463,024	3,930,387

CRUDE OIL SALES - COUNTY COMPARISON

County	2014		2015		2016		2017	
	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)
Eddy	60,463,953	\$5,081,431	71,527,491	\$3,186,027	63,918,579	\$2,513,513	65,494,900	\$3,117,741
Lea	57,633,462	4,833,961	66,685,460	2,986,951	74,458,299	2,950,701	92,712,750	4,432,448
San Juan	2,471,661	193,423	4,112,885	156,173	3,924,905	131,989	4,728,892	199,529
Sandoval	1,833,371	142,639	2,682,370	102,449	1,382,398	47,116	1,162,937	49,143
Chaves	1,517,894	119,918	2,144,262	82,685	1,112,777	42,142	1,035,036	48,553
Rio Arriba	1,463,514	121,468	1,344,064	59,112	2,083,530	69,769	1,881,766	76,180
Roosevelt	219,735	18,439	185,086	8,112	198,211	7,546	241,470	11,245

NATURAL GAS SALES - COUNTY COMPARISON

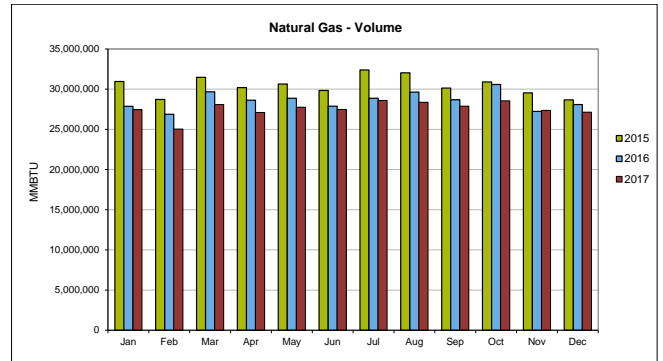
County	2014		2015		2016		2017	
	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)
San Juan	378,569,589	\$1,918,795	365,471,873	\$1,024,309	342,850,067	\$899,432	330,759,782	\$1,086,212
Eddy	316,917,359	1,509,639	296,623,329	809,379	306,856,716	848,607	380,213,985	1,234,509
Rio Arriba	272,981,989	1,446,967	264,590,563	771,451	251,853,022	689,446	234,969,151	800,394
Lea	186,551,214	1,000,724	208,030,130	557,806	242,824,833	647,767	316,004,533	1,076,203
Coffax	23,618,631	102,457	22,308,907	56,589	20,910,821	48,153	19,373,957	51,777
Chaves	14,633,719	68,679	12,497,384	31,424	10,420,222	23,002	10,490,216	29,453
Sandoval	4,814,635	28,032	9,696,987	33,412	7,930,136	27,226	10,300,569	41,726
Roosevelt	2,540,556	12,289	2,206,607	5,158	1,549,150	3,105	1,655,243	4,357

Source: New Mexico Taxation and Revenue Department, Oil & Gas Accounting Division

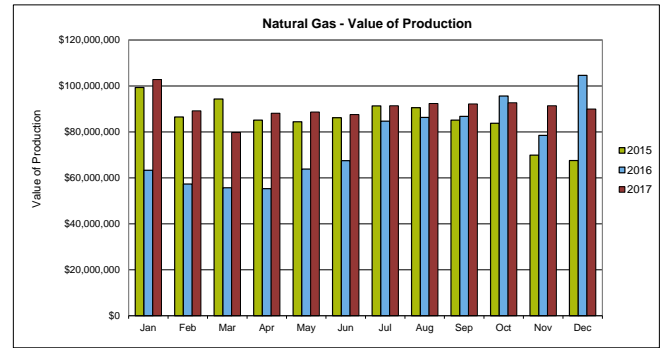
The following tables present the history of oil and gas production in the County as reported to the State Department of Taxation & Revenue by the Oil and Gas Accounting Division.

Natural Gas Volume and Value

Natural Gas Volume					
	2015	2016	% Change	2017	% Change
Jan	30,952,548	27,861,623	-9.99%	27,451,048	-1.47%
Feb	28,710,161	26,869,651	-6.41%	25,030,507	-6.84%
Mar	31,473,735	29,660,926	-5.76%	28,080,941	-5.33%
Apr	30,182,278	28,624,049	-5.16%	27,092,962	-5.35%
May	30,642,459	28,868,939	-5.79%	27,745,005	-3.89%
Jun	29,839,142	27,880,941	-6.56%	27,474,052	-1.46%
Jul	32,390,329	28,866,232	-10.88%	28,586,850	-0.97%
Aug	32,039,528	29,633,420	-7.51%	28,371,115	-4.26%
Sep	30,129,730	28,680,796	-4.81%	27,887,371	-2.77%
Oct	30,898,633	30,584,928	-1.02%	28,555,509	-6.64%
Nov	29,545,376	27,235,021	-7.82%	27,356,870	0.45%
Dec	28,667,954	28,083,541	-2.04%	27,127,552	-3.40%
Total	365,471,873	342,850,067		330,759,782	

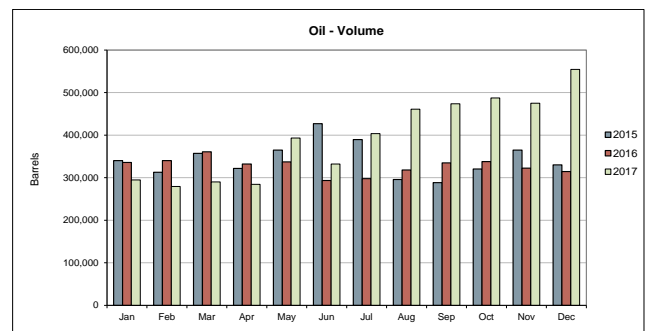


Natural Gas Value					
	2015	2016	% Change	2017	% Change
Jan	\$ 99,368,111	\$ 63,313,857	-36.28%	\$102,796,179	62.36%
Feb	86,510,737	57,316,604	-33.75%	89,213,193	55.65%
Mar	94,356,682	55,677,913	-40.99%	79,758,797	43.25%
Apr	85,147,942	55,285,051	-35.07%	88,132,093	59.41%
May	84,404,515	63,842,570	-24.36%	88,659,052	38.87%
Jun	86,186,316	67,461,067	-21.73%	87,565,542	29.80%
Jul	91,370,782	84,680,325	-7.32%	91,431,197	7.97%
Aug	90,564,898	86,315,328	-4.69%	92,376,334	7.02%
Sep	85,138,922	86,777,590	1.92%	92,176,884	6.22%
Oct	83,784,524	95,631,560	14.14%	92,717,867	-3.05%
Nov	69,910,529	78,511,595	12.30%	91,384,792	16.40%
Dec	67,565,401	104,618,343	54.84%	89,999,896	-13.97%
Total	\$ 1,024,309,358	\$ 899,431,802		\$ 1,086,211,827	

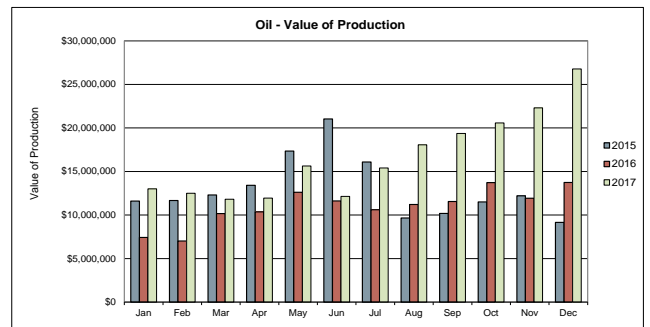


Oil Volume and Value

Oil Volume					
	2015	2016	% Change	2017	% Change
Jan	340,089	335,811	-1.26%	294,787	-12.22%
Feb	312,614	340,002	8.76%	279,415	-17.82%
Mar	357,108	360,790	1.03%	290,224	-19.56%
Apr	321,805	332,246	3.24%	284,273	-14.44%
May	364,703	337,216	-7.54%	393,079	16.57%
Jun	427,073	293,493	-31.28%	332,267	13.21%
Jul	389,469	297,787	-23.54%	403,424	35.47%
Aug	295,745	318,002	7.53%	460,920	44.94%
Sep	288,479	334,860	16.08%	473,551	41.42%
Oct	320,616	337,806	5.36%	487,454	44.30%
Nov	364,977	322,414	-11.66%	475,058	47.34%
Dec	330,207	314,478	-4.76%	554,440	76.30%
Total	4,112,885	3,924,905		4,728,892	



Oil Value					
	2015	2016	% Change	2017	% Change
Jan	\$ 11,596,216	\$ 7,430,242	-35.93%	\$ 13,013,929	75.15%
Feb	11,677,247	7,019,187	-39.89%	12,498,793	78.07%
Mar	12,306,251	10,174,474	-17.32%	11,814,818	16.12%
Apr	13,407,213	10,361,575	-22.72%	11,941,579	15.25%
May	17,353,284	12,611,536	-27.32%	15,628,191	23.92%
Jun	21,029,789	11,613,103	-44.78%	12,143,090	4.56%
Jul	16,086,787	10,603,514	-34.09%	15,411,330	45.34%
Aug	9,664,793	11,219,474	16.09%	18,061,320	60.98%
Sep	10,183,063	11,557,692	13.50%	19,364,746	67.55%
Oct	11,503,216	13,729,630	19.35%	20,580,682	49.90%
Nov	12,207,245	11,926,336	-2.30%	22,297,153	86.96%
Dec	9,158,117	13,742,007	50.05%	26,773,859	94.83%
Total	\$ 156,173,221	\$ 131,988,768		\$ 199,529,489	



Coal Mining

The Navajo Mine, owned by the Navajo Transitional Energy Co. (“NTEC”), is located about ten miles southwest of Kirtland NM, and supplies the Four Corners Plant. In 2013, NTEC and Four Corners Power Plant executed a coal supply agreement from 2016 through 2031.

The San Juan Mine is owned by Westmoreland San Juan, LLC, a subsidiary of Westmoreland Coal Company. The San Juan Mine is located just north of Kirtland, NM. Coal Production at the San Juan Mine is estimated at over 6 million metric tons per year. The San Juan Mine’s major customer is the San Juan Generating Station. As noted in discussion of electrical generation, it is uncertain whether that plant will continue to operate after 2022.

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 72,000 acres under cultivation and over 38,000 acres still to be developed. NAPI produces high value crops such as potatoes, onions, pinto 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 its employment which varies between 200-500 people during a crop season. Ninety-five 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 11,416 students attended Farmington Municipal Schools in school year 2017-18. 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 194 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 one of the only hospitals 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, Farmington MSA and the State of New Mexico.

Census Year	City of Farmington	Farmington MSA*	State of New Mexico
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	2,065,826
2018 ⁽¹⁾	43,932	126,030	2,087,058
2023 ⁽²⁾	43,185	124,650	2,110,892

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

1) Estimates. Source: Spotlight, October 2018.

2) Projected. Source: Spotlight, October 2018.

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The following table sets forth a comparative age distribution profile for Farmington MSA, the State and the United States for 2018.

Age	Farmington MSA	New Mexico	United States
0 - 17	25.52%	23.90%	22.80%
18 - 24	8.89%	9.80%	9.80%
25 - 34	13.36%	13.30%	13.40%
35 - 44	12.49%	11.87%	12.60%
45 - 54	11.07%	11.90%	13.10%
55 and Older	28.67%	29.23%	28.30%

Source: Spotlight, October 2018.

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 Spotlight. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance.

Effective Buying Income Group	Farmington MSA	New Mexico	United States
Under \$25,000	22.52%	27.27%	20.37%
\$25,000 - \$34,999	9.37%	10.65%	9.21%
\$35,000 - \$49,999	13.51%	13.71%	12.87%
\$50,000 - \$74,999	16.83%	16.84%	17.09%
\$75,000 & Over	37.77%	31.53%	40.46%

2014 Est. Median Household Income	\$55,671	\$44,292	\$51,579
2015 Est. Median Household Income	\$50,767	\$45,633	\$53,706
2016 Est. Median Household Income	\$47,377	\$45,445	\$55,551
2017 Est. Median Household Income	\$51,840	\$47,043	\$57,462
2018 Est. Median Household Income	\$56,114	\$48,044	\$60,133

Source: Spotlight, October 2018.

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.

Fiscal	San Juan County		State of New Mexico	
	Retail	Total	Retail	Total
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
2015	1,554,571,629	8,571,669,404	27,481,308,742	119,726,977,705
2016	1,340,487,951	6,668,435,863	29,217,273,402	97,151,637,471
2017	1,187,622,444	5,538,231,678	22,390,695,699	110,710,199,751

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 2014.

Year	Total New Residential Valuation	Total New Commercial Valuation	Total Other Valuation ⁽¹⁾	Total New Permit Valuation
2014	22,513,485	13,303,112	14,769,378	50,585,975
2015	14,314,720	15,663,800	13,133,017	43,111,537
2016	12,539,293	11,250,000	15,268,296	39,057,589
2017	7,912,575	10,501,458	16,288,033	34,702,066
2018 ⁽²⁾	7,280,195	2,248,000	16,639,616	26,167,811

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

(2) Through September 2018

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.

Year ⁽¹⁾	Farmington MSA		State of New Mexico		United States
	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2018 ⁽²⁾	54,035	4.80%	951,378	4.50%	3.50%
2017	53,194	8.80%	929,567	6.20%	4.40%
2016	53,764	7.20%	927,355	6.70%	4.90%
2015	55,257	7.00%	919,889	6.60%	5.30%
2014	55,039	6.40%	918,206	6.50%	6.20%
2013	54,589	6.80%	922,960	6.90%	7.40%
2012	55,405	7.10%	928,050	7.10%	8.10%
2011	55,074	7.80%	929,862	7.60%	8.90%
2010	54,896	9.40%	936,088	8.10%	9.60%
2009	56,398	7.90%	940,352	7.50%	9.30%

1) - Numbers are annual averages.

2) - Most recent data for the month of October 2018. Numbers are Preliminary

Source: U.S. Bureau of Labor Statistics, November 2018

Major Employers

The following table shows major employers in San Juan County.

MAJOR EMPLOYERS IN SAN JUAN COUNTY		
Employer	Type of Business	Number of Employees
San Juan Regional Medical Center	Medical	1,846
Farmington Schools	Education	1,856
Central Consolidated Schools	Education	1,801
City of Farmington	Government	1,089
San Juan County	Government	636
San Juan College	Education	910
Bloomfield Schools	Education	600
Raytheon Dine Facility	Defense Contractor	450
Aztec Schools	Education	392
Aztec Well Family	Oil & Gas	425
Total Top Employers		10,005

Source: San Juan County Assessor's Office, 2018

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.

San Juan County	2014	2015	2016	2017	2018⁽¹⁾
Total Private	38,987	38,893	36,606	36,957	36,093
Accommodation and Food Services	4,293	4,535	4,746	4,686	4,563
Administrative and Waste Services	1,160	1,145	1,013	1,023	985
Agriculture, Forestry, Fishing & Hunting	243	233	239	271	128
Arts, Entertainment, and Recreation	432	424	457	472	410
Construction	3,560	3,778	3,059	3,566	3,485
Educational Services	338	335	326	336	362
Finance and Insurance	897	914	906	871	806
Health Care and Social Assistance	6,409	6,658	6,938	6,985	6,820
Information	252	210	236	220	216
Management of Companies and Enterprises	253	267	254	249	251
Manufacturing	1,320	1,245	975	1,092	1,187
Mining	6,723	6,048	5,070	4,993	4,828
Other Services, Ex. Public Admin	1,245	1,266	1,219	1,188	1,171
Professional and Technical Services	971	999	1,019	992	1,083
Real Estate and Rental and Leasing	500	540	529	522	396
Retail Trade	6,276	6,339	6,126	5,971	5,811
Transportation and Warehousing	1,390	1,401	1,163	1,173	1,269
Utilities	913	853	830	813	784
Wholesale Trade	1,813	1,705	1,502	1,533	1,538
Government	11,227	11,215	11,268	11,013	11,038
Total	50,214	50,108	47,874	47,970	47,131

(1) Data as of First Quarter of 2018

* Withheld to avoid disclosing confidential data. Data that are not disclosed for individual industries are always included in the totals. Therefore, the individual industries may not sum to the totals.

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

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

APPENDIX B

JUNE 30, 2017 AUDITED FINANCIAL STATEMENTS

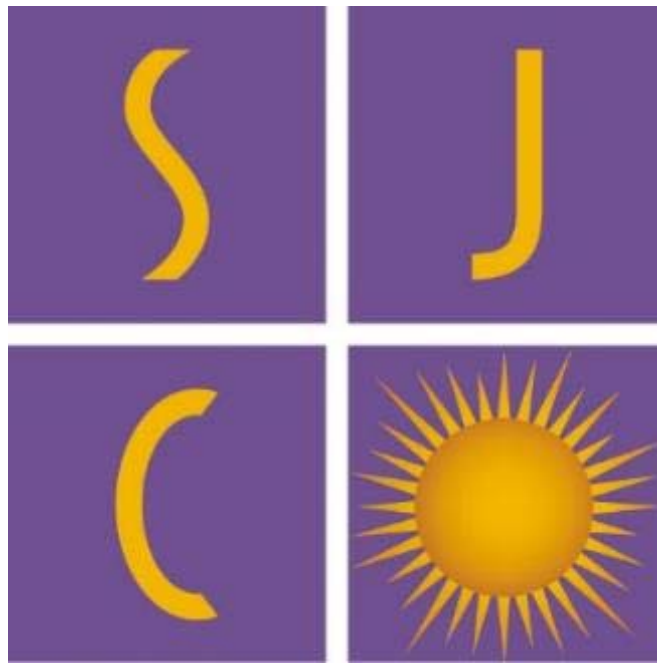
Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017

Success Matters



SAN JUAN COLLEGE
Success Matters

San Juan County, Farmington, NM



San Juan College
San Juan County, Farmington, New Mexico

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2017

Prepared by: San Juan College Business Office

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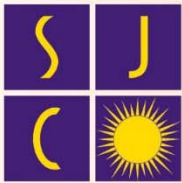
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Introductory Section

(Unaudited)

Success Matters



SAN JUAN COLLEGE
Success Matters

Letter of Transmittal

October 23, 2017

To the San Juan College Board of Trustees, the San Juan College Foundation, Four Corners Innovations and the Citizens of San Juan County:

Respectfully submitted for your review is the comprehensive annual financial report for San Juan College (SJC) for the fiscal year ended June 30, 2017. The purpose of this report is to provide detailed information about the financial condition and performance of SJC. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal controls. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. The concept of reasonable assurance ensures that the costs of the controls do not exceed the benefits derived.

Comprehensive Annual Financial Report

SJC's comprehensive annual financial report (CAFR) is prepared by the Business Office in accordance with Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board (GASB) and complies with the Annual Financial Reporting Requirements as set forth by the New Mexico Higher Education Department (NMHED). The Notes to the Financial Statements are considered essential to fair presentation and adequate disclosure for this financial report. The Notes are treated as an integral part of the financial statements and should be read in conjunction with them. Additionally, attention should be given to Management's Discussion and Analysis that provides the reader with a narrative introduction, overview, and analysis of the financial statements.

Reporting Entity

SJC is a special-purpose government engaged solely in business-type activities (BTA). In compliance with GASB Statement Nos. 34 and 35, this reporting model is intended to make government financial statements similar to corporate financial statements. It also serves to make the financial statements more comparable across organizations. The San Juan College Foundation, Inc. ("Foundation") and Four Corners Innovations (FCI) have been discretely presented in SJC's statements as a component unit by inclusion of the statements and footnotes of the Foundation and FCI in SJC's statements and footnotes. Because the financial statements of the Foundation and FCI are presented in a different format from DCCCD and are incompatible with the DCCCD's financial statements, the Foundation's and FCI's financial statements are presented on separate pages from SJC's financial statements.

The Foundation was established in 1972 as a 501 (c)(3) corporation to fill several critical needs at San Juan College and in the communities it serves. It dedicates its efforts to providing excellence to the College by sponsoring programs that include scholarships, purchase of equipment, faculty and staff excellence awards, library support and more. Funding provided by community industry partners through the San Juan College Foundation was critical to the development and construction of the School of Energy.

FCI is organized for charitable, scientific and educational purposes. FCI promotes the public welfare and prosperity of the people of New Mexico, fosters economic development within New Mexico, and engages in other cooperative ventures of innovative technological significance that will advance education, science, research, conservation, or economic development within New Mexico. The IRS granted Four Corners Innovations, Inc. tax exempt status on July 25, 2014 with an effective date of March 30, 2012.

Profile of the College

San Juan College is the Four Corners' comprehensive community college, providing students with an affordable education to assist them in securing a successful future and career. Student success and completion is the College's top priority. Along with offering more than 100 two-year degree and certificate programs in healthcare, energy, engineering, trades, technology business and more, San Juan College provides its students with the flexibility to learn according to their schedule by offering both face-to-face and online classes.

Keeping student success at the forefront, the college offers students a range of supportive services through departments including the Student Success Center, Student Achievement Center and Tutoring Services – just to name a few. The Veterans Center supports the educational success of U.S. military veterans and their families, while helping them connect with other community assistance offices and programs. Embracing a diverse culture, the Native American and Hispanic Latino Centers focus on integrating cultural, social and academic life.

San Juan College graduates also have the opportunity to advance their education and earn their bachelor's and master's degrees at home through partnerships with the University of New Mexico (UNM) and New Mexico Highlands University (NMHU). In addition, New Mexico Tech and San Juan College have a guaranteed Admissions Agreement allowing San Juan College graduates earning an Associate of Science degree in Engineering to have a seamless transfer to the New Mexico Tech Bachelor of Science degree program. San Juan College also has partnered with Texas Engineering Extension Service and Texas A&M University – Commerce to offer qualified safety professionals who already hold a TEEX Certified Safety & Health Official (CSHO) designation an opportunity to earn an Associate of Applied Science degree online.

Accreditation

In 2000, San Juan College became one of the first community colleges to take part in the Higher Learning Commission's Academic Quality Improvement Project. AQIP uses quality processes and standards to assist the institution in maintaining its accredited status. In December of 2014, the College received notification of reaffirmation of accreditation through 2022-23. Membership in this accrediting association makes possible the transfer of credits to other colleges and universities.

Mission

Recently approved by the Board of Trustees on September 5, 2017, the mission of San Juan College is to educate and empower individuals to thrive in an ever-changing world.

Vision

Also recently approved by the Board of Trustees on September 5, 2017, the vision of San Juan College is to inspire success through world-class education.

Values

San Juan College is committed to serving the needs of our students and the community through a process of continuous quality improvement. Incorporating the acronym of "iCARE," San Juan College upholds and affirms the values of Innovation, Collaboration, Accountability, Respect and Excellence.

History

San Juan College was founded in 1956 as the Farmington Branch of the New Mexico College of Agriculture and Mechanical Arts. All classes were initially taught by part-time instructors during evening hours at Farmington High School. In 1958, the name was changed from Farmington Branch to San Juan Branch, New Mexico State A&M, now known as New Mexico State University. During the 1966-67 year, the College received state grants to construct a facility for a branch campus on 590 acres of land that the Farmington City Council returned to the Bureau of Land Management. Thus, with the first building constructed in 1967-68, San Juan Branch had a permanent site in the northern part of Farmington.

From the first phase of construction in 1967 to 1981, the College grew exponentially. 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. A successful county-wide election was held in 1981, 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.

From its modest start in 1956 with 82 students, the College now has a credit enrollment of more than 15,000 students per year. Staff size has grown from a handful of part-time instructors to a total of nearly 900 men and women who serve the College and our community, including roughly 160 full-time faculty and almost 300 part-time faculty.

Campuses

San Juan College is one of the finest and most advanced community colleges in the state. The beautifully landscaped main campus is located on the north side of Farmington. The College's facilities have grown significantly over the years, consisting of 15 main campus buildings and five off-campus facilities occupying more than 1,000,000 square feet and representing a value of more than \$200 million dollars for buildings only.

Other campus locations include 800 South Hutton Street in Farmington, which will soon be renovated and remodeled to house the CDL program, the EMS program and the Fire Science program, as well as the 30th Street Center, housing Adult Basic Education, the ENLACE program, and University Partners; San Juan College East in Aztec, NM and San Juan College West in Kirtland, NM.

Highlights: Fiscal Year 2017

In the spring of 2016, San Juan College celebrated 60 years of student success. In fiscal year 2017, we embarked on our 61st year.

In November 2016, the SJC Board of Trustees launched an open process to consider and formulate new strategic directions to move the college forward for the next five years. Area leaders from business and industry, healthcare providers and public schools provided their perspectives and guidance as the Trustees engaged in the difficult work of envisioning what directions the college should take to ensure a viable and sustainable future. College faculty and staff were able to weigh-in on the resulting strategic directions. In June of 2017, the Board and approved the following four strategic directions:

- Create an agile and responsive business model that responds to economic changes and focuses on helping all students achieve a high level of success in learning, completion and employment.
- Expand signature programs nationally to strengthen college sustainability and provide economic development in the region.
- Utilize College competencies to deliver an internationally accessible energy resources curriculum.
- Grow and sustain health science programs by developing and implementing alternative models designed to lower costs while maintaining quality and accessibility.

Over the summer of 2017, the Board re-worked the mission and vision statement to align with the new strategic directions and retain relevance as the college pushes its way into the next decade. The new mission and vision have already been stated earlier in this communication but is also reflected below:

- Mission: Educate and empower individuals to thrive in an ever-changing world.
- Vision: Inspire success through world-class education.

The College faculty and staff have just begun to develop action plans to support the Goals and Objectives that underpin and give traction to the new strategic directions, mission and vision.

SJC had a Board election on March 7, 2017 which resulted in the re-election of Mr. John Thompson in District 5 and the election of Mr. Hoskie Benally in District 1. Both trustees were sworn-in on April 4, 2017.

In June of 2017, Mr. Ken Hare, trustee for District 4 resigned from his Board position. Just this month, Mr. Joe Rasor was select to fill the District 4 Trustee post until the next community college board election.

The San Juan College High School (SJCHS) was launched in August of 2016. After its first year of operations, it was recognized as the State of New Mexico's top ranked high school according to the state standardized test scores. As the freshman class of just under eighty students advanced to the sophomore level, a new freshman class of nearly one hundred students began in August 2017. Operating under the direction of Farmington Municipal Schools, SJCHS serves students who reside in the Aztec, Bloomfield, Central Consolidated and Farmington School Districts. At the completion of their four years at SJCHS, students will graduate with a New Mexico High School Diploma of Excellence, as well as an Associate Degree or Certificate from San Juan College.

By the numbers, SJC students achieve and succeed:

- At the end of fiscal year SJC has increased dual credit enrollment 83% during the past 5 years.
- By the end of fiscal year 2017, the number of degrees and certificates awarded by SJC over the past 5 years has increased by 143%.
- For the third year in a row, SJC is 2nd out of 1,108 community colleges in nation for granting largest number of associate degrees to Native American graduates.

SJC continues to be financially sound and fiscally responsible:

- In July 2016, Moody's Credit Rating reaffirmed San Juan College's credit rating as Aa2, a very favorable rating. One month earlier, Standard and Poor's reaffirmed SJC's A+ rating. In doing so, each rating agency expressed confidence in the financial viability of the college and the management demonstrated by College's Board and leadership.
- In August 2016, San Juan College refunded \$9.8 million in long term debt. Savings from this financially strategic move benefited the San Juan County taxpayers by \$614 thousand in net present value.

Planned and executed to keep SJC's facilities in good repair, in serviceable condition, able to provide environments conducive to learning and energy efficient, SJC entered into an energy performance contract to replace and upgrade \$7.2 million in physical plant infrastructure. The lease/purchase debt to finance these projects will be repaid by the utility savings achieve through the infrastructure improvements. SJC is the first community in New Mexico to use an energy performance contract to fund physical plant improvements.

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 3.114 mills for San Juan College'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. The condition of the gas market has been in decline; over the last ten years, the College's Oil & Gas Production Tax Revenue has been significantly and negatively impacted. It was encouraging to see a small uptick in that revenue stream in the fiscal year ended June 30, 2017.

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 three industries for job creation.

SJC's service area has experienced a decline in population over the past two years. These changes are mostly due to low prices for coal, gas and oil which has caused many companies to have a reduction in force. After a decrease in enrollment in fiscal year 2016, enrollments flattened-out and stabilized in fiscal year 2017.

While the San Juan County area is experiencing some difficult economic circumstances, property values did not decrease in fiscal year 2017; property tax revenue was stable. Looking ahead, we see residential property values increasing slightly and, at the same time, non-residential property values taking on a small decrease.

Financial Planning & Budgeting

San Juan College's financial planning process is comprised of the following key components: Strategic Plan, Facilities Master Plan, Technology Master Plan, Annual Budget and Multiyear Financial Outlook.

Additionally, the college has implemented strategies to increase enrollment, retain first-time freshmen to their second year, and encourage students to attain degrees or certificates in three years or less.

The New Mexico Department of Higher Education continues to craft funding formulae emphasizing outcomes. The most recent performance-based funding formula rewards institutions for improving their performance in six categories. The changes to the funding formula underscores the importance of stabilizing revenue through tuition and fees and searching for new revenue streams. We went into FY2017 with a \$453k decrease in state funding. In October of 2016, SB 9 came out of the special session and cut our state funding by another \$1.2 million. In FY2017 state funding was reduced by a total of 1.653 million (using year end FY2017, as a base. Because the state is experiencing a financial crisis and funding reductions are being handed-down to state agencies, including higher education, future impacts are still unclear; anticipated funding decreases will result from dramatic decreases in higher education funding as a whole and not so much as the result of further implementation of performance funding.

The San Juan College Board has policies regarding:

- General Fund Reserve
- Cash Balance Reserve
- Long-term Forecasting
- Funding New Programs or Expanding and/or Reducing Existing Programs
- Asset Management and Replacement
- Estimating the Operating and Maintenance Costs of Capital Assets
- Monthly Monitoring of Key Revenues and Expenditures
- Revenue Diversification and Stabilization
- Funding Pensions and Other Post-Employment Benefits (OPEB)
- Grant Oversight and Expansion
- Debt Management Policy and Post Compliance Guidelines implemented in 2013 to manage and sustain strong debt program, as well as ensure tax compliance and legal controls related to bond obligations.

Independent Audit

San Juan College engaged RPC CPAs + Consultants, LLP to perform its annual audit. The purpose of an independent audit is to provide assurance, based on independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects. The scope of the RPC's work also includes a review of compliance for each major federal program and procedures to test and report on internal control over compliance in accordance with 2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. RPC CPAs + Consultants, LLP has issued an unmodified (clean) opinion on San Juan College's financial statements for the year ended June 30, 2017.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Juan College for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Preparation of this CAFR in a timely manner would not have been possible without the coordinated efforts of the Business Office, the Information Technology Center, the Office of Institutional Research and other key College administrators, faculty, and support staff. In addition, RPC CPAs + Consultants, LLP provided invaluable assistance. We extend our gratitude to the San Juan County Finance Department for their cooperation by providing statistical data. We also extend our appreciation to the College's Board of Trustees 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 and collaboratively submitted –



Dr. Toni Hopper-Pendergrass,
President



Edward M. DesPlas,
Executive Vice President



Kristie K. Ellis,
Controller

San Juan College Campus

Success Matters



SAN JUAN COLLEGE
Success Matters

San Juan College Organizational Chart

San Juan County Citizens

College Board
John C. Thompson, Chairman
Dr. Joseph Pope, Vice Chairman
Byron Manning, Secretary
R. Shane Chance, Member
Evelyn Benny, Member
Hoskie Benally Jr., Member

President
Dr. Toni Hopper Pendergrass

Executive Vice President
Edward DesPlas

Vice President for Learning
Dr. Adrienne Forgette

Vice President for Student Services
David Eppich

List of Elected and Appointed Officials

Board of Trustees

John Thompson	Chairman
Dr. Joseph Pope	Vice Chairman
Byron Manning, CPA	Secretary
Hoskie Benally Jr.	Member
Evelyn B. Benny	Member
R. Shane Chance, CPA	Member

Executive Officers

Dr. Toni Hopper Pendergrass.....	President
Edward DesPlas	Executive Vice President
Dr. Adrienne Forgette.....	Vice President for Learning
David P. Eppich.....	Vice President for Student Services
Dr. Barbara Ake	Chief Strategic Initiatives Officer

Business Office and Staff

Kristie Ellis.....	Controller
Steve Miller.....	Assistant Controller
Andrea Weaver, CMA	Budget and Financial Analyst
Aurelia Begay	Grant Compliance Officer
Tanda McCombe.....	Restricted Fund Accountant
Michael Karl.....	Restricted Fund Accountant
Corrine Antonson	Senior Accounting Specialist
Frank Cole.....	Chief Procurement Officer



Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association


Certificate of Achievement for Excellence in Financial Reporting

Presented to

**San Juan College
New Mexico**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016



Executive Director/CEO

San Juan College Board of Trustees



John Thompson



Dr. Joseph Pope



Byron Manning



Hoskie Benally Jr.



Evelyn B. Benny



R. Shane Chance

John Thompson, Chairman\Member since 2010\Engineer, Walsh Engineering and Production Corporation. Represents district 5.

Dr. Joseph Pope, Vice-Chairman\Member since 2007\Physician, Pinon Family Practice. Represents district 7.

Byron Manning, Secretary\Member since 2015\Certified Public Accountant, Manning Accounting and Consulting Services, LLC. Represents district 3.

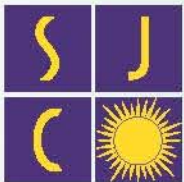
Hoskie Benally Jr.\ Member since 2017. Community and Government Liaison, Native American Disability Law Center. Represents district 1.

Evelyn B. Benny\Member since 1997. Community Service Coordinator, Huerfano Chapter House. Represents district 2.

R. Shane Chance\ Member since 2004. Certified Public Accountant. Represents district 6.

Financial Section

Success Matters



SAN JUAN COLLEGE
Success Matters

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
New Mexico State Auditor
U.S. Office of Management and Budget and
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, 2017 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, 2017, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the GASB required supplementary pension schedules, and required supplementary OPEB schedules on pages 18 through 29, 74 through 78, respectively, 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

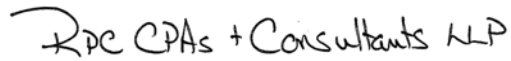
Our audit was conducted for the purpose of forming opinions on the College's financial statements and the budgetary comparisons. The introductory section, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Schedules 8 and 9 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 Schedules 8 and 9 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2017 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.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 23, 2017



Management's Discussion and Analysis

Introduction

The San Juan College Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017, provides an overview of the College's financial activities. The CAFR includes: the letter of transmittal, certificate of achievement for excellence in financial reporting, independent auditors' report, management's discussion and analysis (MD&A), financial statements, notes to the financial statements and significant accounting policies, statistical data, and the single audit section.

The purpose of the MD&A is to provide an overview of the College's performance and future prospects. Responsibility for the completeness and fairness of the information contained in this report resides with College management. The MD&A will: (1) focus on significant financial issues, (2) provide an overview of the College's financial activity, (3) discuss changes in the College's financial position, (4) identify individual fund changes, issues or concerns, (5) provide descriptions of significant asset and debt activity, and (6) outline positive and negative trends.

Financial Highlights

The financial highlights for fiscal year (FY) ended June 30, 2017 include:

- The College's net position decreased by -113.6% or \$23.5 million for a total negative net position of -\$2.8 million from a positive \$20.7 million. The substantial decrease was primarily due to a restatement in Net Position of -\$19.6 million, a result of the implementation of Governmental Accounting Standards Board (GASB) statement 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*.
- The \$19.6 million restatement combined with annual GASB 68, Net Pension Liability increase of \$7.7 million offset by the Deferred Outflows – Subsequent Contributions of \$3.8 million resulted in an additional decrease in net position of \$3.9 million for a total net position decrease of \$23.5 million.
- Management does not believe that the negative effects of GASB 68 and GASB 74 have an impact on either the college's solvency or the college's status as a going concern.
- Prior to the GASB 68 and 74 entries the College had a positive increase in net position from general operations of 2% or \$0.4 million.
- Total assets increased by 5.3% or \$5.8 million. Current assets increased by 17.0% or \$4.0 million due to an increase in cash and investments offset by bonds and notes payable. Non-current assets increased by 2.1% or \$1.8 million primarily due to the net effect of additions to construction in progress offset by a decrease in capital assets net of accumulated depreciation.
- The College's total bonds and notes payable increased by 24.9% or \$4.1 million due to a \$7.5 million lease purchase agreement for energy conservation upgrades and related equipment, offset by a reduction in general obligation bond debt of \$3.4 million.
- Operating sources of funds decreased by 8.5% or \$1.8 million primarily due to reductions in the auxiliary enterprises revenue and non-governmental grants and contracts. Total sources of funding decreased by 3.2% or \$2.0 million primarily due to a reduction in state appropriations of 6.4% or \$1.6 million.
- Operating uses of funds increased by 0.4%, prior to GASB adjustments operating use of funds decreased by 3.8% or \$2.9 million. Total uses of funds increased by 2.1% or \$1.5 million.

Overview of the Financial Statements

Financial statements are presented in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB) Statement 34 and Statement 35. GASB is the authoritative body for establishing generally accepted accounting principles (GAAP) for state and local governments, including public institutions of higher education. These pronouncements permit public colleges and universities to use the guidance for special-purpose governments, engaged only in business-type activities, in their separately issued financial statements.

While San Juan College 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. Generally, Statement 35 permits public colleges and universities, in separately issued financial statements, to use the guidance for special-purpose governments engaged only in business-type activities, engaged only in governmental activities, or engaged in both governmental and business-type activities in their separately issued reports. Under Statement 35, in its separately issued reports, a public institution is required to include management's discussion and analysis (MD&A); basic financial statements, as appropriate for the category of special-purpose government reporting selected; notes to the financial statements; and required supplementary information other than MD&A.

GASB Statement No. 63 amends Statement 34 by providing guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

GASB Statements No. 68 and No. 71 revised standards for measuring and reporting pension liabilities. Recognition of a liability equal to the College's proportionate share of the net pension liability is required, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The primary objective of Statements No. 68 and No. 71 was to improve accounting and financial reporting by state and local governments for pensions.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, revised standards for measuring and reporting postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended*, Statement 43, and Statement No. 50, *Pension Disclosures*

The annual report consists of a series of fund financial statements which are groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. All thirteen of the College funds are combined into a single, aggregated presentation of combining statements. The College has three proprietary or enterprise funds presented as business-type auxiliaries in the government-wide financial statements.

The auxiliary funds are the San Juan College Bookstore, Dining Services, and the Health and Human Performance Center (HHPC). Fiduciary fund are used to account for resources held for the benefit of parties outside the government.



Basic Financial Statements

The government-wide financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows, which provide information about the activities of the College as a whole and present a long-term view. Fund financial statements also report the operations in more detail by providing information about the most significant funds. The financial statements also include notes that provides selected detailed data. The statements are followed by the “Required Supplementary Information” section that provides schedules and notes related to the Net Pension Liability and Other Post-Employment Benefits (OPEB). The primary focus of the basic financial statement is on the results and activities for FY 2017. As a reference point, comparative data is presented from the prior fiscal year, 2016 to illustrate trends for determining the College’s overall financial health.

Statement of Net Position

The Statement of Net Position presents the financial position of San Juan College at the end of FY 2017. Due to a net position restatement the College’s overall financial position decreased by -113.6% or \$23.5 million to (\$2.8) million from \$20.7 million. The decrease is a result of the implementation of GASB 74 and the annual GASB 68 entry. See Note 12, Net Position Restatement.

This statement is classified as current assets, noncurrent assets, and deferred outflows of resources, less current liabilities, noncurrent liabilities, deferred inflows of resources, and net position. Net Position is the residual amount of assets and deferred outflows of resources less liabilities and deferred inflows, it is one way to measure financial health. An increase in net position indicates financial improvement, while a decrease can represent financial decline. To assess the overall health of San Juan College additional factors are considered such as: changes in student enrollment, projected tax collection trends, debt capacity,

condition of the College's infrastructure, demographic and economic statistics, and bond ratings are also considered. These factors are highlighted in the statistical section of this report.

Figure 1 presents a Condensed Comparative Statement of Net Position for the fiscal years ended June 30, 2017, and June 30, 2016.

San Juan College		
Condensed Comparative Statement of Net Position		
June 30, 2017 and 2016		
	2017	2016
Assets:		
Current Assets	\$ 27,618,991	\$ 23,612,158
Non-Current Assets	8,822,756	8,479,925
Capital Assets, not being depreciated	9,398,684	4,431,072
Capital Assets, net of accumulated depreciation	69,632,438	73,143,071
Total Non-Current Assets	86,054,069	86,054,069
Total Assets	115,472,869	109,666,226
Deferred Outflows of Resources	11,130,404	6,864,220
Total Assets and Deferred Outflows of Resources	\$ 126,603,273	\$ 116,530,446
Liabilities		
Current Liabilities	\$ 8,739,990	\$ 9,238,805
Non-Current Liabilities	44,796,895	18,267,896
Net Pension Liability	74,598,502	66,864,820
Total Liabilities	128,135,387	94,371,521
Deferred Inflows of Resources	1,286,822	1,456,694
Total Liabilities and Deferred Inflows of Resources	129,422,209	95,828,215
Net Position		
Net Investment in Capital Assets	65,459,333	66,145,716
Restricted	4,118,219	5,987,618
Unrestricted	(72,396,488)	(51,431,103)
Total Net Position	(2,818,936)	20,702,231
Total Liabilities, Deferred Inflows and Net Position	\$ 126,603,273	\$ 116,530,446

Figure 1 Condensed Summary of Net Position

Assets

Current Assets increased by 17.0% or \$4.0 million. Non-Current Assets increased by 2.1% or \$1.8 million. Total Assets increased by 5.3% or \$5.8 million primarily due to unspent general obligation bond proceeds and equipment lease purchase agreement proceeds totaling \$6.8 million. The proceeds are restricted for specific capital projects. Net Capital Assets increased by 1.9% or \$1.5 million, due to an increase in construction in progress offset by a decrease in capital assets, net of accumulated depreciation. Please see Note 4 for a comprehensive overview of capital asset activities.

Deferred Outflows of Resources

Deferred Outflows of Resources is a consumption of net assets applicable to a future reporting period. Deferred outflows increased by 116.3% or \$4.2 million due to GASB 68 and 74. See Note 9.

Liabilities

The Liabilities subsection of the Condensed Comparative Statement of Net Position, Figure 2, reflects three broad categories of liabilities: Current Liabilities, Non-Current Liabilities, and Net Pension Liability. Current Liabilities decreased by 5.4% or \$0.5 million and Non-Current Liabilities which includes Net Pension Liability increased by 40.2% or \$34.2 million. Overall, total liabilities increased 35.8% or \$33.7 million. The significant increase was due to an increase in the Net Pension Liability. See Notes 6 through 9.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of resources that is applicable to a future reporting period. Deferred inflows of resources decreased by 11.6% or \$200 thousand, due to changes in investment experience. See Note 9.

Net Position

The Statement of Net Position reports all of the College's (1) assets and deferred outflows of resources (2) less liabilities and deferred inflows of resources and (3) the residual or net position. Net position is comprised of the following sub-categories: net investment in capital assets, restricted, and unrestricted. The largest portion of the College's net position is reflected in net investment in capital assets (i.e., land, art and artifacts, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. Net investment in capital assets decreased by 1.0% or \$0.7 million, primarily due to depreciation recognized by the college, which was offset by the purchase of depreciable assets. Restricted net position represents those resources upon which restrictions have been imposed that limit the purposes for which such resources can be used. Restricted net position decreased by 31.2% or \$1.8 million primarily due to the recognition of Capital Projects as restricted. Unrestricted net position accounts for College resources available to fund general operations. Unrestricted net position decreased by 40.8% or \$20.9 million primarily due to expenditure cuts resulting in decreased spending.

Capital Assets and Debt Administration

Changes in net capital assets are the result of acquisitions, improvements, deletions and changes in accumulated depreciation and amortization. In accordance with GASB Statements No. 34 and 35, accounting records do not record the cost of capital assets as an expense when acquired or completed, instead recognizes the expense systematically over the expected life of the asset as depreciation expense in the Statement of Revenues, Expenses, and Changes in Net Position. Accumulated depreciation is presented in the Statement of Net Position as a contra asset netted against depreciable capital asset, and reflected in the category Capital Assets Net of Accumulated Depreciation. The amount reflected in the accounting records for the net value of an asset will decrease each year until the asset is fully depreciated or removed from service. As a result, the amount of capital assets shown in the Statement of Net Position may decrease from one year to another, even though new assets have been acquired during the fiscal year.

Non-depreciable capital assets increased by 112.1% or \$4.9 million due to additions in construction in progress. Net depreciable capital assets decreased by 4.8% or \$3.5 million due to increased depreciation from the capitalization of the School of Energy. Overall, net capital assets increased by 1.9% or \$1.5 million as the net result of all capital asset transactions. In FY 2017 the College entered into an Energy Savings Performance Contract. The debt incurred to finance energy conserving upgrades is repaid by the guaranteed

savings generated from the prescribed energy conservation measures. Local contractors will be utilized resulting in a positive impact on the community. See Note 4.

The College's conservative debt management principles play a critical role in decisions regarding issuance of new debt. During the current fiscal year the College refunded series 2005 general obligation bonds (GOB's) for a lower interest rate which has a favorable effect on the San Juan County taxpayer's millage rate levy. Although the College sold the series 2015 GOB's for \$5.0 million in FY17, only \$0.9 million was expended. The College's total bonds and notes payable increased by 24.9% or \$4.1 million due to a \$7.5 million lease purchase agreement for energy conservation upgrades and related equipment, offset by a reduction in general obligation bond debt of \$3.4 million.



Statement of Revenues, Expenses, and Changes in Net Position

A Condensed Comparative Statement of Revenues, Expenses, and Changes in Net Position is presented in Figure 2, reflecting the results of operations and other changes for the year ended June 30, 2017.

San Juan College		
Condensed Comparative Statement of Revenues, Expenses and Changes in Fund Balance		
For the years ending, June 30, 2017 and 2016		
	<u>2017</u>	<u>2016</u>
Revenues		
Operating Revenues:		
Student Tuition and Fees, net of Scholarship Allowance	\$ 7,054,445	\$ 7,271,454
Federal Grants and Contracts	2,637,298	2,521,516
State Grants and Contracts	2,168,384	2,188,684
Non Governmental Grants and Contracts	1,802,104	2,313,216
Other Operating Revenues	5,718,037	6,890,991
Total Operating Revenues	<u>19,380,268</u>	<u>21,185,861</u>
Operating Expenses:		
Education and General	50,204,296	48,840,347
Operations and Maintenance of Plant	5,438,184	5,640,641
Depreciation Expense	5,320,551	5,515,523
Student Aid	8,046,915	7,810,479
Other Operating Expense	4,470,750	5,377,867
Total Operating Expenses	<u>73,480,696</u>	<u>73,184,857</u>
Operating Profit (Loss)	<u>(54,100,428)</u>	<u>(51,998,996)</u>
Non-Operating Revenues (Expenses)		
State Appropriations	23,458,630	25,072,455
Local Appropriations	16,824,516	16,080,365
Federal Student Aid	10,857,082	10,384,595
Other Non-operating Revenues (Expenses)	(2,880,370)	(1,666,851)
Total Non-Operating Revenues (Expenses)	<u>48,259,858</u>	<u>49,870,564</u>
Income (Loss) before Other Revenue (Expenses)	<u>(5,840,570)</u>	<u>(2,128,432)</u>
Capital Appropriations	1,852,716	1,155,166
Capital Contributions	32,625	19,100
Increase (Decrease) in Net Position	<u>(3,955,229)</u>	<u>(954,166)</u>
Net Position - Beginning of Year	<u>20,702,231</u>	<u>21,244,902</u>
Net Position - Restatement	<u>(19,565,938)</u>	<u>411,495</u>
Net Position - Beginning of Year as Restated	<u>1,136,293</u>	<u>21,656,397</u>
Net Position, end of year	<u>\$ (2,818,936)</u>	<u>\$ 20,702,231</u>

Figure 2 Comparative Condensed Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations and other changes for the year ended June 30, 2017. It distinguishes between operating and non-operating

revenues and expenses. Student tuition and certain other revenues are reported net of discounts and allowances. State and local appropriations and federal student aid are reported as non-operating revenues. The net of all categories results in an increase or decrease in net position and is reconciled with the beginning net position to the ending net position amount, and shown on the Statement of Net Position described above.

The Governmental Accounting Standards Board (GASB) mandates local and state appropriations and federal student aid are regarded as non-operating revenue because it lacks an exchange of services or goods associated with the revenues. The College's Statement of Revenues, Expenses, and Changes in Net Position reports an operating loss of \$54.1 million. A more representative view of the College's fiscal effectiveness includes local and state appropriations, and federal student aid which is reflected in the amount reported as Increase or (Decrease) in Net Position. San Juan College reported a decrease in net position of 113.6% or \$23.5 million. This decrease is an effect of recognizing net pension liabilities and other post-employment benefits. See Note 9 and Note 10. The College's operating revenue decreased by 8.5% or \$1.8 million. Of the decrease \$1.2 million was the result of decreased auxiliary enterprise revenue corresponding with a decrease in auxiliary enterprise expenses of \$1.0 million.

Expenses and Revenues by Classification

In addition to the functional classification of expenses, it may be helpful to view expenses by their natural classification and the College's expenses by amount and percentage.

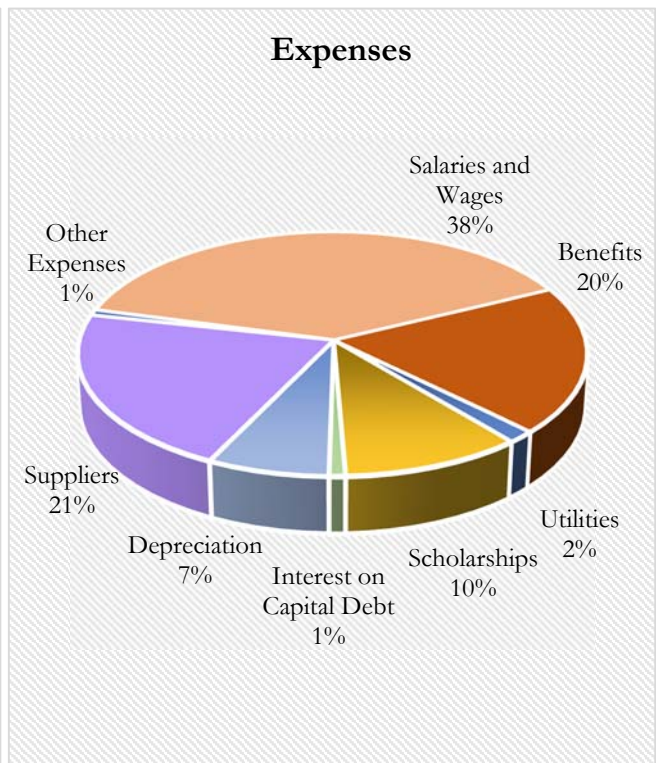
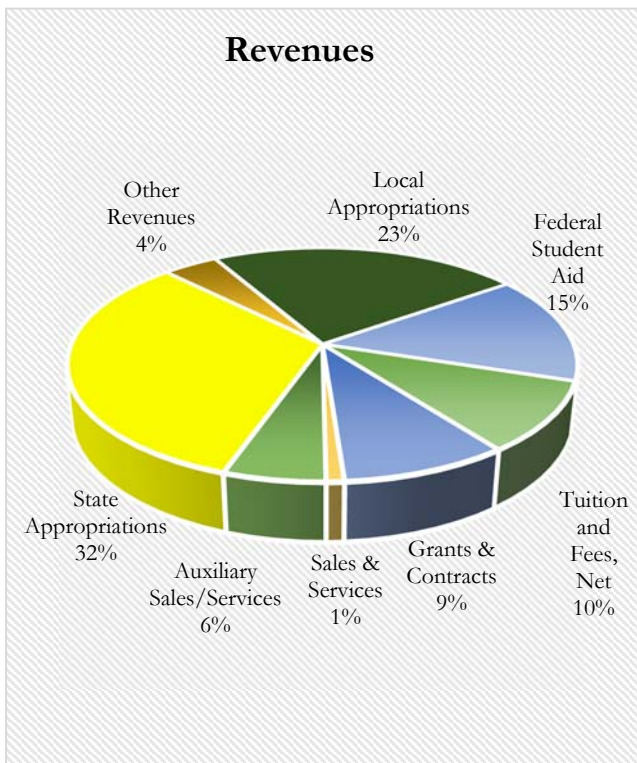
Revenues are summarized by functional classification. State and Local Appropriations are 55.6% of total revenues and decreased from \$41.2 million to \$40.2 million. Net Tuition and Fees decreased by 3.0% or \$0.2 million, the decrease as a percentage of total revenue was 0.1 % (see Figure 3). Auxiliary Sales and Services decreased by 22.6% or \$1.2 million. Auxiliary Sales/Services are business type activities and include Dining Services, the San Juan College Bookstore, and the Health and Human Performance Center (HHPC). In FY17 a new dining services contractor began operations, the revenues and operating costs associated with dining services are no longer recognized in the financial statements although the College does recognize certain expenses related to utilities, repairs and management fees. The College Bookstore maintains a profit margin of 14.7%. HHPC sustained a loss related to costs associated with offering memberships to faculty and staff as a benefit, students are not charged additional rate for membership the general fee includes the HHPC.

Expenses are summarized by amount and accompanying chart by percent. Salaries and benefits represent 58.2% of total expenses. Although salaries and wages were reduced by \$0.5 million and benefits before yearend adjustments were correspondingly reduced. Year-end expenditure adjustment consisting of pension expense and other postemployment benefits (OPEB) – retiree healthcare, resulted in an overall benefit expense increase of 41.1% or \$4.4 million. Benefits as a percent of salary and wages increased by 15.4% from 35.4% to 50.8%. See statistical section for staffing information.

Revenues		
Tuition and Fees, Net	\$	7,054,445
Grants & Contracts		6,607,786
Sales & Services		698,839
Auxiliary Sales/Services		4,000,054
State Appropriations		23,458,630
Other Revenues		2,993,913
Local Appropriations		16,824,516
Federal Student Aid		10,857,082
	\$	<u>72,495,265</u>

Expenses		
Suppliers	\$	16,199,557
Other Expenses		578,638
Salaries and Wages		29,497,607
Benefits		14,990,562
Utilities		1,223,568
Scholarships		7,929,830
Interest on Capital Debt		710,181
Depreciation		5,320,551
	\$	<u>76,450,494</u>

Figures 3 Revenue and Expenses by Functional Classification



Statement of Cash Flows

The Statement of Cash Flows provides information about the College’s sources and uses of cash during the fiscal year. It presents information about cash generated from by activity type: operating, financing, and investing. It also reconciles the beginning balance of cash and cash equivalents to the ending balance, which is shown on the Statement of Net Position, described above.

A condensed statement of cash flows is presented in Figure 3. Overall cash and cash equivalents increased by 7.8% or \$1.8 million. Net cash used by operating activities remained consistent with FY16.

San Juan College	
Condensed Statement of Cash Flows	
For the Year Ended June 30, 2017	
	2017
Cash Flows from Operating Activities	\$ (49,181,445)
Cash Flows from Noncapital Financing Activities	52,582,487
Cash Flows from Capital and Related Financing Activities	1,194,603
Cash Flows from Investing Activities	(2,817,140)
Net Increase (Decrease) in Cash and Cash Equivalents	1,778,505
Cash and Cash Equivalents - Beginning of Year	22,708,858
Cash and Cash Equivalents - End of Year	<u>\$ 24,487,363</u>

Figure 4 Condensed Statement of Cash Flows

Component Units

Pursuant to GASB Statement No. 39 and No. 61, *Determining Whether Certain Organizations are Component Units*, San Juan College Foundation and Four Corners Innovations, Inc. are discretely presented in the College’s financial statements as a component units. See Note 1 for additional information.

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.

Four Corners Innovations, Inc.

The San Juan Education Extension Program, Inc. was established March 30, 2012 through the New Mexico Public Regulation Commission. The Four Corners Innovations (FCI) Corporation is organized for charitable, scientific and educational purposes.

Economic Outlook

Principal Revenue Sources

In FY 2017, the principal revenue sources accounted for 77.2% of total revenues compared to 76.0% in FY 2016 (see statistical section).

As percentages of total revenue received by the College in FY17:

- State of New Mexico decreased by -1.5%
- San Juan County, which includes property taxes and production taxes, increased by 1.5%
- Federal government increased by 1.2%
- Tuition and fees decreased by -0.1%

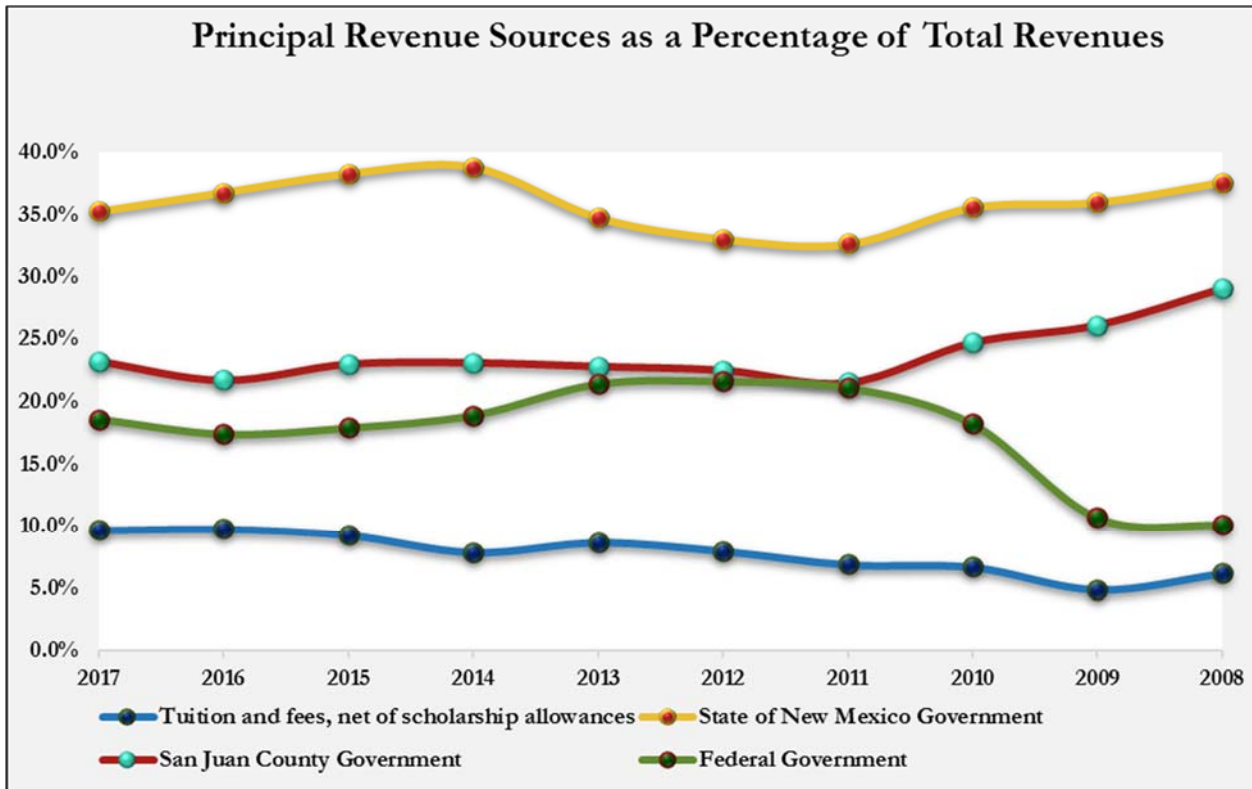


Figure 5 Principal Revenue Sources

For fiscal year 2018 (FY18), San Juan College management and the Board of Trustees submitted an original budget to the New Mexico Higher Education Department (NMHED), this budget included total expenditure decreases (from FY17 revised budget) of -24.3% or \$24.5 million. Current fund expenditures decreased -7.5% or \$6.5 million from \$86.6 million in FY17, to \$80.1 million in FY18. Decreasing revenue streams is projected to continue beyond FY18. This sustained uncertainty underscores the importance of the College's commitment to strategically reduce expenses and fit operations within the revenue constraints.

State Appropriations

The New Mexico Department of Higher Education is using an outcomes based funding formula for all N.M higher education institutions. Included in the current formula are six output measures for community colleges: 1) students to completing courses, 2) institutions increasing the number of graduates, 3) institutions increasing science, technology, engineering, health, and mathematics degrees and certificates earned, 4)

institutions graduating more at-risk students, 5) students completing 30 credit hours, and 6) Dual Credit enrollment. These output measures can affect 10% of the state appropriation.

Local Appropriations

College's local property taxes budget for unrestricted operations is expected to remain flat in FY18. The College will continue to experience a reduction in Production Taxes caused by declining natural gas prices and production.

Tuition and Fees

San Juan College's current tuition and general fee rates were approved by the Board starting the fall semester of 2015. Under the schedule, fees increase after 4 credit hours then remains static. The college is monitoring the impact this change is having on tuition and fee revenues. See statistical section for tuition rates. All applications for admission are accepted. In FY17 the College enrolled 1,111 freshmen or 37.6% of the freshmen that applied compared to FY16, enrolled 692 freshmen or 33.5% of the freshmen that applied.

Total enrollment full-time equivalent students (FTEs) remained consistent with FY16 FTE students are calculated based on 15 credit hours per semester instead of 12 credit hours per semester. Associates degree awards increased by 17.8% to 834 from 708 and certificates awarded decreased by 18.9% or 255 certificates 1095 awards compared to 1,350 awards in FY16.

Principal Employers, Unemployment Rates, and Population

The downturn in the gas and oil market has had considerable impact on the local economic as evidenced by demographic indicators. Unemployment has increased significantly peaking at 10.3%. Total County employment decreased by 11.3% or 31,284 employed from 35,265 employed. Construction and Mining experienced the two largest decreases and health care and social assistance experienced an increase. San Juan County depended in large part on oil and gas jobs has had an unemployment rate higher than the state at large. Farmington, New Mexico was named the fastest shrinking city in the nation with a population decline of 10.1% over five years. (24/7 Wall Street, March 2017; Yahoo Finance, March 2017). See the statistical section of this report.

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 the New Mexico Higher Education Department. The College is required to submit a mid-year budget adjustment request (BAR) in December and a final BAR by May 1. Budget adjustments address changes in assumptions, allow updates for known outcomes, and focus on future developments. Budgetary comparison Schedules 5, 6 and 7 on pages 81-83 demonstrate compliance with the approved budget process.

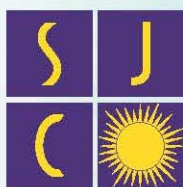
In the Other Information section see Schedule 5, Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Unrestricted and Restricted – All Operations. It indicates the College had a budgetary net position increase of \$2.8 million. See The Reconciliation of Changes in Fund Balance (Budgetary Basis) to Changes in Net Position (GAAP) Basis of (\$3,955,229). The College presents financials on GAAP basis.

Dr. Toni Pendergrass, President; Edward DesPlas, Executive Vice President; Kristie Ellis, Controller; and the most of the San Juan College team who contribute to the Comprehensive Annual Financial Report (CAFR), displaying the Certificate of Achievement for Excellence in Financial Reporting plaque for the fiscal year ended June 30, 2016.



Basic Financial Statements

Success Matters



SAN JUAN COLLEGE
Success Matters

Statement of Net Position

San Juan College Statement of Net Position June 30, 2017		
	Primary Institution	Component Units
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 15,664,607	\$ 476,700
Investments	5,650,213	22,949,012
Accounts Receivable, net	1,214,895	376,762
Due from Other Governments	2,889,446	-
Other Receivables, net	265,633	-
Inventories	1,878,392	-
Other Assets	55,805	25,589
Total Current Assets	27,618,991	23,828,063
Non-Current Assets		
Restricted Cash, Cash Equivalents, and Investments	8,822,756	248,776
Capital Assets, not being depreciated	9,398,684	1,130,945
Capital Assets, net of accumulated depreciation	69,632,438	1,411,336
Land Held for Investment	-	-
Beneficial Interest in Remainder Trusts	-	76,078
Other Non-Current Assets	-	14,420
Total Non-Current Assets	87,853,878	2,881,555
Total Assets	115,472,869	26,709,618
Deferred Outflows of Resources		
Contributions Subsequent to Measurement Date	4,375,203	-
Changes in Assumptions	1,518,477	-
Investment Experience	4,493,216	-
Difference Between Expected and Actual	323,625	-
Change in Proportion	419,883	-
Total Deferred Outflows of Resources	11,130,404	-
Total Assets and Deferred Outflows	\$ 126,603,273	\$ 26,709,618

Figure 6 Statement of Net Position

Statement of Net Position

San Juan College		
Statement of Net Position (continued)		
June 30, 2017		
	Primary Institution	Component Units
Liabilities		
Current Liabilities		
Accounts Payable	\$ 2,249,488	27,185
Due to San Juan College	-	177,509
Accrued Compensated Absences	170,896	-
Accrued Payroll Liabilities	1,499,059	-
Interest Payable	203,809	-
Unearned Revenue	3,027,813	-
Bonds and Note Payable - Current	1,429,234	-
Deposits and Funds Held for Others	159,691	-
Other Accrued Liabilities	-	1,553
Total Current Liabilities	<u>8,739,990</u>	<u>206,247</u>
Non-Current Liabilities		
Accrued Compensated Absences	1,260,764	-
Other Post-Employment Benefits	24,577,097	-
Bonds and Note Payable - Non-Current	18,959,034	-
Net Pension Liability	74,598,502	-
Possible Dreams Deposits	-	222,513
Total Non-Current liabilities	<u>119,395,397</u>	<u>222,513</u>
Total Liabilities	128,135,387	428,760
Deferred Inflows of Resources		
Actuarial Experience	776,013	-
Change of Assumptions	510,809	-
Total Deferred Inflows of Resources	<u>1,286,822</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>129,422,209</u>	<u>428,760</u>
Net Position		
Net Investment in Capital Assets	65,459,333	2,542,281
Restricted Non-Expendable		14,972,409
State Endowment	370,094	-
Restricted Expendable		1,201,063
Debt Service	2,037,133	-
Capital Projects	13,294	-
Other Restricted Funds	1,697,698	-
Unrestricted	(72,396,488)	7,565,105
Total Net Position	<u>(2,818,936)</u>	<u>26,280,858</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 126,603,273</u>	<u>\$ 26,709,618</u>

Figure 7 Statement of Net Position: continued

Statement of Revenues, Expenses, and Changes in Net Position

San Juan College and Component Units		
Statement of Revenues, Expenses and Changes in Net Position		
For Year Ended, June 30, 2017		
	Primary Institution	Component Units
Revenues		
Operating Revenues:		
Student Tuition and Fees	\$ 11,837,052	\$ -
Less: Scholarship Allowances	(4,782,607)	-
Federal Grants and Contracts	2,637,298	-
State Grants and Contracts	2,168,384	-
Non Governmental Grants and Contracts	1,802,104	-
Sales and Services	698,839	326,966
Auxiliary Enterprises	4,000,054	-
Other Operating revenues	1,019,144	1,110,647
Total Operating Revenues	<u>19,380,268</u>	<u>1,437,613</u>
Operating Expenses:		
Education and General		
Instruction	29,539,979	-
Academic Support	4,569,916	-
Student Services	7,272,141	-
Institutional Support	7,173,354	-
Operations and Maintenance of Plant	5,438,184	-
Public Service	1,648,906	-
Depreciation Expense	5,320,551	141,677
Student Aid	8,046,915	-
Student Social and Cultural Activities	43,169	-
Auxiliary Enterprises	4,287,015	-
Independent Operations	140,566	-
Other Operating Expense	-	1,853,397
Total Operating Expenses	<u>73,480,696</u>	<u>1,995,074</u>
Operating Profit (Loss)	<u>\$ (54,100,428)</u>	<u>\$ (557,461)</u>

Figure 8 Statement of Revenues, Expenses, and Changes in Net Position

Statement of Revenues, Expenses, and Changes in Net Position (continued)

San Juan College and Component Units		
Statement of Revenues, Expenses and Changes in Net Position		
For Year Ended, June 30, 2017		
Non-Operating Revenues (Expenses)		
State Appropriations	\$ 23,458,630	\$ -
Local Appropriations	16,824,516	-
Federal Student Aid	10,857,082	-
Investment Income (Loss)	32,060	466,101
Interest on Capital Asset-related Debt	(757,472)	-
Gain (Loss) on Disposal of Capital Assets	57,368	-
Other Non-operating (Expenses) Revenues	(2,212,326)	2,459,059
Total Non-Operating Revenues (Expenses)	<u>48,259,858</u>	<u>2,925,160</u>
Income (Loss) before Other Revenue (Expenses)	<u>(5,840,570)</u>	<u>2,367,699</u>
Capital Appropriations	1,852,716	-
Capital Contributions	32,625	-
Increase (Decrease) in Net Position	<u>(3,955,229)</u>	<u>2,367,699</u>
Net Position, Beginning of Year	20,702,231	23,913,159
Net Position - Restatement	(19,565,938)	-
Net Position, beginning of year as restated	<u>1,136,293</u>	-
Net Position, End of Year	<u><u>\$ (2,818,936)</u></u>	<u><u>\$ 26,280,858</u></u>

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

Statement of Cash Flows

San Juan College
Statement of Cash Flows
 For the year ended June 30, 2017

Cash flows from operating activities

Tuition and Fees	\$ 12,042,093
Grants and Contracts	9,050,208
Sales and Services	1,263,220
Auxiliary Sales and Services	4,022,274
Payments to Suppliers	(14,089,726)
Payments to Employees	(30,436,261)
Payments for Benefits	(11,429,478)
Payments for Utilities	(1,224,296)
Payments for Student Aid	(17,977,710)
Other Receipts	968,986
Other Payments	<u>(1,370,755)</u>
Net cash provided (used) by operating activities	<u>(49,181,445)</u>

Cash flows from noncapital financing activities

State Appropriations	23,458,630
Local Appropriations	14,422,109
Federal Student Aid	<u>14,701,748</u>
Academic Support	<u>52,582,487</u>

Cash flows from capital and related financing activities

Interest Payments on Bonds and Notes	(815,568)
Capital Appropriations	2,212,779
Local Debt Service Levy	2,155,205
Bond Sales	10,110,008
Energy Performance Note	7,452,566
Auxiliary Enterprises	(13,221,320)
Purchase of Capital Assets	<u>(6,699,067)</u>
Net cash provided (used) by capital and related financing activities	<u>1,194,603</u>

Cash flows from investing activities

Transfer between Cash and Investments	(2,900,213)
Investment Income	<u>83,073</u>
Net cash provided (used) by investing activities	<u>(2,817,140)</u>

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents - beginning of year	<u>22,708,858</u>
Cash and cash equivalents - end of year	<u><u>\$ 24,487,363</u></u>

Figure 10 Statement of Cash Flows

Statement of Cash Flows

San Juan College Statement of Cash Flows (continued) For the year ended June 30, 2017	
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating income (loss)	\$(54,100,428)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities	
Depreciation	5,320,551
Gain on Disposal of Assets	57,368
Contributed Capital	(32,625)
Accrual of GASB 68 Pension Expense	(3,123,764)
Prior Period Adjustment	(19,565,938)
Changes in Assets and Liabilities	
Accounts Receivable-Students	(27,233)
Due from other Governments and Other Receivables	761,073
Inventories	(388,346)
Other Assets	(16,440)
Accounts Payable	937,198
Accrued Liabilities	(181,350)
Accrued Compensated Absences	(140,132)
OPEB	20,630,943
Deposits Held in Trust	8,817
Unearned revenue	678,861
Net cash provided (used) by operating activities	<u><u>\$ (49,181,445)</u></u>

Figure 11 Statement of Cash Flows: continued

San Juan College Retiree Healthcare Trust
Statement of Fiduciary Net Position

San Juan College	
Statement of Fiduciary Net Position - Retiree Healthcare Trust	
June 30, 2017	
Assets:	
Money Market Account	\$ 607,920
Accounts Receivable-Employee	581
Mutual Fund- Fixed Income	4,498,564
Total Assets	\$ 5,107,065
Net Position:	
Net Assets Held in Trust for OPEB	5,107,065
Total Net Position:	\$ 5,107,065

Figure 12 Statement of Fiduciary Net Position

Statement of Changes in Fiduciary Net Position

San Juan College	
Statement of Changes in Fiduciary Net Position	
Retiree Healthcare Trust	
For Fiscal Year Ended June 30, 2017	
Additions:	
Payroll Withheld, Plan Participants	\$ 96,422
San Juan College Contributions	548,496
Fair Value in Investments	49,176
Total Additions	694,094
Deductions:	
Benefit Payments (net of retiree contributions)	458,719
Administrative Fees	20,845
Total Deductions	479,564
Increase in Net Position	214,530
Net Position, Beginning of year	4,892,535
Net Position, End of year	\$ 5,107,065

Figure 13 Statement of Changes of Fiduciary Net Position

Discretely Presented Component Units
Combining Statement of Net Position

San Juan College			
Discretely Presented Component Units Combining Statement of Net Position			
For Year Ended, June 30, 2017			
	Foundation	Four Corners Innovations	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 78,691	\$ 398,009	\$ 476,700
Investments	22,949,012	-	22,949,012
Accounts Receivable, net	205,000	171,762	376,762
Other Assets	-	25,589	25,589
Total Current Assets	23,232,703	595,360	23,828,063
Non-Current Assets			
Restricted Cash, Cash Equivalents, and Investmen	248,776	-	248,776
Capital Assets, not being depreciated	1,130,945	-	1,130,945
Capital Assets, net of accumulated depreciation	1,381,762	29,574	1,411,336
Land Held for Investment	14,420	-	14,420
Beneficial Interest in Remainder Trusts	76,078	-	76,078
Total Non-Current Assets	2,851,981	29,574	2,881,555
Total Assets	\$ 26,084,684	\$ 624,934	\$ 26,709,618
Liabilities			
Current Liabilities			
Accounts Payable	\$ 4,511	\$ 22,674	\$ 27,185
Due to San Juan College	177,509	-	177,509
Other Accrued Liabilities	-	1,553	1,553
Total Current Liabilities	182,020	24,227	206,247
Non-Current Liabilities			
Possible Dreams Deposits	222,513	-	222,513
Total Non-Current liabilities	222,513	-	222,513
Total Liabilities	404,533	24,227	428,760
Net Position			
Net Investment in Capital Assets	2,512,707	29,574	2,542,281
Restricted Non-Expendable	14,972,409	-	14,972,409
Restricted Expendable	1,201,063	-	1,201,063
Unrestricted	6,993,972	571,133	7,565,105
Total Net Position	25,680,151	600,707	26,280,858
Total Liabilities and Net Position	\$ 26,084,684	\$ 624,934	\$ 26,709,618

Figure 14 Combining Statement of Net Position – Discretely Presented Component Units

Discretely Presented Component Units

Combining Statement of Activities

San Juan College
Discretely Presented Component Unit Combining Statement of Activities
 For the year ended, June 30, 2017

	Foundation	Four Corners Innovations	Total
Operating Revenues			
Contributions	\$ 1,021,217	\$ -	\$ 1,021,217
Noncash Contributions			
Collectibles and Assets	71,993	-	71,993
Program Income and Fees	-	326,966	326,966
Other	15,616	1,821	17,437
Total Operating Revenues	1,108,826	328,787	1,437,613
Operating Expenses			
Scholarships	589,311	-	589,311
College Award, Programs and Relations	642,473	-	642,473
General and Administrative	211,375	114,581	325,956
Fund Raising Expenses	148,636	-	148,636
Depreciation	141,470	207	141,677
Program Operating Expenses	-	146,521	146,521
Conference Expenses	-	500	500
Total Operating Expenses	1,733,265	261,809	1,995,074
Operating Profit/(Loss)	(624,439)	66,978	(557,461)
Non-Operating Revenues (Expenses)			
Investment Income	466,101	-	466,101
Net Unrealized Gain (Loss) on Investments	392,381	-	392,381
Realized Gain on Investments	2,399,480	-	2,399,480
Change in Value of Split-Interest Agreements	1,827	-	1,827
Contributions to San Juan College	(200,743)	-	(200,743)
Investment Management Fees	(133,886)	-	(133,886)
Total Non-Operating Revenues (Expenses)	2,925,160	-	2,925,160
Change in Net Position	2,300,721	66,978	2,367,699
Total Net Position - Beginning of Year	23,379,430	533,729	23,913,159
Total Net Position - End of Year	\$ 25,680,151	\$ 600,707	\$ 26,280,858

Figure 15 Combining Statement of Activities – Discretely Presented Component Units

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 was 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.

Discreetly Presented Component Units

San Juan College’s discreetly presented component units are legally separate nonprofit corporations controlled and governed by their own Boards of Directors whose goals are to support the College. The two component units are San Juan College Foundation and Four Corners Innovations, Inc. (FCI) based on an evaluation of: (1) 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, (2) Significant transactions occur between the College and the component unit, (3) A significant financial benefit or burden relationship exists between the component unit and the College.

Governmental Accounting Standards Board (GASB) Statements No. 39, *Determining Whether Certain Organizations are Component Units, an amendment of GASB No. 14*, provide additional criteria for determining whether certain organizations are component units with discrete presentation. GASB Statements No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB No. 14*, (see New Standards Adopted); A description of the College’s discreetly 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. The mission of the Foundation is to provide private sector resources for the advancement and support of San Juan College. 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. Separate financial statements for the San Juan College Foundation can be obtained by visiting <http://sjcfoundation.org>

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. FCI’s mission is to promote the public welfare and prosperity of the people of New Mexico, foster economic development within New Mexico, and /or engage in other cooperative ventures of innovative technological significance that will advance education, science, research, conservation, or economic development within New Mexico. Four Corners Innovations, Inc. does not issue separate financial statements.

The two component units 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.

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 of 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 and uses 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 year ended June 30, 2014, the College presented 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 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.

New Standards Adopted

The year ending June 30, 2017 (FY17), the College adopted GASB Statements No. 74 *Financial Reporting for Postemployment Benefits Plans Other than Pension Plans*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The standard defines methods and assumptions required to be used to project

benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. San Juan College is currently not subject to tax abatements under GASB No. 77. GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, enhances the comparability of financial statements allowing greater comparability which improves the decision-usefulness of information reported in financial statements and enhances its value for assessing government accountability.

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. See Note 2.

Investments

The College accounts for its investments stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Any changes in the fair value of investments such as unrealized gains or losses are reported as a component of investment income in the statement of Revenues, Expenses and Changes in Net Position. The College does not investment in external investment pools, money market funds, bond mutual funds and other pooled investments of fixed income securities. See Required Supplementary Information, Schedule of Deposits.

Receivables

Accounts Receivable and other receivables are shown net of allowances for doubtful accounts in the accompanying Statement of Net Position. Allowance for Doubtful Accounts is calculated using an aging of receivables method. See Note 3.

Inventories

Inventories are generally stated at cost and include items such as Bookstore textbooks, Dining Services food and paper products, and Building Trades construction projects. Laboratory supplies, teaching materials and office supplies which are consumed in the teaching and administrative process, are expensed when purchased.

Endowment Spending Policy

During fiscal years 2008 and 2009 the College received an endowment fund appropriation from the State of New Mexico totaling \$360,000 as a match against existing endowment funds held by the College's Foundation. The endowment funds are invested in certificates of deposits. 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 \$5,357 in revenue from the endowment investments and expended \$3,167 in student scholarships. The endowment fund is a component of Restricted Cash, Cash Equivalents and Investments.

Capital Assets

Capital assets are recorded at acquisition cost, items donated including capital assets, donated works of art, artifacts and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of donation. The capitalization threshold is \$5,000 per Section 12-6-10 New Mexico Statutes Annotated (NMSA) 1978. 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, 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. Routine repairs are charged to operating expense in the year in which the expense incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the asset; generally, thirty years for buildings and infrastructure, twenty-five years for land improvements, five years for library books, and 3-15 years for equipment, furnishings, and software. The College does not depreciate land, works of art, or artifacts they 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 acquisition 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 twenty-five years for buildings, 10-25 years for improvements, and 5-7 years for equipment. See Note 4.

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The College has \$11.1 million in deferred outflows of resources. See Notes 9 and 10.

Compensated Absences

Compensated absences are for full-time employee; exempt and non-exempt, vacation not exceeding 240 hours and not used at fiscal year-end. Compensated absence 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. Accumulated sick leave lapses when employees leave the employ of the College and, upon, separation from service, no monetary obligation exists. See Note 7.

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. See Note 6.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Educational Retirement Board Plan (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 9.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This financial statement element represents acquisitions of net assets by a government that are applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources. The College has \$1.3 million in deferred inflows. See Notes 9 and 10.

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 restrictions have been imposed that limit the purposes for which such resources can be used, including \$6.8 million in unspent bond proceeds. Restricted expendable net position is resources that the College is legally or contractually obligated to spend in accordance with restrictions. 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 in 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

Elimination Entries are 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. Internal service departments are used to accumulate and allocate costs internally because the cost associated with these services predominantly benefit the College as a whole. The internal service departments are: information technology; environmental health and risk management; motor pool; copy services; employee associations; mail room; and shipping, receiving and recycling. 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. Operating expenses are those incurred in conducting the primary programs and services of the College and include salaries, employee benefits, supplies, materials, services, utilities, travel and depreciation. 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. Non-operating expenses include building repairs and maintenance.

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.

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 was granted tax exempt status under IRS Code Section 501(c)(3) on July 25, 2014 with an effective date of March 30, 2012.

Budgetary Process

Operating budgets are submitted for approval to the San Juan College Board of Trustees (Board), 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. The College maintains budgetary controls and budget transfer restrictions by program (function) and major account category. The object of these budgetary controls is to ensure compliance with the annual budget adopted by the Board. Actual expenditures may not exceed the budget on a functional level (i.e., expenditures must be within budgeted amounts by exhibit). The college maintains an encumbrance system to set aside funds for established commitments. Open encumbrances are eliminated for fiscal year-end reporting.

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, other postemployment benefits liabilities (OPEB), and net pension liability.

Long-term Debt Obligations

Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of bond premium or discounts. Bond issuance costs, excluding insurance costs, are reported as expenses in the period incurred.

Joint Powers Agreement

In 2000 the College entered into a Joint Powers Agreement with the City of Aztec, NM and Aztec Municipal School District to build and operate an educational complex located in Aztec. Together the College and the School District constructed the facilities known as San Juan College East. The College and the Aztec School District share operational costs for maintenance and utilities.

Other Postemployment Benefit (OPEB) 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 of the Governmental Accounting Standards Board (GASB) statements No. 43 and 45. The College implemented GASB 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*. See Note 10.

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, cash on hand, and investments total \$30.1 million. Total cash includes restricted cash, cash equivalents and investments of \$8.8 million, 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 holds 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, 2017. Of the College's cash, \$6.8 million is unspent bond and lease proceeds, \$4.1 million in General Obligation Bond proceeds and \$2.7 million in equipment lease purchase – energy performance agreement. Any change in the fair value of investments are reported as cash equivalents.

San Juan College Cash Reconciliation								
College	Citizens Bank of Farmington	Wells Fargo Bank	Wells Fargo Repo Account	Wells Fargo Repurchase Account	Wells Fargo Investment s	Four Corners Community Bank	BOK Financial	Total
Total per Banks	\$ 756,672	\$ 4,639,501	\$ 107,289	\$ 16,302,824	\$ 4,560,000	\$ 1,339,377	\$ 2,707,596	\$ 30,413,259
Reconciling Items:								
Deposits in Transit	-	14,679	-	-	-	-	-	14,679
Outstanding Check	-	(292,909)	-	-	-	-	-	(292,909)
Other Reconciling Items	-	(8,819)	-	-	-	-	-	(8,819)
	<u>\$ 756,672</u>	<u>\$ 4,352,452</u>	<u>\$ 107,289</u>	<u>\$ 16,302,824</u>	<u>\$ 4,560,000</u>	<u>\$ 1,339,377</u>	<u>\$ 2,707,596</u>	<u>\$ 30,126,210</u>
Cash on Hand								11,366
Cash, Cash Equivalents and Investments per Financial Statements								<u>\$ 30,137,576</u>

Figure 16 Reconciliation to Financial Statements

Collateralization of Deposits

At June 30, 2017, the recorded value of the College's cash with financial institutions was \$30.1 million. The balances per bank statements and overnight investment accounts totaled \$30.4 million. Of the bank balance, \$6.4 million was covered by federal depository insurance, \$21.6 million was covered by collateral held at the Federal Reserve in the College's name, and \$1.9 million was uninsured and uncollateralized at June 30, 2017. Investments are diversified into other financial institutions allowing FDIC insurance coverage.

San Juan College Collateralization of Deposits								
	Citizens Bank of Farmington	Wells Fargo Bank	Wells Fargo Repurchase	Wells Fargo Investments	Four Corners Community Bank	BOK Financial	Total	
Deposits, at June 30, 2017	\$ 756,672	\$ 4,746,790	\$ 16,302,824	\$ 4,560,000	\$ 1,339,377	\$ 2,707,596	\$ 30,413,259	
FDIC Insurance	500,000	250,000	-	4,560,000	1,339,377	-	6,649,377	
Uninsured amount	256,672	4,496,790	16,302,824	-	-	2,707,596	23,763,882	
Pledged Collateral Required								
102 percent on overnight	-	-	16,628,880	-	-	2,761,748	19,390,628	
50 percent on deposits	128,336	2,248,395	-	-	-	-	2,376,731	
Pledged Collateral Required	128,336	2,248,395	16,628,880	-	-	2,761,748	21,767,359	
Pledged Collateral at June 30, 2017	1,057,000	2,618,904	16,628,880	-	-	2,761,748	23,066,532	
Excess (deficiency)	928,664	370,509	-	-	-	-	1,299,173	
Uninsured amount	256,672	4,496,790	16,302,824	-	-	2,707,596	23,763,882	
Pledged Collateral	256,672	2,618,904	16,628,880	-	-	2,761,748	22,266,204	
Uninsured and Uncollateralized	\$ -	\$ 1,877,886	\$ -	\$ -	\$ -	\$ -	\$ 1,877,886	

Figure 17 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 9 located in the other information section of this report.

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 9 located in the other information section of this report. Credit ratings are not available for investments in debt securities other than debt issued by or explicitly guaranteed by the U.S. government, as well as for positions in external investment pools, money market funds, bond mutual funds and other pooled investments of fixed-incomes.

Interest Rate Risk/Market Risk

Interest rate risk (also known as market risk) is the risk that the market value of the portfolio will change as the general level of interest rates changes over time. "Fixed income securities" (i.e., securities that provide scheduled interest payments on a periodic basis and return principal invested upon maturity) comprise a significant component of the San Juan College Retiree Health portfolio and the value of these securities is directly affected by interest rate changes. Interest rate risk can be managed using either passive or active portfolio management strategies. Both are utilized in passive portfolio management with a designed fixed income portfolio. With a goal to achieve the 2.99% return or discount rate calculated per the most recent actuarial report. Interest rate risk is managed either through periodic rebalancing of the portfolio to maintain the risk profile, or by holding investments to maturity, and then reinvesting the proceeds to maintain the risk profile. . The College does not investment in external investment pools, money market funds, bond mutual funds and other pooled investments of fixed income securities. See Required Supplementary Information, Schedule of Deposits. Figure 18 shows the maturity rates for The College's healthcare trust. The entire portfolio of the Healthcare Trust is subject to interest rate risk:

San Juan College Healthcare Trust		
Investment Type	Book Value	Not Subject to Interest Rate Risk
Cash & Equivalents	\$ 607,920	\$ 607,920
Mutual Funds	4,498,564	4,498,564
Total Investments	\$ 5,106,484	\$ 5,106,484

Figure 18 Maturity Rates - Retiree Healthcare Trust

The Foundation does not have a policy to limit its exposure to interest rate risk. At June 30, 2017. Foundation's bond mutual funds are subject to interest rate risk; however, they are all unrated. Maturity rates for Foundation investments are in Figure 19.

San Juan College Foundation						
Investment Type	Market Value	Risk	<1Yr	1-5 Yrs	5+Yrs	Not Subject to Interest Rate Risk
Certificates of Deposit	\$ 111,209	\$ 111,209	\$ -	\$ -	\$ -	
Equities	20,243,725	20,243,725				
Fixed Income Securities	2,446,799	2,299,893	28,588	103,661	14,657	
Other Investments	147,279	147,279				
Total Investments	\$ 22,949,012	\$ 22,802,106	\$ 28,588	\$ 103,661	\$ 14,657	

Figure 19 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, 2017, 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 located in Farmington, New Mexico. All of the Foundation's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts. As of June 30, 2017, the Foundation's had not uninsured cash deposits.

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 fiscal year-end.

Fair Value Measurements

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs derived principally from/ or corroborated by market data, correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The College maintained a balance of \$5.6 million in its primary investments that are not subject to fair value measurement. Figure 20 sets forth, by level, the fair value hierarchy of the College's, Healthcare Trust's, and Foundation's assets at fair value at fiscal year-end.

Fair Value				
Health Care Trust	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 4,498,564	\$ -	\$ -	\$ 4,498,564
Foundation	Level 1	Level 2	Level 3	Total
CDs/Money Markets	\$ 111,209	\$ -	\$ -	\$ 111,209
Equities	18,033,685	2,210,040	-	20,243,725
Fixed Income - Gov. & Corp.	2,446,799	-	-	2,446,799
Other/Alternative Investments	147,279	-	-	147,279
Foundation Total	<u>\$20,738,972</u>	<u>\$ 2,210,040</u>	<u>\$ -</u>	<u>\$22,949,012</u>

Figure 20 Fair Value Measurement

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 Statement of Net Position. Net receivables at June 30, 2017 were \$4.4 million, significant amounts included in the net receivable balance are \$3.3 million related to tuition and fees and -\$2.1 million in allowance for doubtful accounts.

Accounts Receivable	
Accounts Receivable Tuition & Fees	\$ 3,336,756
Less: Allowance for Doubtful Accounts	(2,121,861)
Accounts Receivable, net	<u>\$ 1,214,895</u>

Figure 21 Accounts receivable

Due From Other Governments

Amounts 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, 2017, government receivables consisted of the following:

Due from Other Governments	
Billed Property Taxes	\$ 754,203
Due from Local Governments	679,111
Due from State Governments	825,752
Due from Federal Government	630,379
Total Due from Other Governments	<u>\$ 2,889,446</u>

Figure 22 Due from other governments

Other Receivables

Other Miscellaneous Receivables	
Accrued Interest Receivable	\$ 21,883
Other Receivables	243,750
Total Miscellaneous Receivables	<u>\$ 265,633</u>

Figure 23 Other miscellaneous receivables

Pledged Receivables

Receivable 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, 2017 pledged receivables consisted of the following:

San Juan College Foundation, Pledged Receivable	
Pledged Receivable, Current	\$ 205,000
Pledged Receivables, Non-Current	-
Discount on Pledged Receivables	-
Pledged Receivable, Net	<u>\$ 205,000</u>

Figure 26 Foundation pledged receivables

Beneficial Interest in Remainder Trust of the San Juan College Foundation

A charitable remainder unitrust agreement was established with the Foundation named as primary beneficiary. The trust is an irrevocable trust administered by an investment company. The assets of the trust are included in the Statement of Net Position as a beneficial interest in remainder trust in the amount of \$76,078.

San Juan College Foundation – Trust Agreements

The Foundation received \$70,400 in trust distributions from two established trusts. Distributions are recorded as income in the year received and assets of the trusts are not included in the Statement of Net Position..

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2017 is shown in Figure 24:

San Juan College				
Capital Asset Activity				
For The Year Ended June 30, 2017				
	Balance 6/30/2016	Additions	Transfers/ Retirements	Balance 6/30/2017
Capital Assets Not Being Depreciated				
Land	\$ 2,010,641	\$ -	\$ -	\$ 2,010,641
Art & Artifacts	1,618,835	83,024	-	1,701,859
Construction in Progress	801,596	5,547,767	663,179	5,686,184
Total Non Depreciable Assets	4,431,072	5,630,791	663,179	9,398,684
Depreciable Assets				
Leasehold Improvements	8,561,171	-	-	8,561,171
Infrastructure	16,131,130	-	-	16,131,130
Buildings	129,168,841	1,217,065	-	130,385,906
Equipment and Software	19,932,189	600,566	515,624	20,017,131
Library Books	1,549,510	42,230	39,912	1,551,828
Total Depreciable Capital Assets	175,342,841	1,859,861	555,536	176,647,166
Less: Accumulated Depreciation				
Leashold Improvements	5,800,837	238,466	-	6,039,303
Infrastructure	10,310,294	505,724	-	10,816,018
Buildings	67,510,424	3,751,743	-	71,262,167
Equipment and Software	17,183,305	752,861	465,681	17,470,485
Library Books	1,394,910	71,757	39,912	1,426,755
Total Accumulated Depreciation	102,199,770	5,320,551	505,593	107,014,728
Depreciable Capital Assets, net	73,143,071	(3,460,690)	49,943	69,632,438
Capital Assets, net	\$77,574,143	\$ 2,170,101	\$ 713,122	\$79,031,122

Figure 24 College Capital Asset Activity

Capital Assets increased by 1.9% or \$1.4 million. Capital assets not being depreciated increased by 112.1% or \$5.0 million due to construction in progress of two major projects. Unspent proceeds restricted for specific capital projects increased 39.3% or \$1.9 million. Capital assets net of related debt decreased -1.4% or \$1.0 million. The College is in the process of constructing additional science, math and engineering laboratory class rooms and remodeling existing laboratory class rooms. In December, 2016 the College entered into an equipment lease purchase agreement for energy performance upgrades including: new chiller plant, water loop improvements, heating, ventilation and air conditioning (HVAC), air handling unit (AHU) replacement, energy management system controls, lighting upgrades, waste management and recycling improvements.

Component Unit Capital asset activities for FY 2017 are shown in Figure 25.

San Juan College, Component Units				
Capital Asset Activity				
For The Year Ended June 30, 2017				
	Balance 6/30/2016	Additions	Transfers/ Retirements	Balance 6/30/2017
San Juan College Foundation				
Capital Assets Not Being Depreciated				
Land	\$ 1,130,945	\$ -	\$ -	\$ 1,130,945
Total Non Depreciable Assets	1,130,945	-	-	1,130,945
Depreciable Assets				
Buildings	3,786,752		-	3,786,752
Total Depreciable Capital Assets	3,786,752	-	-	3,786,752
Less: Accumulated Depreciation				
Buildings	2,263,520	141,470	-	2,404,990
Total Accumulated Depreciation	2,263,520	141,470	-	2,404,990
Capital Assets, net	\$ 2,654,177	\$ (141,470)	\$ -	\$ 2,512,707
Four Corners Innovations				
Capital Assets Not Being Depreciated				
Depreciable Assets				
Leasehold Improvements	\$ -	\$ 29,090	\$ -	\$ 29,090
Furniture and Equipment	864		-	864
Total Depreciable Capital Assets	864	29,090	-	29,954
Less: Accumulated Depreciation				
Leasehold Improvements	-	-	-	-
Furniture and Equipment	173	207	-	380
Total Accumulated Depreciation	173	207	-	380
Capital Assets, net	\$ 691	\$ 28,883	\$ -	\$ 29,574

Figure 25 Component Unit Capital Asset Activity

Note 5 – Special or Specific State Appropriations

The Office of the State Auditor requires information on special and severance bond tax appropriations or general obligation bond (GOB) appropriations. Revenue from special or specific state appropriations is recognized during the period in which the funds are expended. The College expended the following special or severance bond tax appropriations in Fiscal Year 2017.

San Juan College Special Severance or GOB Appropriations For year ended June 30, 2017							
Severance Tax or GO Bond							
Number	Bond Sale Date	Reversion Date	San Juan College Project Name	Original Appropriation	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balances
STB-15-0964	08/12/15	06/30/19	CDL Training Lot	\$ 500,000	\$ 14,604	\$ -	\$ 485,396
GOB-14-301	03/25/15	06/30/18	Stem Remodel	\$ 4,000,000	\$ 1,736,355	\$ 472,000	\$ 1,791,645

Figure 26 Special Severance or GOB Appropriations

Note 6 – Unearned Revenue

At June 30, 2017, unearned revenue consisted of the following:

Unearned Revenue	
Prepaid Tuition	\$ 1,359,040
Unearned Grant Revenues	1,667,199
Other	1,574
Total	\$ 3,027,813

Figure 27 Unearned Revenue

Note 7 – Long-Term Liabilities

Bonds and Notes

Figures 28 and 29 summarizes bonds and notes payable transactions for the year ended June 30, 2017.

Summary of Bond and Note Transactions						
Bonds Payable	Balance 6/30/2016	New Issues	Retirements	Balance 6/30/2017	Due Within One Year	
2004 Bonds	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ -	
2005 Bonds	9,850,000	-	9,850,000	-	-	
2015 Bonds	5,000,000	-	2,225,000	2,775,000	100,000	
2016 Bonds	-	9,335,000	-	9,335,000	1,100,000	
2008 Hutton Note	223,993	-	146,320	77,673	77,673	
2016 EPC Note	-	7,452,566	-	7,452,566	151,561	
Total	\$ 16,073,993	\$ 16,787,566	\$ 13,221,320	\$ 19,640,239	\$ 1,429,234	

Figure 28 Summary of Bond and Note Transactions

Bonds and Note Payable	Interest Rates	Amount
2015 Bonds; original amount \$5,000,000; maturing 8/15/2027	2 -2.125%	\$ 2,775,000
2016 Bonds; original amount \$9,335,000; maturing 8/15/2025	2-4%	9,335,000
2016 Bond Premium		748,029
2008 Hutton Note; original amount \$1,070,000; maturing 1/1/2018	6%	77,673
2016 EPC Note; original amount \$7,452,566; maturing 10/1/2021	3.11%	7,452,566
Total Bonds and Notes Payable		<u>\$ 20,388,268</u>
Current Portion		
Current Portion of Notes Payable:		229,234
Current Portion of Bonds Payable:		1,200,000
Current Bonds and Notes Payable		<u>1,429,234</u>
Long-term Bonds and Notes Payable		18,959,034
Total Bonds and Notes Payable		<u>\$ 20,388,268</u>

Figure 29 Long-Term Debt

The bonds payable, paid from taxes levied against property within the College boundaries. The notes payable are collateralized by buildings, land and equipment. A \$7.4 million equipment lease purchase agreement for energy performance upgrades Utility cost avoidance is expected to offset the cost of debt. See Note 4. Figure 30 shows the annual requirements to retire bonds and note payable.

Due in Year Ending June 30	Principal	Interest	Total Payments
2018	\$ 1,429,234	\$ 603,498	\$ 2,032,732
2019	1,622,319	542,263	2,164,582
2020	1,649,426	481,407	2,130,833
2021	1,571,731	421,393	1,993,124
2022-2027	13,367,529	2,122,784	15,490,313
Total	<u>\$ 19,640,239</u>	<u>\$ 4,171,345</u>	<u>\$ 23,811,584</u>

Figure 30 Annual requirements to retire bonds and notes

Compensated Absences

Compensated absences are accrued by the College as a liability of vacation leave and compensatory time, earned but not taken at fiscal year-end. Faculty banked hours includes embedded honor compensation for faculty who teach honor students and faculty banked hours, compensated absences are shown in Figure 34.

Compensated Absences					
Description	Balance 6/30/2016	Deductions	Additions	Balance 6/30/2017	Current Amount
Accrual	\$ 1,498,340	\$ (199,159)	\$ 47,773	\$ 1,346,954	\$ 170,896
Faculty Banked Hours	73,452	-	11,254	84,706	
Total	<u>\$ 1,571,792</u>	<u>\$ (199,159)</u>	<u>\$ 59,027</u>	<u>\$ 1,431,660</u>	<u>\$ 170,896</u>

Figure 31 Compensated absences

Note 8 – Contingencies and Commitments

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 five years. However, should a claim be filed by 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, 2017, 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.

Construction Contracts

The College's outstanding encumbrances for construction and renovation of various facilities as of June 30, 2017 was \$8.8 million. The College's planned construction commitments for future years is shown in Figure 32.

Construction Commitments					
Estimated				Estimated	
Costs	Sources of Funding	Name	Completion	Remaining	
\$ 500,000	STB15-0964	CDL Training Lot	Fall 2017	\$ 485,396	
800,000	Series 2015 Bonds	Hutton St. Remodel	Fall 2018	765,961	
1,200,000	Series 2015 Bonds	Fire Tower	Fall 2018	1,152,003	
7,000,000	State GOB14-1301 and Series 2015 GO Bonds	STEM Remodel	Fall 2018	4,610,473	
7,452,566	Equipment Lease Purchase Agreement	Energy Performance Contract	Spring 2018	1,811,899	
<u>\$ 16,952,566</u>				<u>\$ 8,825,732</u>	

Figure 32 Future Construction Commitments

In December 2016 San Juan College entered into an equipment lease purchase agreement as a funding mechanism to replace aging and obsolete plant equipment with energy efficient equipment, lighting and mechanical upgrades.

Operating Leases

The College is obligated under certain lease (rental) agreements which are accounted for as operating leases. The items being leased are primarily copiers and equipment, apartments for short term trades and technical students reimbursed by students. Obligations for lease payments required under operating leases total \$426,380.

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. The City established and operates Piñon 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.

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. NMERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates. NMERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Funding Policy

The contribution requirements of plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017 (and thereafter) employers contributed 13.90% of employees' gross annual salary to the Plan; participating employees earning more than \$20,000 annually contributed 10.70% of their gross salary. Employees earning \$20,000 or less contributed 7.90%. Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. In fiscal year 2016 the plan had 150,082 active, retired, and inactive members.

The College's contributions to ERB for the fiscal years ending June 30, 2017, 2016, and 2015, were \$3,868,463, \$4,190,420, and \$4,048,677 respectively, which equal the amount of the required contributions for each fiscal year.

Post-Employment Benefits

A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty- seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of June 30, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Pension: Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2017, the College reported an increase in proportionate share of net pension liability of 11.6% or \$7.7 million for a total \$74.6 million from \$66.9 million. The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The employer’s changes in proportionate share, deferred outflow (inflow) for changes in proportionate share, amortization of changes in proportionate share, proportionate change in deferred outflow (inflow) and changes in proportion as of and for the year ended June 30, 2016. The College’s proportion of the net pension liability was based on the projection of the College’s long-term share of contributions of the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the College’s proportion was 1.03657%

For the year ended June 30, 2017, the College recognized pension expense of \$7.0 million. At June 30, 2017, the College reported deferred outflows of resource and deferred inflows of resources related to pensions from the sources listed in Figure 36. Subsequent contributions to measurement date were \$3,868,463 and reported as deferred outflows of resources related to pensions, they will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Pension - Deferred Outflows and Inflows of Resources		
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Subsequent Contributions	\$ 3,868,463	\$ -
Changes in Proportion	419,883	-
Changes of Assumptions	1,518,477	-
Net Difference Between Projected and Actual Investment Earnings	4,493,216	-
Difference Between Expected and Actual Experience	323,625	-
Actuarial Experience	-	709,503
	<u>\$ 10,623,664</u>	<u>\$ 709,503</u>

Figure 33 Deferred Inflows and Deferred Outflows of Resources

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

Deferred Pension Amortization	
Year ended June 30,	
2018	\$ 1,315,864
2019	1,439,343
2020	2,164,189
2021	\$ 1,126,302

Figure 34 Deferred Pension Amortization

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

State of New Mexico Educational Retirement Board - Actuarial Assumptions	
Actuarial Cost Method	- Entry age normal
Inflation	- 3.00%
Salary Increases	- Composed of 3.00% inflation, plus 0.75% productivity increase
Investment Rate of	- 7.75%
Retirement Age	- Experience based table of age and service rates.
Average of Expected	
Remaining Service Lives	- 3.77 years
Amortization Method	- Level percentage of payroll
Mortality	- Healthy males: RP-2000 Combined Mortality Table with White Collar Adjustment, generational mortality improvements with Healthy females: GRS Southwest Region Teacher Mortality set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012

Figure 35 ERB-Actuarial Assumptions

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. Actuarial assumptions and methods are set by the ERB Board of Trustees, based upon recommendations made by the plan's actuary. The actuary believes the recommended assumptions and methods are internally consistent, are reasonably based on the actual experience of ERB, and comply with Actuarial Standards of Practice.

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate. Calculated using the discount rate of 7.75%, as well as what the college's proportionate share of the net pension liability would be if it were calculated using a discount rate 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	Current	1%
1% Decrease	Discount	Increase
(6.75%)	Rate (7.75%)	(8.75%)
98,800,764	74,598,502	54,513,014

Figure 36. Sensitivity Analysis - NPL

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available online in the separately issued ERB financial report. This report can be found at http://www.nmerb.org/Annual_reports.html.

Payables to the Pension Plan

The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2017, the College recorded a payable to ERB in the amount of \$290,075 for the contributions withheld in the month of June, 2017, which is included in the Other Accrued Liabilities on the Statement of Net Position.

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

Plan Description

The San Juan College Retiree Health Plan (RHP) is a single-employer defined benefit plan that includes postemployment medical, dental and vision benefits. The benefits are provided under fully-insured group policies and are administered by various vendors. The medical plans provide medical and prescription drug benefits to eligible retirees and their spouses. Dental and vision coverages are provided through separate, stand-alone plans. The College Board of Trustees has the authority to establish and amend benefit provisions of the medical, dental and vision plans and set and amend the investment policy. These benefits are considered Other Postemployment Benefits (OPEB) under Statement No. 74 of the Governmental Accounting Standards Board (GASB). During the fiscal year ending June 30, 2017 the College had an OPEB report prepared *Actuarial Valuation of Other Postemployment Benefits (as of July 1, 2016)*. The purpose of the report, was to measure the liabilities and expense figures for the retiree medical benefits, in compliance with GASB Statement 74, and provide a funding valuation with actuarially determined contributions. GASB Statement No. 74 replaces No. 45. Statement No. 74 applies to OPEB plans and is effective for plan fiscal years beginning after June 15, 2016. 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. Additional information regarding the Healthcare Trust is available in the required supplementary information and the notes to the required supplementary information.

Investments

The College has chosen a conservative investment strategy. Investments are comprised of bond mutual funds. These fixed income securities provide scheduled interest payments on a periodic basis and return principal invested upon maturity. This fixed income portfolio is evaluated against the Barclays Intermediate Corporate/Government Credit Index, with the goal to achieve a 2.99% return or discount rate. It is managed either through periodic rebalancing of the portfolio to maintain the risk profile, or by holding investments to maturity, and then reinvesting the proceeds to maintain the risk profile. The bond mutual funds identified below are owned by San Juan College Retiree Healthcare Trust. Each bond mutual fund is comprised of hundreds of bonds with different maturity dates, no single bond exceeds 5 percent of the OPEB plan's fiduciary net position.

San Juan College - Trust Investments						
Weight	Federal		Market		Ticker Symbol	Effective Duration *
	Shares / Par	Tax Cost Amt	Value	Asset		
11.00%	52,466	\$574,933	\$ 566,103	AMER CENT DIVERSIFI BOND CLASS I	ACBPX	6.0
11.00%	52,276	568,378	567,719	BAIRD AGGREGATE BOND FUND	BAGIX	6.0
11.00%	57,145	580,259	582,304	COLUMBIA INCOME FD CL Z	SRINX	6.8
11.00%	53,097	580,683	567,080	DOUBLELINE TOTAL RET BD I	DBLTX	3.8
5.00%	26,816	249,151	244,562	EATON VANCE GLOBAL MACRO FD CL I	EIGMX	n/a
8.00%	39,725	381,369	400,427	FEDERATED INST HI YLD BD FD	FIHBX	3.5
11.00%	601,351	601,351	601,351	FIRST AMERICAN GOVERNMENT	FGZXX	money mkt
5.00%	24,441	244,258	241,234	NUVEEN SHORT TERM BOND FUND CL I	FLTIX	1.5
14.00%	81,132	716,512	703,419	NUVEEN INTERMEDIATE GOVT BD FD CL I	FYGYX	3.7
5.00%	21,186	237,955	236,010	NUVEEN INFLATION PRO SEC CL I	FYIPX	7.4
3.00%	17,609	139,737	147,738	TCW EMERGING MARKETS INCOME FUND	TGEIX	6.7
5.00%	24,124	\$243,706	241,968	VIRTUS SEIX US GOV SECURITIES ULTRA	SIGVX	n/a
0.00%			7,150	ACCRUED INCOME		
100.00%			<u>\$ 5,107,065</u>			* per Morningstar

Figure 37 Trust Investments

Employee/Retiree Census

The plan is closed to new entrants, any employee hired on or after July 1, 2017 will not be eligible to participate. The Employee Retiree Census is as of the Actuarial Valuation date, July 1, 2016. All retirees of the plan are currently receiving benefits and there are no eligible inactive plan members entitled to but not yet receiving benefits payments.

San Juan College - Health Care Trust		
Employee / Retiree Census		
Valuation Date July 1, 2016		
Employee/Retirees	Employees / Retirees	Avg. Age as of Valuation Date
Active Employees	235	53
Retirees Under Age 65	31	60.4
Retirees Age 65 & Over	92	72
Total	<u>358</u>	

Figure 38 Employee Retiree Census

Monthly Retiree Contributions

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. See Notes to Required Supplementary Information.

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.

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. 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 40 shows the components of the College’s annual OPEB cost under a funded scenario.

San Juan College	
Schedule of Employer Contributions	
Fiscal Year ended, June 30, 2017	
Actuarially Determined Contribution	\$ 2,198,485
Contributions - San Juan College	548,496
Contribution Deficiency (Excess)	\$ 1,649,989
Covered Employee Payroll	\$11,969,825
Contributions as a Percent of Covered Employee Payroll	4.58%

Figure 40 Schedule of Employer Contributions

San Juan College	
Schedule of Changes in Net OPEB Liability and Related Ratios	
June 30, 2017	
Total OPEB Liability	
Service Cost	\$ 1,096,626
Interest Cost	854,705
Change in Benefit Terms	-
Difference between Expected and Actual Experience	(82,973)
Changes in Assumptions or Inputs	(637,247)
Benefit Payments	(458,719)
Total Change	772,392
Total at Beginning of Year	<u>28,911,770</u>
Subtotal Liability	<u>29,684,162</u>
Plan Fiduciary Net Position	
Contributions - Employer	548,496
Contributions - Employee	96,422
Net Investment Income	90,529
Benefit Payments	(458,719)
Administration Expense	(20,845)
Total Change	255,883
Plan Fiduciary Net Position Beginning of Year	<u>4,851,182</u>
Plan Fiduciary Net Position End of Year	<u>5,107,065</u>
Net OPEB Liability	<u><u>\$ 24,577,097</u></u>
Plan Fiduciary Net Position as a Percent of Total Liability	17.20%
Covered-Employee Payroll	\$ 11,969,825
Net OPEB Liability as a Percent of Covered Payroll	205.33%

Figure 41 Schedule of Changes in the Net OPEB Liability and Related Ratios

San Juan College		
Statement of Changes in Net OPEB Obligation - Retiree Healthcare Trust		
Net OPEB Obligation Beginning of Fiscal Year		\$ 3,946,154
Net OPEB Obligation - Restatement		19,565,938
Restated Net OPEB Obligation		23,512,092
Deferred Outflow - Subsequent Contributions		548,496
Beginning Net OPEB Liability		24,060,588
San Juan College Contributions	\$ 548,496	
Experience	66,510	
Assumption Changes	510,809	
Total Reductions to Liability		(1,125,815)
Investment Return	40,450	
Pension expense	1,601,874	
Total Additions to Liability		1,642,324
Net OPEB obligation end of fiscal year		<u>\$24,577,097</u>

Figure 39 Statement of Changes in Net OPEB Obligation

Funded Status and Funding Progress

The College's actuarial accrued liability (AAL) was \$14,501,969. The present value of future active employee contributions was \$515,425 and the actuarial value of the assets was \$3,949,985 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,036,559. The Schedule of Funding Progress, located in the Required Supplementary Information as Schedule 3, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability over time. UAAL expressed as a percentage of covered payroll can be used to determine to measure the significance of the unfunded actuarial liability relative to the capacity to pay the liability. See Schedules 3 and 4 in the Required Supplementary Information. Figure 43 indicates Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB – Retiree Healthcare Trust:

OPEB - Deferred Outflows and Inflows of Resources		
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Subsequent Contributions	\$ 506,740	
Difference Between Expected and Actual Experience		66,510
Changes of Assumptions		510,809
	<u>\$ 506,740</u>	<u>\$ 577,319</u>

Figure 43 OPEB Deferred Outflows and Inflows of Resources

Actuarial Methods and Assumptions

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.

The requirements for the specific methods and assumptions that are used to calculate an actuarially determined contribution (ADC). Therefore, the method used to calculate the ADC for fiscal year 2017 is the same method used in prior years under Statement 45 to calculate the Annual Required Contribution (ARC). That method calculates the ADC as the amount that would fund the normal cost for the current year, and amortize the unfunded actuarial accrued liability over an open amortization period of 30 years. For this purpose, the unfunded actuarial liability is reduced by the present value of expected future employee contributions. The funding method used to calculate the actuarial accrued liability is the projected unit credit method. The discount rate used in this calculation of the ADC is based on the projected cash flows for the Postretirement Medical Plan, and the discount rates published in the Citigroup Pension Discount Curve and Liability Index as of June 30, 2016. Each year's cash flow was discounted at the published rate for that year. This present value was used to solve for the single rate which produced the same present value. The resulting single rate is 3.57%, and was used in the calculation of the ADC for fiscal year 2017.

Effective July 1, 2010 employees wishing to be eligible for participation in the College's retiree healthcare program upon their retirement must "opt in" to this benefit and agree to have a percentage of their payroll withheld each pay period. The percentage is currently 0.75%. All active employees who have "opted in" to this benefit as of the date of this valuation are included in the calculations in this report. There were 35 employees who "opted in," but who are not currently enrolled in a medical, dental, and/or vision plan. For purposes of the valuation, we assumed they have medical, dental and vision coverage. In addition, all retired employees who are participants in the fully-insured medical, dental and/or vision benefit plans as of the date this valuation was performed are included in the calculations in this report.

In addition to service credit earned while employed by San Juan College, employees are given service credit for employment with other administrative units in New Mexico, (e.g., public schools, universities, junior colleges). San Juan College did not provide records of employment outside the college. To adjust for this, we assumed all employees have an average of two years of service credit prior to their date of employment with San Juan College.

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, 2016, the reporting date is the fiscal year end for the College, June 30, 2017. The measurement date is the date as of which the net OPEB liability is measured, June 30, 2017. 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.

Projected benefit payments are required to be discounted to their actuarial present value using the single rate that reflects (1) a long-term expected rate of return on OPEB plan investments to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate to the extent that the conditions for use of the long-term expected rate of return are not met. Using the assumptions below as June 30, 2016, the fund is expected to be depleted in 2060. Using assumptions as of June 30, 2017, the fund is expected to be depleted in 2059.

Medical Cost Trend Assumptions	
Rate of Inflation	2.20%
Rate of Growth in Real Income/GDP per Capita	1.60%
Extra Trend due to Technology and Other Factors	1.40%
Expected Health Share of GDP in 2021	19.00%
Health Share of GDP Resistance Point	25.00%
Years for Limiting Cost Growth to GDP Growth	2075

The actuarial assumptions used for the valuation of the College's post-employment benefit plans are indicated in Figures 40 and 41

Actuarial Assumptions							
1	Valuation Date	7/1/2016					
2	Investment Return (Discount Rate)	2.99%					
3	Amortization Method	Level Dollar Amount, Open					
	Amortization Period for Actuarial	30 years					
	Amortization Factor	16.949					
4	Mortality Table	RPH-2014 with Mortality Improvement Scale MP-2016 to 2030					
5	Percentage of Employees with Covered Spouses Electing Retiree Coverage	90%					
6	Percentage of Employees without Covered Spouses Electing Retiree Coverage	70%					
7	Percentage of Current Spouses Electing Coverage	100%					
8	Termination Rates	Yrs Service	Male Rate	Female Rate			
	Sample Rates per 100 Members (Ultimate) are:	0	43.4%	31.4%			
		5	10.0%	9.8%			
		10	5.2%	5.0%			
	Termination rates are those used by the Educational Retirement Board of New Mexico	15	3.1%	3.3%			
		19+	0.0%	0.0%			
9	Sample Rates per 100 Members are:	Age	5-9	10-14	15-19	20-24	25+
		45	0.0%	0.0%	0.0%	0.0%	15.0%
		50	0.0%	0.0%	0.0%	0.0%	18.0%
		55	0.0%	0.0%	0.0%	5.0%	20.0%
		60	0.0%	0.0%	15.0%	20.0%	25.0%
		65	40.0%	35.0%	30.0%	30.0%	30.0%
		70	100.0%	100.0%	100.0%	100.0%	100.0%
	Retirement rates are those used by the Educational Retirement Board of New Mexico	Age	5-9	10-14	15-19	20-24	25+
		45	0.0%	0.0%	0.0%	0.0%	15.0%
		50	0.0%	0.0%	0.0%	0.0%	18.0%
		55	0.0%	0.0%	0.0%	6.0%	23.0%
		60	0.0%	0.0%	20.0%	15.0%	25.0%
		65	35.0%	40.0%	40.0%	40.0%	40.0%
		70	100.0%	100.0%	100.0%	100.0%	100.0%

Figure 40 Actuarial Assumptions

Actuarial Assumptions (continued)							
10	Annual Healthcare Cost Trend Rates	Fiscal Year	Medical		Dental	Vision	
		Ending	Under 65	Age 65+			
			2017	7.0%	6.5%	3.5%	3.0%
			2018	6.7%	6.2%	3.2%	3.0%
			2019	6.4%	5.9%	3.0%	3.0%
			2020	6.1%	5.7%	3.0%	3.0%
			2021	5.8%	5.5%	3.0%	3.0%
			2022	5.7%	5.5%	3.0%	3.0%
			2023	5.6%	5.4%	3.0%	3.0%
			2024-2025	5.5%	5.4%	3.0%	3.0%
			2026	5.4%	5.3%	3.0%	3.0%
			2027-2041	5.3%	5.3%	3.0%	3.0%
			2042	5.1%	5.2%	3.0%	3.0%
			2043	5.1%	5.1%	3.0%	3.0%
			2044-2045	5.0%	5.0%	3.0%	3.0%
			2046-2048	4.9%	4.9%	3.0%	3.0%
			2049	4.8%	4.9%	3.0%	3.0%
			2050-2053	4.8%	4.8%	3.0%	3.0%
			2054-2058	4.7%	4.7%	3.0%	3.0%
			2059	4.6%	4.7%	3.0%	3.0%
	2060-2065	4.6%	4.6%	3.0%	3.0%		
	2066	4.5%	4.5%	3.0%	3.0%		
	2067	4.4%	4.4%	3.0%	3.0%		
	2068	4.3%	4.3%	3.0%	3.0%		
	2069	4.2%	4.3%	3.0%	3.0%		
	2070	4.2%	4.2%	3.0%	3.0%		
	2071	4.1%	4.1%	3.0%	3.0%		
	2072-2073	4.0%	4.0%	3.0%	3.0%		
	2074	3.9%	3.9%	3.0%	3.0%		
	2075+	3.8%	3.8%	3.0%	3.0%		
		Long-Run Medical Cost Trend Model					
		Rate of Inflation			2.20%		
		Rate of Growth in Real Income/GDP per capita			1.60%		
		Extra Trend due to Technology and other factors			1.40%		
		Expected Health Share of GDP in 2021			19.00%		
		Health Share of GDP Resistance Point			25.00%		
		Year for Limiting Cost Growth to GDP Growth			2075		
11	Plan Cost Rates		Retiree		Spouse		
		Medical					
		Under age 65	\$	655.44	\$	820.52	
		Age 65+		344.32		344.32	
		Dental	\$	35.15	\$	34.17	
		Vision		6.89		7.08	
			In accordance with GASB 74 and 75 Requirements, the cost of the retiree healthcare coverage is based on the age/gender adjusted premiums. Shown below are sample monthly rates for a male retiree at selected ages.				
			Monthly Assumed Claims for 2017 Medical				
			Employee			Spouse	
			Age	Male	Female	Male	Female
	50	\$ 463.29	\$ 572.30	\$ 582.57	\$ 719.64		
	60	786.42	774.74	988.89	974.21		
	62	868.18	837.04	1,091.70	1,052.53		
	67	327.31	304.75	327.31	304.75		
	74	380.56	346.33	380.56	346.33		
	78	403.33	364.94	403.33	364.94		
	83	418.06	376.87	418.06	376.87		
	88	420.77	378.31	420.77	378.31		
	94+	410.12	370.79	410.12	370.79		

Figure 41 Actuarial Assumptions Continued

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 42 were used as input variables into the SOA Long-Run Medical Cost Trend Model:

Long-Run Medical Cost Trend Model	
Rate of Inflation	2.20%
Rate of Growth in Real Income/GDP per capita	1.60%
Extra Trend due to Technology and other factors	1.40%
Expected Health Share of GDP in 2021	19.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2075

Figure 42 Long-Run Medical Cost Trend Model

Sensitivity Analysis

The following table presents the total OPEB liability of the College, as well as what the College’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

OPEB Liability Sensitivity Analysis - to Change in Discount Rate		
1% Decrease Discount Rate	1% Increase	
(1.99%)	(2.99%)	(3.99%)
\$ 35,742,807	\$ 29,684,162	\$ 24,972,576

Figure 43 Sensitivity Analysis to Changes in Discount Rate

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

OPEB Liability Sensitivity Analysis - to Changes in Healthcare Cost Trend Rates		
Healthcare Cost Trend Rates		
1% Decrease	1% Increase	
\$ 24,658,453	\$ 29,864,162	\$ 36,228,219

Figure 44 Sensitivity Analysis to Changes in Healthcare Cost Trend Rates

Note 11 – Component Units (Financially Related Organization)

San Juan College Foundation and Four Corners Innovations, Inc.

Refer to Note 1 for additional information on the discretely presented component units. The San Juan College Foundation had total contributions of 1.0 million and provided 1.2 million in scholarships, College awards, programs and relations. During the year ended June 30, 2017, the financial statements included contributed services and corresponding general and administrative services expense of \$0.3 million paid by the College and reimbursed by the Foundation.

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 College's Component Units 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

Promises to give and contributions 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.

Note 12 – Net Position Restatement

The College restated the FY17 net position by a reduction of \$19.6 million as a prior-period adjustment related resulting in a beginning net position of \$1.1 million from \$20.7 million. The restatement was due to implementation of GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans and Statement*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The statements establish new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The OPEB liability is now measured as the total liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability generally is required to be determined through an actuarial valuation and is required as part of the financial statements.

Note 13 – Subsequent Events

On Aug 1, 2017, New Mexico State sold General Obligation Bonds (GOB17) for capital appropriations. San Juan College was issued a grant agreement on Sept. 1, 2017. The capital appropriations will be used to plan, design, construct and improve infrastructure campus-wide, including restroom renovations. San Juan College is developing a request for proposal for design and planning services for architectural services.

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 23, 2017 which is the date on which the financial statements were issued.

Note 14 – Subsequent Accounting Pronouncements

The GASB has issued the following statements:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2018.
- Statement No. 81, *Irrevocable Split-Interest Agreements*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2017.
- Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.
- GASB Statement No. 84 *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.
- GASB Statement No. 85 *Omnibus 2017* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).
- GASB Statement No. 86 *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.
- GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Earlier application of these statements is encouraged. For the original pronouncements, please visit the GASB's website, www.gasb.org.

Required Supplementary Information

Success Matters



SAN JUAN COLLEGE
Success Matters

Schedule of San Juan College's Proportionate share of the Net Pension Liability – ERB

San Juan College Proportionate Share of the Net Pension Liability						
June 30, 2017						
Year Ended	College's Proportion of the Net Pension Liability (NPL)	Proportion Share of the NPL	College's Covered-Employee Payroll	College's NPL as a % of Covered-Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability	
June 30,						
2015	1.02159%	\$ 58,672,592	\$ 28,765,915	204.0%	66.54%	
2016	1.03230%	66,864,820	31,476,281	212.4%	63.97%	
2017	1.03657%	\$ 74,598,502	\$ 31,476,281	237.0%	61.58%	

Schedule 1 Schedule of Proportionate Share of Net Pension Liability

Schedule of San Juan College's Contributions – ERB

San Juan College Schedule of San Juan College Contributions - ERB						
June 30, 2017						
Year Ended	Contractually Required Contributions	Contractually Required Contribution	Contribution Deficiency / (Excess)	College's Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll	
June 30,						
2015	\$ 4,048,677	\$ 4,048,677	\$ -	\$ 29,127,173	13.90%	
2016	4,190,420	4,190,420	-	30,143,906	13.90%	
2017	\$ 4,375,203	\$ 4,375,203	\$ -	\$ 31,476,281	13.90%	

Schedule 2 Schedule of Contribution

Schedule of Changes in OPEB Liability

San Juan College Schedule of Changes in OPEB Liability June 30, 2017								
Actuarial Valuation for the Year Ended June 30,	Total OPEB Liability Beginning of Year	Service Cost	Interest Cost	Difference Between Expected and Actual Experience	Changes in Assumptions or Inputs	Benefit Payments	Total Change	Total OPEB Liability End of Year
2016	\$28,911,770	\$ 1,096,626	\$ 854,705	\$ (82,973)	\$ (637,247)	\$ (458,719)	\$ 772,392	\$29,684,162

Schedule 3 Schedule of Changes in OPEB Liability

Schedule of Employer Contributions – OPEB

San Juan College Schedule of Changes in OPEB Liability and Related Ratios June 30, 2017						
Actuarial Valuation for the Year Ended June 30,	Total OPEB Liability End of Year	Plan Fiduciary Net Position End of Year	Net OPEB Liability End of Year	Fiduciary Net Position as a % of Total OPEB Liability	Covered Employee Payroll	Net OPEB Liability as a % Covered Employee Payroll
2016	\$29,684,162	\$ 5,107,065	\$24,577,097	17.20%	\$11,969,825	205%

Schedule 4 Schedule of Employer Contributions

Notes to Required Supplementary Information

Changes of Benefit Terms—ERB

The COLA and retirement eligibility benefits changes in recent years are described in the *Benefits Provided* subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, *General Information on the Pension Plan*.

Changes of Assumptions—ERB

The NMERB Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - Lower wage inflation from 4.25% to 3.75%
 - Update demographic assumptions to use currently published tables, which may result in minor calculation changes
 - Update the mortality tables to incorporate generational improvements
 - Remove population growth assumption for projections
2. Assumptions that were not changed:
 - Maintain current payroll growth assumption of 3.50%
 - Maintain experience-based rates for members who joined NMERB by June 30, 2010
 - Retain 7.75% nominal return assumption
 - Retain net 4.75% real return assumption
 - Maintain in current 3.00% inflation assumption
 - No change to COLA assumption of 2.00% per year

See also the *Actuarial Assumptions* subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, *General Information on the Pension Plan*

Actuarial Methods and Assumptions under GASB 74

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of 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.

Valuation Method

GASB 74 requires the use of the Entry Age Normal (EAN) actuarial cost method. Under the EAN method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and the assumed exit ages. The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of the actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability.

Valuation of Assets

Plan assets are held in a Retiree Health Trust Fund and are reported at market value. For purposes of calculating the OPEB expense under GASB 74, investment returns that are better/worse than expected are amortized over five years beginning in the current period. Actual returns on the market value are compared to the expected return on the market value in calculating the asset gains/losses to be amortized.

Eligible Plan Participants

Effective July 1, 2010 employees wishing to be eligible for participation in the College's retiree healthcare program upon their retirement must "opt in" to this benefit and agree to have a percentage of their payroll withheld each pay period. The percentage is currently 0.75%. All active employees who have "opted in" to this benefit as of the date of this valuation are included in the calculations in this report. There were 35 employees who "opted in," but who are not currently enrolled in a medical, dental, and/or vision plan. For purposes of the valuation, we assumed they have medical, dental and vision coverage. In addition, all retired employees who are participants in the fully-insured medical, dental and/or vision benefit plans as of the date this valuation was performed are included in the calculations in this report. In addition to service credit earned while employed by San Juan College, employees are given service credit for employment with other administrative units in New Mexico, (e.g., public schools, universities, junior colleges). San Juan College did not provide records of employment outside the college. To adjust for this, we assumed all employees have an average of two years of service credit prior to their date of employment with San Juan College.

Changes of Assumptions and Experience—OPEB

Eligibility Requirements

Since San Juan College participates in the New Mexico Educational Retirement Board (NMERB), and the eligibility requirements for retirement are the same for ERB (see Note 9) and OPEB, the recommended assumptions in the Actuarial Experience Study for termination rates, retirement rates and salary scale were adopted for use in the benefit plan valuation.

Eligibility requirements are as follows:

Tier 1: Membership Prior to July 1, 2010

- 25 and Out – Earned and allowed service credits equal 25 or more years.
There is no minimum age requirement;
- Rule of 75 – Age plus earned service credits equals 75 or more; or
- 65 and 5 – Age 65 and at least 5 years of earned service credit.

Tier 2: Membership on or after July 1, 2010

- 30 and Out – Earned service credits equal 30 or more years.
There is no minimum age requirement;
- Rule of 80 – Age plus earned service credits equals 80 or more; or
- 67 and 5 – Age 67 and at least 5 years of earned service credit.

Fully-Insured Plans Offered to Retirees

Effective January 1, 2016, the College changed medical providers. Medicare retirees were no longer allowed to remain in the PPO or HMO. Effective January 1, 2017, the current plan became the only plan offered to Actives and Retirees under age 65. No changes have been made to the Dental Plan which is fully-insured. The Vision Plan is fully-insured and had minor changes to some of the copays.

Since San Juan College participates in the Educational Retirement Board of New Mexico, and the eligibility requirements for retirement are the same, the recommended assumptions in the Actuarial Valuation of

Other Postemployment Benefits as of July 1, 2016 (latest experience study report) for termination rates, retirement rates and salary scale were adopted for use in the benefit plan valuation.

Termination Rates

The termination rates have been updated to reflect a service based schedule of termination rates based on the experience study performed for the Educational Retirement Board of New Mexico as of June 30, 2016.

Retirement Rates

The retirement rates have been updated to reflect an age and service based schedule of retirements rates based on the experience study performed for the Educational Retirement Board of New Mexico as of June 30, 2016. The tables provide separate retirement rates for those participants whose Membership began on or after July 1, 2010.

Mortality Table

The mortality projection assumption has been updated to MP-2016 a table of rates provided by the Society of Actuaries that reflects recent updates in mortality experience. In addition, the new base table rates is the RPH-2014 mortality table projected back to 2006 using Scale MP-2014 and then projected to 2016 using Scale MP-2016.

Trend Rates

This valuation uses two medical trend rate tables: one applicable to retirees under age 65, and one applicable to retirees age 65 and over. The trend rates for fiscal years 2022 and beyond have been updated based on recent revisions to the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model

Discount Rate

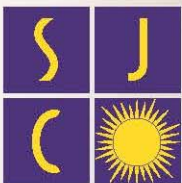
GASB Statements No. 74 and 75 require the projected benefit payments to be discounted to their actuarial present value using the single rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt, high-quality municipal bond rate (to the extent that the conditions for use of the long-term expected rate of return are not met). The single discount rate used for valuation was 2.86%.

Actuarial Cost Method

GASB 74 require the use of the Entry Age Normal (EAN) actuarial cost method. Under the EAN method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and the assumed exit ages. The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of the actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability.

Other Information

Success Matters



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Congratulations 2017 Graduates!

Success Matters



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Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Unrestricted and Restricted – All Operations

San Juan College				
Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual				
Budget Comparison - Unrestricted and Restricted - All Operations				
Year Ended June 30, 2017				
	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance favorable (unfavorable)
Beginning Fund Balance	\$ 21,745,691	\$ 25,932,574	\$ 25,932,574	-
Unrestricted and Restricted Revenues:				
State General Fund Appropriations	24,613,200	23,430,000	23,430,000	-
Federal Revenue Sources	16,316,520	19,962,976	17,149,256	(2,813,720)
Tuition and Fees	11,873,638	11,615,595	11,837,052	221,457
Land and Permanent Fund				
Endowments and Private Gifts				
Other	<u>32,380,189</u>	<u>46,969,327</u>	<u>53,407,003</u>	<u>6,437,676</u>
Total Unrestricted and Restricted Revenues	<u>85,183,547</u>	<u>101,977,898</u>	<u>105,823,311</u>	<u>3,845,413</u>
Unrestricted and Restricted Expenditures:				
Instruction	27,999,851	30,504,722	27,711,423	2,793,299
Academic Support	4,587,620	4,703,420	4,289,004	414,416
Student Services	6,208,943	7,722,135	6,804,542	917,593
Institutional Support	7,181,833	7,007,547	6,590,912	416,635
Operation and Maintenance of Plant	5,532,483	5,369,422	5,180,459	188,963
Student Social and Cultural Activities	28,294	126,242	43,249	82,993
Research	-	-	-	-
Public Service	1,579,504	1,841,964	1,540,366	301,598
Internal Services	5,504,142	5,544,222	5,386,753	157,469
Student Aid, Grants and Stipends	18,376,409	19,241,628	17,971,145	1,270,483
Auxiliary Services	5,485,233	4,475,036	4,404,405	70,631
Intercollegiate Athletics	-	-	-	-
Independent Operations	127,180	127,098	140,566	(13,468)
Capital Outlay	4,149,381	9,611,114	2,617,317	6,993,797
Renewal and Replacement	607,059	8,704,403	6,338,376	2,366,027
Retirement of Indebtedness	<u>3,863,663</u>	<u>4,019,644</u>	<u>13,958,160</u>	<u>(9,938,516)</u>
Total Unrestricted and Restricted Expenditures	<u>91,231,595</u>	<u>108,998,597</u>	<u>102,976,679</u>	<u>6,021,918</u>
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	<u>(6,048,048)</u>	<u>(7,020,699)</u>	<u>2,846,632</u>	<u>9,867,331</u>
Ending Budgetary Fund Balance	<u>\$ 15,697,643</u>	<u>\$ 18,911,875</u>	<u>\$ 28,779,206</u>	<u>\$ 9,867,331</u>
Reconciliation of Change in Fund Balance (Budgetary Basis) to Change in Net Assets (GAAP Basis)				
Change in Fund Balance (Budgetary Basis)			2,846,632	
Adjustments to reconcile budgetary basis to GAAP basis:				
Depreciation Expense			(5,320,551)	
Increase in Other Assets			404,787	
Increase in Plant-Capital Assets			6,239,312	
Increase in Deferred Outflows of Resources			7,980,937	
Increase in Bonds, Leases and Notes Payable			(4,065,883)	
Increase in Other Post Employment Benefits (OPEB) Liability			(516,509)	
Decrease in Compensated Absences			140,132	
Increase in Deferred Inflows of Resources			(3,544,881)	
Increase in Net Pension Liability			(7,733,685)	
Net Increase in Other Liability Accounts			(355,521)	
Change in Net Assets (GAAP Basis)			<u>(3,925,229)</u>	

Schedule 5 Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Unrestricted and Restricted – All Operations

Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Unrestricted – Instruction and General

San Juan College				
Schedule of Revenues, Expenditures and Changes in Net Position - Budget and Actual				
Budget Comparison - Unrestricted - Instruction and General				
For Year Ended June 30, 2017				
	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget favorable (unfavorable)
Beginning Fund Balance	\$ 12,125,911	\$ 13,497,587	\$ 13,497,587	\$ -
Unrestricted Revenues:				
Tuition and Fees	11,873,638	11,615,595	11,837,052	221,457
Federal Government Appropriations	-	-	-	-
State Government Appropriations	24,613,200	23,390,000	23,390,000	-
Local Government Appropriations	13,827,396	14,461,963	14,640,110	178,147
Federal Government Grants and Contracts	-	-	-	-
State Government Grants and Contracts	240,000	266,603	245,792	(20,811)
Local Government Grants and Contracts	-	-	-	-
Private Gifts, Grants, and Contracts	-	-	-	-
Endowment, Land, and Permanent Fund Income	-	-	-	-
Sales and Services	341,988	464,962	561,823	96,861
Other Sources	847,461	856,940	941,794	84,854
Total Unrestricted Revenues	<u>51,743,683</u>	<u>51,056,063</u>	<u>51,616,572</u>	<u>560,509</u>
Unrestricted Expenditures:				
Instruction	27,585,168	26,746,513	25,761,805	984,708
Academic Support	4,536,120	4,463,912	4,147,810	316,102
Student Services	4,970,424	4,855,870	4,847,759	8,111
Institutional Support	7,178,333	6,997,177	6,584,354	412,823
Operation and Maintenance of Plant	5,532,483	5,369,422	5,180,459	188,963
Total Unrestricted Expenditures	<u>49,802,528</u>	<u>48,432,894</u>	<u>46,522,188</u>	<u>1,910,706</u>
Net Transfers	<u>(1,878,466)</u>	<u>(2,463,473)</u>	<u>(3,217,658)</u>	<u>(754,185)</u>
Change in Fund Balance (Budgetary Basis)	62,689	159,696	1,876,726	1,717,030
Ending Fund Balance	<u>\$ 12,188,600</u>	<u>\$ 13,657,283</u>	<u>\$ 15,374,313</u>	<u>\$ 1,717,030</u>

Schedule 6 Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Budget Comparison – Unrestricted – Instruction and General

Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Restricted – Instruction and General

San Juan College				
Schedule of Revenues, Expenditures and Changes in Net Position - Budget and Actual				
Budget Comparison - Restricted - Instruction and General				
For Year Ended June 30, 2017				
	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget favorable (unfavorable)
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Restricted Revenues:				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal Government Appropriations	-	-	-	-
State Government Appropriations	-	40,000	40,000	-
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	1,073,326	4,609,498	2,535,819	(2,073,679)
State Government Contracts/Grants	284,556	514,880	479,145	(35,735)
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	350,320	1,709,974	1,012,483	(697,491)
Sales and services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	<u>1,708,202</u>	<u>6,874,352</u>	<u>4,067,446</u>	<u>(2,806,905)</u>
Restricted Expenditures:				
Instruction	414,683	3,758,209	1,949,618	1,808,591
Academic Support	51,500	239,508	141,193	98,315
Student Services	1,238,519	2,866,265	1,956,783	909,482
Institutional Support	3,500	10,370	6,558	3,812
Operation and Maintenance of Plant	-	-	-	-
Total Restricted Expenditures	<u>1,708,202</u>	<u>6,874,352</u>	<u>4,054,154</u>	<u>2,820,199</u>
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance (Budgetary Basis)	-	-	13,292	13,292
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,292</u>	<u>\$ 13,292</u>

Schedule 7 Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Restricted – Instruction and General

Schedule of Collateral Pledged by Depository

San Juan College Schedule of Collateral Pledged by Depository June 30, 2017			
	CUSIP#	Maturity	Fair Value
Citizens Bank			
GNMA	38377XBW1	07/20/41	\$ 1,057,000
Wells Fargo Repurchase			
FNCL	3128MJWB2	05/01/45	16,581,824
Accrued Interest			47,056
			\$ 16,628,880
Wells Fargo Investments			
FNMA FNMS	3138Y5XF8	01/01/45	477,474
FNMA FNMS	31417FSB5	03/01/43	2,132,625
FNMA FNMS	31417FZV3	03/01/43	8,805
			\$ 2,618,904
BOK Financial			
Prime Institutional Index - iMoneyNet	Various*		\$ 2,761,748
Total Pledged Collateral			\$ 23,066,532

* The College's trust account at BOK Financial is part of a larger pool of investments for government entities. That pool is collateralized in its entirety through possession of Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMO) which are FNMA, FHLMC and GNMA and have the implicit guarantee of the U. S. Government in the amount of 102% of the ending balance. Due to the size of the account pool, BOK Financial was not able to provide the College specific CUSIP Numbers or Maturity Dates.

Schedule 8 Collateral Pledged by Depository

Schedule of Deposits

Schedule of Deposits					
June 30, 2017					
Financial Institution	Account Type	Investment Type	Primary Institution	Foundation	Four Corners Innovations
Citizens Bank	Checking		\$ 506,459	\$ 83,758	\$ -
Wells Fargo Bank, N.A.	Checking		3,001,738		188,666
Wells Fargo Repurchase Agreement	Repurchase		16,302,824		
Wells Fargo Bank, N.A.	Checking		1,637,763	24,276	
Wells Fargo Bank, N.A.	Checking		107,289	500	
Wells Fargo Bank, N.A.	Checking		-	6,798	
Wells Fargo Bank, N.A.	Savings	Savings	-	217,223	
Four Corners Community Bank	Money Market		139,377		
Vectra Bank	Checking		-		209,343
CD-ESSA Bank & Trust PA	Investment	Certificate of Deposit	250,000		
CD-Bank of China New York City BRH	Investment	Certificate of Deposit	200,000		
CD-Commercest Bank NA Irvine	Investment	Certificate of Deposit	200,000		
CD-BMW Bank of North Amer	Investment	Certificate of Deposit	250,000		
CD-Bank of India NY	Investment	Certificate of Deposit	200,000		
CD-Marlin Business Bk	Investment	Certificate of Deposit	250,000		
CD-Bank of Baroda	Investment	Certificate of Deposit	250,000		
CD-Safra National Bank	Investment	Certificate of Deposit	250,000		
CD-First BK Charleston Inc	Investment	Certificate of Deposit	250,000		
CD-American Express Cent	Investment	Certificate of Deposit	250,000		
CD-Ally Bank	Investment	Certificate of Deposit	250,000		
CD-Carolina Premier Bank	Investment	Certificate of Deposit	250,000		
CD-Cape Cod (callable)	Investment	Certificate of Deposit	100,000		
CD-Cit BK Salt Lake City	Investment	Certificate of Deposit	250,000		
CD-Comenity Cap Bank	Investment	Certificate of Deposit	180,000		
CD-State Bank of India NY	Investment	Certificate of Deposit	180,000		
CD-Discover Bk	Investment	Certificate of Deposit	250,000		
CD-Synchrony Bk Retail	Investment	Certificate of Deposit	250,000		
CD-Wells Fargo	Investment	Certificate of Deposit	250,000		
CD-Capital One Bk	Investment	Certificate of Deposit	250,000		
CD-Citizens Bank	Investment	Certificate of Deposit	250,213		
CD-Signature Bank	Investment	Certificate of Deposit	144,000		
CD-Western Alliance	Investment	Certificate of Deposit	106,000		
CD-First National Bank of Michigan	Investment	Certificate of Deposit	12,500		
CD-Union Bank & Trust	Investment	Certificate of Deposit	237,500		
CD-First National Bank of Michigan	Investment	Certificate of Deposit	162,500		
CD-Western Alliance	Investment	Certificate of Deposit	137,500		
CD-First National Bank of Michigan	Investment	Certificate of Deposit	62,500		
CD-Prosperity Bank	Investment	Certificate of Deposit	237,500		
CD-Four Corners Bank	Investment	Certificate of Deposit	100,000		
Wells Fargo	Investment	Equity - Common Stocks	-		
J. Wayne Tarpley	Investment	Precious Metals	-	147,279	
Citizens Trust and Investment Corp.	Investment	Mutual Funds - Equity	-	5,981,718	
Wells Fargo Bank, N.A.	Investment	Equity - Common Stocks	-	12,190	
Morgan Stanley	Investment	Money Market	-	41,370	
Morgan Stanley	Investment	Equity - Common Stocks	-	4,033,646	
Morgan Stanley	Investment	Equity - ETFs	-	1,168,870	
New Mexico State Investment Council	Investment	Mutual Funds	-	11,563,939	
Outstanding checks			(292,909)		
Other reconciling item			(8,819)	(5,233)	
Outstanding deposits			14,679		
Cash on hand			11,366	145	
BOK Financial - Trust			2,707,596		
Totals			\$30,137,576	\$23,276,479	\$ 398,009

Schedule 9 Schedule of Deposits



Statistical Section

Success Matters



SAN JUAN COLLEGE
Success Matters

Narrative to the Statistical Section

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the College's financial performance has changed over time. Small bar graphs are included on select illustrations with the gold bar highlighting the maximum value.

- Net Position by Component
- Changes in Net Position
- Changes in Net Position Percentages

REVENUE CAPACITY

These schedules contain information to help the reader assess the College's revenue sources.

- Assessed Value and Estimated Actual Value of Taxable Property
- Principal Property Taxpayers
- Property Tax Levies and Collections
- Residential Property Tax Rates
- Academic Year Tuition and Required Fees

DEBT CAPACITY

These schedules present information to help the reader assess the College's current level of Outstanding Debt.

- Long-term Bonds Outstanding
- Bond Debt Capacity

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules contain demographic and economic indicators to help the reader understand the environment in which the College's financial activities take place.

- Demographic and Economic Data
- Principal Employers

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the College's financial information relates to the activities it performs.

- Faculty and Staff
- Capital Assets: Facilities by Location
- Admissions, Enrollment and Degrees Earned

Financial Trends

Net Position by Component

SAN JUAN COLLEGE										
Net Position By Component (Dollars in Thousands)										
Last Ten Fiscal Years										
Fiscal Year Ended June 30,	2017 ¹	2016	2015 ¹	2014	2013	2012	2011	2010	2009	2008
Net Investment in capital assets	\$65,459	\$66,146	\$68,731	\$59,477	\$58,690	\$61,407	\$62,430	\$61,303	\$64,300	\$58,633
Restricted, Non-expendable	370	362	362	362	360	360	360	360	360	300
Restricted, Expendable	3,748	5,625	3,748	3,247	1,677	2,491	2,419	2,372	2,212	2,233
Unrestricted	(72,396)	(51,431)	(51,596)	10,246	9,828	8,341	8,698	8,170	8,266	15,586
Total Net Position	\$(2,819)	\$20,702	\$21,245	\$73,332	\$70,555	\$72,599	\$73,907	\$72,205	\$75,138	\$76,752
Expressed as a percent of total	%	%	%	%	%	%	%	%	%	%
Net Investment in capital assets	(2,322.1)	319.5	323.5	81.1	83.2	84.6	84.4	84.9	85.6	76.4
Restricted, Non-expendable	(13.0)	1.7	1.7	0.5	0.5	0.5	0.5	0.5	0.5	0.4
Restricted, Expendable	(133.0)	27.2	17.7	4.4	2.4	3.4	3.3	3.3	2.9	2.9
Unrestricted ¹	2,568.1	(248.4)	(242.9)	14.0	13.9	11.5	11.8	11.3	11.0	20.3
Total Net Position	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent increase/(decrease from prior years²	%	%	%	%	%	%	%	%	%	%
Net Investment in capital assets	(1.0)	(3.8)	15.6	1.3	(4.4)	(1.6)	1.8	(4.7)	9.7	1.5
Restricted, Non-expendable	2.2	-	-	0.6	-	-	-	-	20.0	-
Restricted, Expendable	(33.4)	50.1	15.4	93.6	(32.7)	3.0	2.0	7.2	(0.9)	(42.8)
Unrestricted	40.8	(0.3)	(603.6)	4.3	17.8	(4.1)	6.5	(1.2)	(47.0)	3.5
Total Net Position	(113.6)	(2.6)	(71.0)	3.9	(2.8)	(1.8)	2.4	(3.9)	(2.1)	0.0

Figure 45 Net Position by Component

¹ GASB implementation requiring Unrestricted Net Position restatement.

² Prior years calculations updated.

Changes in Net Position

SAN JUAN COLLEGE										
Changes in Net Position (Dollars in Thousands)										
Last Ten Fiscal Years										
Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
<i>Operating Revenues</i>										
Student Tuition and Fees	\$ 11,837	\$ 12,058	\$ 11,619	\$ 11,082	\$ 10,868	\$ 10,231	\$ 8,903	\$ 7,170	\$ 5,475	\$ 5,371
Less: Scholarship Allowances	(4,783)	(4,787)	(4,676)	(4,953)	(4,528)	(4,443)	(3,835)	(2,733)	(2,127)	(1,295)
Federal Grants and Contracts	2,637	2,522	2,270	2,093	15,591	15,609	15,553	12,046	7,302	6,571
State Grants and Contracts	2,168	2,189	3,286	5,665	2,122	2,159	2,319	2,066	2,236	2,479
Non Governmental Grants and Contracts	1,802	2,313	9,500	2,022	1,702	1,783	1,508	1,560	1,834	1,370
Sales and Services	699	645	918	837	949	-	-	-	-	1,056
Auxiliary Enterprises	4,000	5,171	4,842	4,737	4,731	4,508	4,297	4,086	3,424	2,972
Other Operating Revenues	1,019	1,075	701	591	396	1,141	1,137	1,405	1,414	893
Total Operating Revenues	\$ 19,379	\$ 21,186	\$ 28,460	\$ 22,074	\$ 31,831	\$ 30,988	\$ 29,882	\$ 25,600	\$ 19,558	\$ 19,417
Expenses										
<i>Operating Expenses</i>										
Education and General										
Instruction	\$ 29,540	\$ 28,949	\$ 30,061	\$ 28,104	\$ 28,943	\$ 27,560	\$ 26,484	\$ 25,413	\$ 27,048	\$ 26,097
Academic Support	7,272	4,667	4,655	4,327	3,674	3,687	3,695	3,957	4,551	3,709
Student Support	7,173	7,011	6,957	6,986	6,857	6,648	5,941	5,413	5,451	5,217
Institutional Support	5,438	6,597	6,677	6,512	6,053	5,957	6,620	5,946	6,546	6,278
Public Service	4,570	1,616	1,701	1,723	1,805	2,348	2,167	2,660	2,904	2,923
Operations and Maintenance of Plant	1,649	5,641	5,686	5,536	6,160	6,466	6,810	5,951	7,577	5,834
Depreciation Expense	5,321	5,516	5,176	5,212	5,372	5,473	5,525	5,688	5,803	5,548
Student Aid	8,047	7,810	8,543	9,418	10,723	10,684	10,274	9,037	5,329	5,247
Student social and Cultural Activities	43	42								
Auxiliary Enterprises	4,287	5,256	4,456	4,257	4,434	4,308	4,075	3,837	3,696	3,033
Other Operating Expenses	141	81	130	133	136	157	141	454	516	443
Total Operating Expenses	\$ 73,481	\$ 73,186	\$ 74,042	\$ 72,208	\$ 74,157	\$ 73,288	\$ 71,732	\$ 68,356	\$ 69,421	\$ 64,329
Operating Income/(Loss)	\$(54,102)	\$(52,000)	\$(45,582)	\$(50,134)	\$(42,326)	\$(42,300)	\$(41,850)	\$(42,756)	\$(49,863)	\$(44,912)

Figure 46 Changes in Net Position Ten Years, Part 1

(Continued)

Changes in Net Position, Continued

SAN JUAN COLLEGE										
Changes in Net Position (Dollars in Thousands)										
Last Ten Fiscal Years										
Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Non-Operating Revenues (Expenses)										
State Appropriations	\$ 23,459	\$ 25,072	\$ 25,170	\$ 24,329	\$ 23,200	\$ 21,828	\$ 21,827	\$ 21,497	\$ 22,262	\$ 22,328
Local Appropriations	16,825	16,080	17,067	17,838	16,588	16,311	15,889	16,337	17,759	18,941
Federal Student Aid	10,857	10,385	11,053	12,466	-	-	-	-	-	-
Investment Income (Loss)	32	94	51	73	73	-	-	-	-	592
Interest on Capital Asset-related Debt	(757)	(611)	(578)	(686)	(733)	-	-	-	-	(856)
Gain (Loss) on Disposal of Capital Assets	57	4	5	(27)	(6)	-	-	-	-	(1)
Other Non-Operating Revenues/Expenditures	(2,212)	(1,153)	(527)	(1,494)	986	(402)	(412)	(716)	(226)	(25)
Total Non-Operating Revenues/Expenditures	\$ 48,261	\$ 49,871	\$ 52,241	\$ 52,499	\$ 40,108	\$ 37,737	\$ 37,304	\$ 37,118	\$ 39,795	\$ 40,979
Income (Loss) before Other Revenue (Expenses)	(5,841)	(2,129)	6,659	2,365	(2,218)	(4,563)	(4,546)	(5,638)	(10,068)	(3,933)
Capital Appropriations	1,853	1,155	49	452	14	3,255	6,248	2,703	8,453	3,938
Capital Contributions	33	19	341	-	158	-	-	-	-	-
Increase/(Decrease) in Fund Net Position	\$ (3,955)	\$ (955)	\$ 7,049	\$ 2,817	\$ (2,046)	\$ (1,308)	\$ 1,702	\$ (2,935)	\$ (1,615)	\$ 5
Total Revenues	72,495	73,995	82,196	77,232	72,850	72,382	73,846	66,137	68,032	65,216
Total Expenses	76,450	74,950	75,147	74,415	74,896	73,690	72,144	69,072	69,647	65,211
Increase (Decrease) in Fund Net Position	\$ (3,955)	\$ (955)	\$ 7,049	\$ 2,817	\$ (2,046)	\$ (1,308)	\$ 1,702	\$ (2,935)	\$ (1,615)	\$ 5

Figure 47 Changes in Net Position Ten Years, Part 2

Federal student aid was reclassified as a non-operating revenue in FY 2014

Changes in Net Position Percentages

SAN JUAN COLLEGE											
Changes in Net Position (Expressed as a percentage of Total Revenues)											
Last Ten Fiscal Years											
Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
	%	%	%	%	%	%	%	%	%	%	
Revenues											Graph
Operating Revenues											
Student Tuition and Fees	16.0	16.3	14.1	14.3	14.9	14.1	12.1	10.8	8.0	8.2	
Less: Scholarship Allowances	(6.5)	(6.5)	(5.7)	(6.4)	(6.2)	(6.1)	(5.2)	(4.1)	(3.1)	(2.0)	
Federal Grants and Contracts	3.6	3.4	2.8	2.7	21.4	21.6	21.1	18.2	10.7	10.1	
State Grants and Contracts	2.9	3.0	4.0	7.3	2.9	3.0	3.1	3.1	3.3	3.8	
Non Governmental Grants and Contracts	2.4	3.1	11.6	2.6	2.3	2.5	2.0	2.4	2.7	2.1	
Sales and Services	0.9	0.9	1.1	1.1	1.3	0.0	0.0	0.0	0.0	1.6	
Auxiliary Enterprises	5.4	7.0	5.9	6.1	6.5	6.2	5.8	6.2	5.0	4.6	
Other Operating Revenues	1.4	1.5	0.9	0.8	0.5	1.6	1.5	2.1	2.1	1.4	
Total Operating Revenues	26.1	28.6	34.6	28.6	43.7	42.8	40.5	38.7	28.7	29.8	
Expenses											
Operating Expenses											
Education and General											
Instruction	39.9	39.1	36.6	36.4	39.7	38.1	35.9	38.4	39.8	40.0	
Public Service	9.8	2.2	2.1	2.2	2.5	3.2	2.9	4.0	4.3	4.5	
Academic Support	9.7	6.3	5.7	5.6	5.0	5.1	5.0	6.0	6.7	5.7	
Student Support	7.3	9.5	8.5	9.0	9.4	9.2	8.0	8.2	8.0	8.0	
Institutional Support	6.2	8.9	8.1	8.4	8.3	8.2	9.0	9.0	9.6	9.6	
Operations and Maintenance of Plant	2.2	7.6	6.9	7.2	8.5	8.9	9.2	9.0	11.1	8.9	
Depreciation Expense	7.2	7.5	6.3	6.7	7.4	7.6	7.5	8.6	8.5	8.5	
Student Aid	10.9	10.6	10.4	12.2	14.7	14.8	13.9	13.7	7.8	8.0	
Student Social and Cultural Activities	0.1	0.1									
Auxiliary Enterprises	5.8	7.1	5.4	5.5	6.1	6.0	5.5	5.8	5.4	4.7	
Other Operating Expenses	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.7	0.8	0.7	
Total Operating Expenses	99.3	98.9	90.2	93.4	101.8	101.3	97.1	103.4	102.0	98.6	
Operating Income/(Loss)	(73.2)	(70.3)	(55.5)	(64.9)	(58.1)	(58.4)	(56.7)	(64.6)	(73.3)	(68.9)	

Figure 48 Changes in Net Position as a Percentage of Total Revenue or Total Expenses, Part 1

Changes in Net Position Percentages, Continued

SAN JUAN COLLEGE											Continued
Changes in Net Position (Expressed as a percentage of Total Revenues)											
Last Ten Fiscal Years											
Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Graph
Non-Operating Revenues (Expenses)											
State Appropriations	31.7	33.9	30.6	31.5	31.8	30.2	29.6	32.5	32.7	34.2	
Local Appropriations	22.7	21.7	20.8	23.1	22.8	22.5	21.5	24.7	26.1	29.0	
Federal Student Aid	14.7	14.0	13.4	16.1	n/a	n/a	n/a	n/a	n/a	n/a	
Investment Income (Loss)	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.9	
Interest in Capital Asset-related Debt	(1.0)	(0.8)	(0.7)	(0.9)	(1.0)	0.0	0.0	0.0	0.0	(1.3)	
Gain (Loss) on Disposal of Capital Assets	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other Non-Operating Revenues/Expenditures	(3.0)	(1.6)	(0.6)	(1.9)	1.4	(0.6)	(0.6)	(1.1)	(0.3)	0.0	
Total Non-Operating Revenues/Expenditures	65.2	67.4	63.6	68.0	55.1	52.1	50.5	56.1	58.5	62.8	
Income (Loss) before Other Revenue (Expenses)	(5.5)	(1.3)	8.6	3.6	(2.8)	(1.8)	2.3	(4.4)	(2.4)	0.0	
Capital Appropriations	2.5	1.6	0.1	0.6	0.0	4.5	8.5	4.1	12.4	6.0	
Capital Contributions	0.0	0.0	0.4	0.0	0.2	0.0	0.0	0.0	0.0	0.0	
Increase/(Decrease) in Fund Net Position	(5.3)	(1.3)	8.6	3.6	(2.8)	(1.8)	2.3	(4.4)	(2.4)	-	

Figure 49 Changes in Net Position as a Percentage of Total Revenue or Total Expenses, Part 2

Principal Revenue Sources

SAN JUAN COLLEGE Principal Revenue Sources Last Ten Fiscal Years										
Fiscal Year Ended June 30,	2017	2016	2015 ¹	2014	2013	2012	2011	2010	2009	2008
Tuition and fees, net of allowance	\$ 7,054,445	\$ 7,271,454	\$ 6,942,384	\$ 6,128,481	\$ 6,340,426	\$ 5,788,763	\$ 5,067,933	\$ 4,437,223	\$ 3,348,319	\$ 4,075,831
Percent of total revenue	9.7%	9.8%	9.3%	7.9%	8.7%	8.0%	6.9%	6.7%	4.9%	6.2%
Percent change from prior year	(0.1)	0.5	1.4	(0.8)	0.7	1.1	0.2	1.8	(1.3)	0.9
State of New Mexico Government										
State Appropriations	23,458,630	25,072,455	25,170,340	24,328,639	23,200,388	21,828,449	21,826,889	21,497,122	22,262,313	22,027,688
State Contracts and Grants	2,168,384	2,188,684	3,285,884	5,665,414	2,122,087	2,159,078	2,319,130	2,065,876	2,235,637	2,478,530
State of New Mexico Government	25,627,014	27,261,139	28,456,224	29,994,053	25,322,475	23,987,527	24,146,019	23,562,998	24,497,950	24,506,218
Percent of total revenue	35.3%	36.8%	38.3%	38.8%	34.8%	33.1%	32.7%	35.6%	36.0%	37.6%
Percent change from prior year	(1.5)	(1.5)	(0.5)	4.0	1.7	0.4	(2.9)	(0.4)	(1.6)	2.7
San Juan County Government										
Local Government Appropriations	16,824,516	16,080,365	17,067,457	17,838,223	16,588,391	16,310,978	15,889,327	16,337,264	17,759,407	18,941,221
Percent of total revenue	23.2%	21.7%	23.0%	23.1%	22.8%	22.5%	21.5%	24.7%	26.1%	29.0%
Percent change from prior year	1.5	(1.3)	(0.1)	0.3	0.3	1.0	(3.2)	(1.4)	(2.9)	3.0
Federal Government										
Federal Grants and Contracts	13,494,380	12,906,111	13,323,458	14,558,905	15,591,409	15,608,951	15,552,572	12,046,467	7,301,744	6,571,229
Percent of total revenue	18.6%	17.4%	17.9%	18.9%	21.4%	21.6%	21.1%	18.2%	10.7%	10.1%
Percent change from prior year	1.2	(0.5)	(1.0)	(2.5)	(0.2)	0.5	2.9	7.5	0.6	-
Total from principal revenue sources	55,945,910	56,247,615	58,847,139	62,391,181	57,502,275	55,907,456	55,587,918	51,946,729	49,559,101	50,018,668
Percent of total revenue	77.2%	76.0%	79.2%	80.8%	78.9%	77.2%	75.3%	78.5%	72.8%	76.7%
Percent change from prior year	1.2	(3.2)	(1.6)	1.9	1.7	1.9	(3.2)	5.7	(3.9)	5.8
Total Revenue	\$ 72,495,265	\$ 73,994,952	\$ 74,275,210	\$ 77,230,665	\$ 72,851,786	\$ 72,383,410	\$ 73,846,662	\$ 66,138,963	\$ 68,032,944	\$ 65,215,490

Figure 50 Principal Revenue Sources, Last ten fiscal years

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property

SAN JUAN COLLEGE										
Assessed Value and Estimated Actual Value of Taxable Property										
Ten Fiscal Years										
Fiscal Year	Real Property		Personal Property			Total Residential Direct Tax Rate	Total Non-Residential Direct Tax Rate	Estimated Actual Value	Taxable Assessed value as a percentage of Actual Value	
	Ended June 30	Residential Property	Non-Residential Property	Non-Agricultural	Agricultural					Other
2008	\$ 973,335,926	\$ 1,376,835,624	\$ 153,488,653	\$ 783,565	\$ 1,747,138	6.451	8.500	\$ 12,765,074,536	33.3%	
2009	1,044,353,058	1,417,830,140	171,272,299	879,412	1,296,294	6.567	8.500	13,199,878,844	33.3%	
2010	1,125,171,877	1,525,345,849	148,215,906	914,022	1,277,581	6.312	8.500	14,431,146,216	33.3%	
2011	1,253,385,595	1,792,552,839	123,120,649	**	1,434,122	6.425	8.500	11,257,530,483	33.3%	
2012	1,299,127,218	1,838,867,739	104,958,212	**	1,461,342	6.267	8.500	11,980,826,874	33.3%	
2013	1,348,827,263	1,813,146,844	112,925,580	**	1,529,616	6.326	8.500	12,203,758,967	33.3%	
2014	1,390,807,512	1,779,807,201	109,034,725	**	1,504,476	6.310	8.500	10,971,381,967	33.3%	
2015	1,431,570,366	1,882,146,032	107,914,020	**	2,378,336	6.231	8.500	11,110,391,526	33.3%	
2016	1,466,073,002	1,977,212,412	110,908,455	**	2,292,185	6.231	8.500	11,926,487,916	33.3%	
2017	\$ 1,503,122,233	\$ 1,924,928,853	\$ 110,703,969	**	\$ 2,006,808	7.000	9.000	\$ 10,912,865,090	33.3%	

Oil & Gas					
Fiscal Year			Less Tax-Emempt Property	Adjustment for Protested Taxes	Total Taxable Assessed Value
Ended June 30	Production	Equipment			
2008	\$ 1,562,765,003	\$ 307,517,233	\$ 117,342,078	\$ (4,148,769)	\$ 4,254,982,295
2009	1,572,060,757	311,506,924	118,491,641	(791,628)	4,399,915,615
2010	1,756,139,463	353,424,291	142,548,947	38,631,648	4,805,571,690
2011	800,662,132	157,091,104	301,183,891	(78,304,899)	3,748,757,651
2012	927,738,572	188,409,438	334,701,265	(36,245,907)	3,989,615,349
2013	973,295,757	191,541,251	357,476,422	(19,938,153)	4,063,851,736
2014	617,524,176	122,603,907	408,637,923	40,826,121	3,653,470,195
2015	688,792,987	138,372,909	408,727,625	(142,686,647)	3,699,760,378
2016	809,315,876	161,542,839	411,393,777	(144,430,516)	3,971,520,476
2017	\$ 418,398,768	\$ 83,657,942	\$ 422,186,450	\$ 13,351,952	\$ 3,633,984,075

Figure 51 Assessed and Estimated Values of Taxable Property

Source: San Juan County Finance Department

Taxable assessed values are established by the San Juan County Assessor for locally assessed property, and by the State of New Mexico Taxation and Revenue Department, Audit and Compliance Division (oil and gas equipment and production), and Property Tax Division (state assessed property). The last reappraisal for locally assessed property occurred in 2016.

** Starting in Tax Year 2011 the Personal Property - Non-Residential Agriculture will be included in the Non-Agriculture total per the Assessor's Office

Principal Property Taxpayers

SAN JUAN COLLEGE Principal Property Taxpayers Ten Years						
Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed
Public Service Co. of NM	\$ 243,757,179	1	6.7%	\$ 262,426,991	2	6.1%
Arizona Public Service Co.	217,194,445	2	6.0%	250,882,301	4	5.8%
Enterprise Field Service LLC	72,020,287	3	2.0%	233,990,407	5	5.4%
Williams Four Corners LLC	68,643,198	4	1.9%			
El Paso Natural Gas Co.	37,857,725	5	1.0%			
City of Farmington	31,610,080	6	0.9%			
Mid-America Pipeline Co. LLC	31,554,041	7	0.9%			
MSR Public Power Agency	26,069,868	8	0.7%			
San Juan Coal Co.	25,164,152	9	0.7%	279,366,794	1	6.5%
Cortez Pipeline Co.	20,943,271	10	0.6%			
BHP World Mineral				260,924,833	3	6.1%
Williams Field Services				207,524,377	6	4.8%
Transwestern Pipeline Co.				140,599,696	7	3.3%
Southern California Edison Co				134,972,680	8	3.1%
Tucson Electric Power				134,527,909	9	3.1%
ValVerde Gas Gathering				125,959,570	10	2.9%
Total Principal Taxpayers	\$ 774,814,246			\$2,031,175,558		
Total Percentage Principal Taxpayers			21.4%			41.1%
Total Taxable Assessed Value	\$3,633,984,075			\$4,254,982,295		

Figure 52 San Juan County, NM principal property taxpayers

Source: San Juan County Finance Department

Property Tax Levies and Collections

SAN JUAN COLLEGE Property Tax Levies and Collections Last Ten Fiscal Years										
Fiscal Year	Taxes Levied for Fiscal Year			Total Adjusted Levy	Collected within the Fiscal Year of Levy			Total Collections to Date		
	Fiscal Year	Adjustments			Amount Collected	Percentage of Original Levy Collected	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy	
2008	\$ 55,884,865	\$ 404,484	\$ 56,289,349	\$ 54,445,797	97.42%	\$ 1,849,151	\$ 56,294,948	99.99%		
2009	59,218,046	333,261	59,551,307	57,647,121	97.35%	1,907,750	59,554,871	99.99%		
2010	62,858,408	1,506,090	64,364,499	61,868,631	98.43%	2,499,166	64,367,797	99.99%		
2011	66,985,795	735,886	67,721,681	64,766,432	96.69%	2,957,572	67,724,004	99.97%		
2012	68,823,690	85,094	68,908,783	66,897,199	97.20%	1,976,145	68,873,344	99.92%		
2013	69,742,158	546,656	70,288,815	68,049,597	97.57%	2,158,187	70,207,784	99.71%		
2014	72,091,844	1,248,720	73,340,564	70,753,818	98.14%	1,773,686	72,527,504	98.88%		
2015	69,181,918	1,737,221	70,919,139	68,545,196	99.08%	-	68,545,196	96.65%		
2016	73,993,688	772,038	74,765,726	72,269,305	97.67%	-	72,269,305	96.66%		
2017	\$ 79,091,914	\$ 403,018	\$ 78,688,896	\$ 76,104,786	96.22%	-	\$ 76,104,786	96.72%		

Figure 53 Property Tax Levies and Collections

Source: San Juan County Finance Department
 * Per San Juan County, information unavailable.

Residential Property Tax Rates

SAN JUAN COLLEGE										
San Juan County, Residential Property Tax Rates										
Last Ten Years										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Direct Rate										
San Juan County										
Operating Millage	6.451	6.567	6.312	6.425	6.267	6.326	6.310	6.231	6.231	6.529
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000*	0.000*	0.000
Total County Millage	6.451	6.567	6.312	6.425	6.267	6.326	6.310	6.231	6.231	6.529
Overlapping Rates										
City of Bloomfield										
Operating Millage	5.049	5.198	4.938	5.017	4.881	4.906	4.882	4.804	4.762	4.713
Debt Service Millage	2.492	2.175	2.137	2.180	2.254	2.099	2.094*	1.191	0.971	0.872
Total City Millage	7.541	7.373	7.075	7.197	7.135	7.005	4.882	5.995	5.733	5.585
City of Aztec										
Operating Millage	4.802	4.860	4.570	4.663	4.555	4.587	4.571	4.481	4.444	4.385
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total City Millage	4.802	4.860	4.570	4.663	4.555	4.587	4.571	4.481	4.444	4.385
City of Farmington										
Operating Millage	1.434	1.457	1.438	1.457	1.419	1.431	1.426	1.407	4.410	1.392
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total City Millage	1.434	1.457	1.438	1.457	1.419	1.431	1.426	1.407	4.410	1.392
Aztec Schools										
Operating Millage	2.276	2.280	2.133	2.185	2.131	2.149	2.149	2.122	2.107	2.082
Debt Service Millage	2.967	2.997	5.497	4.640	4.567	6.517	8.448	6.676	8.393	10.764
Total School Millage	5.243	5.277	7.630	6.825	6.698	8.666	10.597	8.798	10.500	12.846
Bloomfield Schools										
Operating Millage	2.314	2.322	2.149	2.192	2.135	2.155	2.298	2.274	2.261	2.243
Debt Service Millage	5.310	5.357	5.794	5.386	6.246	6.752	9.005	7.337	8.367	8.999
Total School Millage	7.624	7.679	7.943	7.578	8.381	8.907	11.303	9.611	10.628	11.242
Farmington Schools										
Operating Millage	2.263	3.953	4.706	4.608	4.644	4.552	3.986	2.290	2.297	2.270
Debt Service Millage	7.427	5.772	4.938	5.065	4.976	5.199	5.76	7.431	7.439	7.421
Total School Millage	9.690	9.725	9.644	9.673	9.620	9.751	9.746	9.721	9.736	9.691
Consolidated Schools										
Operating Millage	2.337	2.346	2.244	2.304	2.245	2.258	2.332	2.309	2.312	2.500
Debt Service Millage	6.838	6.837	6.773	6.840	6.837	6.828	6.818*	6.818	6.818	6.821
Total School Millage	9.175	9.183	9.017	9.144	9.082	9.086	2.332	9.127	9.130	9.321
San Juan College										
Operating Millage	3.228	3.283	3.156	3.212	3.133	3.162	3.154	3.114	3.114	3.263
Debt Service Millage	0.600	0.600	0.600	0.600	0.600	0.420	0.600	0.600	0.600	0.600
Total School Millage	3.828	3.883	3.756	3.812	3.733	3.582	3.754	3.714	3.714	3.863
State of New Mexico										
Operating Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service Millage	1.221	1.250	1.150	1.530	1.362	1.360	1.360	1.360	1.360	1.360
Total School Millage	1.221	1.250	1.150	1.530	1.362	1.360	1.360	1.360	1.360	1.360

Figure 54 Residential Property Tax Rates

Source: San Juan County Finance Department, * Updated information

Academic Year Tuition and Required Fees

SAN JUAN COLLEGE										
Annual Tuition and Required Fees										
Ten Fiscal Years										
Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition¹										
Resident Tuition per Credit Hour	46	46	41	41	41	41	37	37	32	30
Resident 30 Credit Hour Charges	1,380	1,380	1,230	1,230	1,230	1,230	1,110	1,110	960	900
Non Resident Tuition per Credit Hour	146	146	123	105	105	105	91	91	70	40
Non Resident 30 Credit Hour Charges	4,380	4,380	3,690	3,150	3,150	3,150	2,730	2,730	2,100	1,200
Foreign Student per Semester			3,000	-	-	-	-	-	-	3,000
Foreign Student per Credit Hour	146	146	-	105	105	105	91	91	270	-
Senior Citizens 6 or Fewer Credit Hours /credit hour	6	6	6	5	5	5	5	5	5	5
Senior Citizens more than 6 Credit Hours /credit hour	46	46	41	41	41	41	37	37	32	30
General Fees²										
Resident Fees per Credit Hour ³			-	14.75	12.75	6.00	6.00	6.00	-	-
4 or fewer credit hours	77.50	77.50	77.50							
More than 4 credit hours	185.00	185.00	155.00							
Resident Maximum Charge	185.00	185.00	155.00	265.50	229.50	108.00	108.00	108.00	-	-
Non Resident Fees per Credit Hour ³				25.75	20.75	10.00	6.00	6.00	-	-
4 or fewer credit hours	137.50	137.50	137.50							
More than 4 credit hours	305.00	305.00	275.00							
Non Resident Maximum Charge	305.00	305.00	275.00	463.50	373.50	180.00	108.00	108.00	-	-
Foreign Student per Semester				-	-	-	-	-	-	-
Foreign Student per Credit Hour/Degree Seeking	200.00	200.00	-	200.00	200.00	200.00	200.00	200.00	-	-
Foreign Student per Credit Hour/Non Degree Seeking	-	-	-	25.75	20.75	10.00	6.00	6.00	-	-
Senior Citizens up to 6 Credit Hours /credit hour	-	-	-	-	-	-	-	-	-	-
Senior Citizens after 6 Credit Hours /credit hour	-	-	-	-	-	-	-	-	-	-

Figure 55 Semester Tuition and Required Fees

¹Tuition and Fees are set at the beginning of each Fall semester

²SJC did not start charging fees until 2010

³SJC changed to a flat fee schedule for FY 2015

Debt Capacity

Long-term Debt Outstanding

SAN JUAN COLLEGE										
Long-term Bonds <i>(dollars in thousands)</i>										
Ten Fiscal Years										
Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bonds Payable	\$ 10,910	\$ 12,575	\$ 10,941	\$ 13,591	\$ 14,779	\$ 16,859	\$ 18,544	\$ 20,593	\$ 22,279	\$ 24,077
Unamortized Premium	748	248	239	275	311	348	385	421	458	494
Unamortized Discount	-	-	-	-	-	-	-	-	-	-
Net Long-term Bonds	\$ 11,658	\$ 12,823	\$ 11,180	\$ 13,866	\$ 15,090	\$ 17,207	\$ 18,929	\$ 21,014	\$ 22,737	\$ 24,571
San Juan County Population ¹	115,079	118,737	123,101	123,785	126,448	128,529	128,063	130,144	129,359	126,905
Bond Debt per Capita	101	108	91	112	119	134	148	161	176	194

Figure 56 Long-term Bonds Outstanding

¹ Population Estimates based on information provided by the U.S. Census Bureau and New Mexico Department of Workforce Solutions

Total Debt Outstanding	
<i>(dollars in thousands)</i>	
Bonds	
2015 Bonds	\$ 2,775
2016 Bonds	9,335
2016 Bond Premium	748.03
Total Bonds Payable	12,858
Notes	
2008 Hutton Note	78
2016 EPC Note	7,453
Total Notes Payable	7,530
Total Outstanding Debt	<u>\$ 20,388</u>

Bond Debt Capacity

SAN JUAN COLLEGE										
Bond Debt Capacity (<i>dollars in thousands</i>)										
Ten Fiscal Years										
Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed Valuation ¹	3,540,762	3,633,170	3,424,009	2,981,551	3,276,429	3,244,415	3,170,493	2,800,925	2,635,631	2,506,191
Ratio of Limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Constitutional Debt Limitation	106,223	108,995	102,720	89,447	98,293	97,332	95,115	84,028	79,069	75,186
Outstanding Bond Debt ²	10,910	12,575	10,941	13,591	14,779	16,859	18,544	20,593	22,279	24,077
Available Bond Debt Capacity	95,313	96,420	91,779	75,856	83,514	80,473	76,571	63,435	56,790	51,109
% Bonded to Capacity	10.3%	11.5%	10.7%	15.2%	15.0%	17.3%	19.5%	24.5%	28.2%	32.0%

Figure 57 Bond Debt Capacity

¹ From assessed property valuation table in the revenue capacity portion of this statistical data section

² From long-term bonds table in the debt capacity portion of this statistical data section

Demographic and Economic Information and Statistics

SAN JUAN COLLEGE						
Demographic And Economic Statistics						
Ten Fiscal Years						
Year	Population ¹	Personal Income ² (Thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	126,905	\$ 3,967,682	\$ 32,198	35.8	23,582	4.4%
2009	129,359	3,759,121	29,887	35.6	23,010	7.7%
2010	130,144	3,840,098	30,241	36.7	23,022	10.1%
2011	128,063	4,102,975	32,861	33.5	23,028	8.3%
2012	128,529	4,253,309	33,092	33.3	23,737	7.3%
2013	126,448	4,414,720	33,742	34.0	23,910	7.6%
2014	123,785	4,566,160	33,732	33.8	20,876	7.4%
2015	123,101	4,455,887	36,197	33.0	21,355	7.7%
2016	118,737	3,868,095	32,577	33.7	24,545	8.1%
2017	115,079	\$ 5,601,010	\$ 48,671	34.2	21,558	10.3%

Figure 58 Demographic and Economic Statistics

Sources:

Population, Personal Income, and Per Capita Personal Income: U.S. Department of Commerce Bureau of Economic Analysis. Unemployment Rate: New Mexico Department of Workforce Solutions.

School Enrollment: New Mexico Department of Education.

¹Census Bureau midyear population estimates. Estimates for 2010-2012 reflect county population estimates available as of March 2013.

²Per capita personal income was computed using Census Bureau midyear population estimates.

Note: Estimates may be used. Dollar values are not adjusted for inflation.

Principal Employers

SAN JUAN COLLEGE Principal Employers by Industry Ten Years								
Employer	2017				2008			
	Employees ¹	Rank	Percentage of Total County Employment	Ranking Directional Change	Employees ¹	Rank	Percentage of Total County Employment	
Health Care and Social Assistance	7,075	1	15.0%	↑	5,196	4	10.0%	
Retail Trade	6,018	2	12.8%	↓	6,396	1	12.3%	
Mining (excluding gas & oil production and services)	4,802	3	10.2%	↓	5,723	2	11.0%	
Accommodation and Food Services	4,678	4	9.9%	→	4,099	5	7.9%	
Construction	2,995	5	6.4%	↓	5,608	3	10.8%	
Wholesale Trade	1,445	6	3.1%	→	1,937	6	3.7%	
Other Services Exc. Public Administration	1,217	7	2.6%	→	1,936	7	3.7%	
Transportation and Warehousing	1,122	8	2.4%	→	1,448	9	2.8%	
Manufacturing	982	9	2.1%	↓	1,574	8	3.0%	
Administrative and Waste Services	950	10	2.0%	→	1,348	10	2.6%	
Total County Employment	31,284		66.5%		35,265		67.8%	

Figure 59 Nonfarm Principal Employers by Industry

¹Employment data is the average employment for the first quarter, ending in March, 2017 and March, 2008

Source:

Quarterly Census of Employment & Wages; New Mexico Department of Workforce Solutions

First quarter of 2017 and 2008 Quarterly Census of Employment and Wages, Multiple Industries data for San Juan County, aggregate of all types of ownership.

Operating Information

Full-Time Equivalent Employees by Function

SAN JUAN COLLEGE											
Faculty and Staff											
Ten Fiscal Years											
Fall Employment of Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
FACULTY										Graph	
Full-time ¹	156	168	169	161	160	152	144	145	98	104	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Part-time ¹	95	90	64	101	82	99	95	100	81	88	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Total Faculty	251	258	233	262	242	251	239	245	179	192	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
STAFF											
Full-time ¹	341	330	358	378	384	384	367	358	422	445	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Part-time ¹	95	70	51	40	6	47	51	49	48	52	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Total Staff	436	400	409	418	390	431	418	407	470	497	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Total Faculty and Staff	687	658	642	680	632	682	657	652	649	689	■ ■ ■ ■ ■ ■ ■ ■ ■ ■

Figure 60 Faculty and Staff

Source: San Juan College Institutional Research Department, IPEDS Human Resources

¹ Updated to Full Time Equivalent (FTE)

Capital Assets: Facilities

SAN JUAN COLLEGE										
Capital Assets, Number of Facilities										
Ten Fiscal Years										
Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Academic/Support Facilities										
Main Campus	15	15	15 ¹	14	14	14	14	14	14	13
San Juan College West- Kirtland,NM	3	3	3	3	3	3	3	3	3	3
San Juan College East - Aztec, NM	1	1	1	1	1	1	1	1	1	1
CDL Training - Hutton Ave.	1	1	1	1	1	1	1	1	1	1
Total	20	20	20	19	19	19	19	19	19	18
Total Buildings Square Footage ²	921,510	921,510	921,510	856,528	856,528	856,528	856,528	856,528	856,528	852,092
Number of Parking Lots	20	20	20	19	19	19	19	18	18	17
Total Parking Spaces	2835	2835	2835	2563	2563	2563	2563	2225	2225	2076
Total ADA Parking Spaces	115	115	115	107	107	107	107	97	97	97

Figure 61 Capital Assets, Number of Facilities

¹ The increase in facilities, sq. footage, and parking spaces is due to the addition of the new School of Energy Building

² Rented facilities, sq. footage, and parking spaces are not included in the calculation

Admissions, Enrollment and Degrees Earned

SAN JUAN COLLEGE											
Admissions, Enrollment, and Degrees Earned (Fall Enrollment)											
Ten Fiscal Years											
<i>Fall Enrollment of Fiscal Year</i>	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
ADMISSIONS - FRESHMEN											
Applications	2,956	2,065	2,542	3,412	3,012	3,334	3,113	2,583	2,858	1,388	
Accepted	2,956	2,065	2,542	3,412	3,012	3,334	3,113	2,583	2,858	1,388	
Enrolled	1,111	692	1,013	1,082	1,013	937	1,215	1,078	871	683	
Accepted as Percentage of Application	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Enrolled as Percentage of Accepted	37.6%	33.5%	39.9%	31.7%	33.6%	28.1%	39.0%	41.7%	30.5%	49.2%	
ENROLLMENT											
Student FTE	4,392	4,409	4,619	5,333	5,464	5,499	5,404	5,321	4,765	4,421	
Student Headcount	7,768	7,718	9,906	8,938	9,463	9,470	8,975	8,990	8,931	6,991	
DEGREES/CERTIFICATES EARNED											
Associates	834	708	656	617	654	640	506	472	423	424	
Certificates	1,095	1,350	812	670	601	468	342	310	208	204	

Figure 62 Admissions, Enrollment, and Degrees Earned

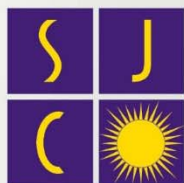
Student information based on fall enrollment of the fiscal year and Degree information includes all graduates during the fiscal year.

Source: Data compiled from the Peterson's survey and IPEDS

Report on Internal Control

Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Success Matters



SAN JUAN COLLEGE
Success Matters



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

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
New Mexico State Auditor
U.S. Office of Management and Budget and
Board of Trustees
San Juan College
Farmington, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust fund of San Juan College (the College), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and the budgetary comparisons presented as supplementary information, and have issued our report thereon dated October 23, 2017.

Internal Control Over Financial Reporting

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

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

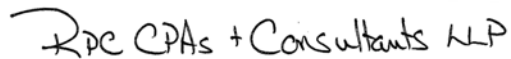
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

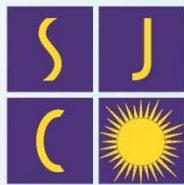
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "RPC CPAs + Consultants LLP". The letters are cursive and somewhat stylized.

RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 23, 2017

Single Audit Section

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SAN JUAN COLLEGE
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Schedule of Expenditures of Federal Awards

San Juan College Schedule of Expenditures of Federal Awards For year ended June 30, 2017					
Federal Grantor/Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
<u>National Security Agency:</u>					
GenCyber Camp	12.903	H98230-17-1-0292	\$ 33,582	\$ -	\$ -
<u>National Science Foundation:</u>					
STEP	47.076	1068342	\$ 8,437	\$ -	\$ -
<u>Department of Education:</u>					
TRIO SSS-EDGE	84.042	P042A151504	183,422	-	-
TRIO SSS-STEM	84.042	P042A151482	228,596	-	-
TRIO Talent Search	84.044	P044A110814	32,360	-	-
Subtotal - TRIO Cluster			444,378	-	-
Fast Forward	84.382	P382C110007	233,883	-	-
Guided Pathways to Success	84.382	P382C160010	129,647	-	-
<i>Pass-through NM Public Education Department</i>					
Perkins - Cosmetology	84.048	65 9828	19,005	-	-
Perkins - Early Childhood Education	84.048	65 9828	23,771	-	-
Perkins - Computer/Network Support	84.048	65 9828	43,739	-	-
Perkins - Welding	84.048	65 9828	111,660	-	-
Perkins - Fire Science	84.048	65 9828	39,232	-	-
Perkins - Career Education	84.048	65 9828	52,088	-	-
Perkins - Redistribution	84.048	65 9828	55,433	-	-
Subtotal			344,928	-	-
<i>Pass-through NM Higher Education Department</i>					
Adult Basic Education	84.002	65 9828	156,688	-	-
<i>Direct</i>					
Federal Pell Grant	84.063	P063P061828	10,556,791	-	-
Direct Student Loans	84.268	P268K131828	3,657,764	-	-
Supplemental Education Opportunity Grant	84.007	P007A066227	146,079	-	-
Federal Work-Study Program (CWS)	84.033	P033A066227	154,212	-	-
Subtotal - Student Financial Assistance Clust			14,514,846	-	-
Total Department of Education			\$ 15,824,370	\$ -	\$ -

Figure 63 Schedule of Expenditures of Federal Awards Part 1

Schedule of Expenditures of Federal Awards (Continued)

San Juan College Schedule of Expenditures of Federal Awards For year ended June 30, 2017					
Federal Grantor/Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
<u>Department of Health and Human Services:</u>					
<i>Pass-through New Mexico State University</i> INBRE	93.859	Q01680	73,953	-	-
<i>Pass-through NM Children, Youth and Families Department</i> Childrens Behavioral Health	93.556	San Juan College	64,987	-	-
<i>Pass-through NM Human Services Department</i> UNM PFS OSAP - Community	93.243	16-630-7903-0014	65,869	-	-
<i>Pass-through University of New Mexico</i> Success in Nursing SNACC	93.970	NU11IHS0059-01-00	35,033	-	-
Total Department of Health and Human Services:			\$ 239,842	\$ -	\$ -
<u>Department of Agriculture</u>					
<i>Pass-through State of New Mexico CYFD</i> CFDC Child & Adult Care Food Program	10.558	176NM332N1099	\$ 75,465	\$ -	\$ -
<u>Department of Veterans Affairs:</u>					
<i>Pass-through New Mexico Department of Veterans Services</i> Rural Veterans Coordination Project	64.038	2014-RVCP-46	\$ 106,693	\$ -	\$ -
<u>Department of Commerce:</u>					
<i>Four Corners POWER Initiative</i>	11.307	08-11-05081	\$ 499,430	\$ -	\$ -
<u>Small Business Administration:</u>					
<i>Pass Through Santa Fe Community College</i> Small Business Development Center	59.037	San Juan College	\$ 20,689	\$ -	\$ -
<u>National Writing Project Corporation:</u>					
Bisti Writing Project SEED	84.367	05-NM06-SEED2016-ILI	13,268	-	-
Bisti Writing Project CRWPAI	84.367	05-NM06-SEED2017-CRWPAI	7,692	-	-
Total National Writing Project Corporation			\$ 20,960	\$ -	\$ -
<u>Department of Housing and Urban Development:</u>					
Farmington Daycare Assistance	14.218	15-109957D	\$ 9,339	\$ -	\$ -
<u>Internal Revenue Service:</u>					
Volunteer Income Tax Assistance (VITA)	21.009	17VITA0264	\$ 13,678	\$ -	\$ -
<u>National Endowment for the Arts:</u>					
<i>Pass-through Western States Art Federation</i> Promotion of the Arts	45.025	San Juan College	\$ 2,125	\$ -	\$ -
<u>Department of Labor:</u>					
<i>Pass-through Santa Fe Community College</i> DOL-TAACCT	17.282	TC-26486-14-60-A-35	\$ 372,999	\$ -	\$ -
Grand Total			\$ 17,227,609	\$ -	\$ -

Figure 64 Schedule of Expenditures of Federal Awards Part 2

Notes to the Schedule of Expenditures of Federal Awards (SEFA)

Note 1 – Reconciliation of SEFA to Financial Statements

SEFA Reconciliation	
Federal Awards Expended per SEFA	\$ 17,227,609
Total Expenses Funded By Other Sources	59,222,885
Total Expense	\$ 76,450,494
Expense for SEFA Reconciliation	
Total General Ledger (GL) Expenses	\$ 86,724,401
Less:	
Federal Equipment Included in SEFA	(212,841)
Other	(261,066)
Debt Service	(9,800,000)
SEFA Exp	(17,227,609)
Total Other Expenses	\$ 59,222,885

Figure 65 SEFA Reconciliation

Note 2 – Basis of Presentation

The accompanying Schedule of Expenditures includes all federal grants to the College that had activity during FY 2017. This schedule has been prepared on the accrual basis except costs incurred to purchase capital assets have been included to reflect actual capital asset expenditures. Revenues are recorded for financial reporting when the College has met the qualifications for the respective grant. Therefore, some amounts presented in this Schedule may differ from amounts presented in the financial statements.

To streamline the grant process the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200) issued December 26, 2013, consolidated eight Office of Management and Budget (OMB) Circulars, into a single Uniform Guidance. Effective for fiscal years beginning after December 25, 2014, non-Federal entities that expend \$750,000 or more in Federal awards are required to have a single or program-specific audit conducted for that fiscal year. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Note 3 – Loans Outstanding

The College is not a direct participant in federally funded student loan programs that requires tracking the outstanding balances of student loans. However, individually the College can access the National Student Loan Data System (nslds.ed.gov) when determining eligibility. Federal Direct Loans (CFDA No. 84.268) advances to students in fiscal year 2017 totaled \$3,657,764.

Note 4 – Indirect Cost Rate

The College has an indirect cost rate of 38% but on some awards, the College was limited to the 10% de minimis indirect cost rate.

Note 5 – Federally Funded Insurance

The College has no federally funded insurance.

Note 6 – Catalog of Federal Domestic Assistance (CFDA)

Program titles and CFDA numbers were obtained from the federal or pass-through grantors or the *CFDA* database, which contains information about a program’s authorization, fiscal details, guidelines, eligibility requirements, program contracts, application and award process. Each Federal program has a CFDA number assigned. Closely related programs are grouped into a cluster that share common compliance requirements. The Student Financial Aid Cluster is considered a Major Type A program (\$750,000 or greater in expenditures) for the 2017 audit. Further information is located at: <https://www.cfda.gov/>

Total Awards by Federal Agency	Amount
National Security Agency	\$ 33,582
National Science Foundation	8,437
Department of Education	15,824,370
Department of Health and Human Services	239,842
Department of Agriculture	75,465
Department of Veterans Affairs	106,693
Department of Commerce	499,430
Small Business Administration	20,689
National Writing Project Corporations	20,960
Department of Housing and Urban Development	9,339
Internal Revenue Service	13,678
National Endowment for the Arts	2,125
Department of Labor	372,999
Total Federal Awards	\$ 17,227,609
Major Federal Program	Amount
Federal Student Financial Aid Cluster	\$ 14,514,846

Figure 66 CFDA Catalog

Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE**

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Trustees of
San Juan College
Farmington, New Mexico

Report on Compliance for the Major Federal Program

We have audited San Juan College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2017. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on the Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

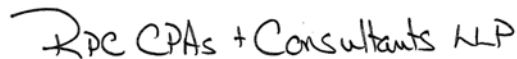
Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

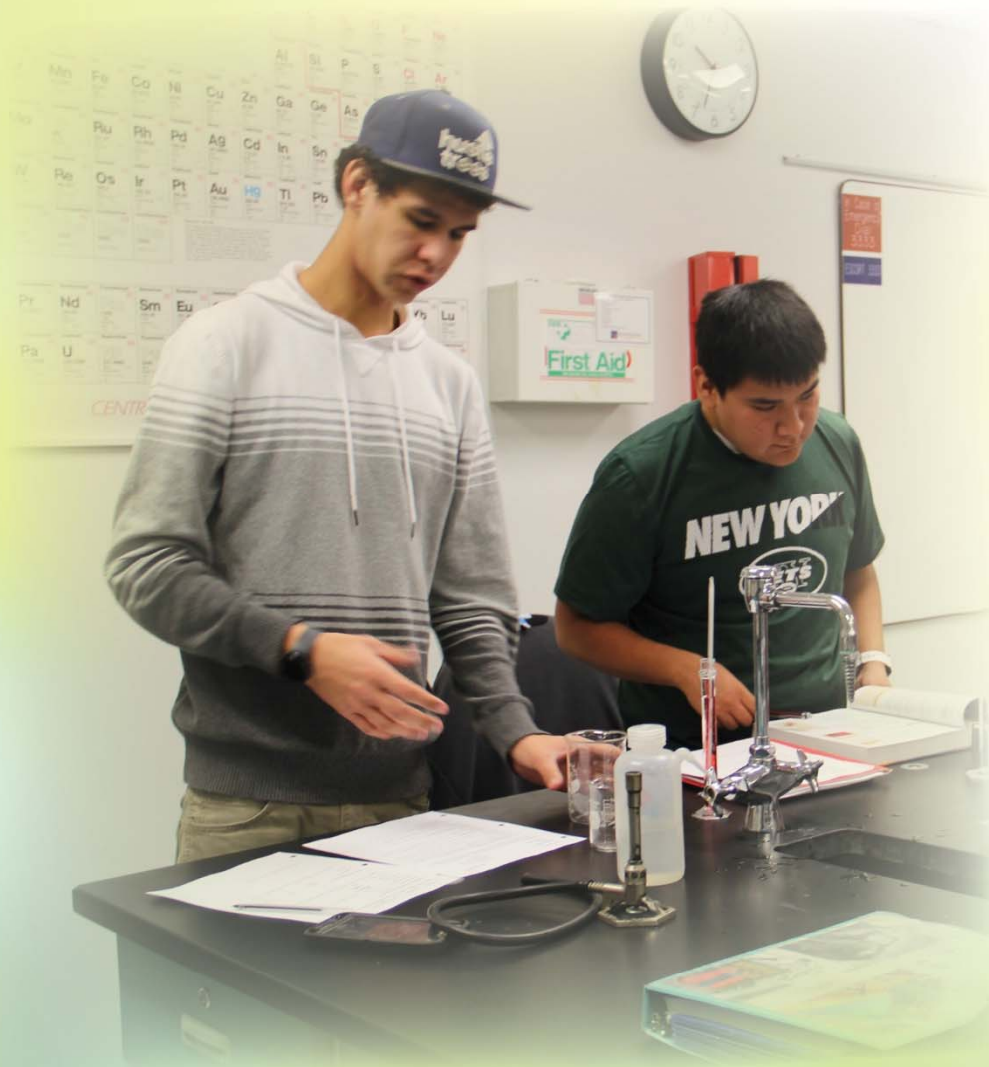


RPC CPAs + Consultants, LLP
Albuquerque, NM
October 23, 2017



Schedule of Findings and Questioned Costs

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SAN JUAN COLLEGE
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State of New Mexico
 San Juan College
 Schedule of Findings and Questioned Costs
 June 30, 2017

A. Summary of Auditors' Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the basic financial statements noted? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
84.063, 84.007, 84.033, 84.268 11.307	Federal Student Financial Aid Cluster Economic Adjustment Assistance

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

State of New Mexico
San Juan College
Schedule of Findings and Questioned Costs
June 30, 2017

B. Findings – Financial Statement Audit

None Noted

C. Findings – Federal Award

None Noted

D. Findings – Section 12-6-5 NMSA 1978

None Noted

E. Findings – Component Units

None Noted

F. Prior Year Audit Findings

NM 2016-001 – Controls over Student Verification – Finding that does not rise to the level of a significant deficiency-Resolved

NM 2016-002 – Travel Reimbursement Procedures not Followed – Other Noncompliance-Resolved

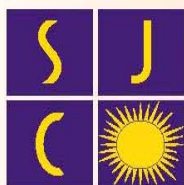
NM 2016-003 – Grants Application Process – Other Noncompliance-Resolved

CU FS 2016-001 – Lack of Internal Controls over Credit Card Purchases – Significant Deficiency-Resolved



Other Required Disclosures

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State of New Mexico
San Juan College
Other Required Disclosures
June 30, 2017

Other Required Disclosures

The financial statements were prepared by San Juan College.

Exit Conference

The contents of this report were discussed on October 23, 2017. The following individuals were in attendance.

San Juan College

Byron Manning, Board Secretary
Dr. Toni Pendergrass, President
Edward DesPlas, Executive Vice President
Kerri Langoni, Associate Vice President, H.R & Legal Activities
Kristie Ellis, Controller
Steve Miller, Assistant Controller

RPC CPAs + Consultants

Alan D. Bowers, Jr., CPA, Audit Partner

San Juan College Foundation

Danny Beyhan, President SJC Foundation
Dr. James Henderson, Board Member
Dr. Toni Pendergrass, Board Member
Gayle Dean, Executive Director
Lowell Perish, SJC Foundation Accountant

Four Corners Innovations

Dr. James Henderson, President FCI
Dr. Toni Pendergrass, Board Member
Alicia Corbell, FCI
Eddi Porter, FCI





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APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

Book-Entry-Only System

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

DTC provided the following information. None of the Financial Advisor nor the District or the Underwriters can vouch for its accuracy or completeness. For further information, please contact DTC.

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 and Notes 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 and Notes. 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 and Notes acquired. Transfers of ownership interests in the Bonds and Notes 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 and Notes will not receive nor have the right to receive physical delivery of the Bonds and Notes, and will not be or be considered to be registered owners under the Bond Resolution and the Note Resolution except as specifically provided in the Bond Resolution and the Note 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 AND NOTES, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS AND NOTES WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The District and the Paying Agent/Registrar may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds and Notes registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds and Notes, selecting Bonds and Notes 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 and Notes, 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 Paying Agent/Registrar will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds and Notes under or through DTC or any DTC Participant, Indirect Participant or other person not shown on the records of the Paying Agent/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 and Notes; 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 and Notes; 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 and the Note 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 and Notes will be paid to DTC or its nominee, Cede & Co., as registered owner of the Bonds and Notes. 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 and Notes 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 and Notes 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 Paying Agent/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 and Notes, the Registrar will give any notice required to be given to registered owners of Bonds and Notes 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 PAYING AGENT/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 AND NOTES.

For every transfer and exchange of a beneficial ownership interest in the Bonds and Notes, 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 and Notes at any time by giving reasonable notice to the District or the Paying Agent/Registrar at any time. In addition, if the District determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds and Notes 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 and Notes or of the District, the District may thereupon terminate the services of DTC with respect to the Bonds and Notes. 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 and Note certificates will be delivered as described in the Note Resolution, each 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 and Note certificates are registered will be treated as registered owners for all purposes of the Bond Resolution and Note Resolution, including the giving to the District or the Paying Agent/Registrar of any notice, consent, request or demand pursuant to the Bond Resolution and the Note Resolution for any purpose whatsoever. In such event, the Bonds and Notes will be transferred to such registered owners, interest on the Bonds and Notes will be payable by check of the Paying Agent/Registrar, as paying agent, mailed to such registered owners, and the principal and redemption price of all Bonds and Notes will be payable at the principal corporate trust office of the Paying Agent/Registrar.

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 and Notes, the Paying Agent/Registrar will send redemption (relating only to the Bonds) 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.

None of the District, the Financial Advisor or the Underwriters have any 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 and Notes.

None of the District, the Financial Advisor or the Underwriters can 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 and Notes received by DTC or its nominees as the holder or any redemption notices (relating only to the Bonds) 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

**CUDDY
&
McCARTHY**
A Limited Liability Partnership

*JOHN F. MCCARTHY, JR.
M. KAREN KILGORE
SANDRA J. BRINCK
PATRICIA SALAZAR IVES
AARON J. WOLF
REBECCA DEMPSEY
JACQUELYN ARCHULETA-STAEHLIN
JULIE A. WITTENBERGER
ANDREW M. SANCHEZ
PATRICK T. ORTIZ
CHARLES V. GARCIA
JAMES S. RUBIN
CHARLOTTE H. HETHERINGTON*

*R. DANIEL CASTILLE
CAROL S. HELMS
K. STEPHEN ROYCE
LAURA E. SANCHEZ-RIVÉT
JULIE S. RIVERS
YOUNG-JUN (JUN) ROH
ANDREA SALAZAR
SAM W. MINNER
CARLOS J. PADILLA
OF COUNSEL:
JOHN F. KENNEDY*

REPLY TO SANTA FE OFFICE

_____, 2018

*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.*

§ _____
**SAN JUAN COLLEGE DISTRICT
GENERAL OBLIGATION LIMITED TAX BONDS
SERIES 2019**

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 2019 (“Bonds”) in the aggregate principal amount of \$_____. 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:

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 to pay the Bonds in an amount not to exceed five mills; provided, that this five-mill limitation 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 such property in the year which the Bonds were first issued.

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,

[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.]

\$ _____
**SAN JUAN COLLEGE DISTRICT
GENERAL OBLIGATION LIMITED TAX BONDS
SERIES 2019**

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 2019 in the aggregate principal amount of \$ _____ (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 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, including the amount, accrual or receipt of interest on, 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. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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.

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,

APPENDIX E

OFFICIAL NOTICE OF SALE / BID FORM / ISSUE PRICE CERTIFICATE

OFFICIAL NOTICE OF BOND SALE

SAN JUAN COLLEGE DISTRICT
COUNTY OF SAN JUAN, STATE OF NEW MEXICO
GENERAL OBLIGATION LIMITED TAX BONDS
SERIES 2019 - \$5,000,000*

PUBLIC NOTICE IS HEREBY GIVEN that the College Board ("College Board") of San Juan College District ("District"), San Juan County, New Mexico, will, until the hour of 10:00 a.m., local time, on December 11, 2018, at the office of RBC Capital Markets, 6301 Uptown Blvd, NE, Suite 110, Albuquerque, New Mexico 87110, receive bids for the purchase of the District's General Obligation Limited Tax Bonds, Series 2019 ("Bonds"), in the aggregate principal amount of \$5,000,000*, subject to adjustment described below, and then publicly open the same. Bids may be submitted as a sealed bid or as an electronic bid using the facilities of PARITY. Submission of bids is further discussed below. Award of the Bonds will be pursuant to a resolution authorizing the Bonds adopted by the College Board of the District on October 2, 2018 and a pricing certificate executed by an authorized pricing officer of the District ("Pricing Officer") determining certain terms of the Bonds pursuant to provisions of the resolution (collectively, the "Bond Resolution").

For purposes of the written sealed bids, and bids received through the electronic bidding process, the time as maintained by PARITY shall constitute the official time.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the District, as described under "BASIS OF AWARD" below. All bids shall be deemed to incorporate the provisions of this Official Notice of Bond Sale ("Notice") and the Official Bid Form.

Bids Delivered to the District:

Sealed bids, plainly marked "Bid for Bonds," should be addressed to "San Juan College District," and delivered to the San Juan College District, c/o RBC Capital Markets, LLC, 6301 Uptown Blvd., NE, Suite 110, Albuquerque, New Mexico 87110, prior to 10:00 a.m., local time, on December 11, 2018 (the "Bid Date"), the date of the bid opening. Such bids must be submitted on the Official Bid Form, without alteration or interlineation or through the electronic bidding process described below.

Electronic Bidding Procedures:

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District and RBC Capital Markets, LLC ("District's

*Subject to change, see "ADJUSTMENT OF THE BONDS" herein

Financial Advisor") shall not be responsible for any malfunction or mistake made by or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice conflict with information provided by PARITY, as the approved provider of electronic bidding services, this Notice shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 1359 Broadway, 2nd Floor, New York, New York 10018, i-Deal Prospectus: (212) 849-5024 or (212) 849-5025; BidComp/Parity: (212) 849-5021.

Adjustment of Bid Parameters and Taking of Bids for the Bonds:

The Pricing Officer may, after consultation with the District's Financial Advisor, in the Pricing Officer's sole discretion and prior to the opening of bids, (i) adjust the aggregate principal amount set forth herein; (ii) adjust individual maturities; and/or (iii) modify or clarify any other term hereof by issuing a notification of the adjusted amounts, modification or clarification via Thomson Municipal News ("TM3") and/or Bloomberg Financial Services no later than 8:30 a.m., prevailing Mountain Time, on the Bid Date. The Pricing Officer may also, after consultation with the District's Financial Advisor, in the Pricing Officer's sole discretion on notice given at least twenty-four (24) hours prior to the original bid deadline on the original Bid Date, reschedule the original Bid Date and bid deadline, and may, at that time or a subsequent time on at least twenty-four (24) hours prior notice, in each case via TM3 and/or Bloomberg Financial Services, establish a rescheduled bid due date and rescheduled bid deadline and a place where electronic bids will be publicly examined.

THE BONDS

The Bonds will be dated as of their date of initial delivery, expected to be January 17, 2019 and will be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. The Bonds will be issued in book-entry-only form through the facilities of The Depository Trust Company, New York, New York and beneficial owners will not receive physical delivery of Bond certificates. BOKF, N.A., Albuquerque, New Mexico, will be the initial paying agent/registrar for the Bonds. The Bonds will mature on August 15 in each of the years and in the principal amounts (preliminary) as follows:

<u>Years</u>	<u>Amount Maturing*</u>
2019	\$250,000
2020	100,000
2021	50,000
2022	200,000
2025	100,000
2026	535,000
2027	535,000
2028	535,000
2029	535,000
2030	535,000
2031	535,000

*Subject to change, see "ADJUSTMENT OF THE BONDS" herein

2032	535,000
2033	555,000

Both principal and interest on the Bonds will be payable in lawful money of the United States of America, and the principal of each Bond will be payable at the principal office of the paying agent/registrant for the Bonds. The interest on each Bond shall be payable by check or draft mailed to the respective registered owners thereof at the address as it appears on the registration books of said paying agent/registrant or any successor paying agent/registrant. Said issue constitutes a portion of the bonds which were authorized at a college district bond election held on February 3, 2015, and are for the purpose of erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utilities facilities, exclusive of stadiums, making other real property improvements, purchasing grounds, or any combination of these purposes, and will constitute general obligation limited tax bonds of the District, payable from general taxes that may be levied against all taxable property within the District in an amount sufficient to produce a sum equal to one year's interest on all Bonds then outstanding together with an amount sufficient to pay the principal on all Bonds as they mature. This levy shall not exceed five mills, provided, however, that the five mill limitation 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 were issued.

ADJUSTMENT OF THE BONDS

After selecting the best bid pursuant to "BASIS OF AWARD" herein, the aggregate principal amount of the Bonds and the maturity schedule for such series may be adjusted as determined by the Pricing Officer and its Financial Advisor in \$5,000 increments to produce proceeds of the sale of the Bonds to the District (principal and net premium) of \$5,000,000 plus an amount for costs of issuance of the Bonds as determined by the Pricing Officer. Any such adjustment of the aggregate principal amount of the Bonds and/or the maturity schedule for the Bonds made by the Pricing Officer and the District's Financial Advisor, RBC Capital Markets, LLC, subsequent to deadline for the submission of bids shall be subsequent to the award of the Bonds to the winning bidder. Any such adjustment will be communicated to the winning bidder within three (3) hours of the deadline for the submission of bids and any adjustment will be done in a "spread neutral" manner.

In the event that the District exercises its right to make adjustments to the aggregate principal amount of the Bonds and/or the maturity schedule, the winning bidder must execute and promptly deliver to the District an acknowledgment of and agreement with such modifications, and the Bonds shall be payable in the principal amounts contained therein and shall bear interest at the respective interest rates submitted by the winning bidder in its bid.

REDEMPTION

The Bonds maturing on or after August 15, 2028, may be redeemed prior to their scheduled maturities on August 15, 2027 or on any date thereafter, in whole or in part, on any interest payment date, 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.

PAYMENT OF PURCHASE PRICE

The purchaser will be required to make payment of the balance of the purchase price of the Bonds (after credit for the bidder's good-faith deposit, without interest to the purchaser) in immediately available funds at a depository designated by the District (see "GOOD FAITH DEPOSIT" below).

INTEREST RATE, BID LIMITATIONS, AND MAXIMUM PREMIUM LIMITATION

Interest on the Bonds will be payable on August 15, 2019, and semi-annually thereafter on August 15 and February 15 in each year until maturity or redemption prior to maturity.

It is permissible to bid different or split rates of interest; provided, however, that: (1) no bid shall specify more than one interest rate for each maturity; (2) each interest rate specified must be stated in a multiple of one-eighth (1/8th) or one-twentieth (1/20th) of one percent (1%) per annum; and (3) the maximum interest rate specified for any maturity shall not exceed 5% and the maximum interest rate may not exceed the minimum interest rate specified for any other maturity by more than three percent (3%).

The Bonds will not be sold for less than par plus accrued interest, if any, nor will a premium in excess of eight percent (8%) of par be accepted.

Bidders are required to submit a bid specifying the lowest rate or rates of interest and premium, if any, at which such bidder will purchase the Bonds. For informational purposes only, each bidder is requested to specify the True Interest Cost on the Bonds stated as a nominal annual percentage rate (see "BASIS OF AWARD" below). Only unconditional bids shall be considered. Bids should be submitted on the Official Bid Form, which may be obtained from the District's Financial Advisor (see "FURTHER INFORMATION" below).

INSURANCE

The District may apply for municipal bond insurance for payment of principal of and interest on the Bonds. If the Bonds are approved for municipal bond insurance, the Bonds may be insured at the bidder's request and expense; and if the successful bidder desires that a legend be printed on the Bonds stating they are insured, the form of such legend and a written request that it be printed on the Bonds must be received by the District's Financial Advisor, identified under "Further Information" below, within forty-eight (48) hours of the award of the Bonds to the successful bidder. At the delivery of the Bonds, the bidder is required to provide documentation to the District confirming that the premiums due the insurance company and any rating agency fees (other than the fee of Moody's Investors Service, which will be paid by the District) have been fully paid.

BASIS OF AWARD

The Bonds will be awarded to the best bidder, considering the interest rate or rates specified and the premium offered, if any, and subject to the right of the Pricing Officer to reject any and all bids and re-advertise. The best bid will be determined and will be awarded on the basis of the True Interest Cost of the Bonds (i.e., using a True Interest Cost method) for each bid received, and an award will be made

(if any is made) to the responsible bidder submitting the bid that results in the lowest actuarial yield on the Bonds. "True Interest Cost" of the Bonds, as used herein, means that yield, which if used to compute the present worth, as of the date of the Bonds, of all payments of principal and interest to be made on the Bonds, from their date to their respective maturity dates, as specified in the maturity schedule and without regard to the possible optional prior redemption of the Bonds, using the interest rates specified in the bid, produces an amount equal to the principal amount of the Bonds plus any premium bid. No adjustment shall be made in such calculation for accrued interest on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360-day year consisting of twelve 30-day months and a semiannual compounding interval. The Bonds will not be sold for less than par plus accrued interest, if any, nor will a premium in excess of eight percent (8%) of par be accepted. The District reserves the right to waive any irregularity or informality in any bid, except time of filing.

GOOD FAITH DEPOSIT

All bids shall be sealed, except bids received by electronic transmission and except for any bid of the State of New Mexico, if one is received, and (i) shall include a good faith deposit of \$100,000 in the form of cash, cashier's or treasurer's check of, or by certified check drawn on, a solvent commercial bank or trust company in the United States of America and payable to the "San Juan College District" which must accompany any bid or be submitted prior to the submission of such bid or (ii) not later than 2:30 p.m., prevailing Mountain time, on December 11, 2018, and prior to the official award of the Bonds, the successful bidder must send an electronic wire transfer to such account as the District shall specify in immediately available funds a good faith deposit of \$100,000. (If such wire transfer is not received from the successful bidder by 2:30 p.m., prevailing Mountain time, on December 11, 2018, the next best bidder may be awarded the Bonds.) No interest on such good faith deposit will accrue to the successful bidder. The good faith deposit will be applied to the purchase price of the Bonds.

The good faith deposit shall be returned for all non-successful bids or if no bid is accepted. If the successful bidder shall fail or neglect to complete the purchase of the Bonds within forty-five (45) days following the acceptance of the bid or within ten (10) days after the Bonds are offered for delivery, whichever is later, the amount of the deposit shall be forfeited to the District as liquidated damages and, in that event, the Pricing Officer may accept the bid of the one making the next best bid. If all bids are rejected, the Pricing Officer may re-advertise the Bonds for sale in the same manner as herein. If there be two or more equal bids and such bids are the best bids received, the Pricing Officer shall determine which bid shall be accepted.

TIME OF AWARD AND DELIVERY

The Pricing Officer will take action awarding the Bonds or rejecting all bids not later than the close of business on the day of the receipt of the bids. Delivery of the Bonds will be made to the successful bidder through the facilities of The Depository Trust Company, New York, New York, within forty-five (45) days of the acceptance of the bid. If for any reason delivery cannot be made within forty-five (45) days, the successful bidder shall have the right to purchase the Bonds during the succeeding ten (10) days upon the same terms, or at the request of the successful bidder, during said succeeding ten (10) days, the good-faith deposit will be returned, and such bidder shall be relieved of any further obligation. The successful bidder shall make final payment for the Bonds in immediately available funds to the District for immediate and unconditional credit to the account of the District. It is anticipated that the delivery of the Bonds will be on or about January 17, 2019.

FURTHER INFORMATION

Information concerning the Bonds, information regarding electronic bidding procedures, bid submission and other matters related to the Bonds, including printed copies of this Notice, the Official Bid Form, and the Preliminary Official Statement relating to the Bonds ("Preliminary Official Statement"), may be obtained from the District's Financial Advisor, RBC Capital Markets LLC, 6301 Uptown Blvd., NE, Suite 110, Albuquerque, New Mexico 87110. This Notice, the Official Bid Form and the Preliminary Official Statement are available for viewing in electronic format from MuniHub at <http://fmhub.com>. The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but will not prepare any other document or version for such purpose except as described below. In addition, any NASD registered broker-dealers or dealer banks with The Depository Trust Company clearing arrangements who bid on the Bonds are advised that they may either: (a) print out a copy of the Preliminary Official Statement on their own printer, or (b) at any time prior to the sale date, elect to receive a photocopy of the Preliminary Official Statement in the mail by requesting it from the District's Financial Advisor. All bidders must review the Preliminary Official Statement, and by submitting a bid for the Bonds, each bidder certifies that such bidder has done so prior to participating in the bidding.

The District will agree in the resolution authorizing the Bonds to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12 ("Rule"), as described in the Official Statement under "Continuing Disclosure of Information." The Purchaser's obligation to accept and pay for the Bonds is conditioned upon the delivery to the Purchaser or its agent of a certified copy of the resolution authorizing the Bonds containing the agreement described under such heading.

The Preliminary Official Statement is deemed final by the District for purposes of Rule 15c2-12(b)(1), except for the omission of the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, any other terms or provisions required by an issuer of such securities to be specified in the winning bid, ratings, other terms of the securities depending on such matters, and the identity of the purchaser. The District will furnish to the successful bidder or bidders, acting through a designated senior representative, in accordance with instructions received from such successful bidder(s) in order to comply with the Rule, within seven (7) business days from the sale date electronic copies of the final Official Statement, reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of preparation of the Official Statement shall be borne by the District.

LEGAL OPINIONS

The New Mexico Attorney General's written approval 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 ("District's Co-Bond Counsel"), whose opinions approving the legality of the Bonds will be furnished at no cost to the successful bidder. The opinions will state in substance that the issue of the Bonds in the amount aforesaid is valid and legally binding upon the District, that all of the taxable property in the District is subject to the levy of a tax to pay the same without limitation of rate or amount, and that interest on the Bonds is excludable from gross income for purposes of federal income tax.

ESTABLISHING THE ISSUE PRICE FOR THE BONDS

The District intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the District receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds ("Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement, the fact of which will be communicated by the District's Financial Advisor to the winning bidder by 2:30 p.m. the day of sale or, in the event such information is not communicated by the District's Financial Advisor, then promptly upon the request of the winning bidder, bids will not be subject to cancellation and the winning bidder (i) agrees to promptly report to the District the first prices at which at least 10% of each maturity of the Bonds (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") and (ii) agrees to hold-the-offering-price of each maturity of the Bonds that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the District with information that enables it to comply with the establishment of the issue price of the Bonds under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the District or to the District's Financial Advisor a certification as to the Bonds' "issue price" ("Issue Price Certificate") substantially in the form and to the effect accompanying this Notice, within five business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within five business days of the date on which the 10% Test is satisfied with respect to all of the maturities. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the District. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to McCall, Parkhurst & Horton, L.L.P., Co-Bond Counsel (as identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (a) at least 50% common ownership of the voting power or the total value of their stock, if both entities are

corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Bonds are awarded by the Pricing Officer pursuant to the Bond Resolution to the winning bidder.

All actions to be taken by the District under this Notice to establish the issue price of the Bonds may be taken on behalf of the District by the District's Financial Advisor, and any notice or report to be provided to the District may be provided to the District's Financial Advisor.

The District will consider any bid submitted pursuant to this Notice to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wire.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the District when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

CERTIFICATION OF OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the successful bidder will be furnished a certificate, executed by proper officers of the District, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in the final Official Statement, and any addenda, supplement or amendment thereto, on the date of the final Official Statement, on the date of sale of the Bonds and the acceptance of the bids therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, the final Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the District, and their activities contained in such final Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since the date of the last audited financial statements of the District.

BOOK- ENTRY-ONLY OBLIGATIONS

The Bonds will be issued in book-entry-only form through the facilities of the Depository Trust Company (see the Preliminary Official Statement).

CUSIP NUMBERS

The District's Financial Advisor shall make timely application in writing to the CUSIP Service Bureau for and shall obtain CUSIP numbers. CUSIP identification numbers may be typed or printed on the Bonds, but neither the failure to provide such number on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms hereof. All expenses in relation to the CUSIP Service charge for the assignment of said numbers will be the responsibility of and will be paid for by the District's Financial Advisor.

BLUE SKY LAWS

The District has not investigated the eligibility of any institution or person to purchase or participate in the underwriting of the Bonds under any applicable legal investment, insurance, banking, or other laws.

By submitting a bid, the initial purchaser represents that the sale of the Bonds in states other than New Mexico will be made only under exemptions from registration, or, wherever necessary, the initial purchaser will register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The District agrees to cooperate with the initial purchaser, at the initial purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary but will not consent to service of process in any such jurisdiction.

Dated at Farmington, New Mexico, this 4th day of December, 2018.

/s/ John Thompson
Chairman, College Board
San Juan College District

Attest:

/s/ Byron Manning
Secretary, College Board
San Juan College District

OFFICIAL BID FORM

December 11, 2018

San Juan College District (the "District")
 c/o RBC Capital Markets LLC
 6301 Uptown Blvd. NE, Suite 110
 Albuquerque, New Mexico 87110
 Attention: Pricing Officer

Pricing Officer:

Pursuant to the "Official Notice of Bond Sale" dated December 4, 2018 ("Notice"), relating to the College Board ("College Board") of San Juan College District (the "District") General Obligation Limited Tax Bonds, Series 2019 ("Bonds") in the principal amount of \$5,000,000*, which by reference is made a part hereof, we submit the following bid:

For your legally issued Bonds as described in the Notice, we will pay you par, plus accrued interest, if any, from the date of the Bonds to the date of delivery to us, plus a cash premium of \$_____, provided the Bonds bear interest per annum as follows (the bonds mature on August 15 of each year):

Maturing (August 15)	Principal <u>Amount*</u>	Interest <u>Rate</u>	<u>Yield</u>
2019	\$250,000	____%	____%
2020	100,000	____%	____%
2021	50,000	____%	____%
2022	200,000	____%	____%
2025	100,000	____%	____%
2026	535,000	____%	____%
2027	535,000	____%	____%
2028	535,000	____%	____%
2029	535,000	____%	____%
2030	535,000	____%	____%
2031	535,000	____%	____%
2032	535,000	____%	____%
2033	555,000	____%	____%

*Subject to change, see the Notice – Adjustment of the Bonds.

In the event that the District exercises its right to make subsequent adjustments to principal amounts of the Bonds after the opening of bids as provided in the Notice, the undersigned bidder agrees to execute and promptly deliver to the District an acknowledgment of, and agreement with, such adjustments, and the Bonds shall be payable in the principal amounts as so adjusted and shall bear interest at the respective interest rates submitted by the undersigned bidder.

Enclosed herewith is *a financial security bond*, *cash*, *a cashier's or treasurer's check of*, *a certified check drawn on*, a solvent commercial bank or trust company in the United States of America, made payable to the order of the San Juan College District, or we will wire transfer to the District in the amount of \$100,000, which deposit represents our good-faith deposit and is submitted in accordance with the terms set forth in the Notice. We will pay the CUSIP Service Bureau charge, if any, for the assignment of CUSIP numbers.

The undersigned agrees to complete, execute, and deliver to the District within two (2) business days from the date hereof the Issue Price Certificate relating to the Bonds in the form in, and pursuant to, the Notice.

We understand and agree that an electronic copy of the final Official Statement, including any amendments or supplements thereto will be supplied to us at the District's. By accepting this bid, you agree to provide electronic copies of the final Official Statement and of any amendments or supplements thereto in accordance with the Notice, and you undertake your other obligations described therein, as contemplated by Rule 15c2-12 of the U.S. Securities and Exchange Commission.

Respectfully submitted,

By: _____
Authorized Representative

* (Strike inapplicable words)

For informational purposes only, our calculation of the True Interest Cost is as follows:

True Interest Cost: (stated as a nominal annual percentage) _____%

Additionally, for informational purposes only, the following is requested:

Gross Interest Cost: \$ _____

Bond Insurance (if any) at Cost
of Bidder: _____

Less Premium Bid: \$ _____

Name of Company: _____

Net Interest Cost: \$ _____

Insurance Premium: \$ _____

Additional Rating (if any) at Cost
of Bidder: _____

Name of Rating Agency: _____

ACCEPTANCE CLAUSE

The above bid is hereby in all things accepted by the San Juan College District, San Juan County, New Mexico, this 11th day of December, 2018.

Pricing Officer
San Juan College District

RETURN OF GOOD-FAITH DEPOSIT

Return of good-faith deposit to us as an unsuccessful bidder on this ____ day of ____, 2018, is hereby acknowledged.

Bidder

By:_____

Pricing Officer, San Juan College District

ISSUE PRICE CERTIFICATE

(Form where three or more bids for the Bonds were received by the District)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the San Juan College District General Obligation Limited Tax Bonds, Series 2019 issued by the San Juan College District ("Issuer") in the principal amount of \$____,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (a) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(a) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____.

_____, as Purchaser

By: _____

Name: _____

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

ISSUE PRICE CERTIFICATE

(Form where three or more bids for the Bonds were **not** received by the District)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the San Juan College District General Obligation Limited Tax Bonds, Series 2019 issued by the San Juan College District ("Issuer") in the principal amount of \$_____,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in ____ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms ("Maturity") was sold on the date of sale of the Bonds ("Sale Date") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices ("Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(b) On or before the Sale Date, the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Hold-the-Price Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Hold-the-Price Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Hold-the-Price Maturity.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (a) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(a) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____.

_____, as Purchaser

By: _____

Name: _____

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION