

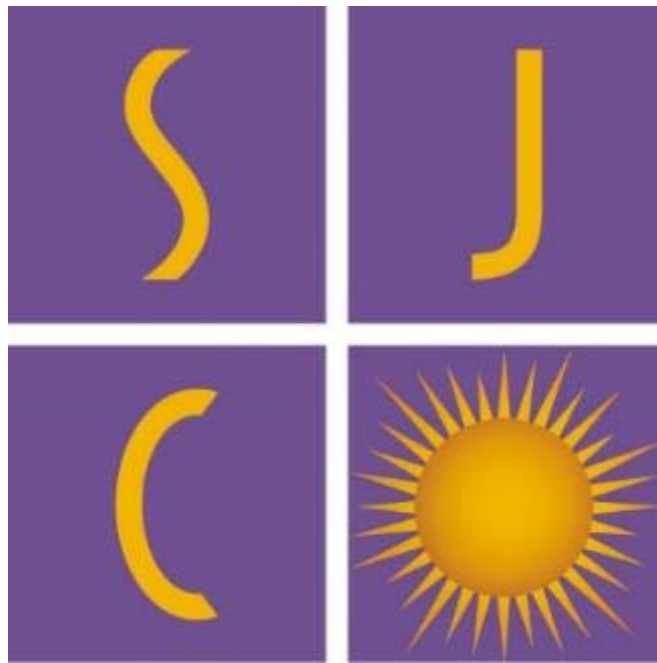
# Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017

Success Matters



**SAN JUAN COLLEGE**  
Success Matters

San Juan County, Farmington, NM



**San Juan College**  
**San Juan County, Farmington, New Mexico**

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

**Prepared by: San Juan College Business Office**

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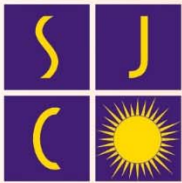
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# Introductory Section

(Unaudited)

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**SAN JUAN COLLEGE**  
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## Letter of Transmittal

October 23, 2017

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

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

#### **Comprehensive Annual Financial Report**

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

#### **Reporting Entity**

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

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

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



## **Profile of the College**

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

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

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

## **Accreditation**

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

## **Mission**

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

## **Vision**

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

## **Values**

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

## **History**

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

From the first phase of construction in 1967 to 1981, the College grew exponentially. As the community and local school districts invested more money and support in this university branch campus, the natural desire for more local control and autonomy arose. A successful county-wide election was held in 1981, approving of separation from NMSU and financial support for a newly created junior college district. On July 1, 1982, an independent and separate community college known officially as Junior College District of San Juan County, and informally as San Juan College, came into being.

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

### **Campuses**

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

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

### **Highlights: Fiscal Year 2017**

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

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

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

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

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

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

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

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

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

By the numbers, SJC students achieve and succeed:

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

SJC continues to be financially sound and fiscally responsible:

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

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

### **Local Economy**

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

The land ownership of San Juan County is: 6.5% private ownership, 25.0% Federal Government, 65.0% Navajo and Ute Mountain Reservations, and 3.5% State Government. The county imposes a residential property tax rate of 0.6 mills for San Juan College's debt service and 3.114 mills for San Juan College's operations. Property tax is also collected by the State of New Mexico Taxation and Revenue Department on oil and gas production and equipment. The County collects and distributes these taxes to the College monthly. Refer to the statistical section for more information.

Energy production is the cornerstone of our economy. The San Juan Basin is one of North America's largest natural gas fields. The condition of the gas market has been in decline; over the last ten years, the College's Oil & Gas Production Tax Revenue has been significantly and negatively impacted. It was encouraging to see a small uptick in that revenue stream in the fiscal year ended June 30, 2017.

The County is the retail hub for the Four Corners Area serving an estimated consumer population of 250,000 making retail trade one of the top three industries for job creation.

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

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

### **Financial Planning & Budgeting**

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

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

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

The San Juan College Board has policies regarding:

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

### Independent Audit

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

### Awards and Acknowledgements

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

Preparation of this CAFR in a timely manner would not have been possible without the coordinated efforts of the Business Office, the Information Technology Center, the Office of Institutional Research and other key College administrators, faculty, and support staff. In addition, RPC CPAs + Consultants, LLP provided invaluable assistance. We extend our gratitude to the San Juan County Finance Department for their cooperation by providing statistical data. We also extend our appreciation to the College's Board of Trustees for their continued support and dedication to inspire and support life-long learning to achieve personal and community goals by providing quality education, services, and cultural enrichment.

Respectfully and collaboratively submitted –



Dr. Toni Hopper-Pendergrass,  
President



Edward M. DesPlas,  
Executive Vice President



Kristie K. Ellis,  
Controller

# San Juan College Campus

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**SAN JUAN COLLEGE**  
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## San Juan College Organizational Chart

**San Juan County Citizens**

**College Board**

John C. Thompson, Chairman  
Dr. Joseph Pope, Vice Chairman  
Byron Manning, Secretary

R. Shane Chance, Member  
Evelyn Benny, Member  
Hoskie Benally Jr., Member

**President**

Dr. Toni Hopper Pendergrass

**Executive  
Vice President**  
Edward DesPlas

**Vice President for  
Learning**  
Dr. Adrienne Forgette

**Vice President for  
Student Services**  
David Eppich

# List of Elected and Appointed Officials

## Board of Trustees

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

## Executive Officers

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

## Business Office and Staff

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





# Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

**San Juan College  
New Mexico**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# San Juan College Board of Trustees



**John Thompson**



**Dr. Joseph Pope**



**Byron Manning**



**Hoskie Benally Jr.**



**Evelyn B. Benny**



**R. Shane Chance**

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

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

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

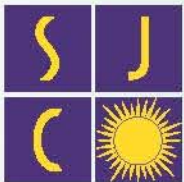
**Hoskie Benally Jr.**\ Member since 2017. Community and Government Liaison, Native American Disability Law Center. Represents district 1.

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

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

# Financial Section

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**SAN JUAN COLLEGE**  
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## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust of San Juan College (the College) as of and for the year ended June 30, 2017 and the related notes to the financial statements which collectively comprise the basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons presented as supplementary information, as defined by the Government Accounting Standards Board as of and for the year ended June 30, 2017, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust of the College, as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, the budgetary comparisons of the College referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the GASB required supplementary pension schedules, and required supplementary OPEB schedules on pages 18 through 29, 74 through 78, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

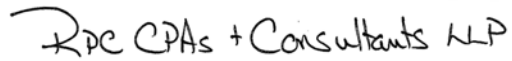
Our audit was conducted for the purpose of forming opinions on the College's financial statements and the budgetary comparisons. The introductory section, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the statistical section, and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Schedules 8 and 9 required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Schedules 8 and 9 required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



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



# Management's Discussion and Analysis

## Introduction

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

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

## Financial Highlights

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

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



## Overview of the Financial Statements

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

While San Juan College uses fund accounting to account for its economic resources, GASB mandates presentation of the College's financial data as a single program business-type activity to facilitate interpretation by those not familiar with fund accounting. Consistent with GASB 34, Paragraph 12, assets, liabilities, revenues, expenses, gains, and losses are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, revenues are recorded as earned, and expenses are recorded as the liability is incurred. Generally, Statement 35 permits public colleges and universities, in separately issued financial statements, to use the guidance for special-purpose governments engaged only in business-type activities, engaged only in governmental activities, or engaged in both governmental and business-type activities in their separately issued reports. Under Statement 35, in its separately issued reports, a public institution is required to include management's discussion and analysis (MD&A); basic financial statements, as appropriate for the category of special-purpose government reporting selected; notes to the financial statements; and required supplementary information other than MD&A.

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

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

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

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

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



### **Basic Financial Statements**

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

### **Statement of Net Position**

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

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

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

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

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

Figure 1 Condensed Summary of Net Position

### Assets

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

### **Deferred Outflows of Resources**

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

### **Liabilities**

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

### **Deferred Inflows of Resources**

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

### **Net Position**

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

### **Capital Assets and Debt Administration**

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

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

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

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



## Statement of Revenues, Expenses, and Changes in Net Position

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

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

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

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

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

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

### **Expenses and Revenues by Classification**

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

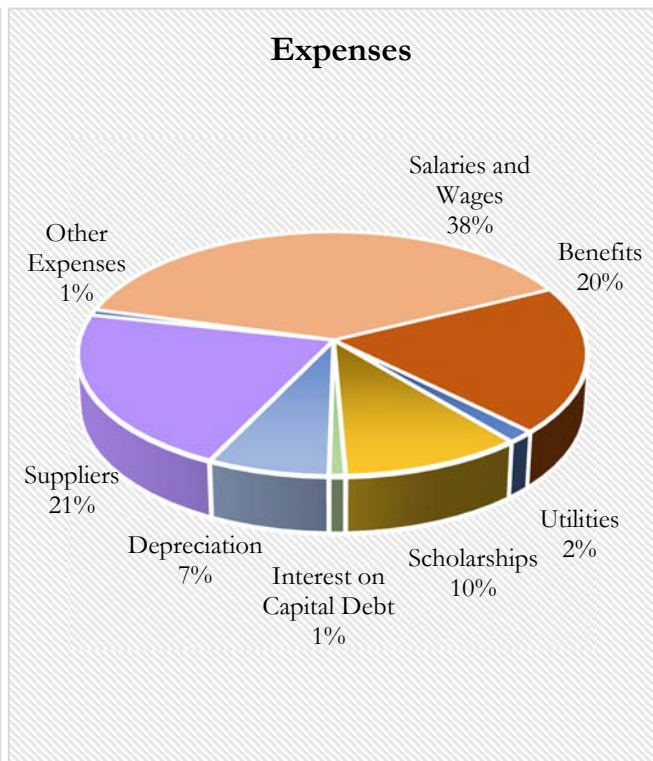
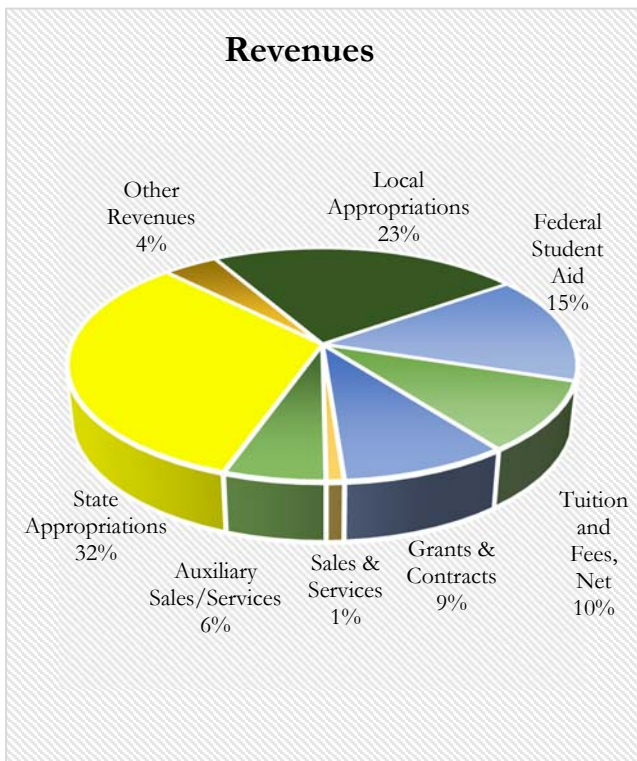
Revenues are summarized by functional classification. State and Local Appropriations are 55.6% of total revenues and decreased from \$41.2 million to \$40.2 million. Net Tuition and Fees decreased by 3.0% or \$0.2 million, the decrease as a percentage of total revenue was 0.1 % (see Figure 3). Auxiliary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

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

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

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

Figures 3 Revenue and Expenses by Functional Classification





**Statement of Cash Flows**

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

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

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

Figure 4 Condensed Statement of Cash Flows

**Component Units**

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

**San Juan College Foundation**

The San Juan College Foundation was established in 1973 as a not-for-profit, 501(c)(3) corporation to provide resources for various critical needs at San Juan College and within the communities that the College serves.

**Four Corners Innovations, Inc.**

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

## Economic Outlook

### Principal Revenue Sources

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

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

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

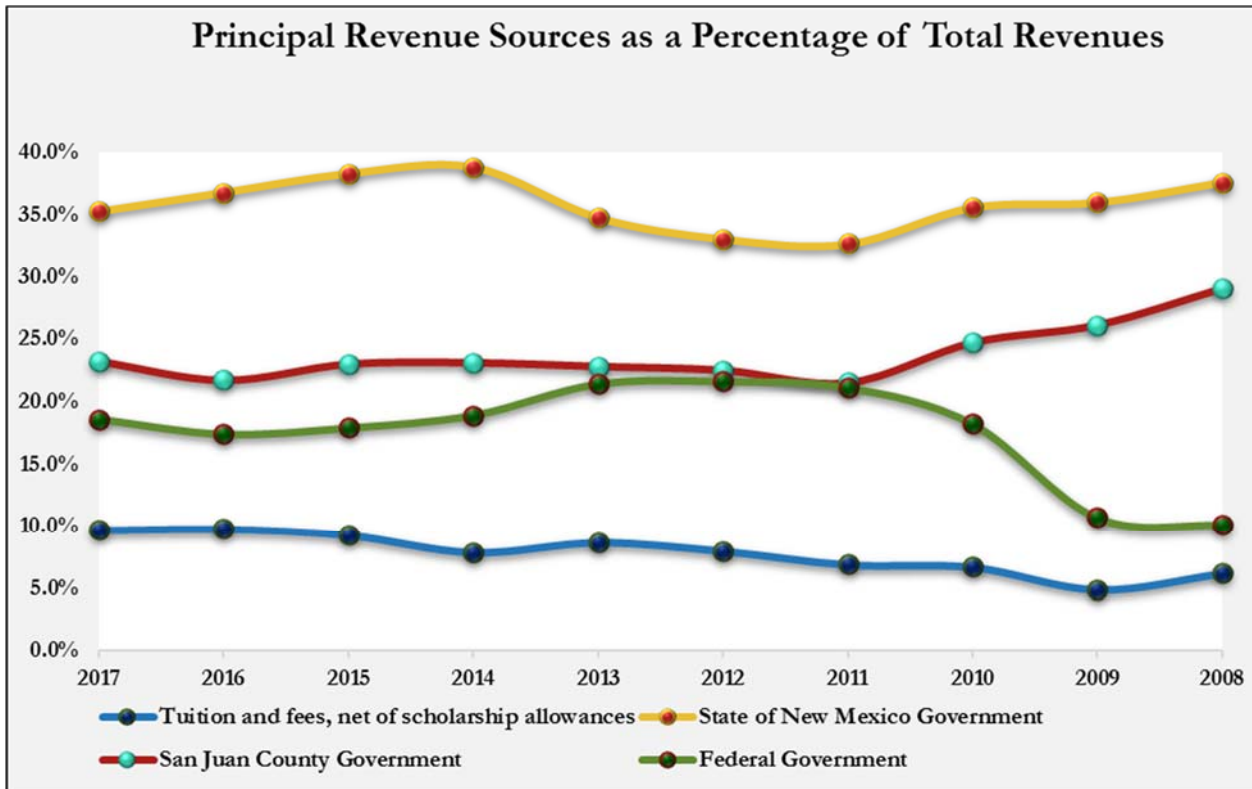


Figure 5 Principal Revenue Sources

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

### State Appropriations

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

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

### **Local Appropriations**

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

### **Tuition and Fees**

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

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

### **Principal Employers, Unemployment Rates, and Population**

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

### **Budget Process**

The College's Board of Trustees adopts the institutional operating budget prior to May 1 annually. Per New Mexico Administrative Code 5.3.4.13.B. "Each Institution will submit a draft of the operating budget to the commission's staff by May 1." The commission's staff is the New Mexico Higher Education Department. The College is required to submit a mid-year budget adjustment request (BAR) in December and a final BAR by May 1. Budget adjustments address changes in assumptions, allow updates for known outcomes, and focus on future developments. Budgetary comparison Schedules 5, 6 and 7 on pages 81-83 demonstrate compliance with the approved budget process.

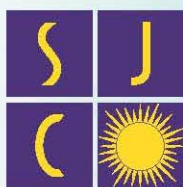
In the Other Information section see Schedule 5, Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Unrestricted and Restricted – All Operations. It indicates the College had a budgetary net position increase of \$2.8 million. See The Reconciliation of Changes in Fund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

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



# Basic Financial Statements

Success Matters



**SAN JUAN COLLEGE**  
Success Matters

# Statement of Net Position

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

Figure 6 Statement of Net Position

# Statement of Net Position

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

Figure 7 Statement of Net Position: continued

# Statement of Revenues, Expenses, and Changes in Net Position

**San Juan College and Component Units**  
**Statement of Revenues, Expenses and Changes in Net Position**  
For Year Ended, June 30, 2017

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

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



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

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

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

# Statement of Cash Flows

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

**Cash flows from operating activities**

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

**Cash flows from noncapital financing activities**

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

**Cash flows from capital and related financing activities**

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

**Cash flows from investing activities**

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

**Net increase (decrease) in cash and cash equivalents**

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

Figure 10 Statement of Cash Flows

# Statement of Cash Flows

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

Figure 11 Statement of Cash Flows: continued

San Juan College Retiree Healthcare Trust  
**Statement of Fiduciary Net Position**

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

Figure 12 Statement of Fiduciary Net Position

**Statement of Changes in Fiduciary Net Position**

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

Figure 13 Statement of Changes of Fiduciary Net Position

Discretely Presented Component Units  
**Combining Statement of Net Position**

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

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

## Discretely Presented Component Units

# Combining Statement of Activities

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

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

Figure 15 Combining Statement of Activities – Discretely Presented Component Units

# Notes to Financial Statements

## Note 1 – Summary of Significant Accounting Policies

### Organization

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

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

### Discreetly Presented Component Units

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

Governmental Accounting Standards Board (GASB) Statements No. 39, *Determining Whether Certain Organizations are Component Units, an amendment of GASB No. 14*, provide additional criteria for determining whether certain organizations are component units with discrete presentation. GASB Statements No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB No. 14*, (see New Standards Adopted); A description of the College’s discreetly presented component units and the basis for including each as a component unit in the College’s financial report follows.

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

Four Corners Innovations, Inc. – was established March 30, 2012 through the New Mexico Public Regulation Commission approving its Articles of Incorporation pursuant to the provisions of the Nonprofit Corporation Act. FCI’s mission is to promote the public welfare and prosperity of the people of New Mexico, foster economic development within New Mexico, and /or engage in other cooperative ventures of innovative technological significance that will advance education, science, research, conservation, or economic development within New Mexico. Four Corners Innovations, Inc. does not issue separate financial statements.

The two component units meet all of the criteria for a legally separate, tax exempt organization to be reported discretely as a component unit. The economic resources held by these component units are for the direct benefit of the College and the College has the ability to access their economic resources and the economic resources of these component units are significant to the College.

### **San Juan College’s Basis of Presentation and Accounting**

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

Beginning with year ended June 30, 2014, the College presented its annual financial information in a Comprehensive Annual Financial Report (CAFR) format including a statistical section prepared in accordance with GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section an amendment of NCGA Statement 1*.

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

### **New Standards Adopted**

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



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

### **Cash and Cash Equivalents**

In accordance with GASB, all highly liquid investments with an original maturity date of three month or less, are considered to be cash and cash equivalents. Funds invested in money market funds or through the State Treasurer's Local Government Investment Pool are also considered cash equivalents. In accordance with GASB, all restricted cash and cash equivalents, including funds held by a bond trustee, are shown as noncurrent cash and cash equivalents. See Note 2.

### **Investments**

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

### **Receivables**

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

### **Inventories**

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

### **Endowment Spending Policy**

During fiscal years 2008 and 2009 the College received an endowment fund appropriation from the State of New Mexico totaling \$360,000 as a match against existing endowment funds held by the College's Foundation. The endowment funds are invested in certificates of deposits. As promulgated in HB 07-983, the income from the investments shall be used as scholarships for full-time students with a minimum GPA of 2.5. The College realized \$5,357 in revenue from the endowment investments and expended \$3,167 in student scholarships. The endowment fund is a component of Restricted Cash, Cash Equivalents and Investments.

## Capital Assets

Capital assets are recorded at acquisition cost, items donated including capital assets, donated works of art, artifacts and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of donation. The capitalization threshold is \$5,000 per Section 12-6-10 New Mexico Statutes Annotated (NMSA) 1978. The College's capitalization policy includes all land, buildings, infrastructure, equipment, works of art and historical treasures with a unit cost of \$5,000 or more and an estimated useful life of more than one year. New construction, renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of structures and have a project cost of over \$5,000 are capitalized. Routine repairs are charged to operating expense in the year in which the expense incurred.

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

Capital assets of the Foundation are stated at cost, except for works of art the Foundation intends to hold indefinitely, which are recorded at acquisition value on the date of donation. The foundation follows the practice of capitalizing, at cost, all expenditures for capital assets in excess of \$1,000. Maintenance, repairs, and renewals which neither materially add to the value of the property nor appreciably prolong its life are charges to expense as incurred. Depreciation is computed on a straight-line basis over twenty-five years for buildings, 10-25 years for improvements, and 5-7 years for equipment. See Note 4.

## Deferred Outflows of Resources

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

## Compensated Absences

Compensated absences are for full-time employee; exempt and non-exempt, vacation not exceeding 240 hours and not used at fiscal year-end. Compensated absence are accrued as a liability on the statement of net position and reported as an expense in the statement of revenues, expenses, and changes in net position. Accumulated sick leave lapses when employees leave the employ of the College and, upon, separation from service, no monetary obligation exists. See Note 7.

## Unearned Revenue

Unearned revenue consists primarily of students' tuition received in advance for the summer and fall terms and advances from contracts and grants for services the College will render after year-end. See Note 6.

## Pensions

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

### **Deferred Inflows of Resources**

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

### **Net Position**

Net investment in capital assets represents the College's total capital assets, net of accumulated depreciation and outstanding debt related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Restricted net position represents those resources upon which restrictions have been imposed that limit the purposes for which such resources can be used, including \$6.8 million in unspent bond proceeds. Restricted expendable net position is resources that the College is legally or contractually obligated to spend in accordance with restrictions. Restricted non-expendable net position consists of endowment and similar funds in which third parties have stipulated, as a condition of the gift instrument, that the principal be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to the principal. Unrestricted net position consists of those operating funds over which the governing board retains full control to use in achieving any of its authorized purposes. When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

### **Elimination Entries**

Elimination Entries are made in the statement of revenues, expenses, and statement of net position to remove the effect of internal charges incurred for service activities in excess of the cost of providing those services and for revenue recognized by the service department for sales to other College departments. Internal service departments are used to accumulate and allocate costs internally because the cost associated with these services predominantly benefit the College as a whole. The internal service departments are: information technology; environmental health and risk management; motor pool; copy services; employee associations; mail room; and shipping, receiving and recycling. Elimination entries are not recorded between the Primary Institution and discrete Component Units.

### **Revenues/Expenses**

Revenues and expenses are classified as operating or non-operating. Operating Revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees, scholarship allowances, federal, state, and local grants and contracts, sales and services of auxiliary enterprises. Operating expenses are those incurred in conducting the primary programs and services of the College and include salaries, employee benefits, supplies, materials, services, utilities, travel and depreciation. Non-operating Revenues include activities that have the characteristics of non-exchange transaction, such as state appropriations, local appropriations (e.g., property, equipment and production taxes), and investment income. Non-operating expenses include building repairs and maintenance.

### **Scholarship Allowances**

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

### **Property Taxes**

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

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

### **Non-Reverting Funds**

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

### **Tax Status**

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

The San Juan College Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Four Corners Innovations was granted tax exempt status under IRS Code Section 501(c)(3) on July 25, 2014 with an effective date of March 30, 2012.

### **Budgetary Process**

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

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities—and disclosure of contingent assets and liabilities—at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates for the College are accumulated depreciation, allowance for doubtful accounts, other postemployment benefits liabilities (OPEB), and net pension liability.

### Long-term Debt Obligations

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

### Joint Powers Agreement

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

### Other Postemployment Benefit (OPEB) Trust

The pension trust fund accounts for the activities of the San Juan College Retiree Healthcare Trust, which accumulates resources for fully-insured medical, dental, and vision benefits to eligible retirees and their dependents. These benefits are considered Other Post-Employment Benefits (OPEB) under of the Governmental Accounting Standards Board (GASB) statements No. 43 and 45. The College implemented GASB 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*. See Note 10.

## Note 2 – Cash, Cash Equivalents, and Investments

### General

The classification *Cash and Cash Equivalents* includes cash in banks (deposits); cash on hand, petty cash, certificates of deposit and overnight repurchase agreements. At year end, the College's deposits, cash on hand, and investments total \$30.1 million. Total cash includes restricted cash, cash equivalents and investments of \$8.8 million, discussed below in our analysis of deposit and investment risk as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*.

### Cash

The College holds demand and time deposit accounts at financial institutions. State statutes require financial institutions to pledge qualifying collateral to the College to cover at least 50% of the uninsured deposits and 102% of overnight deposits. All collateral is held in third party safekeeping in the name of the College. The majority of the total deposits were invested in interest bearing accounts at June 30, 2017. Of the College's cash, \$6.8 million is unspent bond and lease proceeds, \$4.1 million in General Obligation Bond proceeds and \$2.7 million in equipment lease purchase – energy performance agreement. Any change in the fair value of investments are reported as cash equivalents.

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

Figure 16 Reconciliation to Financial Statements

### Collateralization of Deposits

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

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

Figure 17 Collateralization of deposits

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation stated the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. A listing of depositories can be found in Schedule 9 located in the other information section of this report.

## Investments

The College's investments are held in certificates of deposits. A listing of The College's investments and the San Juan College Foundation's investments can be found in Schedule 9 located in the other information section of this report. Credit ratings are not available for investments in debt securities other than debt issued by or explicitly guaranteed by the U.S. government, as well as for positions in external investment pools, money market funds, bond mutual funds and other pooled investments of fixed-incomes.

## Interest Rate Risk/Market Risk

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

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

Figure 18 Maturity Rates - Retiree Healthcare Trust

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

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

Figure 19 Maturity Rates - Foundation Investments

## Credit Risk

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

## Custodial Deposit and Investment Risk

Custodial credit risk on deposits is the risk that in the event of bank failure, the College's deposits may be lost. The College does not have a deposit policy for custodial credit risk. As of June 30, 2017, the College's bank balance was not subject to custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978).

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

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

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

## Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. Investments in any one issuer that represents 5% or more of total investments are considered to be exposed to concentrated credit risks and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. There were no investments in a single issuer that represents 5% or more of the total investments at fiscal year-end.

## Fair Value Measurements

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

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

Level 2 - Inputs to the valuation methodology include:

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



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

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

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

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

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

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

Figure 20 Fair Value Measurement

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

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

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

Figure 21 Accounts receivable

### Due From Other Governments

Amounts consists of property taxes and unreimbursed federal, state and local grant expenditures. San Juan County is responsible for levying and billing for property taxes. The College (through the county) has the right to place a lien on the property for unpaid property taxes, and accordingly no provision for doubtful accounts has been established. At June 30, 2017, government receivables consisted of the following:

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

Figure 22 Due from other governments

### Other Receivables

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

Figure 23 Other miscellaneous receivables

### Pledged Receivables

Receivable to the San Juan College Foundation. Receivables are shown net of discounts on pledge receivables in the accompanying statement of net position. At June 30, 2017 pledged receivables consisted of the following:

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

Figure 26 Foundation pledged receivables

### Beneficial Interest in Remainder Trust of the San Juan College Foundation

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

### San Juan College Foundation – Trust Agreements

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

## Note 4 – Capital Assets

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

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

Figure 24 College Capital Asset Activity

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

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

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

Figure 25 Component Unit Capital Asset Activity

## Note 5 – Special or Specific State Appropriations

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

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

Figure 26 Special Severance or GOB Appropriations

## Note 6 – Unearned Revenue

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

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

Figure 27 Unearned Revenue

## Note 7 – Long-Term Liabilities

### Bonds and Notes

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

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

Figure 28 Summary of Bond and Note Transactions

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

Figure 29 Long-Term Debt

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

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

Figure 30 Annual requirements to retire bonds and notes

### Compensated Absences

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

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

Figure 31 Compensated absences

## Note 8 – Contingencies and Commitments

### Risk Management

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

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

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

At June 30, 2017, no unpaid claims have been filed which exceed policy limits, and, to the best of management's knowledge and belief, all known and unknown claims will be covered by insurance. No major lawsuits are outstanding against the College. New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

### Grants

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

### Construction Contracts

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

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

Figure 32 Future Construction Commitments

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

### **Operating Leases**

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

### **Real Property Lease Agreement**

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

## **Note 9 – Pension Plan – Educational Retirement Board**

### **Plan Description**

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

### **Funding Policy**

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

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

### **Post-Employment Benefits**

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



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

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

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

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

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

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

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

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

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

Figure 33 Deferred Inflows and Deferred Outflows of Resources

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

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

Figure 34 Deferred Pension Amortization

**Actuarial Assumptions**

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

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

Figure 35 ERB-Actuarial Assumptions

### Discount Rate

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

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

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

Figure 36. Sensitivity Analysis - NPL

### Pension Plan Fiduciary Net Position

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

### Payables to the Pension Plan

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

### Alternative Retirement Plan

Certain eligible employees may choose to participate in the Alternative Retirement Plan (ARP), a defined contribution plan, in lieu of the Educational Retirement Act. The benefit received upon retirement is based on the amount contributed by the employee during their career, subject to any investment gains or losses.

Employees are 100% vested in both the employee and employer contribution upon enrollment in the ARP program. Employees can make an annual election to switch ARP providers. After seven years of participation in the ARP plan, employees can make a one-time switch to the ERA defined benefit plan. Upon termination of employment with San Juan College, the employee may roll over the ARP account balance to another qualified retirement plan or withdraw the balance.

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

### **Plan Description**

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

### **Investments**

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

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

Figure 37 Trust Investments

### Employee/Retiree Census

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

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

Figure 38 Employee Retiree Census

### Monthly Retiree Contributions

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

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

**Annual OPEB Cost and Net OPEB Obligations**

The annual Other Post-Employment Benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the College.—an amount actuarially determined in accordance with the parameters of. The ARC represents a level of funding that is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

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

*Figure 40 Schedule of Employer Contributions*

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

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

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

Figure 39 Statement of Changes in Net OPEB Obligation

### Funded Status and Funding Progress

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

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

Figure 43 OPEB Deferred Outflows and Inflows of Resources

### Actuarial Methods and Assumptions



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

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

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

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

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

The actuarial valuation dated July 1, 2016, the reporting date is the fiscal year end for the College, June 30, 2017. The measurement date is the date as of which the net OPEB liability is measured, June 30, 2017. According to this method an equal amount of an employee's projected benefit is allocated to each year from the date the employee first enters the plan until the date the employee is first eligible to receive benefits.

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

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

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

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

Figure 40 Actuarial Assumptions

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

Figure 41 Actuarial Assumptions Continued

The SOA Long-Run Medical Cost Trend Model and its baseline projection on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The assumptions in Figure 42 were used as input variables into the SOA Long-Run Medical Cost Trend Model:

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

Figure 42 Long-Run Medical Cost Trend Model

### Sensitivity Analysis

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

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

Figure 43 Sensitivity Analysis to Changes in Discount Rate

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

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

Figure 44 Sensitivity Analysis to Changes in Healthcare Cost Trend Rates

## Note 11 – Component Units (Financially Related Organization)

### San Juan College Foundation and Four Corners Innovations, Inc.

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

## Summary of Significant Accounting Policies

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

## Income Taxes

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

## Use of Estimates

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

## Contributions

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

## Note 12 – Net Position Restatement

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

### Note 13 – Subsequent Events

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

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

### Note 14 – Subsequent Accounting Pronouncements

The GASB has issued the following statements:

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

Earlier application of these statements is encouraged. For the original pronouncements, please visit the GASB's website, [www.gasb.org](http://www.gasb.org).

# Required Supplementary Information

Success Matters



**SAN JUAN COLLEGE**  
Success Matters

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

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

*Schedule 1 Schedule of Proportionate Share of Net Pension Liability*

## Schedule of San Juan College's Contributions – ERB

San Juan College Schedule of San Juan College Contributions - ERB						
June 30, 2017						
Year Ended 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	\$ 4,375,203	\$ 4,375,203	\$ -	\$ 31,476,281	13.90%	

*Schedule 2 Schedule of Contribution*



## Schedule of Changes in OPEB Liability

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

*Schedule 3 Schedule of Changes in OPEB Liability*

## Schedule of Employer Contributions – OPEB

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

*Schedule 4 Schedule of Employer Contributions*

## Notes to Required Supplementary Information

### Changes of Benefit Terms—ERB

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

### Changes of Assumptions—ERB

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

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

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

### Actuarial Methods and Assumptions under GASB 74

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

#### Valuation Method

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

## Valuation of Assets

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

## Eligible Plan Participants

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

## Changes of Assumptions and Experience—OPEB

### Eligibility Requirements

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

Eligibility requirements are as follows:

Tier 1: Membership Prior to July 1, 2010

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

Tier 2: Membership on or after July 1, 2010

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

### Fully-Insured Plans Offered to Retirees

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

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

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

### **Termination Rates**

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

### **Retirement Rates**

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

### **Mortality Table**

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

### **Trend Rates**

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

### **Discount Rate**

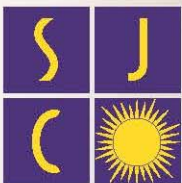
GASB Statements No. 74 and 75 require the projected benefit payments to be discounted to their actuarial present value using the single rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the OPEB plan's fiduciary net position is projected to be sufficient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

### **Actuarial Cost Method**

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

# Other Information

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# Congratulations 2017 Graduates!

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

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

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

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

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

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



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

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

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

## Schedule of Collateral Pledged by Depository

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

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

*Schedule 8 Collateral Pledged by Depository*

# Schedule of Deposits

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

Schedule 9 Schedule of Deposits



# Statistical Section

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# Narrative to the Statistical Section

## **FINANCIAL TRENDS**

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

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

## **REVENUE CAPACITY**

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

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

## **DEBT CAPACITY**

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

- Long-term Bonds Outstanding
- Bond Debt Capacity

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

- Demographic and Economic Data
- Principal Employers

## **OPERATING INFORMATION**

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

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

## Financial Trends

### Net Position by Component

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

Figure 45 Net Position by Component

<sup>1</sup> GASB implementation requiring Unrestricted Net Position restatement.

<sup>2</sup> Prior years calculations updated.

## Changes in Net Position

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

Figure 46 Changes in Net Position Ten Years, Part 1

(Continued)



## Changes in Net Position, Continued

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

Figure 47 Changes in Net Position Ten Years, Part 2

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

# Changes in Net Position Percentages

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

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

## Changes in Net Position Percentages, Continued

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

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

# Principal Revenue Sources

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

Figure 50 Principal Revenue Sources, Last ten fiscal years

# Revenue Capacity

## Assessed Value and Estimated Actual Value of Taxable Property

SAN JUAN COLLEGE										
Assessed Value and Estimated Actual Value of Taxable Property										
Ten Fiscal Years										
Fiscal Year	Real Property		Personal Property			Total Residential Direct Tax Rate	Total Non-Residential Direct Tax Rate	Estimated Actual Value	Taxable Assessed value as a percentage of Actual Value	
	Ended June 30	Residential Property	Non-Residential Property	Non-Agricultural	Agricultural					Other
2008	\$ 973,335,926	\$ 1,376,835,624	\$ 153,488,653	\$ 783,565	\$ 1,747,138	6.451	8.500	\$ 12,765,074,536	33.3%	
2009	1,044,353,058	1,417,830,140	171,272,299	879,412	1,296,294	6.567	8.500	13,199,878,844	33.3%	
2010	1,125,171,877	1,525,345,849	148,215,906	914,022	1,277,581	6.312	8.500	14,431,146,216	33.3%	
2011	1,253,385,595	1,792,552,839	123,120,649	**	1,434,122	6.425	8.500	11,257,530,483	33.3%	
2012	1,299,127,218	1,838,867,739	104,958,212	**	1,461,342	6.267	8.500	11,980,826,874	33.3%	
2013	1,348,827,263	1,813,146,844	112,925,580	**	1,529,616	6.326	8.500	12,203,758,967	33.3%	
2014	1,390,807,512	1,779,807,201	109,034,725	**	1,504,476	6.310	8.500	10,971,381,967	33.3%	
2015	1,431,570,366	1,882,146,032	107,914,020	**	2,378,336	6.231	8.500	11,110,391,526	33.3%	
2016	1,466,073,002	1,977,212,412	110,908,455	**	2,292,185	6.231	8.500	11,926,487,916	33.3%	
2017	\$ 1,503,122,233	\$ 1,924,928,853	\$ 110,703,969	**	\$ 2,006,808	7.000	9.000	\$ 10,912,865,090	33.3%	
Oil & Gas										
Fiscal Year			Less Tax-							
Ended June 30	Production	Equipment	Emempt Property	Adjustment for Protested Taxes	Total Taxable Assessed Value					
2008	\$ 1,562,765,003	\$ 307,517,233	\$ 117,342,078	\$ (4,148,769)	\$ 4,254,982,295					
2009	1,572,060,757	311,506,924	118,491,641	(791,628)	4,399,915,615					
2010	1,756,139,463	353,424,291	142,548,947	38,631,648	4,805,571,690					
2011	800,662,132	157,091,104	301,183,891	(78,304,899)	3,748,757,651					
2012	927,738,572	188,409,438	334,701,265	(36,245,907)	3,989,615,349					
2013	973,295,757	191,541,251	357,476,422	(19,938,153)	4,063,851,736					
2014	617,524,176	122,603,907	408,637,923	40,826,121	3,653,470,195					
2015	688,792,987	138,372,909	408,727,625	(142,686,647)	3,699,760,378					
2016	809,315,876	161,542,839	411,393,777	(144,430,516)	3,971,520,476					
2017	\$ 418,398,768	\$ 83,657,942	\$ 422,186,450	\$ 13,351,952	\$ 3,633,984,075					

Figure 51 Assessed and Estimated Values of Taxable Property

Source: San Juan County Finance Department

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

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

# Principal Property Taxpayers

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

Figure 52 San Juan County, NM principal property taxpayers

Source: San Juan County Finance Department

# Property Tax Levies and Collections

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

Figure 53 Property Tax Levies and Collections

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

# Residential Property Tax Rates

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

Figure 54 Residential Property Tax Rates

Source: San Juan County Finance Department, \* Updated information



# Academic Year Tuition and Required Fees

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

Figure 55 Semester Tuition and Required Fees

<sup>1</sup>Tuition and Fees are set at the beginning of each Fall semester

<sup>2</sup>SJC did not start charging fees until 2010

<sup>3</sup>SJC changed to a flat fee schedule for FY 2015

# Debt Capacity

## Long-term Debt Outstanding

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

Figure 56 Long-term Bonds Outstanding

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

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

## Bond Debt Capacity

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

Figure 57 Bond Debt Capacity

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

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

## Demographic and Economic Information and Statistics

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

Figure 58 Demographic and Economic Statistics

Sources:

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

School Enrollment: New Mexico Department of Education.

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

<sup>2</sup>Per capita personal income was computed using Census Bureau midyear population estimates.

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

# Principal Employers

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

Figure 59 Nonfarm Principal Employers by Industry

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

Source:

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

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

# Operating Information

## Full-Time Equivalent Employees by Function

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

Figure 60 Faculty and Staff

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

<sup>1</sup> Updated to Full Time Equivalent (FTE)

## Capital Assets: Facilities

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

Figure 61 Capital Assets, Number of Facilities

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

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

Figure 62 Admissions, Enrollment, and Degrees Earned

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

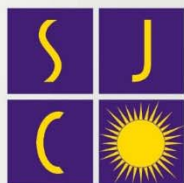
Source: Data compiled from the Peterson's survey and IPEDS



# Report on Internal Control

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

Success Matters



**SAN JUAN COLLEGE**  
Success Matters



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

**INDEPENDENT AUDITORS' REPORT**

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

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

**Internal Control Over Financial Reporting**

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

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

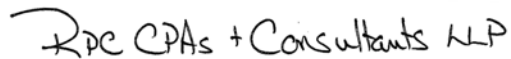
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

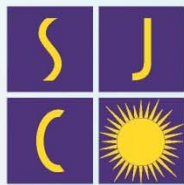
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in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

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

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

# Single Audit Section

Success Matters



**SAN JUAN COLLEGE**  
Success Matters

# Schedule of Expenditures of Federal Awards

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

Figure 63 Schedule of Expenditures of Federal Awards Part 1

# Schedule of Expenditures of Federal Awards (Continued)

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

Figure 64 Schedule of Expenditures of Federal Awards Part 2

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

## Note 1 – Reconciliation of SEFA to Financial Statements

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

Figure 65 SEFA Reconciliation

## Note 2 – Basis of Presentation

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

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

## Note 3 – Loans Outstanding

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

## Note 4 – Indirect Cost Rate

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

## Note 5 – Federally Funded Insurance

The College has no federally funded insurance.

## Note 6 – Catalog of Federal Domestic Assistance (CFDA)

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

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

Figure 66 CFDA Catalog



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

Success Matters



**SAN JUAN COLLEGE**  
Success Matters



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

**INDEPENDENT AUDITORS' REPORT**

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

**Report on Compliance for the Major Federal Program**

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

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

## Opinion on the Major Federal Program

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

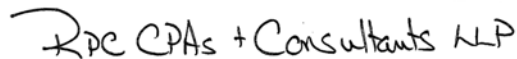
## Report on Internal Control Over Compliance

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

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

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

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

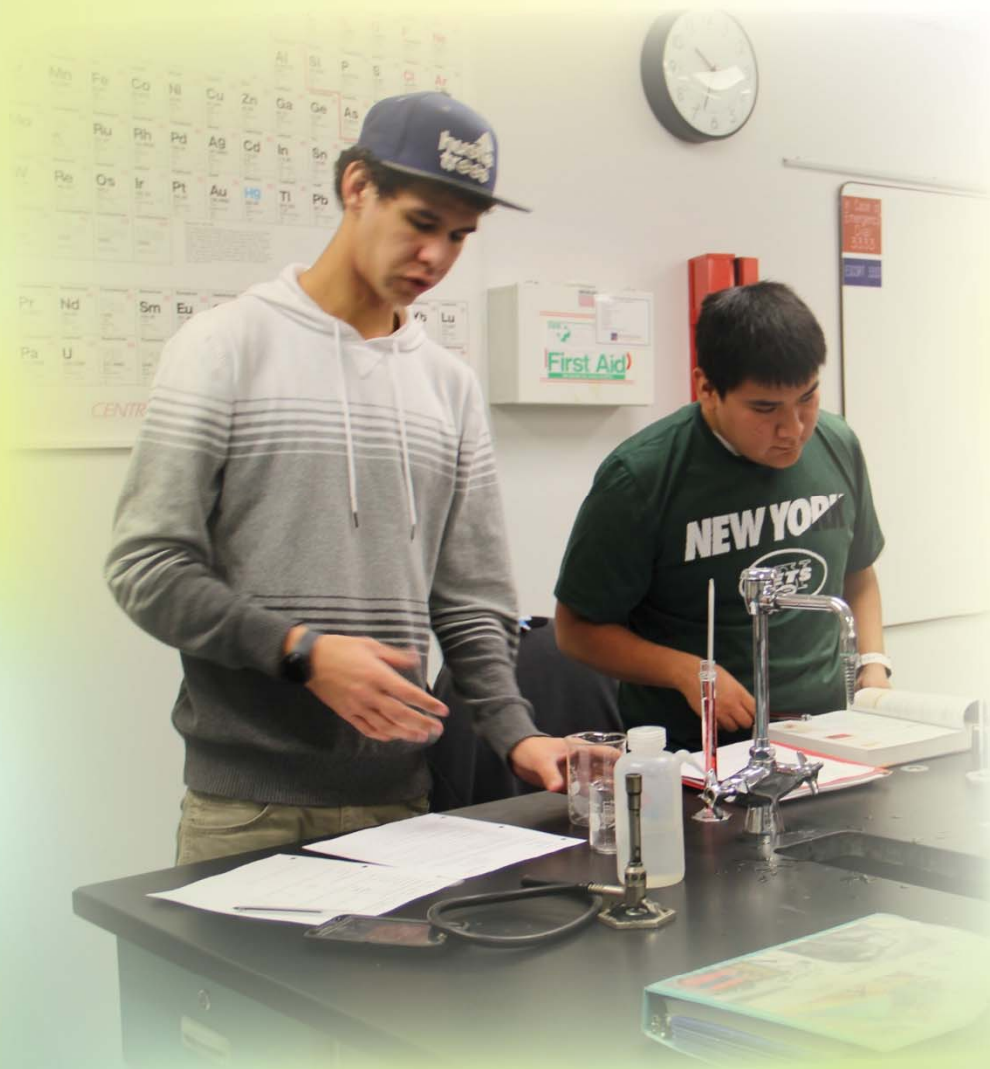


RPC CPAs + Consultants, LLP  
Albuquerque, NM  
October 23, 2017



# Schedule of Findings and Questioned Costs

Success Matters



**SAN JUAN COLLEGE**  
Success Matters

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

**A. Summary of Auditors' Results**

*Financial Statements:*

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

*Federal Awards:*

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

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

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

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

**B. Findings – Financial Statement Audit**

None Noted

**C. Findings – Federal Award**

None Noted

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

None Noted

**E. Findings – Component Units**

None Noted

**F. Prior Year Audit Findings**

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

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

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

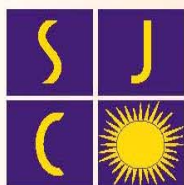
CU FS 2016-001 – Lack of Internal Controls over Credit Card Purchases – Significant Deficiency-Resolved





# Other Required Disclosures

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**SAN JUAN COLLEGE**  
Success Matters

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

**Other Required Disclosures**

The financial statements were prepared by San Juan College.

**Exit Conference**

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

**San Juan College**

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

**RPC CPAs + Consultants**

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

**San Juan College Foundation**

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

**Four Corners Innovations**

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





**SAN JUAN COLLEGE**  
Success Matters