OFFICIAL STATEMENT DATED DECEMBER 11, 2018

San Juan County, New Mexico
$4,785,000 - 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:

STIFEL

GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2019

Years Maturing (August 15)	Principal	Interest Rate	Yield	CUSIP # 798360	Years Maturing (August 15)	Principal	Interest Rate	Yield	CUSIP # 798360
2019	$250,000	3.000%	1.750%	FZ1	2027	$500,000	5.000%	2.420%	GF4
2020	100,000	3.000%	1.850%	GA5	2028**	500,000	4.000%	2.520%	GG2
2021	50,000	3.000%	1.920%	GB3	2029**	505,000	4.000%	2.650%	GH0
2022	200,000	3.000%	2.000%	GC1	2030**	520,000	4.000%	2.750%	GJ6
2025	100,000	3.000%	2.240%	GD9	2031	520,000	3.000%	3.070%	GK3
2026	500,000	5.000%	2.340%	GE7	2032	520,000	3.000%	3.150%	GL1
					2033	520,000	3.125%	3.220%	GM9

***Priced to the 8/15/2027 @ 100 call*

ISSUER

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(505) 326-3311

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Austin, Texas 78701
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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

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PURCHASER

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1401 Lawrence Street, Suite 900
Denver, CO 80202
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A FEW WORDS ABOUT OFFICIAL STATEMENTS

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

MARKET STABILIZATION

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

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

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

Co-Bond Counsel, Cuddy & McCarthy, LLP, Santa Fe, New Mexico, and McCall, Parkhurst and Horton, L.L.P., Austin, Texas, were not requested and did not take part in the preparation of the Official Statement nor have such firm undertaken to independently verify any of the information contained herein. Such firms have no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in the Official Statement or otherwise. The legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from bond proceeds.

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

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

District
San Juan College District
4601 College Boulevard
Farmington, NM 87402
Attn: 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,
$4,785,000 General Obligation Limited Tax Bonds, Series 2019

INTRODUCTION:

Thank you for your interest in learning more about the $4,785,000 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 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, 2018, 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, 2018, 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 audit will be posted to EMMA when it is 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 $4,785,000 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

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

Limitation on Transfer of Bonds

Neither the District nor the Paying Agent/Registrar are required to transfer or exchange any Bond during, 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	$4,785,000.00
	Net Premium	347,645.55
		$5,132,645.55

Uses:		
	Project Fund	$5,000,000.00
	Cost of Issuance	98,750.00
	Underwriter's Discount	30,829.76
	Debt Service Fund	3,065.79
		$5,132,645.55

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 of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds, including mandamus, may have to be enforced from year to year.

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

DEBT AND OTHER FINANCIAL OBLIGATIONS

General Obligation Debt

The 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 0.37% 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)	$14,345,000
Less Debt Service Fund [(2)]	754,382
NET TOTAL	$13,590,618
Ratio of Estimated Net Debt to 2018 Assessed Valuation:	0.37%
Ratio of Estimated Net Debt to 2018 Estimated Actual Valuation:	0.11%
Estimated Per Capita Net Bonded Debt:	$107.01
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%.

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)	$14,345,000
Net General Obligation Debt	$13,590,618
Estimated Direct & Overlapping G/O Debt	$103,101,970
Net Debt as a Percentage of	
Assessed Valuation	0.37%
Estimated Actual Valuation	0.11%
Direct & Overlapping Debt as Percentage of	
Assessed Valuation	2.80%
Estimated Actual Valuation	0.84%
Estimated Population	127,000
Estimated District Net Debt Per Capita	$107.01
Direct and Overlapping Debt Per Capita	$811.83

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

Outstanding Debt

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

Issue	Original Amount Issued	Final Maturity	Principal Outstanding
Series 2015	5,000,000	08/15/2027	2,575,000
Series 2016	9,335,000	08/15/2025	6,985,000
Series 2019	4,785,000	08/15/2033	4,785,000
	$19,120,000		**$14,345,000**

Debt Service Requirements to Maturity

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

	Current G/O Bonds Requirements			Series 2019 - G/O Bonds				Total G/O Bonds Requirements		
Year	Principal	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total
2019	$1,400,000	$292,650	$1,692,650	$250,000	3.000%	$103,682	$353,682	$1,650,000	$396,332	$2,046,332
2020	1,300,000	238,650	1,538,650	100,000	3.000%	171,950	271,950	1,400,000	410,600	1,810,600
2021	1,375,000	188,650	1,563,650	50,000	3.000%	168,950	218,950	1,425,000	357,600	1,782,600
2022	1,150,000	137,150	1,287,150	200,000	3.000%	167,450	367,450	1,350,000	304,600	1,654,600
2023	1,195,000	95,150	1,290,150			161,450	161,450	1,195,000	256,600	1,451,600
2024	1,250,000	63,300	1,313,300			161,450	161,450	1,250,000	224,750	1,474,750
2025	1,090,000	38,300	1,128,300	100,000	3.000%	161,450	261,450	1,190,000	199,750	1,389,750
2026	400,000	16,500	416,500	500,000	5.000%	158,450	658,450	900,000	174,950	1,074,950
2027	400,000	8,500	408,500	500,000	5.000%	133,450	633,450	900,000	141,950	1,041,950
2028				500,000	4.000%	108,450	608,450	500,000	108,450	608,450
2029				505,000	4.000%	88,450	593,450	505,000	88,450	593,450
2030				520,000	4.000%	68,250	588,250	520,000	68,250	588,250
2031				520,000	3.000%	47,450	567,450	520,000	47,450	567,450
2032				520,000	3.000%	31,850	551,850	520,000	31,850	551,850
2033				520,000	3.125%	16,250	536,250	520,000	16,250	536,250
Total	**$9,560,000**	**$1,078,850**	**$10,638,850**	**$4,785,000**		**$1,748,982**	**$6,533,982**	**$14,345,000**	**$2,827,832**	**$17,172,832**

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	14,345,000	100.00%	14,345,000
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				**$103,101,970**

Ratio of Estimated Direct & Overlapping Debt to 2018 Assessed Valuation	2.80%
Ratio of Direct & Overlapping Debt to 2018 Estimated Actual Valuation	0.84%
Per Capital Direct & Overlapping Debt	$811.83
Estimated Population	127,000

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**

	2018	2017	2016	2015	2014
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 Minng	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.

	2018	2017	2016	2015	2014
Within 20 Mill Limit for General Purposes					
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).

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

Developments Limiting Residential Property Tax Increases

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

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

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

Section 7-36-21.2 NMSA 1978 establishes a statewide limitation on residential property valuation increases beginning in tax year 2001 (the “Statutory Valuation Cap on Residential Increases”). Annual valuation increases are limited to 3% over the prior year’s valuation or 6.1% over the valuation from two years prior.

Subject to certain exceptions, these limitations do not apply:

1. To property that is being valued for the first time
2. To physical improvements made to the property in the preceding year;
3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
4. When a change occurs in the zoning or use of the property;
5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978; and
6. On March 28, 2012, the New Mexico Court of Appeals upheld the constitutionality of a law capping residential valuation increases until a home changes ownership. This decision was appealed to the New Mexico Supreme Court which upheld the constitutionality of Section 7-36-21.3. Section 7-36-21.3 NMSA 1978 places a limitation on the increase in value for property taxation purposes for single-family dwellings occupied by low-income owners who are 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The Section 7-36-21.3 limitation does not apply:

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

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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 Rasor, 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:

<u>Dr. Toni Hopper Pendergrass, President</u>, 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 oversite. 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:

	Resident Full-Time			Non-Resident Full-Time		
Year	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, which includes the audited financials for FY 2018. The complete audit report for the fiscal year ending June 30, 2018 and the prior five 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 Revenues, Expenditures and Changes in Net Position for the District, including the audited financials for FY 2018. The complete audit report for the fiscal year ending June 30, 2018 and the prior five 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						
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 Cash Flows for the District, including the audited financials for FY 2018. The complete audit report for the fiscal year ending June 30, 2018 and the prior five 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						
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/FinalVersion2017ScheduleofEmployerllocations_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	$	24,167,389
Plan Fiduciary Net Position	$	5,882,365
Net OPEB Liability	$	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 Purchaser of the Bonds has represented that the initial public offering price to be paid for one or more maturities of the Bonds is 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.

PURCHASER

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid, after adjustment, was tendered by Stifel, Nicolaus & Company (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of par plus a premium of $316,815.79 and the Initial Purchaser's compensation of $30,829.76.

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/ John Thompson
Chair, College Board

/s/ Byron Manning
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

	2014		2015		2016		2017	
County	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

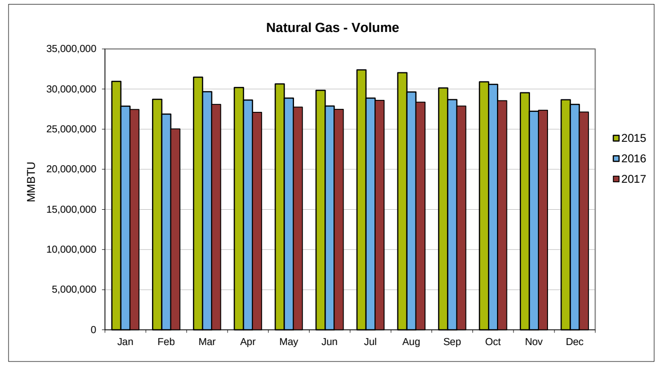
	2014		2015		2016		2017	
County	Volume (MCF)	Value ($000s)	Volume (MCF)	Value ($000s)	Volume (MCF)	Value ($000s)	Volume (MCF)	Value ($000s)
San Juan	378,569,589	$1,918,795	365,471,873	$1,024,309	342,850,067	$899,432	330,759,782	$1,086,212
Eddy	316,917,359	1,509,639	296,623,329	809,379	306,856,716	848,607	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
Colfax	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

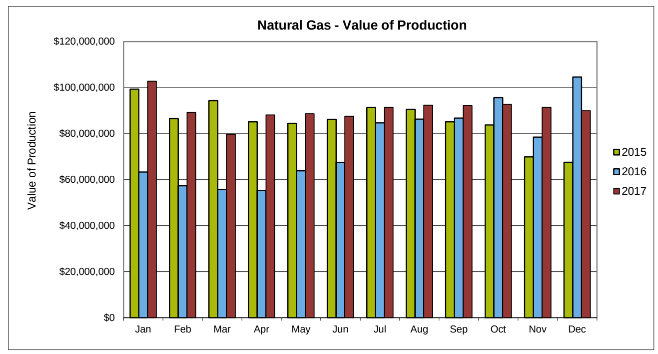
The following tables present the history of oil and gas production in the County as reported to the State Department of Taxation & Revenue by the Oil and Gas Accounting Division.

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**	

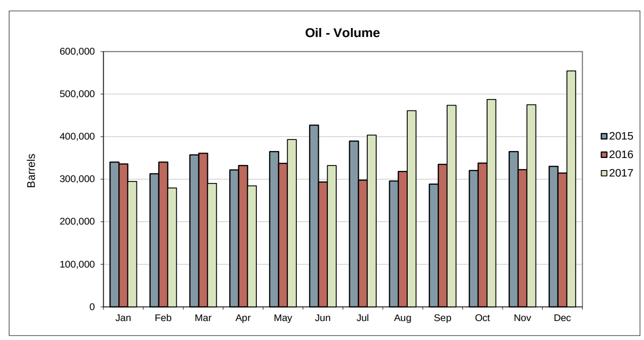


	Natural Gas Value				
	2015	2016	%Change	2017	%Change
Jan	$ 99,368,111	$ 63,313,857	-36.28%	$102,796,179	62.36%
Feb	86,510,737	57,316,604	-33.75%	89,213,193	55.65%
Mar	94,356,682	55,677,913	-40.99%	79,758,797	43.25%
Apr	85,147,942	55,285,051	-35.07%	88,132,093	59.41%
May	84,404,515	63,842,570	-24.36%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

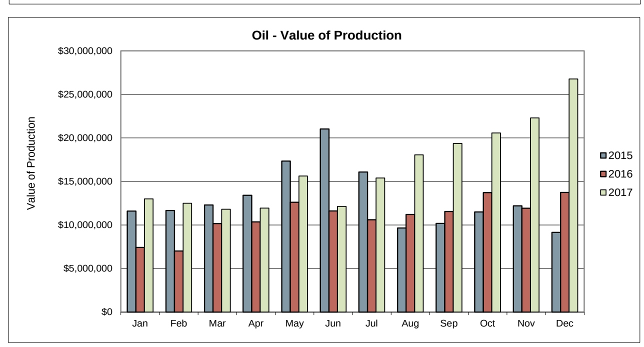


Oil Volume and Value

	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%
	$ 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.

	San Juan County		State of New Mexico	
Fiscal	**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, 2018 AUDITED FINANCIAL STATEMENTS

Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018

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, 2018

Prepared by: San Juan College Business Office

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Pictured above: STEM-H addition and remodel ribbon cutting.

Introductory Section (Unaudited)

Success Matters

SAN JUAN COLLEGE
Success Matters

SAN JUAN COLLEGE
Success Matters

Letter of Transmittal

October 29, 2018

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, 2018. 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 entity 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. The financial statements of the Foundation and FCI are combined and presented along with San Juan College'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, 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 has also partnered with The University of New Mexico to offer a Bachelor of Science in Nursing degree.

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. In September 2018, SJC received from the Higher Learning Commission the "AQIP Pathway: System Appraisal Report for San Juan College, informing the college that "no follow-up is required from the institution, and no official HLC action needs to be taken." San Juan College next reaccreditation visit has now been extended to academic year 2023-2024.

Mission

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 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 is currently being 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 2018

In the spring of 2016, San Juan College celebrated 60 years of student success. In fiscal year 2018, we embarked on our 62nd year.

Committed to building capacity for college completion and equity at scale, San Juan College was selected to be part of an American Association of Community College's Pathways 2.0 initiative. Through this initiative, San Juan College will transform its business model to achieve improvements in completion of college credentials with strong labor market value, especially among low-income students and students of color, that are necessary to reclaim the American Dream.

The San Juan College High School (SJCHS) was launched in August of 2016. After its first, and again in its second year of operations, it was recognized as the State of New Mexico's top ranked high school according to the state standardized test scores. Operating under the direction of Farmington Municipal Schools, SJCHS serves students who reside in the Aztec, Bloomfield, Central Consolidated and Farmington School Districts. Each class of students are selected by a lottery process. 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:

- The number of San Juan College graduates have increased nine percent per year since 2010.
- By the end of fiscal year 2018, San Juan College's first time, full-time graduation rate increased to 24%.
- For the fourth 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.
- San Juan College is 1st in the nation for awarding one-year certificates to Native American students.

SJC continues to be financially sound and fiscally responsible. Despite further reductions in state funding, San Juan College has been able to "live within its means." Joining state of New Mexico's group benefits plan in January 2018, the college achieved a major cost reduction of approximately $1 million in annual employee health coverage premiums.

During fiscal year 2018, almost $7.2 million of physical plant infrastructure improvements have been accomplished through an energy performance contract. The financing for these projects is repaid by savings in utility expenses. In September 2018, the New Mexico Association of Energy Engineers recognized SJC as it Large Project of the Year, noting that we have reduced electrical costs by 30% and waste disposal costs by 80%. SJC is the first community college in New Mexico to use an energy performance contract to fund physical plant improvements.

Also in fiscal year 2018, the college reached substantial completion on a $7 million remodeling and addition project for the Science Technology Engineering Mathematics and Health (STEM-H) programs. Funding for the project came from State of New Mexico general obligation bond funding as well as local general obligation bond funds. This project brought the STEM-H facilities to state-of-the-market levels.

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 3.314 mills for San Juan College's operations, totaling 3.914 mills. The county imposes a non-residential property tax rate of 0.6 mills for San Juan College's debt service and 4.50 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, 2018.

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 three 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.

While the San Juan County area is experiencing some difficult economic circumstances, property tax revenue decreased only slightly. 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. In this vein, college leadership and the Board of Trustees worked through 2017-2018 to craft a strategic methodology to manage the college's tuition rates. In April of 2018, the Board adopted a strategic tuition rate management policy.

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.
- Strategic Tuition Rate Management

Independent Audit

San Juan College engaged CRI CPAs and Advisors, LLC 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 CRI'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. CRI CPAs and Advisors, LLC has issued an unmodified (clean) opinion on San Juan College's financial statements for the year ended June 30, 2018.

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, 2017. This was the fourth 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.

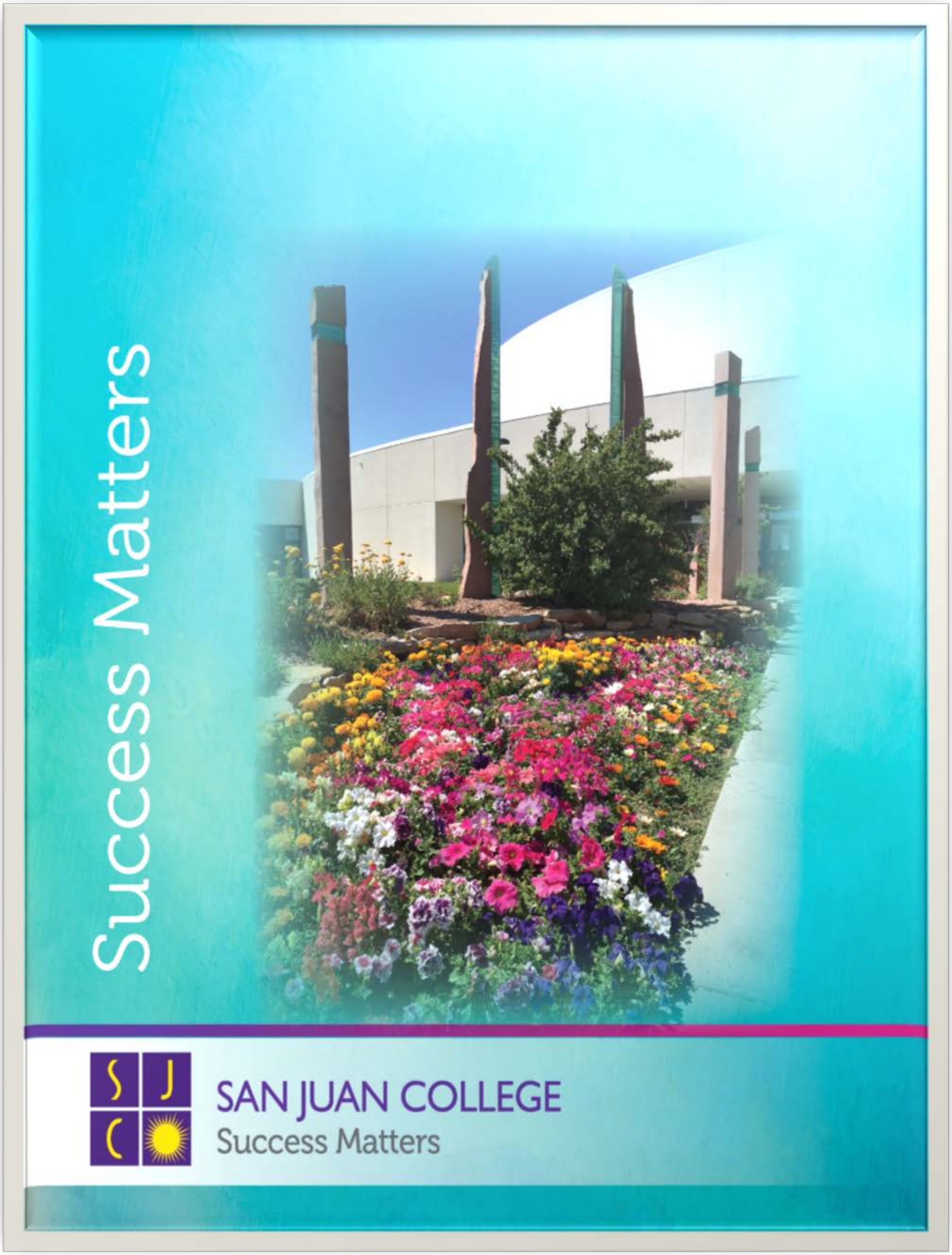
Preparation of this CAFR in a timely manner would not have been possible without the coordinated efforts of the Business Office, the Information Technology Center, the Office of Institutional Research and other key College administrators, faculty, and support staff. In addition, CRI CPAs and Advisors, LLC 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 educate and empower individuals to thrive in an ever-changing world.

Respectfully and collaboratively submitted –

Edward M. DesPlas - Executive Vice President

Kristie Ellis - Controller

Toni Hopper-Pendergrass, PhD - President


Success Matters
SAN JUAN COLLEGE
Success Matters

San Juan College Organizational Chart

San Juan County Citizens

College Board

John C. Thompson, Chairman
R. Shane Chance, Member
Evelyn Benny, Member
Byron Manning, Secretary

Dr. Joseph Pope, Vice Chairman
Hoskie Benally Jr., Member
Joe Rasor, Member

President
Dr. Toni Hopper Pendergrass

Executive Vice President
Edward DesPlas

Vice President for Learning
Dr. Adrienne Forgette

Vice President for Student Services
Dr. Boomer Appleman

List of Elected Officials, Executive Officers and Staff

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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
Joe Rasor — Member

Executive Officers

Dr. Toni Hopper Pendergrass — President
Edward DesPlas — Executive Vice President
Dr. Adrienne Forgette — Vice President for Learning
Dr. Boomer Appleman — Vice President for Student Services
Kerri Langoni, JD, SHRM-CP — AVP for Human Resources and Legal Activities
Sandy Gilpin — AVP for Learning

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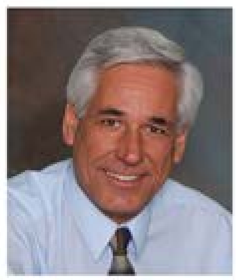
Steve Miller — Assistant Controller
Jeff Parkes, CPA — Assistant Controller
Aurelia Etcitty — Grants Development & Compliance Officer
Tanda McCombe — Restricted Fund Accountant
Carol Carreon — Payroll Manager
Corrine Antonson — Senior Accounting Specialist
Lisa Nash — Third Party Billing and Student Accounts Supervisor
Blanca Frias — Accounts Receivable Supervisor
Jael Raymond — Accounting Specialist
Juanita Pacheco — Senior Accounting Technician
Paulanna Zamora — Senior Accounting Technician
Berlean Johnson — Senior Accounting Technician
Antonio Sanchez — Senior Accounting Technician
Caleb Chandler — Accounting Technician
Lainna Newman — Accounting Technician
Frank Cole — Chief Procurement Officer

Photo by Tony Bennett

Dr. Toni Hopper Pendergrass,
President

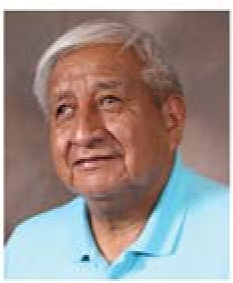
San Juan College President and Board of Trustees

John Thompson



Dr. Joseph Pope

Byron Manning



Hoskie Benally, Jr.

Evelyn B. Benny

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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, 2017

Christopher P. Morrill
Executive Director/CEO

Financial Section

Success Matters

SAN JUAN COLLEGE
Success Matters

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
2424 Louisiana Boulevard NE
Suite 300
Albuquerque, NM 87110

(505) 883-2727
(505) 884-6719 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget and
To the Board of Trustees
San Juan College
Farmington, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust of San Juan College (the "College") as of and for the year ended June 30, 2018 and the related notes to the financial statements which collectively comprise the College's 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 Governmental Accounting Standards Board, as of and for the year ended June 30, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the prior year financial statements have been restated to correct a misstatement in the amount of ($761,827). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 28, the GASB Required Supplementary Pension schedules on page 72, the GASB Required Supplementary OPEB schedules on pages 73 through 74, and the accompanying Notes to Required Supplementary Information on pages 75 through 77 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 that collectively comprise the College's basic financial statements. 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 7 and 8 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 7 and 8 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 29, 2018 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 solely 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 effectiveness of the College's 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.

Carr, Riggs & Ingram, L.L.C

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
October 29, 2018

Management's Discussion and Analysis

Introduction

The San Juan College Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018, 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 ended June 30, 2018 (FY18) include:

- The College's net position decreased by $(10.3) million for a total net position of $(13.1) million from $(2.8) million. The decrease was primarily due to the requirement of Government Accounting Standards Board (GASB) Statements No's. 68 and 75 to book the deferred outflows, liabilities, deferred inflows, and expenses from the NM Education Retirement Board (ERB) pension, and Other Post-Employment Benefits (OPEB) Retiree Health Trust; (see Notes 9 and 10, respectively).
- Before the required GASB No's. 68 and 75 entries, the College had a positive increase in net position of $1.4 million.
- Management does not believe that the negative effects of GASB 68 and GASB 75 have an impact on either the college's solvency or the college's status as a going concern.
- Total assets decreased by $(0.9) million or -0.7%. Current assets increased by $1.2 million or 4.5% due to an increase in cash and investments. Non-current assets decreased by $(2.1) million or -2.4% due to the net effect of additions to capital assets offset by an increase in accumulated depreciation.
- Deferred outflows of resources – OPEB and pension increased by $25.9 million or 232.5% due to an OPEB decrease of $(0.3) million and a pension increase of $26.2 million.
- Total liabilities increased by $28.3 million or 22.1% as a direct result of a large increase in net pension liability.
- Net pension liability increased by $36.7 million or 49.2% and OPEB liabilities decreased by or $(6.3) million or -25.6%.
- Total bonds and notes payable decreased by $(1.5) million or -7.3%.
- Deferred inflows of resources - OPEB and pension: increased by $6.9 million or 541.2% due to increases in both OPEB of $4.2 million and pension of $2.7 million.
- Total revenues increased by $0.2 million or 0.3% primarily due to an increase in other revenues of $1.6 million, Local appropriations of $0.3 million and tuition and fees of $0.2 million, offset by decreases in: federal student aid of $(0.7) million; auxiliary revenue of $(0.5) million, State appropriations of $(0.5) million, and grants and contracts of $(0.2) million.
- Total expenses increased by $5.8 million or 7.6% primarily as a result of an increase in pension - ERB expense of $10.1 million or 144.8%, offset by a decrease in almost all other budgeted expense categories other than depreciation expense. Primarily as a result of the State ERB pension and with the reporting requirements of GASB 68, benefits as a percent of salary have steadily increased to 74.9% in FY18 from 50.8% in FY17 and 35.4% in FY16.

Overview of the Financial Statements

Financial statements are presented in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB) Statement No. 34 and Statement No. 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.

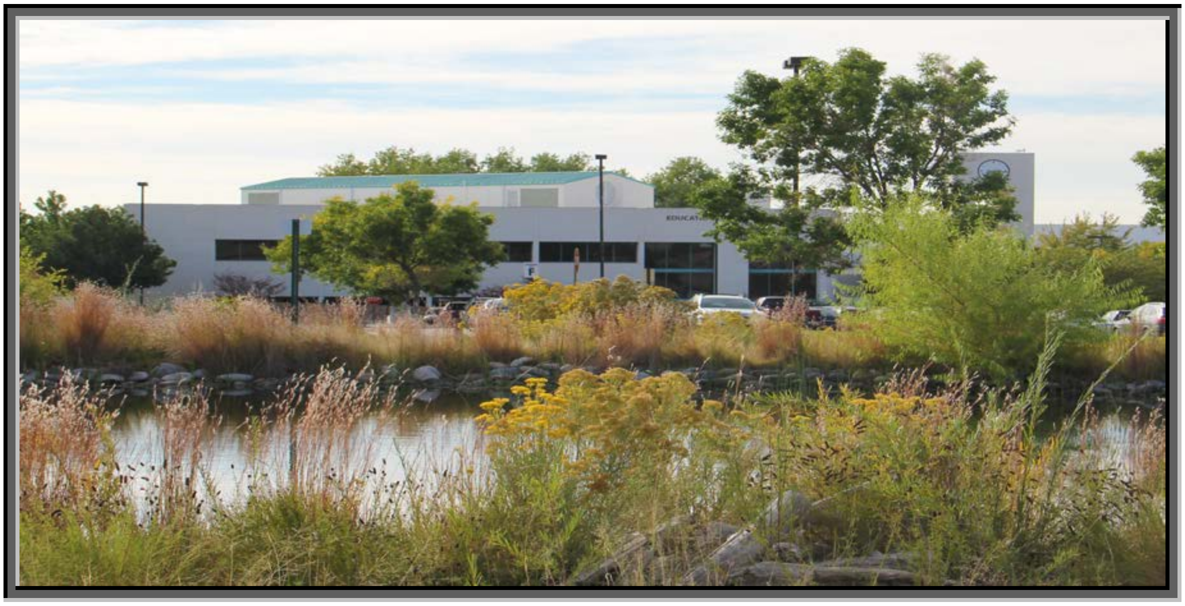
While San Juan College uses fund accounting to account for its economic resources, GASB mandates presentation of the College's financial data as a single program business-type activity to facilitate interpretation by those not familiar with fund accounting. Consistent with GASB No. 34, paragraph 12, 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, GASB No. 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 No. 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 No. 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 these statements was to improve accounting and financial reporting by state and local governments for pensions.

GASB Statement No. 74 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.

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. These auxiliary funds are the San Juan College Bookstore, the Health and Human Performance Center (HHPC), and Dining Services. The College also has fiduciary fund that 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 provide selected detailed data. The statements are followed by the "Required Supplementary Information" section that provides schedules and notes related to the pension and OPEB liabilities. The primary focus of the basic financial statement is on the results and activities for FY18. As a reference point, comparative data is presented from the prior fiscal year, FY17 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 FY18. The College has an ending net position of $(13.1) million in FY18. 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, and is one way to measure financial health. An increase in net position indicates financial improvement, while a decrease can represent financial decline (see Note 12 for net position restatement). To assess the overall health of San Juan College additional factors should be considered such as: changes in student enrollment, projected tax collection trends, debt capacity, and condition of the College's infrastructure, demographic and economic statistics, and bond ratings. 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, 2018, and June 30, 2017.

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San Juan College
Condensed Comparative Statement of Net Position
June 30, 2018 and 2017

	2018	2017
Assets:		
Current Assets	$ 28,851,753	$ 27,618,991
Non-Current Assets	5,699,983	8,822,756
Capital Assets, not being depreciated	4,270,235	9,398,684
Capital Assets, net of accumulated depreciation	75,787,807	69,632,438
Total Non-Current Assets	85,758,025	87,853,878
Total Assets	114,609,778	115,472,869
Deferred Outflows of Resources	37,004,423	11,130,404
Total Assets and Deferred Outflows of Resources	$ 151,614,201	$ 126,603,273
Liabilities		
Current Liabilities	$ 8,462,556	$ 8,739,990
Non-Current Liabilities	36,747,809	44,796,895
Net Pension Liability	111,265,821	74,598,502
Total Liabilities	156,476,186	128,135,387
Deferred Inflows of Resources	8,250,671	1,286,822
Total Liabilities and Deferred Inflows of Resources	164,726,857	129,422,209
Net Position		
Net Investment in Capital Assets	63,427,068	65,459,333
Restricted	7,242,865	4,118,219
Unrestricted	(83,782,589)	(72,396,488)
Total Net Position	(13,112,656)	(2,818,936)
Total Liabilities, Deferred Inflows and Net Position	$ 151,614,201	$ 126,603,273

Figure 1 Condensed Summary of Net Position

Assets

Current assets increased by $1.2 million or 4.5% and non-current assets decreased by $(2.0) million or -2.4%. Net capital assets increased by $1.0 million or 1.3%, due to an increase in capital assets as a result of completing two construction projects. Total Assets decreased by $0.9 million or -0.7% primarily due a decrease in receivables and inventory held for resale.

Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets applicable to a future reporting period. Deferred outflows increased by $25.9 million or 232.5% due to entries related to GASB No.68 and No75. (See Notes 9 and 10, for GASB 68 – Pension, and GASB 75 – OPEB, respectively).

Liabilities

The liabilities section of the Condensed Comparative Statement of Net Position, reflects three broad categories of liabilities: current liabilities, non-current liabilities, and net pension liability. Current liabilities decreased by $(0.3) million or -3.2%. Non-current liabilities which includes net OPEB liability decreased by $(6.3) million or -25.6% primarily due to a decrease in OPEB liability. Net pension liability increased by $36.7 million or 49.2% resulting in an overall total liabilities increase of $28.3 million or 22.1%. See Note 9 for detailed information on the net pension liability.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of resources applicable to a future reporting period. Deferred inflows of resources increased by $7.0 million or 541.2% primarily due to changes in investment experience. See Notes 9 and 10 for detailed information on deferred amounts.

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 non expendable, restricted expendable and unrestricted. 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 decreased by $(2.0) million or -3.1%, primarily due the addition of depreciable assets offset by an increase in accumulated depreciation. 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 increased by $3.1 million or 75.9% primarily due to State funding received for capital projects. Unrestricted net position accounts for College resources available to fund general operations. Unrestricted net position decreased by $(11.4) million or -15.7% primarily as a result of entries related to pension and OPEB totaling $10.4 million. Total net position decreased by $(10.3) million or -365.2%.

Capital Assets and Debt Administration

Changes in Net Capital Assets are the result of acquisitions, improvements, deletions and 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 recognize 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 in the Statement of Net Position as a contra asset netted against depreciable capital asset. The amount reflected as the net value of an asset decreases 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 decreased by $(5.1) million due to the capitalization of projects previously reported as construction in progress resulting in a corresponding increase in net capital assets. Net capital assets increased by $1.0 million or 1.3% from capital asset transactions. The College's total bonds and notes payable decreased by $(1.5) million or -7.3% due to general obligation bond and note debt payments.

Statement of Revenues, Expenses, and Changes in Net Position

A Condensed Comparative Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations and other changes for the year ended June 30, 2018, and 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.

San Juan College Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position For the years ending, June 30, 2018 and 2017		
	2018	2017
Revenues		
Operating Revenues:		
Student Tuition and Fees, net of Scholarship Allowance	$ 7,278,197	$ 7,054,445
Federal Grants and Contracts	2,475,628	2,637,298
State Grants and Contracts	1,957,371	2,168,384
Non Governmental Grants and Contracts	1,946,012	1,802,104
Other Operating Revenues	5,288,253	5,718,037
Total Operating Revenues	18,945,461	19,380,268
Operating Expenses:		
Education and General	55,808,695	50,204,296
Operations and Maintenance of Plant	6,131,856	5,438,184
Depreciation Expense	6,010,569	5,320,551
Student Aid	7,530,125	8,046,915
Other Operating Expense	4,450,872	4,470,750
Total Operating Expenses	79,932,117	73,480,696
Operating Profit (Loss)	(60,986,656)	(54,100,428)
Non-Operating Revenues (Expenses)		
State Appropriations	22,982,981	23,458,630
Local Appropriations	17,155,803	16,824,516
Federal Student Aid	10,140,356	10,857,082
Other Non-operating Revenues (Expenses)	(1,838,518)	(2,880,370)
Total Non-Operating Revenues (Expenses)	48,440,622	48,259,858
Income (Loss) before Other Revenue (Expenses)	(12,546,034)	(5,840,570)
Capital Appropriations	2,860,571	1,852,716
Capital Contributions	153,570	32,625
Increase (Decrease) in Net Position	(9,531,893)	(3,955,229)
Net Position - Beginning of Year	(2,818,936)	20,702,231
Net Position - Restatement	(761,827)	(19,565,938)
Net Position - Beginning of Year as Restated	(3,580,763)	1,136,293
Net Position - End of Year	$ (13,112,656)	$ (2,818,936)

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

Statement of Revenues, Expenses, and Changes in Net Position (continued)
The Governmental Accounting Standards Board (GASB) mandates local and state appropriations and federal student aid are regarded as non-operating revenue because they lack 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 $(61.0) million. This loss includes expenditures against non-operating revenue sources. A more representative view of fiscal effectiveness includes local and state appropriations, and federal student aid which is reflected in the amount reported as income (loss) before other revenue (expenses). San Juan College reported a decrease in net position of $(10.3) million. This decrease is the net effect of recognizing net pension liabilities and other post-employment benefits. See Note 9 and Note 10. The College's operating revenue decreased by $(0.4) million or -2.2% as a result of a decrease in auxiliary enterprise revenue.

Revenues and Expenses by Classification
In addition to the functional classification of expenses, it may be helpful to view expenses by their natural classification, in which the expenses are grouped by the type of economic benefit received, and the College's expenses by amount and percentage.

Revenues are summarized by functional classification. State and local appropriations are 55.2% of total revenues and had a slight decrease from $40.2 million to $40.1 million. Net tuition and fees increased by $0.2 million or 3.2%. Total revenue increased by $0.2 million or 0.3%. The largest increase in revenue is attributable to other revenue which was offset by reductions in Federal student aid, State appropriations, auxiliaries and services. The College has three auxiliary funds, San Juan College Bookstore, Dining Services, and the Health and Human Performance Center (HHPC).

Expenses are summarized by amount and in the accompanying chart by percent. Salaries and benefits represent 61.3% of total expenses. Salaries and wage expense decreased by $(0.6) million or -2.2% and benefits increased by $6.6 million or 44.2%. The large increase is a result of pension expense offset by the reduction in OPEB (retiree healthcare) expense. Benefits as a percent of salary and wages increased from 50.8% to 74.9%. See statistical section for staffing information.

Revenues and Expenses by Classification (continued)

Revenues		
Tuition and Fees, Net	$	7,278,197
Grants & Contracts		6,379,012
Sales & Services		732,876
Auxiliary Sales/Services		3,493,187
State Appropriations		22,982,981
Other Revenues		4,575,743
Local Appropriations		17,155,803
Federal Student Aid		10,140,356
	$	72,738,155

Expenses		
Suppliers	$	15,870,496
Other Expenses		991,625
Salaries and Wages		28,847,636
Benefits		21,615,967
Utilities		1,084,533
Scholarships		7,335,996
Interest on Capital Debt		513,225
Depreciation		6,010,569
	$	82,270,047

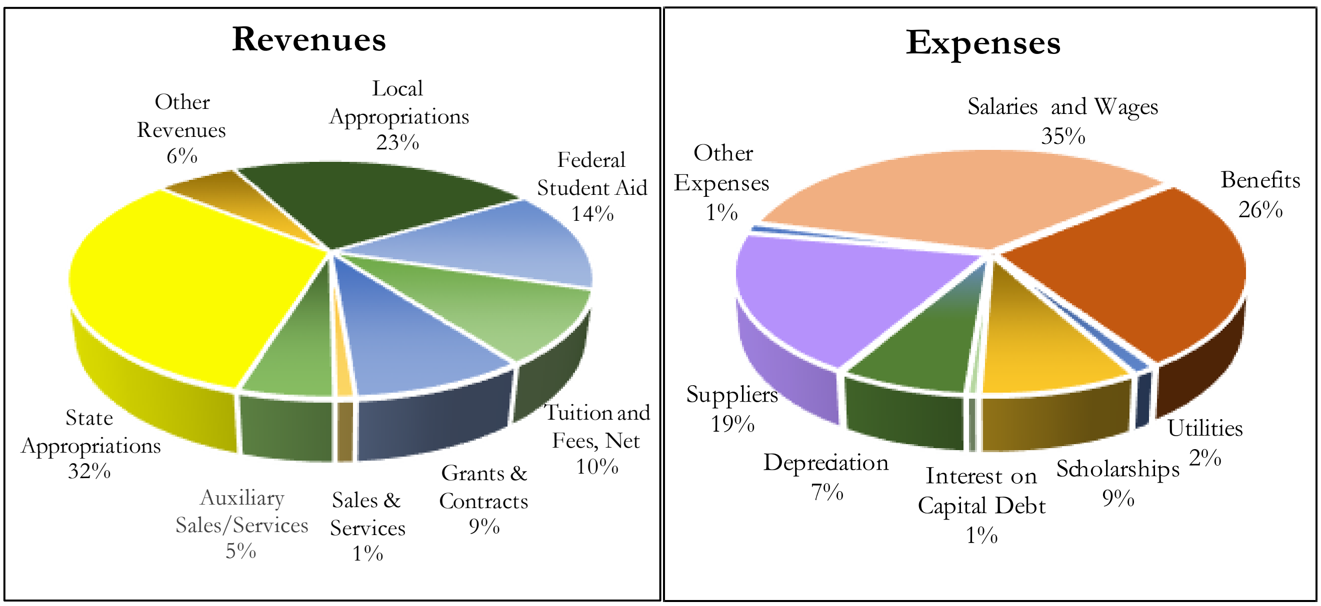


Figure 3 Revenue and Expenses by Functional Classification

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, 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 below. In FY18 cash and cash equivalents also includes current investments which were excluded in prior years cash flow statements. In FY18 cash and cash equivalents beginning was $30.1 million. For comparative purposes the FY17 ending balance was revised to $30.1 million from $24.5 million as a result of including current investments of $5.6 million which were previously excluded from prior year's statements. Overall cash and cash equivalents decreased by $(0.9) million or -2.9%.

Statement of Cash Flows (continued)

San Juan College Condensed Statement of Cash Flows For the Year Ended June 30, 2018	
	2018
Cash Flows from Operating Activities	$ (45,671,785)
Cash Flows from Noncapital Financing Activities	47,830,867
Cash Flows from Capital and Related Financing Activities	(3,140,414)
Cash Flows from Investing Activities	104,871
Net Increase (Decrease) in Cash and Cash Equivalents	(876,461)
Cash and Cash Equivalents - Beginning of Year	30,137,576
Cash and Cash Equivalents - End of Year	$ 29,261,115

Figure 4 Condensed Statement of Cash Flows

Component Units

Pursuant to GASB Statement No. 14, No. 39, No. 61, and No. 80, *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. The San Juan College Foundation was established in 1973 as a not-for-profit, 501(c)(3) corporation to provide resources for various critical needs at San Juan College and within the communities that the College serves. The 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. See Note 1 for additional information.

Economic Outlook

Principal Revenue Sources

In FY18 total revenues increased by $0.2 million or 0.3%, principal revenue sources accounted for 75.2% of total revenues compared to 77.2% in FY17 (see statistical section).

Revenue received from principal revenue sources:

- State of New Mexico decreased by $(0.7) million or -2.7%
- San Juan County, which includes property taxes and production taxes, increased by $0.3 million or 2.0%
- Federal government decreased by $(0.9) million or -6.5%
- Tuition and fees increased by $0.2 million or 3.2%

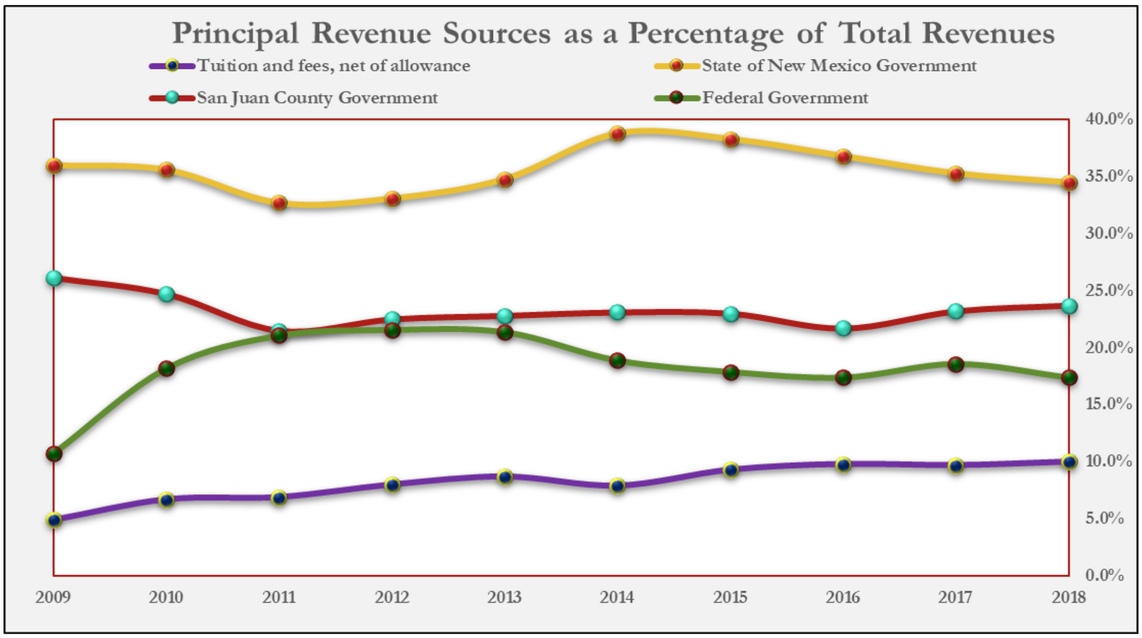


Figure 5 Principal Revenue Sources

State Appropriations

The New Mexico Department of Higher Education is using an outcomes based funding formula for all New Mexico higher education institutions. Included in the current formula are six output measures for community colleges: 1) students 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 up to 10% of the state appropriation.

Local Appropriations

College's local property and production tax budget for unrestricted operations is expected to remain flat in FY19.

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 part time student enrollment.

Tuition and Fees (continued)

Effective FY19, the Board of Trustees has approved a policy to cause tuition to be recognized and managed as a revenue strategy to underpin the College's strategic plan and improve the College's financial sustainability. See statistical section for tuition rates.

As an open enrollment institution, all applications for admission are accepted at San Juan College. In FY18 the College enrolled 831 first-time freshmen compared to FY17 when 1,111 freshmen enrolled. Total full-time equivalent students (FTEs) was 4,592, down 5.9% compared to FY17. FTE students are calculated based on a 15 credit hour load per semester. Associates degrees awarded remain consistent with 826 awarded during FY18. Students earned a total of 822 certificates, down from 1,095 in FY17.

Principal Employers, Unemployment Rates, and Population

The downturn in the natural gas and oil market, and closure of several units at the San Juan Generating Station have had considerable impact on the local economy as evidenced by demographic indicators. Unemployment has increased significantly, peaking at 10.3% in 2017. Although stabilizing in 2018, total county employment has dropped by over 9% since 2009. Construction and mining experienced the two largest decreases, although health care and social assistance as well as accommodations and food service experienced increases. San Juan County has traditionally depended heavily on oil and gas jobs, and with the downturn in the local industry has had an unemployment rate higher than the state at large. According to the U.S. Census Bureau, San Juan County is among the top 10 counties in the country for population decline. Farmington, New Mexico has been 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

For the coming fiscal year the College's Board of Trustees adopts the institutional annual operating budget. 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. For the current fiscal year the College is required to submit a final budget adjustment request also by May 1. Budget adjustments address changes in assumptions, allow updates for known outcomes, and focus on future developments. Budgetary comparison demonstrates compliance with the approved budget process. See the Other Supplementary Information section.

The Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Unrestricted and Restricted – All Operations, located in the Other Supplementary Information section indicates the College had a budgetary net position decrease of $(1.2) million. The Reconciliation of Changes in Fund Balance (Budgetary Basis) to Changes in Net Position (GAAP) Basis reflects the ending change in net position of $(9.5) million.

For fiscal year 2019 (FY19), San Juan College management and the Board of Trustees submitted an original and a final budget to the New Mexico Higher Education Department (NMHED). Total expenditures in the original budget were $82.5 million, final budget expenditures were $99.7 million. The $17.1 million increase was primarily due to capital outlay and the true-up of restricted funds to actual revenue and expenditures. In FY19 the College submitted an original budget of $88.2 million which is an $11.5 million decrease from the FY18 final budget. Decreasing revenue streams are projected to continue beyond FY18; as a result the College has recently adopted new strategic directions, is exploring new program and course offerings and is pursuing enhanced student success initiatives.

Edward DesPlas, Executive Vice President; Kristie Ellis, Controller; and some of the San Juan College Business Office 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, 2017. Special Thanks Linda Kaleta and the Marketing Department for graphics and photos.Business Office staff pictured below:

Basic Financial Statements

Success Matters

SAN JUAN COLLEGE

Success Matters

Statement of Net Position

San Juan College Statement of Net Position June 30, 2018		
	Primary Institution	Component Units
Assets		
Current Assets		
Cash and Cash Equivalents	$ 17,960,042	$ 663,586
Investments	5,601,090	24,191,550
Accounts Receivable, net	1,289,952	108,358
Due from Other Governments	2,379,256	-
Other Receivables, net	112,109	-
Inventories	1,322,977	-
Other Assets	186,327	26,511
Total Current Assets	28,851,753	24,990,005
Non-Current Assets		
Restricted Cash, Cash Equivalents, and Investments	5,699,983	211,390
Capital Assets, not being depreciated	4,270,235	-
Capital Assets, net of accumulated depreciation	75,787,807	2,394,570
Land Held for Investment	-	14,420
Total Non-Current Assets	85,758,025	2,620,380
Total Assets	114,609,778	27,610,385
Deferred Outflows of Resources		
Deferred Outflows - OPEB	162,994	-
Deferred Outflows - Pension ERB	36,841,429	-
Total Deferred Outflows of Resources	37,004,423	-
Total Assets and Deferred Outflows	$ 151,614,201	$ 27,610,385

Figure 6 Statement of Net Position (continued)

Statement of Net Position (continued)

San Juan College Statement of Net Position (continued) June 30, 2018		
	Primary Institution	Component Units
Liabilities		
Current Liabilities		
Accounts Payable	$ 2,354,423	5,151
Due to San Juan College	-	160,930
Accrued Compensated Absences	180,629	-
Accrued Payroll Liabilities	1,476,077	-
Interest Payable	186,247	-
Unearned Revenue	2,484,413	-
Bonds and Note Payable - Current	1,622,319	-
Deposits and Funds Held for Others	158,448	-
Other Accrued Liabilities	-	816
Total Current Liabilities	8,462,556	166,897
Non-Current Liabilities		
Accrued Compensated Absences	1,193,616	-
Net Other Post-Employment Benefits Liability	18,285,024	-
Bonds and Note Payable - Non-Current	17,269,169	-
Net Pension Liability	111,265,821	-
Possible Dreams Deposits	-	211,234
Total Non-Current Liabilities	148,013,630	211,234
Total Liabilities	156,476,186	378,131
Deferred Inflows of Resources		
Deferred Inflows - OPEB	4,810,636	-
Deferred Inflows - Pension ERB	3,440,035	-
Total Deferred Inflows of Resources	8,250,671	-
Total Liabilities and Deferred Inflows of Resources	164,726,857	378,131
Net Position		
Net Investment in Capital Assets	63,427,068	2,394,570
Restricted Non-Expendable		15,662,453
State Endowment	369,154	-
Restricted Expendable		1,343,151
Debt Service	2,301,859	-
Capital Projects	4,571,852	-
Other Restricted Funds	-	-
Unrestricted	(83,782,589)	7,832,080
Total Net Position	(13,112,656)	27,232,254
Total Liabilities, Deferred Inflows and Net Position	$ 151,614,201	$ 27,610,385

Figure 7 Statement of Net Position

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, 2018		
Revenues	Primary Institution	Component Units
Operating Revenues:		
Student Tuition and Fees	$ 11,723,795	$ -
Less: Scholarship Allowances	(4,445,598)	-
Federal Grants and Contracts	2,475,628	-
State Grants and Contracts	1,957,371	-
Non Governmental Grants and Contracts	1,946,012	-
Sales and Services	732,876	48,535
Auxiliary Enterprises	3,493,187	-
Other Operating revenues	1,062,190	1,262,355
Total Operating Revenues	18,945,461	1,310,890
Operating Expenses:		
Education and General		
Instruction	32,705,740	-
Academic Support	4,990,587	-
Student Services	7,933,276	-
Institutional Support	8,294,482	-
Operations and Maintenance of Plant	6,131,856	-
Public Service	1,884,610	-
Depreciation Expense	6,010,569	142,851
Student Aid	7,530,125	-
Student Social and Cultural Activities	43,819	-
Auxiliary Enterprises	4,249,691	-
Independent Operations	157,362	-
Other Operating Expense	-	2,020,913
Total Operating Expenses	79,932,117	2,163,764
Operating Profit (Loss)	$(60,986,656)	$ (852,874)

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

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, (continued) For Year Ended, June 30, 2018		
Non-Operating Revenues (Expenses)		
State Appropriations	$ 22,982,981	$ -
Local Appropriations	17,155,803	-
Federal Student Aid	10,140,356	-
Investment Income (Loss)	144,819	521,548
Interest on Capital Asset-related Debt	(572,287)	-
Gain (Loss) on Disposal of Capital Assets	(19,335)	-
Other Non-operating Expenses	(1,391,715)	1,282,722
Total Non-Operating Revenues (Expenses)	48,440,622	1,804,270
Income (Loss) before Other Revenue (Expenses)	(12,546,034)	951,396
Capital Appropriations	2,860,571	-
Capital Contributions	153,570	-
Increase (Decrease) in Net Position	(9,531,893)	951,396
Net Position, Beginning of Year	(2,818,936)	26,280,858
Net Position - Restatement	(761,827)	-
Net Position - Beginning of Year As Restated	(3,580,763)	-
Net Position - End of Year	$(13,112,656)	$27,232,254

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

Statement of Cash Flows

San Juan College Statement of Cash Flows For Fiscal Year Ended, June 30, 2018	
Cash Flows from Operating Activities	
Tuition and Fees	$ 11,319,018
Grants and Contracts	6,409,571
Sales and Services	747,442
Auxilliary Sales and Services	3,728,284
Payments to Suppliers	(8,382,066)
Payments to Employees	(28,581,706)
Payments for Benefits	(10,650,308)
Payments for Utilities	(1,084,533)
Payments for Student Aid	(11,984,381)
Other Receipts	1,062,149
Other Payments	(8,255,255)
Net Cash Provided (used) by Operating Activities	(45,671,785)
Cash Flows from Noncapital Financing Activities	
State Appropriations	22,982,981
Local Appropriations	14,873,152
Federal Student Aid	9,974,734
Net Cash Provided (used) by Noncapital Financing Activities	47,830,867
Cash Flows from Capital and Related Financing Activities	
Interest Payments on Bonds and Notes	(600,248)
Capital Appropriations	3,579,606
Local Debt Service Levy	2,212,719
Principal Payments on Bonds and Notes	(1,429,237)
Purchase of Capital Assets	(6,903,254)
Net Cash Provided (used) by Capital and Related Financing Activities	(3,140,414)
Cash Flows from Investing Activities	
Investment Income	104,871
Net Cash Provided (used) by Investing Activities	104,871
Net Increase (decrease) in Cash and Cash Equivalents	(876,461)
Cash and Cash Equivalents - beginning of year July 1, 2017	30,137,576
Cash and Cash Equivalents - end of year June 30, 2018	$ 29,261,115

Figure 10 Statement of Cash Flows (continued)

The accompanying notes are an integral part of the Financial Statements

Statement of Cash Flows (continued)

San Juan College Statement of Cash Flows (continued) For the year ended June 30, 2018	
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating income (loss)	$ (60,986,656)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities	
Depreciation	6,010,569
Noncash Pension Expense	8,456,307
Changes in Assets and Liabilities	
Accounts Receivable (net)	(75,057)
Due from Other Governments	510,190
Other Receivables (net)	153,524
Inventories	555,415
Other Assets	(130,522)
Accounts Payable	104,935
Accrued Compensated Absences	9,733
Accrued Compensated Absences	(67,148)
Accrued Payroll Liabilities	(22,982)
Subequent contributions pensions	264,550
Deposits and Funds Held for Others	(1,243)
Unearned Revenue	(543,400)
Net Cash Provided (used) by Operating Activities	$ (45,761,785)

Figure 11 Statement of Cash Flows

San Juan College Retiree Health Trust

Statement of Fiduciary Net Position

San Juan College Statement of Fiduciary Net Position OPEB - Retiree Health Trust June 30, 2018	
Assets:	
Cash and Cash Equivalents	$ 1,558,807
Accounts Receivable	2,287
Mutual Fund- Fixed Income	4,321,271
Total Assets	$ 5,882,365
Net Position:	
Net Assets Held in Trust for OPEB	5,882,365
Total Net Position:	$ 5,882,365

Figure 12 Statement of Fiduciary Net Position

Statement of Changes in Fiduciary Net Position

San Juan College Statement of Changes in Fiduciary Net Position OPEB - Retiree Health Trust For Fiscal Year Ended June 30, 2018	
Additions	
Payroll Withheld, Plan Participants	$ 86,749
San Juan College Contributions	1,165,872
Net Investment Income	2,735
Total Additions	1,255,356
Deductions	
Benefit Payments (net of retiree contributions)	457,784
Administrative Fees	22,272
Total Deductions	480,056
Net increase in Net Position	775,300
Net Position, Beginning of year	5,107,065
Net Position, End of year	$ 5,882,365

Figure 13 Statement of Changes in 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, 2018

	Foundation	Four Corners Innovations	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 289,775	$ 373,811	$ 663,586
Investments	24,191,550	-	24,191,550
Accounts Receivable, net	-	108,358	108,358
Other Assets	-	26,511	26,511
Total Current Assets	24,481,325	508,680	24,990,005
Non-Current Assets			
Restricted Cash, Cash Equivalents, and Investments	211,390	-	211,390
Capital Assets, net of accumulated depreciation	2,371,237	23,333	2,394,570
Land Held for Investment	14,420	-	14,420
Total Non-Current Assets	2,597,047	23,333	2,620,380
Total Assets	$ 27,078,372	$ 532,013	$ 27,610,385
Liabilities			
Current Liabilities			
Accounts Payable	$ 1,979	$ 3,172	$ 5,151
Due to San Juan College	160,930	-	160,930
Other Accrued Liabilities	-	816	816
Total Current Liabilities	162,909	3,988	166,897
Non-Current Liabilities			
Possible Dreams Deposits	211,234	-	211,234
Total Non-Current liabilities	211,234	-	211,234
Total Liabilities	374,143	3,988	378,131
Net Position			
Net Investment in Capital Assets	2,371,237	23,333	2,394,570
Restricted Non-Expendable	15,662,453	-	15,662,453
Restricted Expendable	1,343,151	-	1,343,151
Unrestricted	7,327,388	504,692	7,832,080
Total Net Position	26,704,229	528,025	27,232,254
Total Liabilities and Net Position	$ 27,078,372	$ 532,013	$ 27,610,385

Figure 14 Combining Statement of Net Position – 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, 2018			
	Foundation	Four Corners Innovations	Total
Operating Revenues			
Contributions	$ 1,072,995	$ -	$ 1,072,995
Collectibles and Assets	158,430	-	158,430
Program Income and Fees	-	48,535	48,535
Other	16,378	14,552	30,930
Total Operating Revenues	1,247,803	63,087	1,310,890
Operating Expenses			
Scholarships	622,469	-	622,469
College Award, Programs and Relations	886,811	-	886,811
General and Administrative	221,166	94,100	315,266
Fund Raising Expenses	156,079	-	156,079
Depreciation	141,470	1,381	142,851
Program Operating Expenses	-	40,158	40,158
Conference Expenses	-	130	130
Total Operating Expenses	2,027,995	135,769	2,163,764
Operating Profit/(Loss)	(780,192)	(72,682)	(852,874)
Non-Operating Revenues (Expenses)			
Investment Income	521,548	-	521,548
Net Unrealized Gain (Loss) on Investments	473,514	-	473,514
Realized Gain on Investments	1,083,065	-	1,083,065
Change in Value of Split-Interest Agreements	(7,944)	-	(7,944)
Contributions to San Juan College	(113,984)	-	(113,984)
Investment Management Fees	(151,929)	-	(151,929)
Total Non-Operating Revenues (Expenses)	1,804,270	-	1,804,270
Change in Net Position	1,024,078	(72,682)	951,396
Total Net Position - Beginning of Year	25,680,151	600,707	26,280,858
Total Net Position - End of Year	$ 26,704,229	$ 528,025	$ 27,232,254

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 ("San Juan College") 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.

San Juan 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, Inc. and Four Corners Innovations, Inc. 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. 14 *Financial Reporting for Segments of a Business Enterprise* required a publicly held business company to present, for each segment of its operations qualifying as a reportable segment, information on revenues, profitability, identifiable assets, and other related disclosures. Statement No 14 was amended by Statement No.39, *Determining Whether Certain Organizations are Component Units,* which provides additional criteria for determining whether certain organizations are component units with discrete presentation. GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statements No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB No. 14*; A description of the College's discretely presented component units and the basis for including each as a component unit in the College's financial report follows.

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 Foundation (the "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

Discreetly Presented Component Units (continued)

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. ("FCI") 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.

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, 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.

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

Newly Effective Pronouncements. The primary objective of these statements is to improve accounting and financial reporting. This fiscal year, the following statements went into effect:
Statement No. 81 - *Irrevocable Split- Interest Agreements*
Statement No. 85 - *Omnibus 2017*
Statement No. 86 - *Certain Debt Extinguishment Issues*

New Standards Adopted (continued)

The Colleges' financial statements reflect the pronouncements accordingly. The implementation of these statements did not have a significant impact on the College because the activities of the College were not affected by the pronouncements in a material manner.

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. See 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, under NM Statute §21-1-27. The endowment funds are invested in certificates of deposits. During FY 2018 the College realized $5,799 in revenue from the endowment investments and expended $8,413 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, 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, renovations, equipment, with a unit cost of $5,000 or more and an estimated useful life of more than one year. Routine repairs are charged to operating expense in the year in which they happen. All works of art, minerals, artifacts and historical treasures are booked at cost, donated or appraised value.

Capital Assets (continued)

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 because 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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The College has $37.0 million in deferred outflows of resources. See Notes 9 and 10.

Compensated Absences

Full-time employees, both exempt and non-exempt, accumulate vacation time not to exceed 240 hours at fiscal year-end. Unused compensated absences at year-end 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 New Mexico 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 $8.3 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. 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 assessment for property taxation purposes. Property taxes are due in two installments. The first half is due on the following 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 Bureau of the State of New Mexico Taxation and Revenue Department assesses and collects oil and gas production taxes and oil and gas equipment ad valorem tax. 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 taxes 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 instrumentality 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 Internal Revenue Code Section 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. 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, current portion of accrued compensated absences, 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 Health 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. In FY17 the San Juan College Retiree Health Trust implemented GASB 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans.* The College implemented GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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 $29.3 million. Total cash includes restricted cash, cash equivalents and investments of $5.7 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, 2018. Of the College's cash, $2.3 million is unspent bond and lease proceeds. The original proceeds were $5.0 million from General Obligation Bonds (GOB) and $7.5 million from the equipment lease purchase – energy performance contract. Any change in the fair value of investments are reported as cash equivalents.

San Juan College
Cash Reconciliation
June 30, 2018

	Citizens Bank of Farmington	Wells Fargo	Wells Fargo Investment	WFB Flex Plan	Four Corners Community Bank	BOK Financial	Total
Total per banks	$ 777,011	$ 5,346,698	$ 18,294,084	$4,460,000	$ 1,345,739	$387,666	$ 30,611,198
Reconciling items:							
deposits in transit	-	16,453	-	-	-	-	16,453
outstanding check	-	(1,056,921)	-	-	-	-	(1,056,921)
other reconciling items	-	(320,982)	-	-	-	-	(320,982)
	$ 777,011	$ 3,985,248	$ 18,294,084	$4,460,000	$ 1,345,739	$387,666	$ 29,249,748
Cash on hand							11,367
Cash and cash equivalents per financial statements							$ 29,261,115

Figure 16 Cash Reconciliation to Financial Statements

Collateralization of Deposits

At June 30, 2018, the recorded value of the College's cash with financial institutions was $29.3 million. The balances per bank statements and overnight investment accounts totaled $30.6 million. Of the bank balance, $6.3 million was covered by federal depository insurance, $23.9 million was covered by collateral held at the Federal Reserve in the College's name, and $2.0 million was uninsured and uncollateralized at June 30, 2018. Investments are diversified into other financial institutions allowing FDIC insurance coverage. Wells Fargo Investment and Four Corners Community Bank accounts place deposits with other institutions, with each providing any applicable federal depository insurance.

San Juan College
Collateralization of Deposits

	Citizens Bank of Farmington	Wells Fargo	Wells Fargo Repo Account	Wells Fargo Investment	Four Corners Community Bank	BOK Financial	Total
Deposits, at June 30, 2018	$ 777,011	$ 5,346,698	$ 18,294,084	$ 4,460,000	$ 1,345,739	$ 387,666	$ 30,611,198
FDIC Insurance	250,000	250,000	-	4,460,000	1,345,739	-	6,305,739
Uninsured funds	527,011	5,096,698	18,294,084	-	-	387,666	24,305,459
Pledged Collateral Required							
102 percent on overnight	-	-	18,659,966	-	-	395,419	19,055,385
50 percent on deposits	263,506	2,548,349	-	-	-	-	2,811,855
Pledged Collateral Required	263,506	2,548,349	18,659,966	-	-	395,419	21,867,240
Pledged Collateral at June 30, 2018	1,035,300	3,106,661	18,659,966	-	737,367	395,419	23,934,713
Excess (deficiency)	$ 771,794	$ 558,312	$ -	$ -	$ 737,367	$ -	$ 2,067,473
Uninsured amount	$ 527,011	$ 5,096,698	$ 18,294,084	$ -	$ -	$ 387,666	$ 24,305,459
Pledged Collateral against Uninsured	1,035,300	3,106,661	18,659,966	-	-	395,419	23,197,346
Unisured and Uncollateralized	$ -	$ 1,990,037	$ -	$ -	$ -	$ -	$ -

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 or bond mutual funds. For FDIC insurance the College invests in some bank brokerage accounts. 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 over time with the general level of interest rates. "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 Trust (RHT) portfolio and the value of these securities is directly affected by interest rate changes. 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. It is a goal to achieve the 2.99% return or discount rate calculated in the actuarial report.

Interest Rate Risk/Market Risk (continued)

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. Figure 18 below indicates the time line for investment maturity rates of the RHT. See Required Supplementary Information, Schedule 8 - Schedule of Deposits for investment details.

San Juan College Retiree Health Trust					
Investment Type	Market Value	Not Subject to Interest Rate Risk	<1Yr	1-5 Years	5+ Years
Money Markets	$ 1,561,094	$ 1,561,094	$ -	$ -	$ -
Fixed Income - Gov. & Corp.		-	-	-	-
Mutual Fund	4,321,271	-	266,117	919,351	3,135,803
Total Investments	$ 5,882,365	$ 1,561,094	$266,117	$919,351	$3,135,803

Figure 18 Maturity Rates - Retiree Health Trust

The Foundation does not have a policy to limit its exposure to interest rate risk. At June 30, 2018. 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	Not Subject to Interest Rate Risk	<1Yr	1-5 Yrs	5+Yrs
CD's and Money Markets	$ 407,342	$ 407,342	$ -	$ -	$ -
Equities	21,070,812	21,070,812	-	-	-
Fixed Income Securities	2,570,799	2,532,844	5,139	32,816	-
Other Investments	142,597	142,597	-	-	-
Total Investments	$ 24,191,550	$ 24,153,595	$ 5,139	$ 32,816	$ -

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 are treated as having no credit risk. The Colleges and Foundation investments are currently held in non-debt investments not subject to credit risk. The Retiree Health Trust holds an indirect interest in debt securities held through bond mutual funds, and these are 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, 2018, 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, 2018, the Foundation's uninsured cash deposits totaled $39,005.

Custodial Deposit and Investment Risk (continued)

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

Certain of the assets of the College and its component units are measured at fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. 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.

Market Value Measurements (continued)

The College maintained a balance of $5.6 million in its primary investments that are not subject to fair value measurement. The College's Retiree Health Trust's, and the Foundation's assets are presented using the fair value hierarchy at fiscal year-end:

Fair Value				
Health Care Trust	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual Funds	$ 4,516,941	$ -	$ -	$ 4,516,941
Foundation	**Level 1**	**Level 2**	**Level 3**	**Total**
CDs/Money Markets	$ 407,342	$ -	$ -	$ 407,342
Equities	18,662,887	2,407,925	-	21,070,812
Fixed Income - Gov. & Corp.	2,570,799	-	-	2,570,799
Other/Alternative Investments	142,597	-	-	142,597
Foundation Total	$ 21,783,625	$ 2,407,925	$ -	$ 24,191,550

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 were $1.0 million. Significant amounts included in the net receivable balance are $3.4 million related to tuition and fees and $(2.4) million in allowance for doubtful accounts.

Accounts Receivable

Accounts Receivable	
Accounts Receivable Tuition & Fees	$ 3,439,437
Less: Allowance for Doubtful Accounts	(2,352,394)
Accounts Receivable Tuition & Fees, net	1,087,043
Other Third Party Recivables	202,909
Accounts Receivable, net	$ 1,289,952

Figure 21 Accounts Receivable

Other Miscellaneous Receivables	
Accrued Interest Receivable	$ 72,230
Other Misc. Receivables	39,879
Total Miscellanous Receivables	$ 112,109

Figure 22 Other Miscellaneous Receivables

Due From Other Governments

Amounts consists of property taxes and unreimbursed federal, state and local grant expenditures. San Juan County ("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, 2018, government receivables consisted of the following:

Due From Other Governments (continued)

Due from Other Governments		
Billed Property Taxes	$	790,597
Due from Local Governments		712,649
Due from State Governments		209,721
Due from Federal Government		666,288
Total Due from Other Governments	$	2,379,255

Figure 23 Due from Other Governments

San Juan College Foundation – Beneficial Interest in Remainder Trust

The Foundation maintained a beneficial interest in remainder trusts as of June 30, 2017. The fair market value of the interests as of June 30, 2017 was $76,078. The beneficial interests were held at a brokerage house in prior years. During the year ended June 30, 2018 the Trust was converted to investments upon the occurrence of the triggering events in the trust documents and the Foundation received $73,932 in investments as a final distribution.

San Juan College Foundation – Trust Agreements

The Foundation received $107,684 in other 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 San Juan College Foundation Statement of Net Position.

Note 4 – Capital Assets

San Juan College
Capital Asset Activity
For The Year Ended June 30, 2018

	Balance 6/30/2017	Additions	Transfers/ Retirements	Balance 6/30/2018
Capital Assets Not Being Depreciated				
Land	$ 2,010,641	$ -	$ -	$ 2,010,641
Art	1,360,927	110,168	-	1,471,095
Minerals & Artifacts	340,932	23,402	-	364,334
Construction in Progress	5,686,184	374,521	5,636,540	424,165
Total Non Depreciable Assets	9,398,684	508,091	5,636,540	4,270,235
Depreciable Assets				
Land & Leasehold Improvements	8,561,171	500,000	-	9,061,171
Infrastructure	16,131,130	544,090	-	16,675,220
Buildings	130,385,906	10,301,598	-	140,687,504
Equipment and Software	20,017,131	797,595	1,739,209	19,075,517
Library Books	1,551,828	41,990	6,360	1,587,458
Total Depreciable Capital Assets	176,647,166	12,185,273	1,745,569	187,086,870
Less: Accumulated Depreciation				
Leashold Improvements	6,039,303	738,466	-	6,777,769
Infrastructure	10,816,018	523,269	-	11,339,287
Buildings	71,262,167	3,976,091	-	75,238,258
Equipment and Software	17,470,485	696,073.00	1,720,054	16,446,504
Library Books	1,426,755	76,850	6,360	1,497,245
Total Accumulated Depreciation	107,014,728	6,010,749	1,726,414	111,299,063
Depreciable Capital Assets, net	69,632,438	6,174,524	19,155	75,787,807
Capital Assets, net	$ 79,031,122	$ 6,682,615	$ 5,655,695	$ 80,058,042

Figure 24 College Capital Asset Activity

Total capital assets increased by $5.3 million or 2.9%. Net capital assets increased by $1.0 million or 1.3%. Non depreciable capital assets decreased by $(5.2) million or -54.8% due to a reduction in construction in progress which contributed to an increase in depreciable assets. The College completed the STEM-H construction of an additional laboratory class room and remodeled existing class rooms. Energy performance upgrades were completed which included: 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. Unspent proceeds restricted for specific capital projects decreased by $4.6 million or -66.8%. Capital assets net of related debt decreased $2.0 million or -3.1%. See Note 8 for detailed information on unspent debt proceeds.

Note 4 – Capital Assets (continued)

Component unit capital asset activities for FY 2018 are shown below:

San Juan College - Component Units
Capital Asset Activity
For The Year Ended June 30, 2018

San Juan College Foundation	Balance 6/30/2017	Additions	Transfers/ Retirements	Balance 6/30/2018
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	2,404,990	141,470	-	2,546,460
Total Accumulated Depreciation	2,404,990	141,470	-	2,546,460
Capital Assets, net	$ 2,512,707	$ (141,470)	$ -	$ 2,371,237

Four Corners Innovations	Balance 6/30/2017	Additions	Transfers/ Retirements	Balance 6/30/2018
Depreciable Assets				
Leasehold Improvements	$ 29,090	$ -	$ 4,791	$ 24,299
Furniture and Equipment	864		-	864
Total Depreciable Capital Assets	29,954	-	4,791	25,163
Less: Accumulated Depreciation				
Leasehold Improvements	-	1,215	-	1,215
Furniture and Equipment	380	235	-	615
Total Accumulated Depreciation	380	1,450	-	1,830
Capital Assets, net	$ 29,574	$ (1,450)	$ 4,791	$ 23,333

Figure 25 Component Unit Capital 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 has the following special or severance bond tax appropriations at the end of FY18.

San Juan College
Special Severance or GOB Appropriations
For year ended June 30, 2018

Severance Tax or GO Bond Number	ID	Bond Sale Date	Reversion Date	San Juan College Project Name	Original Appropriation	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balances
STB-2018-A	C2678	06/28/18	06/30/22	Door Lock System	$ 255,854	$ -	$ -	$ 255,854
GOB-16-018	A5123	08/01/17	06/30/21	Restroom Renovations	$ 2,000,000	$ 118,976	$ 63,986	$ 1,817,038

Figure 26 Special Severance or GOB Appropriations

Note 6 – Unearned Revenue

At June 30, 2018, San Juan College unearned revenue consisted of the following:

Unearned Revenue		
Prepaid Tuition	$	1,007,123
Unearned Grant Revenues		1,357,776
Other		119,515
Total	$	2,484,413

Figure 27 Unearned Revenue

Note 7 – Long-Term Liabilities

Figures 28 and 29 summarize bonds and notes payable transactions. For comparative purposes the 2016 bond premium previously excluded in FY17 is now included in FY17 and FY18.

Summary of Bond and Note Transactions								
Bonds Payable		Balance 6/30/2017		Retirements		Balance 6/30/2018		Due Within One Year
2015 Bonds	$	2,775,000	$	100,000	$	2,675,000	$	100,000
2016 Bonds		9,335,000		1,100,000		8,235,000		1,250,000
2016 Bond Premium		748,029		67,546		680,483		-
2008 Hutton Note		77,673		77,673		-		-
2016 EPC Note		7,452,566		151,561		7,301,005		272,319
Total	$	20,388,268	$	1,496,780	$	18,891,488	$	1,622,319

Figure 28 Summary of Bond and Note Transactions

Bonds and Note Payable	Interest Rates	Amount
2015 Bonds; original amout $5,000,000; maturing 8/15/2027	2 -2.125%	$ 2,675,000
2016 Bonds; original amout $9,335,000; maturing 8/15/2025	2-4%	8,235,000
2016 EPC Note; original amount $7,452,566; maturing 10/1/203	3.11%	7,301,005
Total Bond Principal		18,211,005
2016 Bond Premium - Net		680,483
Total Bonds and Notes Payable		$ 18,891,488
Current Portion		
Current Portion of Notes Payable:		272,319
Current Portion of Bonds Payable:		1,350,000
Current Bonds and Notes Payable		1,622,319
Long-term Bonds and Notes Payable		17,269,169
Total Bonds and Notes Payable		$ 18,891,488

Figure 29 Long-Term Debt

The bonds payable are repaid from taxes levied against property within the College district boundaries. The notes payable are collateralized by buildings, land and equipment. The $7.4 million equipment lease purchase agreement for energy performance upgrades is expected to be offset by utility cost avoidance.

Long-Term Liabilities (continued)

Figure 30 shows the annual requirements to retire bonds (excluding premium) and note payable.

Due in Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2019	$ 1,622,319	$ 542,263	$ 2,164,583
2020	1,649,426	481,407	2,130,833
2021	1,571,731	421,393	1,993,124
2022	1,670,173	361,922	2,032,095
2023	1,469,798	305,708	1,775,506
2024-2028	6,348,481	951,310	7,299,791
2029-2034	3,523,223	430,156	3,953,379
2035	355,854	4,155	360,009
Total	$ 18,211,005	$ 3,498,313	$ 21,709,318

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 facility who teach honor students, or certain schedule overloads, and faculty banked hours, compensated absences are shown in Figure 31.

Compensated Absences					
Description	Balance 6/30/2017	Deductions	Additions	Balance 6/30/2018	Current Amount
Accrual	$ 1,346,954	$ (169,427)	$ 100,358	$ 1,277,885	$ 180,629
Faculty Banked Hours	84,706	-	11,654	96,360	
Total	$ 1,431,660	$ (169,427)	$ 112,012	$ 1,374,245	$ 180,629

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; and natural disasters. The College participates in the New Mexico Public Liability and Public Property Funds managed by the New Mexico Risk Management Division.

The State's funds 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, injuries to employees, natural disasters, and liability for negligent acts or omissions 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 College and the New Mexico Risk Management Division 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, 2018, 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.

Risk Management (continued)
No major lawsuits are outstanding against the College. New Mexico Risk Management Division 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, 2018 was $2.3 million. The College has utilized all the State GOB 14-1301 proceeds.

San Juan College Construction Commitments				
Estimated Costs	Sources of Funding	Name	Estimated Completion	Remaining
800,000	Series 2015 Local GO Bonds	Hutton St. Remodel	Spring 2019	649,270
1,200,000	Series 2015 Local GO Bonds	Fire Tower	Fall 2018	1,119,761
3,000,000	Series 2015 Local GO Bonds	STEM Remodel	Fall 2018	344,384
4,000,000	State GOB 14-1301	STEM Remodel	Fall 2018	-
7,452,566	Equipment Lease Purchase Agreement	Energy Performance Contract	Fall 2018	147,099
$ 16,452,566				$ 2,260,514

Figure 32 Future Construction Commitments

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. Copiers make up $0.3 million of the total $0.4 million total obligation.

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. 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.

Plan Description (continued)

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.

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) 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. In fiscal year 2017 the plan had 153,514 active, retired, and inactive members. The College's contributions to ERB for the fiscal years ending June 30, 2018, 2017, and 2016, were $3.9 million, $4.0 million, and $4.2 million 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 or 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.

Post-Employment Benefits (continued)

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, 2018, the College reported an increase in proportionate share of net pension liability of $36.6 million or 49.2% for a total liability of $111.3 million up from $74.6 million. The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. 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 entities, actuarially determined. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2017, the College's proportion was 1.00118%

For the year ended June 30, 2018, the College recognized pension expense of $17.1 million. At June 30, 2018, the College reported deferred outflows of resource and deferred inflows of resources related to pensions from the sources listed in Figure 33. Subsequent contributions to measurement date were $4.0 million and reported as deferred outflows of resources related to pensions and they will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Pension (continued)

Pension - Deferred Outflows and Inflows of Resources		
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions After Measurement Date	$ 3,973,554	$ -
Changes in Proportion	187,462	1,710,617
Changes of Assumptions	32,480,680	-
Net Difference Between Projected and Actual Investment Earnings	-	15,263
Difference Between Expected and Actual Experience	199,733	1,714,155
	$ 36,841,429	$ 3,440,035

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:

Pension Recognition of Deferred Outflows and Inflows of Resources	
Year ended June 30,	Amount to be recognized
2019	$ 11,254,702
2020	11,952,211
2021	7,137,116
2022	$ (916,189)

Figure 34 Deferred Pension Amortization

Actuarial Assumptions

The total pension liability in the June 30, 2017 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 rate, plus step rate promotional increases for members with less than ten years of service
Investment Rate of Return	-	7.25%
Single Discount Rate	-	5.90%
Retirement Age	-	Experience based table of age and service rates.
Average of Expected Remaining Service Lives	-	3.65 years
Amortization Method	-	Level percentage of payroll
Mortality	-	Healthy males: RP-2000 Combined Mortality Table with White Collar Adjustment, generational mortality improvements with Scale BB Healthy females: GRS Southwest Region Teacher Mortality Table, 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 5.9%. 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 are calculated using the discount rate of 5.9%, 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-percantage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate:

1% Decrease (4.9%)	Current Discount Rate **(5.9%)**	**1% Increase** (6.9%)
144,840,429	111,265,821	83,821,311

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, 2018, the College recorded a payable to ERB in the amount of $264,550 for employee contributions withheld in the month of June, 2018, 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 Health Trust

OPEB Plan Description

The San Juan College Retiree Health Trust (RHT) is a single-employer defined benefit plan, qualified as a Voluntary Employees' Benefits Association under section 501(c)(9) of the Internal Revenue Code. The Trustee of the RHT is U.S. Bank, N.A., with the College serving as administrator. The plan includes postemployment medical, dental and vision benefits, which are provided under fully-insured group policies and are administered by various vendors. Pre-65, the plan offers premium reimbursement for individual policies purchased by the retirees. 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.

OPEB Plan Description (continued)

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 *"Financial Reporting for Postemployment Benefit Plans Other than Pension Plans"* and Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"* of the Governmental Accounting Standards Board (GASB).

During the fiscal year ending June 30, 2018 the College had an OPEB report prepared *Actuarial Valuation of Other Postemployment Benefits (as of July 1, 2017)*. The actuarial valuation date is July 1, 2017, 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. 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. Statement No. 75 applies to governmental organizations whose employees are provided with postemployment benefits other than pensions. Employees who elect to participate in the RHT during employment and who 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 RHT is available in the required supplementary information and the notes to the required supplementary information.

OPEB 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 the RHT. Each bond mutual fund is comprised of hundreds of bonds with different maturity dates, and no single bond exceeds 5 percent of the OPEB plan's fiduciary net position. The annual money-weighted rate of return on OPEB plan investments is calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense, and reflects investment performance net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

OPEB Investments

San Juan College OPEB - Retiree Health Trust Investments June 30, 2018						
Weight	**Shares / Par**	**Federal Tax Cost Amt**	**Market Value**	**Asset**	**Ticker Symbol**	**Average Effective Duration**
26.4%	1,550,531	$ 1,550,531	$ 1,550,531	FIRST AM GOVT OB FD	FGZXX	-
10.6%	59,809	652,211	623,213	DOUBLELIN INSTITUTIONAL SH	DBLTX	4.2
10.5%	58,712	638,768	618,823	BAIRD AGGREGATE BOND	BAGIX	6.1
10.5%	59,201	647,573	615,687	AMER CENT DIVERSIFI	ACBPX	5.8
10.4%	62,313	633,579	611,295	COLUMBIA CORPORATE I	SRINX	7.0
4.5%	26,612	268,629	266,117	VIRTUS SEIX US GOV S	SIGVX	0.3
4.5%	27,016	269,690	263,138	NUVEEN SH(OBLIG FD CL Z	FLTIX	1.7
4.5%	23,806	267,285	262,337	NUVEEN INFLATION PRO	FYIPX	7.2
4.4%	29,206	270,939	257,888	EATON VANCE GLOBAL M	EIGMX	-
4.3%	15,048	266,650	251,301	NUVEEN PREFERRED SEC	NPSRX	4.6
3.5%	21,079	202,640	204,045	FEDERATED INST HI YL	FIHBX	4.0
3.4%	32,768	$ 213,320	200,868	WESTERN AS SHORT	SDSYX	4.2
2.5%	18,646	$ 148,582	146,560	TCW EMERGING MARKETS	TGEIX	6.8
0.1%	-	$ 8,275	8,276	CASH		-
0.0%	-		2,287	ACCRUED INCOME		-
100.0%			$ 5,882,365			

Figure 37 Trust Investments

Monthly Contributions

Eligible employees who desire to participate in the retiree healthcare 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. Currently, the rate is .75% of salary. The Board of Trustees has the right to change this withholding rate at any time and re-set to any level it chooses. For purposes of the valuation, it was assumed that the .75% withholding rate will remain in effect.

Upon retirement, 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. A significant assumption used in the actuarial valuation is that the College will continue to fund the Trust close to the amount of the actuarially determined contribution (ADC) which is calculated according to the GASB 45 actuarially required contributions (ARC) rules.

San Juan College - OPEB Retiree Health Trust Schedule of Changes in Net Liability and Related Ratios Fiscal Year ended June 30, 2018	
Total OPEB Liability	
Service Cost	$ 883,854
Interest Cost	749,825
Change in Benefit Terms	(1,051,647)
Difference between Expected and Actual Experience	(3,786,516)
Changes in Assumptions or Inputs	(1,854,505)
Benefit Payments	(457,784)
Total Change	(5,516,773)
Total OPEB Liability - Beginning of Year	29,684,162
Total OPEB Liability - End of Year	24,167,389
Plan Fiduciary Net Position	
Contributions - Employer	1,165,872
Contributions - Employee	86,749
Net Investment Income	2,735
Benefit Payments	(457,784)
Administration Expense	(22,272)
Total Change	775,300
Plan Fiduciary Net Position - Beginning of Year	5,107,065
Plan Fiduciary Net Position - End of Year	5,882,365
Net OPEB Liability	$ 18,285,024
Plan Fiduciary Net Position as % of Total OPEB Liability	24.34%
Covered-Employee Payroll	$ 10,743,350
Net OPEB Liability as a Percent of Covered Payroll	170.20%
Money Weighted rate of return	0.05%

Figure 38 Schedule of Changes in Net OPEB Liability

OPEB - Deferred Outflows and Inflows of Resources June 30, 2018		
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Subsequent Contributions	$ -	$ -
Net Difference Between Projected and Actual Investment Earnings	162,994	-
Difference Between Expected and Actual Experience		2,987,568
Changes of Assumptions		1,823,068
	$ 162,994	$ 4,810,636

Figure 39 OPEB Deferred Outflows and Inflows of Resources

OPEB Recognition of Deferred Outflows and Inflows of Resources	
Year ended June 30th	**Amount to be recognized**
2019	$(1,364,427)
2020	(1,364,427)
2021	(1,364,429)
2022	(554,359)
2023	$ -

Figure 40 Recognition of OPEB Deferred Outflows and Inflows of Resources

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan 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 No. 74 and No. 75 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.

GASB Statement No. 75 does not establish 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 2018 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.

Valuation Method (continued)

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, 2017. 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 3.82% and was used in the calculation of the ADC for fiscal year 2018.

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. 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 11 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. The plan is closed to new entrants, and no employee hired on or after July 1, 2017 will be eligible to participate.

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). We assumed all employees have an average of one year of service credit prior to their date of employment with San Juan College.

The Employee Retiree Census is as of the Actuarial Valuation date, July 1, 2017. 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 Retiree Health Trust Employee / Retiree Census Valuation Date July 1, 2017		
Employee/Retirees	**Employees / Retirees**	**Avg. Age as of Valuation Date**
Active Employees	205	53
Retirees Under Age 65	27	61
Retirees Age 65 & Over	102	72
Total	334	

Figure 41 Employee Retiree Census

Actuarial Assumptions

Medical trend rates were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model for fiscal years 2022 and beyond. The benefits provided to retirees under age 65 were changed this year from a group policy to individual medical policies. Since there is no historical trend information available regarding these individual policies, the fiscal year 2018 medical trend rate of 8.0% for retirees under age 65 is based on national survey data for similar types of medical plans. The 2018 medical trend rate of 5.5% for retirees over age 65 is based on the College's own experience as well as national survey data for similar medical plans. We graded this fiscal year 2018 medical rate down each year until 2022. Dental and vision trend rates were assumed to be 3% and flat due to the limited and stable nature of these benefits. The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The following assumptions were used as input variables into the SOA Long-Run Medical Cost Trend Model:

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	1.30%
Expected Health Share of GDP in 2021	20.40%
Health Share of GDP Resistance Point	25.00%
Years for Limiting Cost Growth to GDP Growth	2075

Figure 42 Medical Cost Trend Assumptions

Actuarial Assumptions (continued)

Other Assumptions used for the valuation of the College's post-employment benefit plans are indicated in the following figures:

	Actuarial Assumptions	
1a	Valuation Date	7/1/2017
1b	Measurement Date	6/30/2018
2a	Single Discount Rate - as of June 30, 2017	2.99%
2b	Single Discount Rate - as of June 30, 2018	3.07%
2c	Muni Bond Rate incorporated in Discount Rate - Fidelity GO AA - 20 years - as of June 30, 2017	3.56%
2d	Muni Bond Rate incorporated in Discount Rate - Fidelity GO AA - 20 years - as of June 30, 2018	3.62%
3	Assumed long-term Rate of return on plan assets - net of expenses	3.07%
	Rate of return is based on a trust allocation of 15% cash, and 85% core bonds and the J.P. Morgan2018 long-term capital market assumptions as shown:	

Asset Class	Trust Allocation	Assumed rate of return (geometric)
Cash	15%	2.00%
Fixed Income	85%	3.25%
Total	100%	3.07%

4	Amortization Method:	Level Dollar Amount, Open
	Plan Changes	Immediate Recognition
	Actuarial Assumption changes	Straight-line, layered-bases over average expected service lives of all employees
	Experience better/worse than expected	Straight-line, layered-bases over average expected service lives of all employees
5	Mortality Table	
	Base Rates	Headcount weighted RPH-2014
	Mortality	MP-2017
	Source	Society of Actuaries
6	Percentage of Employees with Covered Spouses Electing	90%
7	Percentage of Employees without Covered Spouses	70%
8	Percentage of Current Spouses Electing Coverage	100%
9	Salary Scale	
	Salary increase rates based on results of Educational Retirement Board of NM Experience Study as of June 30, 2016. Selected points are shown at right:	

Yrs Service	Unisex salary increase rate
1	6.25%
3	5.00%
5	4.25%
8	3.75%
10+	3.25%

10 Termination Rates

Termination rates are those recommended in the Educational Retirement Board of NM Experie as of June 30, 2016. Selected points are shown at right:

Yrs Service	Male Rate	Female Rate
1	28.1%	23.8%
5	10.0%	9.8%
10	5.2%	5.0%
15	3.1%	3.3%
19+	0.0%	0.0%

11 Retirement Rates

Sample Rates per 100 Members are:

	Males joining before June 30, 2010: Years of Service				
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

	Females joining before June 30, 2010: Years of Service				
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 43 Actuarial Assumptions

Actuarial Assumptions (continued)						
12	Annual Healthcare Cost Trend Rates	**Fiscal Year Ending**	**Medical Under 65**	**Medical Age 65+**	**Dental**	**Vision**
		2018	8.0%	5.5%	3.0%	3.0%
	The medical trend rates were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model for fiscal years 2022 and beyond. The 2018 trend-reates are based on natuial	2019	7.7%	5.4%	3.0%	3.0%
		2020	7.4%	5.3%	3.0%	3.0%
		2021	7.1%	5.2%	3.0%	3.0%
		2022	6.8%	5.2%	3.0%	3.0%
		2023	6.5%	5.2%	3.0%	3.0%
		2024	6.1%	5.2%	3.0%	3.0%
		2025	5.8%	5.2%	3.0%	3.0%
		2026	5.5%	5.2%	3.0%	3.0%
		2027-2043	5.2%	5.2%	3.0%	3.0%
		2044	5.1%	5.1%	3.0%	3.0%
		2045	5.0%	5.0%	3.0%	3.0%
		2046	5.0%	5.0%	3.0%	3.0%
		2047-9	4.9%	4.9%	3.0%	3.0%
		2050-3	4.8%	4.8%	3.0%	3.0%
		2054-8	4.7%	4.7%	3.0%	3.0%
		2059-2065	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%	4.2%	3.0%	3.0%
		2070	4.2%	4.2%	3.0%	3.0%
		2071	4.1%	4.1%	3.0%	3.0%
		2072	4.0%	4.0%	3.0%	3.0%
		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%

13	Plan Cost Rates		**Retiree**	**Spouse**
		Medical		
	The fully insured monthly premium rates for 2018 are shown below. Medical coverage is available past age 65, but is secondary to Medicare.	Under age 65	Individual policies with rates that vary by age and state	
		Age 65+	346.10	346.10
		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.

Monthly Assumed Medical Claims for 2018

Age	**Employee/Spouse Male**	**Employee/Spouse Female**
50	$ 640.14	$ 640.14
60	976.76	972.76
62	1,029.74	837.04
67	327.81	305.22
70	352.95	323.34
75	387.10	351.64
80	411.35	371.77
88	421.41	378.89
94+	410.74	371.35

Figure 44 Actuarial Assumptions

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 (2.07%)	**Discount Rate** (3.07%)	**1% Increase** (4.07%)
$ 22,908,705	$ 18,285,024	$ 14,653,286

Figure 45 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		
1% Decrease	**Healthcare Cost Trend Rates**	**1% Increase**
$ 14,416,641	$ 18,285,024	$ 23,266,580

Figure 46 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 $1.1 million and provided $1.5 million in scholarships, College awards, programs and relations. Fund raising and general and administrative expense totaled $0.4 million. Four Corners Innovations had operating revenue of $0.1 million and operating expense of $0.1 million.

Summary of Significant Accounting Policies

Basis of presentation. The component unit financial statements have been prepared on the accrual basis of accounting according to 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
A net position restatement is the result of a change in accounting principles of a prior period adjustment due to a recognition or an error. The objective of a net position restatement is to accurately reflect prior period's net position and improve the relevancy and usefulness of financial information. The College restated the FY18 net position by $(0.8) million as a result of two prior-period adjustments. The largest related to a $(0.5) million reduction in the OPEB deferred outflows – subsequent contributions which should have been recognized as a FY17 OPEB expense. The other was a $(0.3) million inventory adjustment in the San Juan College Bookstore.

Note 13 – Subsequent Events
On February 3, 2015, the registered, qualified voters of the San Juan College District, County of San Juan, and State of New Mexico authorized the issuance of $10 million of local general obligation bonds (GOB). The authorization is for the purpose of erecting, furnishing, construction, purchasing, remodeling and equipping buildings and utility facilities, exclusive of stadiums, making other real property improvements, purchasing grounds or any combination of these purposes. To date San Juan College has issued $5 million of local GOBs. The San Juan College Board of Trustees approved a resolution authorizing the sale of the remaining $5 million of local GOB at the October 2, 2018 board meeting.

At the July 10, 2018 Board of Trustees meeting, the selection of a firm for the purposes of a public-private partnership (P3) to develop student housing at San Juan College was approved. The proposal is to design, construct, finance, and operate a student housing facility consisting of approximately 350-400 beds.
The Board authorized the College's President and Executive Vice President to negotiate, and present to the Board, the array of contracts necessary to execute the various stages of the partnership. Financing for the project will be paid by operating revenues from the housing. The College will provide the development project owners with a ground lease long enough to effect repayment of the long-term debt required by the project. Upon repayment of the capital debt and expiration of the ground lease, ownership of the student housing facility will be transferred to the College. State Department of Finance and Higher Education Department approvals will be required initially and during various stages of the process.

On September 4, 2018 the San Juan College Board of Trustees authorized the college's President and Executive Vice President, or their designee, to negotiate the terms of a Joint Powers Agreement with Farmington Municipal Schools and under such agreement to negotiate the purchase of the real property. This transaction is contingent on a contract with the sellers and approval by the State Department of Finance and the Higher Education Department.

San Juan College Board of Trustees approved an increase tuition on March 13, 2018 as follows:

- Resident tuition be increased from $46 per credit hour to $49 per credit hour
- Non-Resident tuition be increased from $146 per credit hour to $155 per credit hour
- The eighteen (18) credit hour "cap" on the assessment of tuition each semester be eliminated
- These changes are to be effective, beginning Fall 2018

The Board of Trustees crafted a policy to cause tuition to be recognized and managed as a revenue strategy to underpin the College's strategic plan and to improve the College's financial sustainability. That policy was approved on April 24, 2018.

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 29, 2018 which is the date on which the financial statements were issued.

Note 14 – Subsequent and New GASB Pronouncements

The GASB has issued the following statements:

In November 2016, 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. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In January 2017, 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. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In June 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 is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred Before The End of a Construction Period* was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90 *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61)* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

Required Supplementary Information

Success Matters

SAN JUAN COLLEGE
Success Matters

Schedule of Proportionate Share of Net Pension Liability – ERB

San Juan College Propotionate Share of the Net Pension Liability June 30, 2018					
Year Ended June 30,	**College's Proportion of the Net Pension Liability (NPL)**	**Porportion Share of the NPL**	**College's Covered-Employee Payroll**	**College's Proportion of NPL as a % of Coverered-Employee Payroll**	**Plan Fiduciary Net Position as a % of Total Pension Liability**
2015	1.02159%	$ 58,672,592	$ 29,127,173	204%	66.54%
2016	1.03230%	66,864,820	30,143,906	212%	63.97%
2017	1.03657%	74,598,502	29,082,430	237%	61.58%
2018	1.00118%	$ 111,265,821	$ 28,566,393	389%	52.95%

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, 2018					
Year Ended June 30,	**Contractually Required Contributions**	**Contributions in Relation to the Contractually Required Contribution**	**Contribution Deficiency / (Excess)**	**College's Covered-Employee Payroll**	**Contributions as a % of Covered-Employee Payroll**
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	3,967,093	3,967,093	-	29,082,430	13.64%
2018	$ 3,888,319	$ 3,888,319	$ -	$ 28,566,393	13.61%

Schedule 2 Schedule of Contribution

San Juan College's contributions as a percent of covered employee payroll for most employees is 13.90%, for a small group of employees in the alternative retirement the contribution is 3.0%.

Schedule of Changes in OPEB Liability

San Juan College Schedule of Changes in Net OPEB Liability and Related Ratios Fiscal Year ended June 30, 2018		
	2018	**2017**
Total OPEB Liability		
Service Cost	$ 883,854	$ 1,096,626
Interest Cost	749,825	854,705
Change in Benefit Terms	(1,051,647)	-
Difference between Expected and Actual Experience	(3,786,516)	(82,973)
Changes in Assumptions or Inputs	(1,854,505)	(637,247)
Benefit Payments	(457,784)	(458,719)
Total Change	(5,516,773)	772,392
Total OPEB Liability - Beginning of Year	29,684,162	28,911,770
Total OPEB Liability - End of Year	24,167,389	29,684,162
Plan Fiduciary Net Position		
Contributions - Employer	1,165,872	548,496
Contributions - Employee	86,749	96,422
Net Investment Income	2,735	90,529
Benefit Payments	(457,784)	(458,719)
Administration Expense	(22,272)	(20,845)
Total Change	775,300	255,883
Plan Fiduciary Net Position - Beginning of Year	5,107,065	4,851,182
Plan Fiduciary Net Position - End of Year	5,882,365	5,107,065
Net OPEB Liability	$ 18,285,024	$ 24,577,097
Plan Fiduciary Net Position as % of Total OPEB Liability	24.34%	17.20%
Covered-Employee Payroll	$ 10,743,350	$ 11,969,825
Net OPEB Liability as a Percent of Covered Payroll	170.20%	205.33%
Money Weighted rate of return	0.05%	1.83%

Schedule 3 Schedule of Changes in OPEB Liability

The pension (OPEB) schedule is intended to show information for ten years, additional years' information will be displayed as it becomes available.

Schedule of Employer Contributions – OPEB

San Juan College Schedule of Employer Contributions Fiscal Year ended, June 30, 2018		
	2018	**2017**
Actuarially Determined Contribution	$ 1,580,467	$ 2,198,485
Contributions - San Juan College	1,165,872	548,496
Contribution Excess (Deficiency)	$ (414,595)	$ (1,649,989)
Covered Employee Payroll	$10,674,187	$ 11,969,825
Contributions as a Percent of Covered Employee Payroll	10.92%	4.58%

Schedule 5 Schedule of Employer Contributions

Notes to Required Supplementary Information

Benefit Terms and Assumptions—ERB

Changes of Benefit Terms

The COLA and retirement eligibility benefits changes in recent years are described in the Post-Employment Benefits subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board.

Changes of Assumptions

The NMERB Board of Trustees approved the economic and demographic assumptions used in the actuarial calculation of the total pension liability on June 12, 2015. Specifically, the liabilities measured as of June 30, 2016 did not reflect a change of assumptions. See Note 9 for significant assumptions.

Significant Assumptions

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 Note 9 – Pension Plan for additional information.

Changes of Assumptions and Experience—OPEB

Plan Changes

Reimbursement for Pre-65 Retirees, effective January 1, 2018, the Cigna Open Access Plan (OAP1) which was offered to active employees and retirees under age 65 was eliminated. The College now provides premium reimbursement to retirees for individual medical policies they purchase prior to age 65. Retirees living in the state of New Mexico may choose a Silver or Bronze individual policy offered by BlueCross and BlueShield of New Mexico. Retirees living out-of-state may choose a medical plan offered on the Healthcare.gov website.

The medical trend rates used with the new pre-65 reimbursement plan were updated. See section *Actuarial Methods and Assumptions Under GASB 74 and 75* for a detailed explanation of the trend rates assumed in this valuation. The impact of the change in the trend assumption has been included with the measurement of the change in benefit terms. No changes have been made to the dental or vision plan or for coverage for the retirees over age 65. The College continues to offer the Supplement F (surround) and the Prescription Drug Plan.

Discount Rate
The discount rate was changed from 2.99% to 3.07%. 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 College made additional benefit payments from general assets, outside the Trust for the College's portion of the under age 65 retirees' medical premium reimbursements. For purposes of the fund projection we assumed the College will continue to make those payments for the under 65 retirees outside the Trust. With that assumption, the fund is not expected to be depleted. Therefore, the single discount rate used for this valuation was 3.07%, which is the long-term expected rate of return for the Trust. The long-term rate of return was estimated based on a trust allocation of 15% cash and 85% core bonds and the J. P. Morgan 2018 long-term capital market assumptions.

Prior Earned Service Credit
Earned service credit is obtained for employment with an administrative unit in New Mexico. This would be public schools, universities, junior colleges, technical and vocational institutions, and state special schools. Prior to this valuation, we assumed all employees had an average of two years of service credit prior to their date of employment with the College. This assumption has been updated this year to reflect one year of prior service credit, based on information provided by the San Juan College Human Resources Department.

Experience Gain
The results of this year's valuation include a liability gain due to updates in the participant census data and the premium and cost of the plans. The number of active employees decreased from 235 to 205. In addition, 12 of the under age 65 retirees dropped their medical coverage. Also contributing to the gain is the fact that the Cigna premiums applicable to the retirees age 65 and over increased by 0.5%. The dental and vision premiums were unchanged from the prior year. These increases were lower than expected.

Mortality Table
The mortality projection assumption has been updated to Mortality Improvement Scale MP-2017, a table of rates provided by the Society of Actuaries that reflects recent updates in mortality experience. The base table of rates was not changed. It is the RPH-2014 headcount weighted mortality table projected back to 2006 using Scale MP-2014. The rates are projected forward using Scale MP-2017.

Actuarial Methods and Assumptions—OPEB
Under GASB statement No. 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. See Note 10 for significant assumptions.

Valuation Method

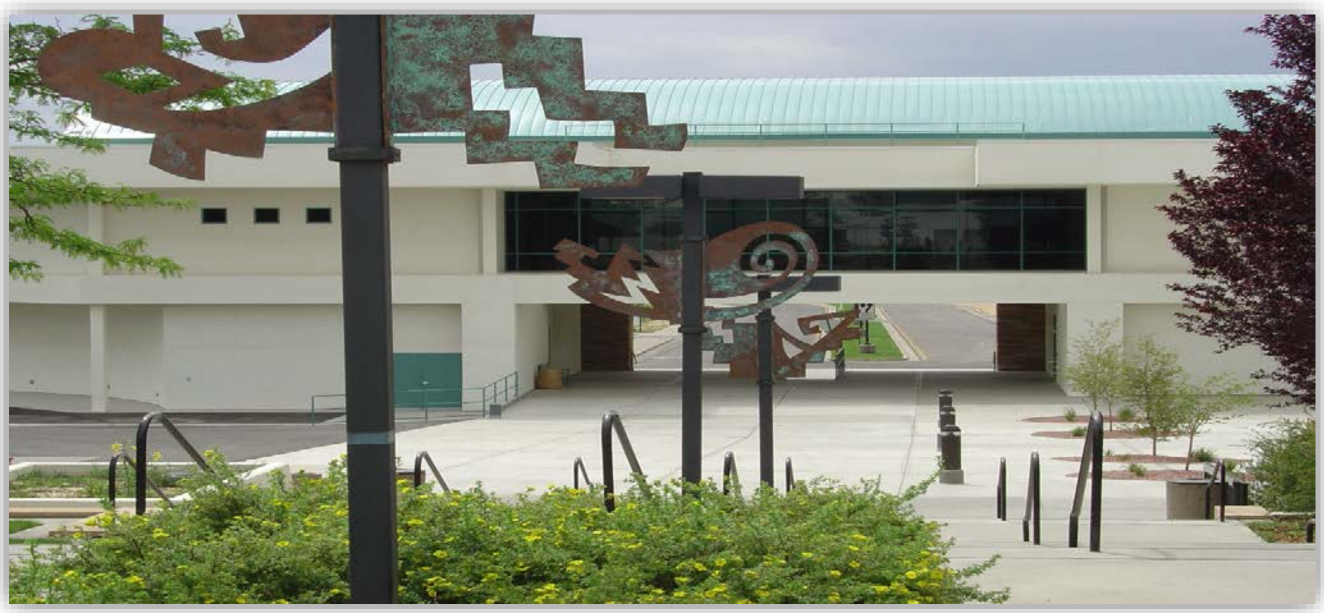
GASB 74 and 75 require the use of the entry age normal (EAN) actuarial cost method. Under the EAN method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings 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.

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 75, 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 11 employees who "opted in," but are not currently enrolled in a medical, dental, and/or vision plan. For purposes of the valuation, we assumed they will have medical, dental and vision coverage at retirement, including coverage for their spouse if a spouse date of birth was provided. All retired employees who are participants in the medical, dental and/or vision benefit plans as of the valuation date are included in the ERB calculations. In addition to the service credit earned while employed by the College, employees are given service credit for employment with other administrative units in New Mexico, (e.g., public schools, universities, junior colleges). It was assumed that all employees have an average of one year of service credit prior to their date of employment with the College. See Note 10 – Other Post-Employment Benefits for additional information.



Other Supplemental Information

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
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance favorable (unfavorable)
Beginning Budgetary Fund Balance	$ 18,911,875	$ 28,779,206	$ 28,779,206	$ -
Unrestricted and Restricted Revenues				
State General Fund Appropriations	22,907,400	22,907,400	22,982,981	75,581
Federal Revenue Sources	16,351,472	19,217,879	15,759,129	(3,458,750)
Tuition and Fees	12,105,474	11,400,097	11,723,795	323,698
Land and Permanent Fund				
Endowments and Private Gifts				
Other	31,551,813	38,870,383	36,510,025	(2,360,358)
Total Unrestricted and Restricted Revenues	82,916,159	92,395,759	86,975,931	(5,419,828)
Expenditures:				
Instruction	27,249,903	30,149,224	27,249,063	2,900,161
Academic Support	4,233,420	4,524,563	4,285,544	239,019
Student Services	5,826,223	7,648,662	6,552,858	1,095,804
Institutional Support	7,270,493	8,205,955	7,100,906	1,105,049
Operation and Maintenance of Plant	5,461,801	5,550,430	5,380,330	170,100
Student Social and Cultural Activities	10,500	120,386	43,819	76,567
Research				-
Public Service	1,361,650	1,950,308	1,631,041	319,267
Internal Services	5,512,657	5,461,927	5,172,550	289,377
Student Aid, Grants and Stipends	18,683,068	18,835,162	16,686,644	2,148,518
Auxiliary Services	4,394,773	4,445,454	4,117,124	328,330
Intercollegiate Athletics				-
Independent Operations	119,800	148,504	157,362	(8,858)
Capital Outlay	-	7,352,680	5,047,908	2,304,772
Renewal and Replacement	366,923	3,275,884	2,799,163	476,721
Retirement of Indebtedness	2,051,457	2,051,457	1,954,714	96,743
Total Unrestricted and Restricted Expenditures	82,542,668	99,720,596	88,179,027	11,541,569
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	373,491	(7,324,837)	(1,203,096)	6,121,741
Ending Fund Balance	$ 19,285,366	$ 21,454,369	$ 27,576,110	$ 6,121,741

Reconciliation of Change in Fund Balance (Budgetary Basis) to Change in Net Position (GAAP Basis)

Change in Fund Balance (Budgetary Basis)	$ (1,203,096)
Adjustments to reconcile budgetary basis to GAAP basis:	
Prior Period Restatement	(761,827)
Depreciation Expense	(6,010,569)
(Total change in capital assets)	(1,026,920)
Other Changes in Plant Capital Assets	4,983,649
Change in Other Assets	(45,665)
Change in Deferred Outflows of Resources	(25,736,212)
Change in Bonds, Leases and Notes Payable	(1,496,779)
Change in Other Post Employment Benefits (OPEB) Liability	(6,251,623)
Change in Compensated Absenses	(57,415)
Change in Deferred Inflows OPEB and Net Pension Liability	5,214,851
Change in Net Pension Liability	36,667,319
Change in Other Liabilities	1,823,068
Change in Net Position (GAAP Basis)	$ (9,531,892)

Schedule 4 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, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
BUDGET COMPARISON - UNRESTRICTED - INSTRUCTION AND GENERAL
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget favorable (unfavorable)
Beginning Fund Balance	$ 13,657,283	$ 15,374,313	$ 15,374,313	$ -
Unrestricted Revenues:				
Tuition and Fees	12,105,474	11,400,097	11,723,795	323,698
Federal Government Appropriations	-	-	-	-
State Government Appropriations	22,907,400	22,907,400	22,907,400	-
Local Government Appropriations	14,075,554	14,557,533	14,936,363	378,830
Federal Government Grants and Contracts	-	-	-	-
State Government Grants and Contracts	200,000	200,000	283,629	83,629
Local Government Grants and Contracts	-	-	-	-
Private Gifts, Grants, and Contracts	-	-	-	-
Endowment. Land, and Permanent Fund Income	-	-	-	-
Sales and Services	406,500	481,696	608,516	126,820
Other Sources	644,515	1,039,844	972,320	(67,524)
Total Unrestricted Revenues	50,339,443	50,586,570	51,432,023	845,453
Unrestricted Expenditures:				
Instruction	26,814,945	26,780,723	25,392,870	1,387,853
Academic Support	4,188,020	4,219,680	4,129,672	90,008
Student Services	4,623,634	4,655,272	4,558,861	96,411
Institutional Support	7,270,493	7,598,504	7,082,258	516,246
Operation and Maintenance of Plant	5,461,801	5,550,430	5,380,330	170,100
Total Unrestricted Expenditures	48,358,893	48,804,609	46,543,991	2,260,618
Net Transfers	(1,898,409)	(1,582,813)	(1,898,711)	(315,898)
Change in Fund Balance (Budgetary Basis)	82,141	199,148	2,989,321	2,790,173
Ending Fund Balance	$ 13,739,424	$ 15,573,461	$ 18,363,634	$ 2,790,173

Schedule 5 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, NEW MEXICO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
BUDGET COMPARISON - RESTRICTED - INSTRUCTION AND GENERAL
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget favorable (unfavorable)
Beginning Fund Balance	$ -	$ 13,294	$ 13,294	$ 26,587
Restricted Revenues:				
State Government Appropriations	-	13,294	-	(13,294)
Local Government Appropriations	-	-	-	
Federal Government Contracts/Grants	933,779	3,854,338	2,306,813	(1,547,525)
State Government Contracts/Grants	399,789	626,554	523,031	(103,523)
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	349,379	2,178,762	1,167,356	(1,011,406)
Sales and services	-	-	-	-
Other	-	601,277	12,646	(588,631)
Total Restricted Revenues	1,682,947	7,274,225	4,009,846	(3,264,379)
Restricted Expenditures:				
Instruction	434,958	3,368,501	1,856,193	1,512,308
Academic Support	45,400	304,883	155,871	149,012
Student Services	1,202,589	2,993,390	1,993,997	999,393
Institutional Support	-	607,451	17,077	590,374
Operation and Maintenance of Plant	-	-	-	-
Total Restricted Expenditures	1,682,947	7,274,225	4,023,139	3,251,086
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	-	-	(13,294)	(13,294)
Ending Fund Balance	$ -	$ 13,294	$ -	$ 13,294

Schedule 6 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, 2018

	CUSIP#	Maturity	Fair Value
Citizens Bank			
GNMA	38377XBW1	07/20/41	$ 1,035,300
			1,035,300
WFB Repurchase			
FNCL	3128MJYT1	08/01/46	18,613,629
Accrued Interest			46,337
			18,659,966
Four Corners Communtiy Bank			
Espanola PSD #55 NM UTGO	29662RAU2	09/01/19	502,735
FNMA Remic Trust	3136A1BN4	11/25/29	234,632
			737,367
Wells Fargo Investments			
FNMA FNMS	3138WG3V4	05/01/31	219,947
FNMA FNMS	3138WK4P7	06/01/47	375,345
FNMA FNMS	3140F43X2	05/01/31	1,878,685
FNMA FNMS	31418WQP8	08/01/25	632,684
			$ 3,106,661
BOK Financial			
Short-Term Cash Investment Fund I	(Various)	(Various)	395,419
			$ 395,419
Total Pledged Collateral			$ 23,934,713

Schedule 7 Collateral Pledged by Depository

Schedule of Deposits

San Juan College Schedule of Deposits June 30, 2018					
Financial Institution	**Account Type**	**Investment Type**	**Primary Institution**	**Foundation**	**Four Corners Innovations**
Citizens Bank	Checking		$ 525,921	$ 289,005	$ -
Vectra Bank	Checking		-	-	143,307
Vectra Bank	Money Market		-	-	200,149
Wells Fargo	Checking		3,009,033	23,823	39,502
Wells Fargo Repo Account	Repurchase Agreement		18,294,084	-	-
Wells Fargo	Checking	Checking	2,282,295	219	-
Wells Fargo	Checking	Checking	55,370	-	-
Wells Fargo Bank, N.A.	Savings	Savings	-	187,348	-
Four Corners Community Bank	Money Market	Money Market	95,739	-	-
BOK Financial	Money Market	Money Market	387,666	-	-
CD-American Express Cent	Investment	Certificate of Deposit	250,000	-	-
CD-Cit BK Salt Lake City	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-Plains Commerce	Investment	Certificate of Deposit	250,000	-	-
CD-TCF National Bank	Investment	Certificate of Deposit	250,000	-	-
CD-First Financial of Hamilton	Investment	Certificate of Deposit	250,000	-	-
CD-Eaglebank	Investment	Certificate of Deposit	250,000	-	-
CD-Morgan Stanley	Investment	Certificate of Deposit	250,000	-	-
CD-Summit Community	Investment	Certificate of Deposit	250,000	-	-
CD-Capital One Bk	Investment	Certificate of Deposit	250,000	-	-
CD-Barclays BK Delaware	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	251,090	-	-
CD-Bank of America, NA	Investment	Certificate of Deposit	241,000	-	-
CD-Benificial State Bank	Investment	Certificate of Deposit	59,000	-	-
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	62,500	-	-
CD-Prosperity Bank	Investment	Certificate of Deposit	237,500	-	-
CD-HomeTown Bank	Investment	Certificate of Deposit	235,000	-	-
CD-Towne Bank	Investment	Certificate of Deposit	65,000	-	-
CD-Four Corners Bank	Investment	Certificate of Deposit	100,000	-	-
Wells Fargo	Investment	Equity - Common Stocks	-	12,197	-
Wells Fargo	Investment	Precious Metals	-	142,597	-
Citizens Trust and Investment Corp.	Investment	CD's & Money Market	-	236,170	-
Citizens Trust and Investment Corp.	Investment	Equities	-	6,003,478	-
Citizens Trust and Investment Corp.	Investment	Fixed Income - Gov. & Corp.	-	349,865	-
Morgan Stanley	Investment	CD's & Money Market	-	171,172	-
Morgan Stanley	Investment	Equities	-	5,517,747	-
Morgan Stanley	Investment	Fixed Income - Gov. & Corp.	-	10,894	-
New Mexico State Investment Council	Investment	Equities	-	9,537,390	-
New Mexico State Investment Council	Investment	Fixed Income - Gov. & Corp.	-	2,210,040	-
Outstanding checks			(1,056,921)	(9,472)	-
Other reconciling item			(320,982)	10,100	(9,147)
Outstanding deposits			16,453	-	-
Cash on hand			11,367	142	-
Totals			$ 29,261,115	$ 24,692,715	$ 373,811

Schedule 8 Schedule of Deposits

Statistical Section

Success Matters

SAN JUAN COLLEGE
Success Matters


School of
TRADES & TECHNOLOGY
Assemble
Here

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,	**2018**	**2017 [1]**	**2016**	**2015 [1]**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Net Investment in capital assets	$ 63,427	$ 65,459	$ 66,146	$ 68,731	$ 59,477	$ 58,690	$ 61,407	$ 62,430	$ 61,303	$ 64,300
Restricted, Non-expendable	369	370	362	362	362	360	360	360	360	360
Restricted, Expendable	6,874	3,748	5,625	3,748	3,247	1,677	2,491	2,419	2,372	2,212
Unrestricted	(83,783)	(72,396)	(51,431)	(51,596)	10,247	9,828	8,341	8,698	8,170	8,266
Total Net Position	$ (13,113)	$ (2,819)	$ 20,702	$ 21,245	$ 73,333	$ 70,555	$ 72,599	$ 73,907	$ 72,205	$ 75,138
Expressed as a percent of total:	%	%	%	%	%	%	%	%	%	%
Net Investment in capital assets	(483.7)	(2,322.1)	319.5	323.5	81.1	83.2	84.6	84.5	84.9	85.6
Restricted, Non-expendable	(2.8)	(13.1)	1.8	1.7	0.5	0.5	0.5	0.5	0.5	0.5
Restricted, Expendable	(52.4)	(133.0)	27.2	17.6	4.4	2.4	3.4	3.3	3.3	2.9
Unrestricted	638.9	2,568.2	(248.4)	(242.9)	14.0	13.9	11.5	11.8	11.3	11.0
Total Net Position	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Percentage increase/(decrease):	%	%	%	%	%	%	%	%	%	%
Net Investment in capital assets	(3.1)	(1.0)	(3.8)	15.6	1.3	(4.4)	(1.6)	1.8	(4.7)	9.7
Restricted, Non-expendable	(0.3)	2.1	-	-	0.7	-	-	-	-	20.0
Restricted, Expendable	83.4	(33.4)	50.1	15.4	93.6	(32.7)	3.0	2.0	7.2	(1.0)
Unrestricted	15.7	40.8	(0.3)	(603.5)	4.3	17.8	(4.1)	6.5	(1.2)	(47.0)
Total Net Position Percentage Incr	(365.2)	(113.6)	(2.6)	(71.0)	3.9	(2.8)	(1.8)	2.4	(3.9)	(2.1)

Figure 47 Net Position by Component

[1] GASB implementation requiring Unrestricted Net Position restatement.

Changes in Net Position

SAN JUAN COLLEGE Changes in Net Position (Dollars in Thousands) Last Ten Fiscal Years										
Fiscal Year Ended June 30,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Revenues										
Operating Revenues										
Student Tuition and Fees	$ 11,724	$ 11,837	$ 12,058	$ 11,619	$ 11,082	$ 10,868	$ 10,231	$ 8,903	$ 7,170	$ 5,475
Less: Scholarship Allowances	(4,446)	(4,783)	(4,787)	(4,676)	(4,953)	(4,528)	(4,443)	(3,835)	(2,733)	(2,127)
Federal Grants and Contracts [2]	2,476	2,637	2,522	2,270	2,093	15,591	15,609	15,553	12,046	7,302
State Grants and Contracts	1,957	2,168	2,189	3,286	5,665	2,122	2,159	2,319	2,066	2,236
Non Governmental Grants and Contracts	1,946	1,802	2,313	9,500	2,022	1,702	1,783	1,508	1,560	1,834
Sales and Services	733	699	645	918	837	949	-	-	-	-
Auxiliary Enterprises	3,493	4,000	5,171	4,842	4,737	4,731	4,508	4,297	4,086	3,424
Other Operating Revenues [3]	1,062	1,019	1,075	701	591	396	1,141	1,137	1,405	1,414
Total Operating Revenues	$ 18,945	$ 19,379	$ 21,186	$ 28,460	$ 22,074	$ 31,831	$ 30,988	$ 29,882	$ 25,600	$ 19,558
Expenses										
Operating Expenses										
Education and General										
Instruction	$ 32,706	$ 29,540	$ 28,949	$ 30,061	$ 28,104	$ 28,943	$ 27,560	$ 26,484	$ 25,413	$ 27,048
Academic Support	4,991	7,272	4,667	4,655	4,327	3,674	3,687	3,695	3,957	4,551
Student Support	7,933	7,173	7,011	6,957	6,986	6,857	6,648	5,941	5,413	5,451
Institutional Support	8,294	5,438	6,597	6,677	6,512	6,053	5,957	6,620	5,946	6,546
Public Service	6,132	4,570	1,616	1,701	1,723	1,805	2,348	2,167	2,660	2,904
Operations and Maintenance of Plant	1,885	1,649	5,641	5,686	5,536	6,160	6,466	6,810	5,951	7,577
Depreciation Expense	6,011	5,321	5,516	5,176	5,212	5,372	5,473	5,525	5,688	5,803
Student Aid	7,530	8,047	7,810	8,543	9,418	10,723	10,684	10,274	9,037	5,329
Student social and Cultural Activities	44	43								
Auxiliary Enterprises	4,250	4,287	5,256	4,456	4,257	4,434	4,308	4,075	3,837	3,696
Other Operating Expenses	157	141	81	130	133	136	157	141	454	516
Total Operating Expenses	$ 79,933	$ 73,481	$ 73,144	$ 74,042	$ 72,208	$ 74,157	$ 73,288	$ 71,732	$ 68,356	$ 69,421
Operating Income/(Loss)	$ (60,988)	$(54,102)	$(51,958)	$(45,582)	$(50,134)	$(42,326)	$(42,300)	$(41,850)	$(42,756)	$(49,863)

Figure 48 Changes in Net Position Ten Years, Part 1

Changes in Net Position, Continued

SAN JUAN COLLEGE Changes in Net Position (Dollars in Thousands) Last Ten Fiscal Years										
Fiscal Year Ended June 30,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Non-Operating Revenues (Expenses)										
State Appropriations	$ 22,983	$ 23,459	$ 25,072	$ 25,170	$ 24,329	$ 23,200	$ 21,828	$ 21,827	$ 21,497	$ 22,262
Local Appropriations	17,156	16,825	16,080	17,067	17,838	16,588	16,311	15,889	16,337	17,759
Federal Student Aid [2]	10,140	10,857	10,385	11,053	12,466	-	-	-	-	-
Investment Income (Loss)	145	32	94	51	73	73	-	-	-	-
Interest on Capital Asset-related Debt	(572)	(757)	(611)	(578)	(686)	(733)	-	-	-	-
Gain (Loss) on Disposal of Capital Assets	(19)	57	4	5	(27)	(6)	-	-	-	-
Other Non-Operating Revenues/Expenditures	(1,392)	(2,212)	(1,153)	(527)	(1,494)	986	(402)	(412)	(716)	(226)
Total Non-Operating Revenues/Expenditures	$ 48,441	$ 48,261	$ 49,871	$ 52,241	$ 52,499	$ 40,108	$ 37,737	$ 37,304	$ 37,118	$ 39,795
Income (Loss) before Other Revenue (Expenses	(12,547)	(5,841)	(2,087)	6,659	2,365	(2,218)	(4,563)	(4,546)	(5,638)	(10,068)
Capital Appropriations	2,861	1,853	1,155	49	452	14	3,255	6,248	2,703	8,453
Capital Contributions	154	33	19	341	-	158	-	-	-	-
Increase/(Decrease) in Net Position [1]	$ (9,532)	$ (3,955)	$ (913)	$ 7,049	$ 2,817	$ (2,046)	$ (1,308)	$ 1,702	$ (2,935)	$ (1,615)
Total Revenues	72,384	72,495	73,995	82,196	77,232	72,850	72,382	73,846	66,137	68,032
Total Expenses	81,916	76,450	74,908	75,147	74,415	74,896	73,690	72,144	69,072	69,647
Increase (Decrease) in Net Position [1]	**$ (9,532)**	**$ (3,955)**	**$ (913)**	**$ 7,049**	**$ 2,817**	**$ (2,046)**	**$ (1,308)**	**$ 1,702**	**$ (2,935)**	**$ (1,615)**

Figure 49 Changes in Net Position Ten Years, Part 2

[1] Net Position restatements are not included

[2] Federal student aid was reclassified as a non-operating revenue in FY14

[3] Other Revenue is netted with similar expenditures.

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,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Revenues										
Operating Revenues	%	%	%	%	%	%	%	%	%	%
Student Tuition and Fees	16.2	16.3	16.3	14.1	14.3	14.9	14.1	12.1	10.8	8.0
Less: Scholarship Allowances	(6.1)	(6.6)	(6.5)	(5.7)	(6.4)	(6.2)	(6.1)	(5.2)	(4.1)	(3.1)
Federal Grants and Contracts	3.4	3.6	3.4	2.8	2.7	21.4	21.6	21.1	18.2	10.7
State Grants and Contracts	2.7	3.0	3.0	4.0	7.3	2.9	3.0	3.1	3.1	3.3
Non Governmental Grants and Contracts	2.7	2.5	3.1	11.6	2.6	2.3	2.5	2.0	2.4	2.7
Sales and Services	1.0	1.0	0.9	1.1	1.1	1.3	0.0	0.0	0.0	0.0
Auxiliary Enterprises	4.8	5.5	7.0	5.9	6.1	6.5	6.2	5.8	6.2	5.0
Other Operating Revenues	1.5	1.4	1.5	0.9	0.8	0.5	1.6	1.5	2.1	2.1
Total Operating Revenues	26.2	26.7	28.6	34.6	28.6	43.7	42.8	40.5	38.7	28.7
Expenses										
Operating Expenses	%	%	%	%	%	%	%	%	%	%
Education and General										
Instruction	44.8	40.7	39.1	36.6	36.4	39.7	38.1	35.9	38.4	39.8
Public Service	6.8	6.3	2.2	2.1	2.2	2.5	3.2	2.9	4.0	4.3
Academic Support	10.9	10.0	6.3	5.7	5.6	5.0	5.1	5.0	6.0	6.7
Student Support	11.3	9.9	9.5	8.5	9.0	9.4	9.2	8.0	8.2	8.0
Institutional Support	8.4	7.5	8.9	8.1	8.4	8.3	8.2	9.0	9.0	9.6
Operations and Maintenance of Plant	2.6	2.3	7.6	6.9	7.2	8.5	8.9	9.2	9.0	11.1
Depreciation Expense	8.3	7.3	7.5	6.3	6.7	7.4	7.6	7.5	8.6	8.5
Student Aid	10.4	11.1	10.6	10.4	12.2	14.7	14.8	13.9	13.7	7.8
Student Social and Cultural Activities	0.1	0.1								
Auxiliary Enterprises	5.9	5.9	7.1	5.4	5.5	6.1	6.0	5.5	5.8	5.4
Other Operating Expenses	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.7	0.8
Total Operating Expenses	109.6	101.4	98.9	90.2	93.4	101.8	101.3	97.1	103.4	102.0
Operating Income/(Loss)	**(83.4)**	**(74.6)**	**(70.2)**	**(55.5)**	**(64.9)**	**(58.1)**	**(58.4)**	**(56.7)**	**(64.6)**	**(73.3)**

Figure 50 Changes in Net Position as a Percent of Total Revenue or Expenses, Part 1 (Continued)

Changes in Net Position Percentages, Continued

SAN JUAN COLLEGE Changes in Net Position (Expressed as a percentage of Total Revenues) Last Ten Fiscal Years										
Fiscal Year Ended June 30,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Non-Operating Revenues (Expenses)										
State Appropriations	31.8	32.4	33.9	30.6	31.5	31.8	30.2	29.6	32.5	32.7
Local Appropriations	23.7	23.2	21.7	20.8	23.1	22.8	22.5	21.5	24.7	26.1
Federal Student Aid	14.0	15.0	14.0	13.4	n/a	n/a	n/a	n/a	n/a	n/a
Investment Income (Loss)	0.2	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Interest in Capital Asset-related Debt	(0.8)	(1.0)	(0.8)	(0.7)	(0.9)	(1.0)	0.0	0.0	0.0	0.0
Gain (Loss) on Disposal of Capital Assets	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Operating Revenues/Expenditures	(1.9)	(3.1)	(1.6)	(0.6)	(1.9)	1.4	(0.6)	(0.6)	(1.1)	(0.3)
Total Non-Operating Revenues/Expenditures	66.9	66.6	67.4	63.6	68.0	55.1	52.1	50.5	56.1	58.5
Income (Loss) before Other Revenue (Expenses)	(13.2)	(5.5)	(1.2)	8.6	3.6	(2.8)	(1.8)	2.3	(4.4)	(2.4)
Capital Appropriations	4.0	2.6	1.6	0.1	0.6	0.0	4.5	8.5	4.1	12.4
Capital Contributions	0.2	0.0	0.0	0.4	0.0	0.2	0.0	0.0	0.0	0.0
Increase/(Decrease) in Net Position	**(13.2)**	**(5.5)**	**(1.2)**	**8.6**	**3.6**	**(2.8)**	**(1.8)**	**2.3**	**(4.4)**	**(2.4)**

Figure 51 Changes in Net Position as a Percent of Total Revenue or Expenses, Part 2

Principal Revenue Sources

SAN JUAN COLLEGE Principal Revenue Sources Last Ten Fiscal Years										
Fiscal Year Ended June 30,	**2018**	**2017**	**2016**	**2015** [1]	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Tuition and fees, net of allowance	$ 7,278,197	$ 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
Percent of total revenue	10.0%	9.7%	9.8%	9.3%	7.9%	8.7%	8.0%	6.9%	6.7%	4.9%
Year over year change in pecentage	0.3	(0.1)	0.5	1.4	(0.8)	0.7	1.1	0.2	1.8	4.9
State of New Mexico Government										
State Appropriations	22,982,981	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
State Contracts and Grants	1,957,371	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
State of New Mexico Government	24,940,352	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
Percent of total revenue	34.3%	35.3%	36.8%	38.3%	38.8%	34.8%	33.1%	32.7%	35.6%	36.0%
Year over year change in pecentage	(1.0)	(1.5)	(1.5)	(0.5)	4.0	1.7	0.4	(2.9)	(0.4)	36.0
San Juan County Government										
Local Government Appropriations	17,155,803	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
Percent of total revenue	23.6%	23.2%	21.7%	23.0%	23.1%	22.8%	22.5%	21.5%	24.7%	26.1%
Year over year change in pecentage	0.4	1.5	(1.3)	(0.1)	0.3	0.3	1.0	(3.2)	(1.4)	26.1
Federal Government										
Federal Grants and Contracts	12,615,694	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
Percent of total revenue	17.3%	18.6%	17.4%	17.9%	18.9%	21.4%	21.6%	21.1%	18.2%	10.7%
Year over year change in pecentage	(1.3)	1.2	(0.5)	(1.0)	(2.5)	(0.2)	0.5	2.9	7.5	10.7
Total from principal revenue sources	54,711,849	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
Percent of total revenue	75.2%	77.2%	76.0%	79.2%	80.8%	78.9%	77.2%	75.3%	78.5%	72.8%
Year over year change in pecentage	(2.0)	1.2	(3.2)	(1.6)	1.9	1.7	1.9	(3.2)	5.7	72.8
Total Revenue	$ 72,738,154	$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

Figure 52 Principal Revenue Sources, Last ten fiscal years

[1] For comparability, the one-time $7,920,824 in private donations related to the construction of the School of Energy is not included in the total revenues.

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 Ended June 30	Real Property: Residential Property	Real Property: Non-Residential Property	Personal Property: Non-Agricultural	Personal Property: Agricultural	Personal Property: Other	Total Residential Direct Tax Rate	Total Non-Residential Direct Tax Rate	Estimated Actual Value	Taxable Assessed value as a percentage of Actual Value
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	6.529	8.500	10,912,865,090	33.3%
2018	$ 1,533,485,335	$ 2,003,428,848	$ 108,437,576	**	$ 1,675,392	6.545	8.500	$ 10,631,761,823	33.3%

Fiscal Year Ended June 30	Oil & Gas: Production	Oil & Gas: Equipment	Less Tax-Emempt Property	Adjustment for Protested Taxes	Total Taxable Assessed Value
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
2018	$ 350,503,791	$ 71,659,291	$ 428,361,202	$ (100,452,344)	$ 3,540,376,687

Figure 53 Assessed and Estimated Values of Taxable Property

Source: San Juan County Finance Department, most current data available

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).

** 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						
	2018			2009		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Arizona Public Service Co.	$ 310,583,040	1	8.8%	$ 247,084,327	4	5.6%
Public Service Co. of New Mexico	144,161,943	2	4.1%	280,983,192	2	6.4%
Enterprise Field Service LLC	68,367,512	3	1.9%	205,986,196	6	4.7%
Williams Four Corners LLC	67,515,384	4	1.9%	-		0
Transwestern Pipeline Co.	41,424,553	5	1.2%	122,034,376	9	2.8%
San Juan Coal Co.	37,609,939	6	1.1%	285,161,168	1	6.5%
El Paso Natural Gas Co	35,983,464	7	1.0%	119,044,574	10	2.7%
Farmington, City of	31,600,514	8	0.9%	-		0.0%
Mid-America Pipeline Co LLC	31,005,690	9	0.9%	-		0.0%
Hilcorp San Juan LP	29,184,196	10	0.8%	-		0.0%
BHP World Mineral				279,930,478	3	6.4%
Williams Field Services				226,297,252	5	5.1%
Tucson Electric Power				157,816,947	7	3.6%
Southern California Edison				140,844,244	8	3.2%
Cortez Pipeline Co.				-		0.0%
Val Verde Gas Gathering Co. LP				-		0.0%
Total Principal Taxpayers	$ 797,436,235			$ 2,065,182,754		
Total Percentage Principal Taxpayers			22.6%			47.0%
Total Taxable Assessed Value	$ 3,540,376,687			$ 4,399,915,615		

Figure 54 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								
				Collected within the Fiscal Year of Levy			Total Collections to Date	
Fiscal Year	Taxes Levied for Fiscal Year	Adjustments	Total Adjusted Levy	Amount Collected	Percentage of Original Levy Collected	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2009	$ 58,869,503	$ 704,175	$ 59,573,678	$ 57,647,121	97.92%	$ 1,921,920	$ 59,569,041	99.99%
2010	62,560,289	1,821,826	64,382,115	61,868,631	98.89%	2,507,766	64,376,397	99.99%
2011	66,583,480	1,160,163	67,743,643	64,766,432	97.27%	2,964,695	67,731,127	99.98%
2012	68,420,052	514,138	68,934,190	66,897,199	97.77%	2,029,807	68,927,006	99.99%
2013	69,282,296	1,136,085	70,418,381	68,049,597	98.22%	2,351,921	70,401,518	99.98%
2014	71,655,257	1,711,593	73,366,850	70,753,818	98.74%	2,560,414	73,314,232	99.93%
2015	68,749,770	2,142,389	70,892,159	68,545,196	99.70%	2,198,064	70,743,260	99.79%
2016	73,993,688	1,451,585	75,445,273	72,269,305	97.67%	2,570,566	74,839,871	99.20%
2017	79,091,914	(340,026)	78,751,888	76,104,786	96.22%	1,553,458	77,658,244	98.61%
2018	$ 78,294,097	$ 1,674,951	$ 79,969,048	$ 77,869,742	99.46%	-	$ 77,869,742	97.37%

Figure 55 Property Tax Levies and Collections

Source: San Juan County Treasurer's Office, prepared by San Juan County Finance Department

San Juan County Residential Property Tax Rates

Last Ten Years										
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Direct Rate										
Operating Millage	6.567	6.312	6.425	6.267	6.326	6.310	6.231	6.231	6.529	6.545
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	6.567	6.312	6.425	6.267	6.326	6.310	6.231	6.231	6.529	6.545
Overlapping Rates										
City of Bloomfield										
Operating Millage	5.198	4.938	5.017	4.881	4.906	4.882	4.804	4.762	4.713	4.727
Debt Service Millage	2.175	2.137	2.180	2.254	2.099	2.094	1.191	0.971	0.872	0.900
Total City Millage	7.373	7.075	7.197	7.135	7.005	6.976	5.995	5.733	5.585	5.627
City of Aztec										
Operating Millage	4.860	4.570	4.663	4.555	4.587	4.571	4.481	4.444	4.385	4.391
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	4.860	4.570	4.663	4.555	4.587	4.571	4.481	4.444	4.385	4.391
City of Farmington										
Operating Millage	1.457	1.438	1.457	1.419	1.431	1.426	1.407	1.410	1.392	1.394
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	1.457	1.438	1.457	1.419	1.431	1.426	1.407	1.410	1.392	1.394
Aztec Schools										
Operating Millage	2.280	2.133	2.185	2.131	2.149	2.149	2.122	2.107	2.082	2.085
Debt Service Millage	2.997	5.497	4.640	4.567	6.517	8.448	6.676	8.393	10.764	10.227
Total School Millage	5.277	7.630	6.825	6.698	8.666	10.597	8.798	10.500	12.846	12.312
Bloomfield Schools										
Operating Millage	2.322	2.149	2.192	2.135	2.155	2.298	2.274	2.261	2.243	2.255
Debt Service Millage	5.357	5.794	5.386	6.246	6.752	9.005	7.337	8.367	8.999	8.95
Total School Millage	7.679	7.943	7.578	8.381	8.907	11.303	9.611	10.628	11.242	11.205
Farmington Schools										
Operating Millage	3.953	4.706	4.608	4.644	4.552	3.986	2.290	2.297	2.27	2.276
Debt Service Millage	5.772	4.938	5.065	4.976	5.199	5.76	7.431	7.439	7.421	7.447
Total School Millage	9.725	9.644	9.673	9.620	9.751	9.746	9.721	9.736	9.691	9.723
Consolidated Schools										
Operating Millage	2.346	2.244	2.304	2.245	2.258	2.332	2.309	2.312	2.5	2.487
Debt Service Millage	6.837	6.773	6.840	6.837	6.828	6.818	6.818	6.818	6.821	6.823
Total School Millage	9.183	9.017	9.144	9.082	9.086	9.150	9.127	9.130	9.321	9.310
San Juan College										
Operating Millage	**3.283**	**3.156**	**3.212**	**3.133**	**3.162**	**3.154**	**3.114**	**3.114**	**3.263**	**3.314**
Debt Service Millage	**0.600**	**0.600**	**0.600**	**0.600**	**0.420**	**0.600**	**0.600**	**0.600**	**0.600**	**0.600**
Total School Millage	**3.883**	**3.756**	**3.812**	**3.733**	**3.582**	**3.754**	**3.714**	**3.714**	**3.863**	**3.914**
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	1.250	1.150	1.530	1.362	1.360	1.360	1.360	1.360	1.360	1.360
Total School Millage	1.250	1.150	1.530	1.362	1.360	1.360	1.360	1.360	1.360	1.360

Figure 56 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,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Tuition[1]										
Resident Tuition per Credit Hour	$ 46	$ 46	$ 46	$ 41	$ 41	$ 41	$ 41	$ 37	$ 37	$ 32
Resident 30 Credit Hour Charges - cap	1,380	1,380	1,380	1,230	1,230	1,230	1,230	1,110	1,110	960
Non Resident Tuition per Credit Hour	146	146	146	123	105	105	105	91	91	70
Non Resident 30 Credit Hour Charges - cap	4,380	4,380	4,380	3,690	3,150	3,150	3,150	2,730	2,730	2,100
Foreign Student Tuition - per Semester	-	-	-	3,000	-	-	-	-	-	-
Foreign Student Tuition - per Credit Hour	146	146	146		105	105	105	91	91	270
Senior Citizens 6 or Fewer Credit Hours / credit hour	5	5	5	5	5	5	5	5	5	5
General Fees[2]										
Resident Fees per Credit Hour[3]	$ -	$ -	$ -	$ -	$ 15	$ 13	$ 6	$ 6	$ 6	$ -
4 or fewer credit hours	78	78	78	78	-	-	-	-	-	-
More than 4 credit hours	185	185	185	155	-	-	-	-	-	-
Resident Maximum Charge	185	185	185	155	266	230	108	108	108	-
Non Resident Fees per Credit Hour[3]	-	-	-	-	26	21	10	6	6	-
4 or fewer credit hours	138	138	138	138	-	-	-	-	-	-
More than 4 credit hours	305	305	305	275	-	-	-	-	-	-
Non Resident Maximum Charge	-	-	-	-	464	374	180	108	108	-
Foreign Student per Credit Hour/Degree Seeking	200	200	200	-	200	200	200	200	200	-
Foreign Student per Credit Hour/Non Degree Seeking	-	-	-	-	26	21	10	6	6	-

Figure 57 Semester Tuition and Required Fees

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

[2]SJC did not start charging fees until FY10

[3]SJC changed to a flat fee schedule in FY15

Debt Capacity

Long-term Debt Outstanding

SAN JUAN COLLEGE Long-term Bonds and Notes *(dollars in thousands)* Ten Fiscal Years										
Fiscal Year Ended June 30,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Bonds Payable	$ 10,910	$ 12,110	$ 12,575	$ 10,941	$ 13,591	$ 14,779	$ 16,859	$ 18,544	$ 20,593	$22,279
Unamortized Premium	680	748	248	239	275	311	348	385	421	458
Unamortized Discount	-	-	-	-	-	-	-	-	-	-
Net Long-term Bonds	11,590	12,858	12,823	11,180	13,866	15,090	17,207	18,929	21,014	22,737
Notes Payable	7,301	7,530	224	362	491	614	731	838	941	1,037
Total Debt	$ 18,891	$ 20,388	$ 13,047	$ 11,542	$ 14,357	$ 15,704	$ 17,938	$ 19,767	$ 21,955	$23,774
San Juan County Population[1]	126,926	127,772	128,125	128,958	129,324	129,677	129,649	130,205	130,045	129,359
Debt per Capita	$ 149	$ 160	$ 102	$ 90	$ 111	$ 121	$ 138	$ 152	$ 169	$ 184

Figure 58 Long-term Bonds Outstanding

[1] U.S. Census Bureau's mid-year population estimates as of July 1 of the Fiscal year, obtained August 2018

Total Debt Outstanding	Amount
Bonds	
2015 Bonds	$ 2,675
2016 Bonds	8,235
2016 Bond Premium	680
Total Bonds Payable	11,590
Notes	
2016 EPC Note	7,301
Total Notes Payable	7,301
Total Outstanding Debt	$ 18,891

Bond Debt Capacity

SAN JUAN COLLEGE **Bond Debt Capacity** *(dollars in thousands)* Ten Fiscal Years										
Fiscal Year Ended June 30,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Assessed Valuation[1]	3,540,377	3,633,984	3,971,520	3,699,760	3,653,470	4,063,852	3,989,615	3,748,758	4,805,572	4,399,916
Ratio of Limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Constitutional Debt Limitation	106,211	109,020	119,146	110,993	109,604	121,916	119,688	112,463	144,167	131,997
Outstanding Bond Debt[2]	10,910	12,110	12,575	10,941	13,591	14,779	16,859	18,544	20,593	22,279
Available Bond Debt Capacity	95,301	96,910	106,571	100,052	96,013	107,137	102,829	93,919	123,574	109,718
% Bonded to Capacity	10.3%	11.1%	10.6%	9.9%	12.4%	12.1%	14.1%	16.5%	14.3%	16.9%

Figure 59 Bond Debt Capacity

[1] From assessed property valuation table in revenue capacity portion of this statistical data section. Current year's number is preliminary per Assessors.

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

[3] Calculation of assessed value revised to more closely reflect Assessors calculation which includes oil and gas, less exempt property and protests.

Demographic and Economic Information and Statistics

SAN JUAN COLLEGE Demographic And Economic Statistics Ten Fiscal Years					
Year	Population[1]	Per Capita Personal Income[2]	Median Age[1]	School Enrollment [4]	Unemployment Rate[3]
2009	129,359	$ 29,887	35.6	23,010	7.7%
2010	130,045	30,241	36.7	23,022	10.1%
2011	130,205	32,861	33.1	23,028	8.3%
2012	129,649	32,806	33.4	23,737	7.3%
2013	129,677	33,742	33.6	23,910	7.6%
2014	129,324	35,483	34.0	20,876	7.4%
2015	128,958	37,682	34.3	21,355	7.7%
2016	128,125	38,007	34.6	24,545	8.1%
2017	127,772	NA [5]	35.0	21,558	10.3%
2018	126,926	NA	35.4	23,819	5.7%

Figure 60 Demographic and Economic Statistics

Sources:

[1] U.S. Census Bureau midyear annual population estimates.

[2] Per capita personal income: After 2014, from Bureau of Economic Analysis, local area personal income. Prior to 2014 was computed using Census Bureau midyear population estimates.

[3] New Mexico Department of Workforce Solutions' Labor Market Review.

[4] New Mexico Public Education Department.

[5] NA = Not Available, time lag on the data.

Principal Employers

SAN JUAN COLLEGE Principal Employers by Industry Ten Years							
	2018				2009		
Employer	**Employees[1]**	**Rank**	**Percentage of Total County Employment**	**Ranking Directional Change**	**Employees[1]**	**Rank**	**Percentage of Total County Employment**
Health Care and Social Assistance	6,820	1	14.5%		5,395	3	10.6%
Retail Trade	5,811	2	12.3%		6,263	1	12.3%
Mining (including gas & oil production)	4,828	3	10.2%		5,689	2	11.2%
Accommodation and Food Services	4,563	4	9.7%		4,002	5	7.9%
Construction	3,485	5	7.4%		5,054	4	9.9%
Wholesale Trade	1,538	6	3.3%		1,941	7	3.8%
Transportation and Warehousing	1,269	8	2.7%		1,420	9	2.8%
Manufacturing	1,187	9	2.5%		1,422	8	2.8%
Other Services Exc. Public Administration	1,171	7	2.5%		1,982	6	3.9%
Administrative and Waste Services	985	10	2.1%		1,320	10	2.6%
Total County Employment	**47,131**		**67.2%**		**50,973**		**67.8%**

Figure 61 Nonfarm Principal Employers by Industry

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.

[1]Employment data is the average employment for the first quarter, ending in March, 2018 and March, 2009

Operating Information

Full-Time Equivalent Employees by Function

SAN JUAN COLLEGE Faculty and Staff Ten Fiscal Years										
Fall Employment of Fiscal Year	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
FACULTY										
Full-time [1]	153	156	168	169	161	160	152	144	145	98
Part-time [1]	90	95	90	64	101	82	99	95	100	81
Total Faculty	**243**	**251**	**258**	**233**	**262**	**242**	**251**	**239**	**245**	**179**
STAFF										
Full-time [1]	348	341	330	358	378	384	384	367	358	422
Part-time [1]	62	66	71	51	40	46	47	51	49	48
Total Staff	**410**	**407**	**401**	**409**	**418**	**430**	**431**	**418**	**407**	**470**
Total Faculty and Staff	**653**	**658**	**659**	**642**	**680**	**672**	**682**	**657**	**652**	**649**

Figure 62 Faculty and Staff

Source: San Juan College Institutional Research Department, IPEDS

[1] Full Time Equivalent (FTE)

Capital Assets: Facilities

SAN JUAN COLLEGE Capital Assets, Number of Facilities Ten Fiscal Years										
Fiscal Year Ended June 30,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Academic/Support Facilities										
Main Campus	15	15	15	15	14	14	14	14	14	14
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.	2	1	1	1	1	1	1	1	1	1
Total	21	20	20	20	19	19	19	19	19	19
Total Buildings Square Footage [1]	**933,801**	**921,510**	**921,510**	**921,510**	**856,528**	**856,528**	**856,528**	**856,528**	**856,528**	**856,528**
Number of Parking Lots	20	20	20	20	19	19	19	19	18	18
Total Parking Spaces	2845	2835	2835	2835	2563	2563	2563	2563	2225	2225
Total ADA Parking Spaces	116	115	115	115	107	107	107	107	97	97

Figure 63 Capital Assets, Number of Facilities

[1] The increase in facilities, sq. footage, and parking spaces is due to the addition of lab classrooms.

Note: 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										
Fall Enrollment of Fiscal Year	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
ADMISSIONS - FRESHMEN										
Applications	2,982	2,956	2,065	2,542	3,412	3,012	3,334	3,113	2,583	2,858
Accepted	2,982	2,956	2,065	2,542	3,412	3,012	3,334	3,113	2,583	2,858
Enrolled	999	1,111	692	1,013	1,082	1,013	937	1,215	1,078	871
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	33.5%	37.6%	33.5%	39.9%	31.7%	33.6%	28.1%	39.0%	41.7%	30.5%
ENROLLMENT										
Student FTE	4,083	4,392	4,409	4,619	5,333	5,464	5,499	5,404	5,321	4,765
Student Headcount	7,363	7,768	7,718	9,906	8,938	9,463	9,470	8,975	8,990	8,931
DEGREES/CERTIFICATES EARNED										
Associates	826	834	708	656	617	654	640	506	472	423
Certificates	822	1,095	1350	812	670	601	468	342	310	208

Figure 64 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

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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

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget and
To the 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, 2018, 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 29, 2018.

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 College'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items FS 2018-001, FS 2018-002, and FS 2018-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 findings as item NM 2018-001.

College's Response to Findings

The College's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Carr, Riggs & Ingram, L.L.C

Carr, Riggs & Ingram, LLC.
Albuquerque, New Mexico
October 29, 2018

Single Audit Section

Success Matters

SAN JUAN COLLEGE
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Schedule of Expenditures of Federal Awards (SEFA)

San Juan College Schedule of Expenditures of Federal Awards For year ended June 30, 2018			
Federal Grantor/Pass-Through Grantor / Program or Cluster Title	**Federal CFDA Number**	**Pass-Through Entity Identifying Number**	**Federal Expenditures**
National Security Agency:			
GenCyber Camp	12.903	H98230-18-1-0108	$ 44,320
GenCyber Camp	12.903	H98230-17-1-0292	37,141
Total National Security Agency			**$ 81,461**
National Science Foundation:			
Pass-through University of Colorado Boulder			
CU Digitization TCN	47.074	1555733	**6,439**
Department of Education:			
TRIO SSS-EDGE	84.042A	P042A151504-17	251,123
TRIO SSS-STEM	84.042A	P042A151482	244,170
Subtotal - TRIO Cluster			495,293
Guided Pathwyas to Success	84.382C	P382C160010	247,537
Pass-through NM Public Education Department			
Perkins -Digital Media Arts	84.048A	V048A170031	34,905
Perkins - Fire Science	84.048A	V048A170031	39,371
Perkins - Career Education	84.048A	V048A170031	170,484
Perkins - Nursing	84.048A	V048A170031	34,865
Perkinn - Engineering	84.048A	V048A170031	-
Perkins - Drafting	84.048A	V048A170031	-
Perkins - Geographic Information	84.048A	V048A170031	28,102
Perkins - Early Childhood Ed	84.048A	V048A170031	18,554
Perkins - Restribution	84.048A	V048A160031-16A	16,478
Subtotal			342,759
Pass-through NM Higher Education Department			
Adult Basic Education	84.002	V002A170032	158,875
Direct			
Federal Pell Grant	84.063	P063P061828	9,832,484
Direct Student Loans	84.268	P268K131828	3,143,146
Supplemental Education Opportunity Grant	84.007	P007A066227	148,782
Federal Work-Study Program (CWS)	84.033	P033A066227	159,090
Subtotal - Student Financial Assistance Cluster			13,283,502
Total Department of Education			**$ 14,527,966**

Figure 65 Schedule of Expenditures of Federal Awards Part 1

Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-through New Mexico State University			
INBRE	93.859	Q01680	88,292
Pass-through NM Children, Youth and Families Department			
Childrens Behavioral Health	93.556	69000-0000049569	65,000
Pass-through NM Human Services Department			
UNM PFS OSAP - Community	93.243	028354-873G	93,983
Pass-through University of New Mexico			
Success in Nursing SNACC	93.970	3BH90	59,707
Total Department of Health and Human Services:			**$ 306,982**
Department of Agriculture			
Pass-through State of New Mexico CYFD			
CFDC Child & Adult Care Food Program	10.558	176NM332N1099	**$ 61,215**
Department of Veterans Affairs:			
Pass-through New Mexico Department of Veterans Services			
Rural Veterans Coordination Project	64.038	2014-RVCP-46	**$ 101,959**
Department of Commerce:			
Four Corners POWER Initiative	11.307	08-11-05081	**$ 393,831**
Small Business Administration:			
Pass Through Santa Fe Community College			
Small Business Development Center	59.037	SBAHQ-16-B-0054	**$ 21,906**
National Writing Project Corporation:			
Bisti Writing Project SEED	84.367D	05-NM06-SEED2016-ILI	1,726
Bisti Writing Project CRWPAI	84.367D	05-NM06-SEED2017-CRWPAI	7,843
Total National Writing Project Corporation			**$ 9,569**
Internal Revenue Service:			
Volunteer Income Tax Assistance (VITA)	21.009	17VITA0264	**$ 16,318**
National Endowment for the Arts:			
Pass-through Western States Art Federation			
Promotion of the Arts	45.025	TW201600238	**$ 4,375**
Department of Labor:			
Pass-through Santa Fe Community College			
DOL-TAACCCT	17.282	TC-26486-14-60-A-35	**$ 227,109**
Grand Total			**$ 15,759,130**

Figure 66 Schedule of Expenditures of Federal Awards Part 2

See independent auditors' report
See notes to the Schedule of Expenditures of Federal Awards

Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Reconciliation of SEFA to Financial Statements

SEFA Reconciliation to General Ledger Expense	
Total Expense	$ 82,270,047
Total Federal Expense	(15,759,130)
Total Non-Federal Expenses	$ 66,510,917
Expense Reconciliation	
Total General Ledger (GL) Expenses	$ 82,270,047
Less:	
Federal Pass-Through	(1,231,619)
Direct Award	(1,244,009)
Student Aid	(10,140,356)
Direct Student Loans	(3,143,146)
Total Federal Expense	(15,759,130)
Total Non-Federal Expense	$ 66,510,917

Figure 67 SEFA Reconciliation

Note 2 – Basis of Presentation

The accompanying Schedule of Expenditures includes all federal grants to the College which had activity during FY18. It was prepared on the accrual basis of accounting except $0.4 million in capital purchases was included to reflect total federal 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. The information presented is in accordance with the requirements of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200).

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 FY18 totaled $3.1 million.

Note 4 – Indirect Cost Rate

The College has an indirect cost rate of 38% but, on some awards indirect cost was limited to the 10% de minimis rate and less on a few awards. Effect 07/01/2018 - 06/30/2021 the indirect cost rate will be 40%. The rate is subject to statutory or administrative limitations and apply to a given grant or contract only to the extent that funds are available.

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 2018 audit. Further information is located at: https://www.cfda.gov/

Note 7 – Awards by Federal Agency

Total Awards by Federal Agency		Amount
National Security Agency	$	81,461
National Science Foundation		6,439
Department of Education		14,527,966
Department of Health and Human Services		306,982
Department of Agriculture		61,215
Department of Veterans Affairs		101,959
Department of Commerce		393,831
Small Business Administration		21,906
National Writing Project Corporations		9,569
Internal Revenue Service		16,318
National Endowment for the Arts		4,375
Department of Labor		227,109
Total Federal Awards	**$**	**15,759,130**

Major Federal Program		Amount
Federal Student Financial Aid Cluster	$	13,283,502

Figure 68 Awards by Federal Agency

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

Success Matters

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

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
To the 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, 2018. 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, 2018.

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

Carr, Riggs & Ingram, L.L.C

Carr, Riggs & Ingram, LLC.
Albuquerque, NM
October 29, 2018

Schedule of Findings and Questioned Costs

Success Matters

SAN JUAN COLLEGE
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State of New Mexico
San Juan College
Schedule of Findings and Questioned Costs
June 30, 2018

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?	Yes
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	Federal Student Financial Aid Cluster

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

B. Findings – Financial Statement Audit

<u>FS 2018-001 Financial Close and Reporting- Significant Deficiency</u>

Condition: The College does not have a formalized process in place to ensure all year-end journal entries have been posted and accounted for in preparation for supplying the auditors with a final trial balance; the lack of a formalized process resulted in a restatement to inventory due to a missed adjustment in the prior year in the amount of $255,000.

Criteria: The *Codification of Statements of Auditing Standards* AU Section 110.03 states that "management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. The entity's transactions and the related assets, liabilities, and equity are within the direct knowledge and control of management."

Effect: The College had to propose a restatement for the prior year due to a material adjustment that was missed in the amount of $255,000.

Cause: The College did not have a formalized process to ensure all the year-end journal entries were processed and posted prior to providing the auditors with a final trial balance.

Auditors' Recommendation: The College should create a formalized policy to ensure all entries are made and the responsibility of each entry is clearly distinguished. The College should create a checklist and a timeline for all entries to be made, the timeline should take into consideration when the final trial balance is schedule to be provided to the auditors.

Agency's Response:

1) Finding: NM 2018-001 – Financial Close and Reporting
   a) Effective fiscal year 2019 the College Business Office will:
      i) Create a check list which includes all required adjusting entries and lists infrequent journal entries.
      ii) Document and formalize the process of preparing the year-end-financial statements to ensure all entries are systematically posted.
   b) Contact person(s) responsible for monitoring and maintaining corrective procedures.
      i) Controller
      ii) Assistant Controllers

C. Findings – Federal Award

None Noted

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

NM 2018-001 – Budgetary Controls – Other Noncompliance

Condition: The College has over expended its budget in the following function:

Independent Operations:	$	8,858

Criteria: NMAC 5.3.4.10 states: "The total expenditures in each of the following budgetary functions will be used as the items of budgetary control. Total expenditures or transfers in each of these items of budgetary control may not exceed the amount of approved budget.

A. Unrestricted expenditures and restricted expenditures.
B. Instruction and general
C. Each budget function in the current funds other than instruction and general (15-22).

Effect: Over expenditures of budget could affect the College's reporting and compliance with state statutes.

Cause: The College had invoices which were not allocated between functions which caused over expenditures in this function.

Auditors' Recommendations: We recommend the College monitor its budgets closely and prepare budget adjustments as necessary as the year end comes to a close.

Agency's Response:
1) Finding: NM 2018-001 – Budgetary Controls – Other Noncompliance
   a) The College received more revenue than was expended, and maintains a half million in fund balance for the exhibit.
   b) We increased expenditures to successfully increase our revenue.
   c) Based the increase in revenue a budget entry was not prepared.
2) Effective fiscal year 2019 the College Business Office will:
   a) Prepare budget adjustment entries to ensure functions are not over budget on expenditures.
   b) Allocate expenditures between related functions.
3) Contact person(s) responsible for monitoring and maintaining corrective procedures.
   a) Controller
   b) Assistant Controllers

E. Findings – Component Unit

Four Corners Innovation Findings

FS 2018-002 Journal Entry Internal Controls Deficiencies – Significant Deficiency (Component Unit – FCI)

Condition: There are inadequate controls over journal entries in the following areas:

- There is no documentation on journal entries performed FCI's contracted accountants to indicate that management of FCI reviews the journal entries.

Criteria: The Clarified Statements on Auditing Standards (AU-C) paragraph 200.05.A2 states that the financial statements are management's responsibility. Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Effect: Not having proper documentation of journal entry preparation and review could result in journal entries posted to the system incorrectly, which could cause material misstatements to the financial statements.

Cause: Management does not have a policy in place to formally track journal entry preparation, review, and posting by FCI's contracted accountants.

Auditors' Recommendations: FCI should implement a procedure where initials and dates of the preparer, reviewer, and poster of journal entries are documented for each journal entry processed.

Agency's Response:
1) Finding: FS 2018-001 – Journal Entry Internal Controls Deficiencies – Significant Deficiency (Component Unit – FCI)
   a) Effective fiscal year 2019 Four Corners Innovation (FCI) will:
      i) Implement a procedure to ensure journal entry documentation is adequately reviewed.
      ii) Develop a formal process to track, review and post journal entries.
      iii) The process will include an acknowledgement of review and approval (email or initials and date) from one of the following:
         (1) Chief Executive Officer (CEO)
         (2) Bookkeeper
   b) The external accountant will initial, date and post entries only after they have been reviewed by the CEO or bookkeeper.
2) Contact person(s) responsible for monitoring and maintaining corrective procedures.
   a) Chief Executive Officer
   b) Bookkeeper
   c) External Accountant

E. Findings – Component Unit (Continued)

Four Corners Innovation Findings (Continued)

<u>FS 2018-003 – Material Adjustments by Auditor – Significant Deficiency (Component Unit – FCI)</u>

Condition: Several significant adjustments were required to fairly state FCI's financial statement balances. The following adjustments were proposed as part of the audit process:

Capital Assets Adjustments:	$	24,299
Other Assets Adjustments:		(24,299)
Net Position Adjustments:		(2,887)
Total Revenue Adjustments:		12,448
Total Expense Adjustments:		10,776

Criteria: According to AU-C 325, what the auditor does is independent of the client's internal control over financial reporting, and, therefore, the auditor cannot be a compensating control for the client. Recording the adjustments is considered a significant process that the client needs to maintain.

Effect: FCI's internal control procedures did not identify and record the necessary corrections to the general ledger for these transactions, and had they not been identified and/or corrected by the auditor, they could have resulted in a material misstatement to the financial statements.

Cause: FCI's internal control procedures did not identify the inaccurate recording of these transactions. FCI changed accountants during the year and did not have procedures in place to ensure that all transactions were properly recorded. FCI was also not recording the full amounts of revenues and expenses for transactions with the College.

Auditors' Recommendations: We recommend that FCI update their policies and procedures regarding the recording of transactions. We also recommend that FCI work with the College to reconcile the transactions between the two entities on a monthly basis.

Agency's Response:
1) FS 2018-002 – Material Adjustments by Auditor – Significant Deficiency (Component Unit – FCI)
   a) Effective fiscal year 2019 Four Corners Innovation (FCI) will:
   b) Develop formal procedures to ensure that all transactions are properly recorded.
   c) Implement a procedure to identify and record adjusting journal entries and related documentation.
2) The process will include an acknowledgement of review and approval (email or initials and date) from one of the following:
   a) Chief Executive Officer (CEO)
   b) Bookkeeper
3) The external accountant will:
   a) Initial, date and post entries only after they have been reviewed by the CEO or bookkeeper.
   b) Send a copy of journal entries and bank reconciliations for the bookkeeper's records.
4) Contact person(s) responsible for monitoring and maintaining corrective procedures.
   a) Chief Executive Officer
   b) Bookkeeper
   c) External Accountant

F. Prior Year Audit Findings

No Prior Year Findings Noted

Other Required Disclosures

Success Matters

SAN JUAN COLLEGE
Success Matters

Other Required Disclosures

The financial statements were prepared by San Juan College.

Exit Conference

The contents of this report were discussed on October 29, 2018. The following individuals were in attendance:

San Juan College
R. Shane Chance, Board Trustee
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
Jeff Parkes, Assistant Controller

Carr, Riggs & Ingram CPAs and Advisors
Alan D. Bowers, Jr., CPA, Audit Partner

San Juan College Foundation
Kathy Jo Myers, Board Member
Dr. Toni Pendergrass, Board Member
Gayle Dean, Executive Director
Lowell Perish, SJC Foundation Accountant

Four Corners Innovations
T. Greg Merrion, Chairman of the Board
Dr. Toni Pendergrass, Board Member

SAN JUAN COLLEGE
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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.

$4,785,000
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 $4,785,000. In addition to examining those portions of the Constitution and laws of the State of New Mexico considered by us to be relevant to this opinion, we have reviewed certified copies of the proceedings of the Issuer and documents authorizing the release of the Bonds, including the form of Bond approved by the Issuer. We have acted as Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico, as to which an opinion is rendered herein, and for no other reason or purpose.

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

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

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

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

201 THIRD STREET, N.W., SUITE 1300
ALBUQUERQUE, NEW MEXICO 87102
TEL 505-888-1335; FAX 888-977-3816

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

2. All taxable property within the territory of the Issuer is subject to ad valorem taxation 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.*]

$4,785,000
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 $4,785,000 (the "Bonds"). We have examined those portions of the Constitution and laws of the State of New Mexico considered by us relevant to this opinion, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of the Bonds, including the form of the Bonds approved by the Issuer. We have acted as Co-Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico and with respect to the application to the Bonds of those provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as to which an opinion is rendered herein and for no other reason or purpose.

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

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

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

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

2. All taxable property within the territory of the Issuer is subject to an ad valorem tax levy to pay the Bonds limited to a rate not to exceed five mills; provided, however, that this limit

may be exceeded in any year in which the valuation of the property within the Issuer declines to a lower level than the valuation of the property in the year which the Bonds were issued.

3. Except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We further are of the opinion that the Bonds are not "specified private activity bonds" and that accordingly, interest on the Bonds will not be included as an individual 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,