

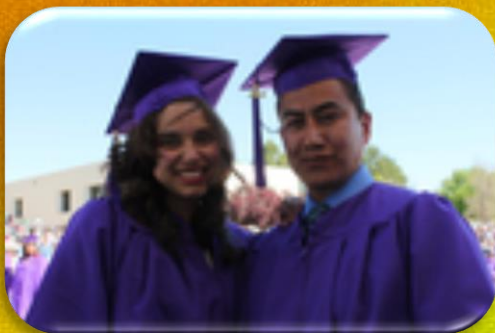


SAN JUAN COLLEGE

Comprehensive Annual Financial Report For year ended June 30, 2014

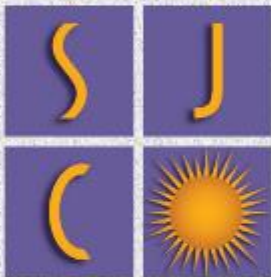


*Your Dream,
Your Future,
Our Focus!*



Farmington, New Mexico

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



SAN JUAN COLLEGE

**San Juan College
Farmington, San Juan County, NM**

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

SJC Business Office



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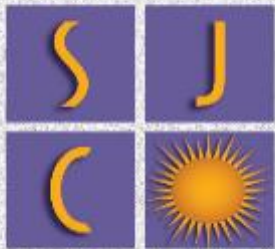
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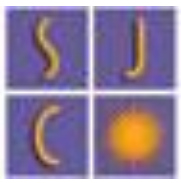
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Introductory Section (Unaudited)



SAN JUAN COLLEGE



Letter of Transmittal



November 10, 2014

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

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

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

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

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

Profile of the College

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

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

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

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



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

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

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

Mission

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

Vision

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

Values

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

Innovation – we value...

- Thinking creatively
- Examining and improving procedures
- Initiating strategic change
- Sharing new ideas
- Maximizing technology

Collaboration – we value...

- Open communication
- Collective wisdom
- Inclusive decision-making
- Relationship building
- Partnering to create new opportunities

Accountability – we value...

- Sound fiscal stewardship
- Responsibility and commitment
- Assessing and meeting community needs
- Assessment that leads to improvement
- Clarity of expectations
- Evidence-based decision making

Respect – we value...

- Student centered learning
- Diverse peoples, perspectives, cultures, and life circumstances
- Environmental and economic sustainability and responsibility

Excellence – we value...

- Meeting and exceeding expectations
- Modeling and developing best practices
- Continuous improvement
- On-going professional development

Community Support

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

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

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

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

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



Figure 1 luminarias Display

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

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

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

Local Economy

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

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

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

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

Financial Planning

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

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

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

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

Budget Process

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

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

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

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

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

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

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

Awards and Acknowledgements

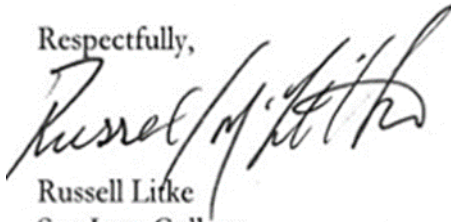
As evidence of its commitment to quality improvement, San Juan College received the 2000 Zia Award from Quality New Mexico. The only educational institution in the state to receive its highest quality award. San Juan College continues to improve its processes and procedures through the application of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

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

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

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

Respectfully,

A handwritten signature in black ink, appearing to read "Russell Litke", written over a light blue horizontal line.

Russell Litke
San Juan College
Vice President for Administrative Services

SJC Organizational Chart

San Juan County Citizens

College Board

Joseph Pope, Chairman
John C. Thompson, Vice Chairman
Evelyn B. Benny, Secretary

R. Shane Chance, Member
Chad R. King, Member
Kenneth W. Hare, Member
Matthew D. Tso, Member

President

Dr. Toni Hopper Pendergrass

**Vice President for
Administrative
Services**
Russell Litke

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

**Vice President for
Student Services**
David Eppich

List of Elected and Appointed Officials

Board of Trustees

Joseph Pope	Chairman
John Thompson.....	Vice Chairman
Evelyn B. Benny.....	Secretary
Chad King	Member
Kenneth W. Hare.....	Member
R. Shane Chance.....	Member
Matthew Tso	Member

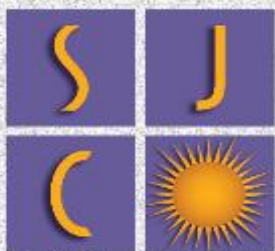
Executive Officers

Dr. Toni Hopper Pendergrass.....	President
Russell Litke.....	Vice President for Administrative Services
Dr. Barbara Ake.....	Vice President for Learning
Lisa Wilson	Associate Vice President for Learning & Strategic Initiatives
David P. Eppich.....	Vice President for Student Services
Dr. Nancy Shepherd	Presidential Advisor for Community Relations

Business Office Staff

Karen King	Controller
Steve Miller	Assistant Controller
Earlene Roquemore	Sr. Accountant
Andrea Weaver	Sr. Accountant

Financial Section



SAN JUAN COLLEGE





Accounting & Consulting Group, LLP
Certified Public Accountants

Independent Auditors' Report

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the College's financial statements and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, the introductory section, the statistical section, and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

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

Management's Discussion and Analysis

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

Financial Highlights

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

Overview of the Financial Statements

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

Statement of Net Position

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

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

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

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

San Juan College		
Summary of Net Position (Dollars in thousands)		
<i>June 30, 2014 and 2013</i>		
	2014	2013
Assets		
Current assets, net	\$ 22,020	\$ 22,247
Non-current assets	4,371	2,154
Non-current capital assets, net	73,226	73,606
Total assets	99,617	\$ 98,007
Deferred Loss on Refunding of Debt	117	
Total Assets and Deferred Outflows	\$ 99,734	
Liabilities		
Post employment benefits	5,085	5,654
Other current liabilities	8,100	6,757
Other non-current liabilities	13,216	15,041
Total Liabilities	26,401	27,452
Net Position		
Net investment in capital assets	59,477	58,690
Restricted	3,609	2,037
Unrestricted	10,247	9,828
Total net position	73,333	70,555
Total liabilities and net position	\$ 99,734	\$ 98,007

Figure 2 Condensed Summary of Net Position

Capital Assets and Debt Administration

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

- Non-depreciable Capital assets increased by \$3.76 million due to the CIP of the new School of Energy Building
- Depreciable Capital assets decreased by \$1.6 million
 - Equipment, furnishings and software was decreased by \$2,553,930.

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

Liabilities

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

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

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

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

Invested in Capital Assets, net of related debt.

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

Restricted Net Position

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

Unrestricted Net Position.

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

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

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

Statement of Revenues, Expenses, and Changes in Net Position

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

San Juan College		
Comparative Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Dollars in Thousands		
<i>For fiscal years ended, June 30, 2014 and 2013</i>		
	<u>2014</u>	<u>2013</u>
REVENUES:		
Operating Revenues:		
Student Tuition and Fees, net of Scholarship Allowance	\$ 6,128	\$ 6,340
Federal Grants and Contracts	2,093	2,353
State Grants and Contracts	5,665	2,122
Other Operating Revenues	<u>8,187</u>	<u>7,778</u>
Total Operating Revenues	22,073	18,593
EXPENSES:		
Operating Expenses:		
Education and General	47,652	47,331
Operations and Maintenance of Plant	5,536	6,160
Depreciation Expense	5,212	5,372
Student Aid	9,418	10,723
Auxiliary Enterprises	4,257	4,434
Other Operating Expenses	<u>133</u>	<u>136</u>
Total Operating Expenses	72,208	74,156
Operating Loss	(50,135)	(55,563)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	24,329	23,200
Local Appropriations	17,838	16,588
Federal Student Aid	12,466	13,238
Other Non-Operating Revenues/(Expenditures)	<u>(2,132)</u>	<u>321</u>
Total Non-Operating Revenues (Expenses)	52,501	53,347
Income (Loss) before Other Revenue (Expenses)	2,365	(2,216)
Capital Appropriations	452	14
Capital Contributions	<u>-</u>	<u>158</u>
Increase/(Decrease) in Net Position	2,817	(2,044)
Net Position, beginning of year	70,555	72,599
Net Position - Restatement	<u>(39)</u>	<u>-</u>
Net Position, beginning of year as restated	70,516	72,599
Net Position, end of year	<u>\$ 73,333</u>	<u>\$ 70,555</u>

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

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

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

Expenses and Revenues by Classification

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

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

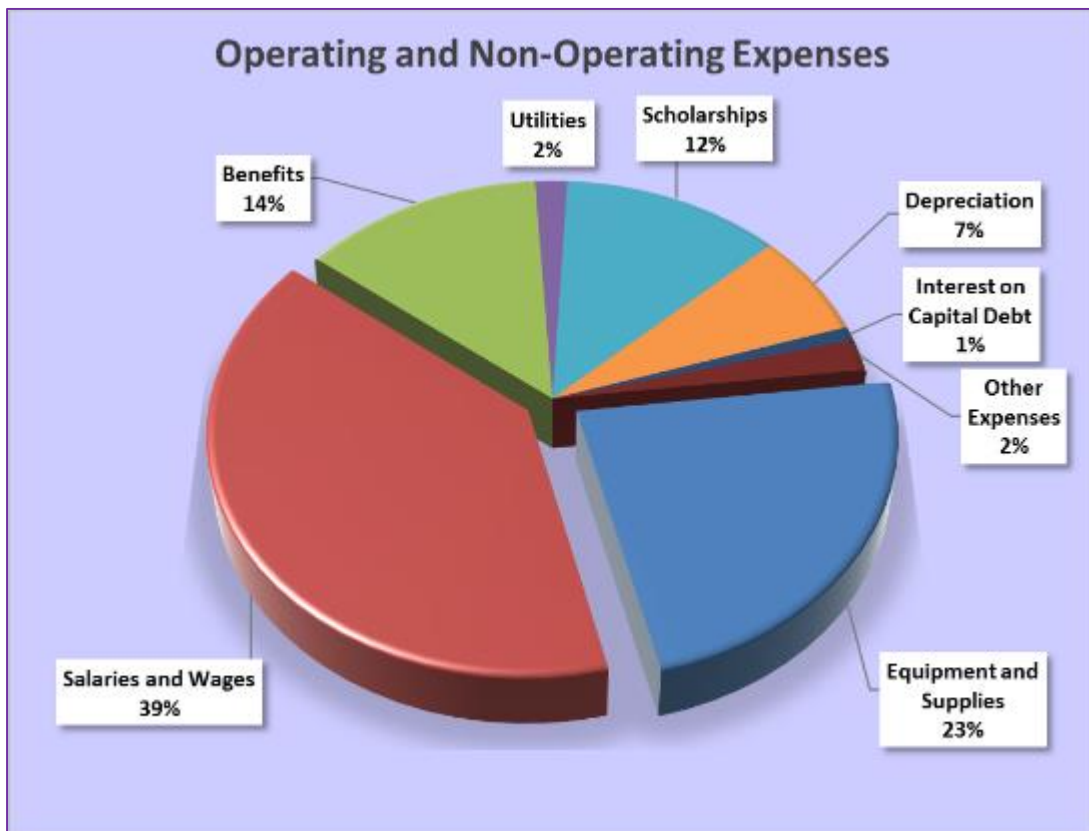


Figure 4 Expenses by natural classification and accompanying pie chart

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

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



Figure 5 Revenues by functional classification and accompanying pie chart

Statement of Cash Flows

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

San Juan College		
Condensed Statement of Cash Flows (Dollars in thousands)		
<i>For the Year Ended June 30, 2014 and 2013</i>		
	2014	2013
Net cash (used) by operating activities	\$ (48,377)	\$ (37,265)
Net cash provided by noncapital financing activities	53,139	40,933
Net cash (used) by capital and related financing activities	(6,142)	(3,380)
Net cash provided by investing activities	1,073	1,183
Net (decrease) in cash and cash equivalents	(307)	1,471
Cash and cash equivalents - beginning of year	14,476	-
Restatement (Note 14)	(39)	-
Cash and cash equivalents - beginning of year, as restated	14,437	13,005
Cash and cash equivalents - end of year	<u>\$ 14,130</u>	<u>\$ 14,476</u>

Figure 6 Condensed Statement of Cash Flows

Combined SJC and Component Units

San Juan College Foundation

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

Four Corners Innovations, Inc.

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

Economic Outlook

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

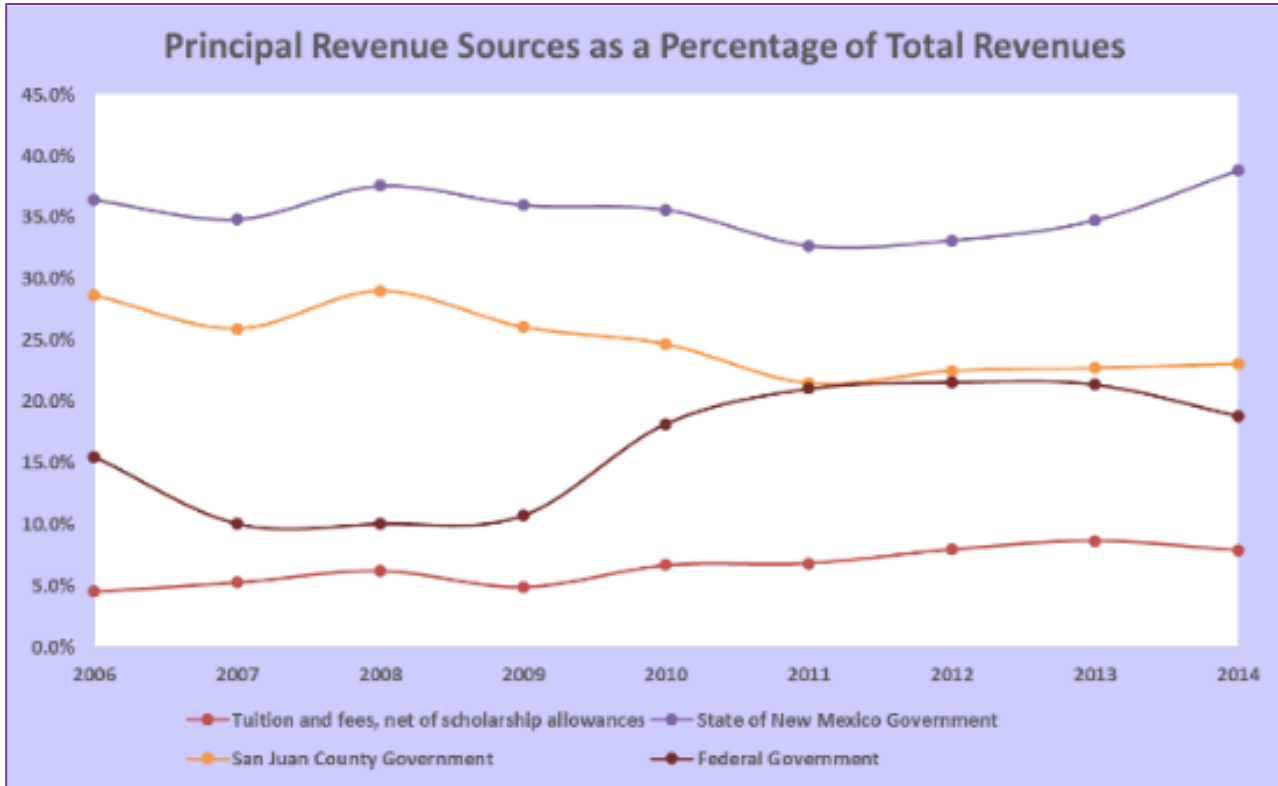


Figure 7 Chart of Principal Revenue Sources

State Appropriations

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

Local Appropriations

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

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

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

Tuition and Fees

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



Statement of Net Position

San Juan College

Statement of Net Position

June 30, 2014

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

Figure 8 Statement of Net Position

Statement of Revenues, Expenses, and Changes in Net Position

San Juan College		
Statement of Revenues, Expenses, and Changes in Net Position		
<i>For fiscal year ended, June 30, 2014</i>		
	Primary Institution	Component Units
Revenues		
Operating Revenues:		
Student Tuition and Fees	\$ 11,081,648	
Less: Scholarship Allowances	(4,953,167)	
Federal Grants and Contracts	2,093,250	
State Grants and Contracts	5,665,414	
Non-Governmental Grants and Contracts	2,021,704	\$ 6,837,436
Sales and Services	837,026	
Auxiliary Enterprises	4,736,833	
Other Operating Revenues	591,010	277,258
Total Operating Revenues	<u>22,073,718</u>	<u>7,114,694</u>
EXPENSES:		
Operating Expenses:		
Education and General		
Instruction	28,103,541	
Public Service	1,723,287	
Academic Support	4,326,916	
Student Services	6,986,133	
Institutional Support	6,512,380	
Operation and Maintenance of Plant	5,536,197	
Depreciation Expense	5,211,856	141,470
Student Aid	9,417,776	
Auxiliary Enterprises	4,256,568	
Other Operating Expenses	133,111	1,940,563
Total Operating Expenses	<u>72,207,765</u>	<u>2,082,033</u>
Operating Income (Loss)	<u>(50,134,047)</u>	<u>5,032,661</u>
Non-Operating Revenues (Expenses)		
State Appropriations	24,328,639	
Local Appropriations	17,838,223	
Federal Student Aid	12,465,655	
Investment Income (Loss)	72,832	1,403,313
Interest on Capital Asset-related Debt	(685,624)	
Gain (Loss) on Disposal of Capital Assets	(26,727)	
Other Non-Operating Revenues/Expenditures	(1,493,537)	1,231,647
Total Non-Operating Revenues (Expenses)	<u>52,499,461</u>	<u>2,634,960</u>
Income (Loss) before Other Revenue (Expenses)	<u>2,365,414</u>	<u>7,667,621</u>
Capital Appropriations	451,598	
Capital Contributions	-	
Increase/(Decrease) in Net Position	<u>2,817,012</u>	<u>7,667,621</u>
Net Position, beginning of year	<u>70,554,732</u>	<u>18,964,465</u>
Net Position - Restatement	<u>(39,149)</u>	
Net Position, beginning of year as restated	<u>70,515,583</u>	
Net Position, end of year	<u>\$ 73,332,595</u>	<u>\$ 26,632,086</u>

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

Statement of Cash Flows

San Juan College

Statement of Cash Flows

For the Year Ended June 30, 2014

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

Figure 10 Statement of Cash Flows

San Juan College Retiree Healthcare Trust

Statement of Fiduciary Net Position

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

Assets:

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

Net Position:

\$ 3,163,345

Figure 11 Statement of Fiduciary Net Position

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Organization

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

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

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

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

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

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

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

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

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

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

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

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

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

San Juan College's Basis of Presentation and Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Deferred Outflows

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

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

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

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

Net position

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2 – Cash, Cash Equivalents, and Investments

General

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

Cash

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

San Juan College							
Schedule of Collateral Pledged by Depository							
<i>June 30, 2014</i>							
College	Citizens Bank of Farmington	Wells Fargo	Wells Fargo Repo Account	Wells Fargo Investment	WFB Flex Plan	Four Corners Community Bank	Total
Total per banks	\$ 754,417	\$6,640,523	\$3,086,973	\$3,930,000	\$30,449	\$ 4,831,118	\$ 19,273,479
Reconciling items:							
deposits in transit	-	13,012	-	-	-	-	13,012
outstanding check	-	(1,268,593)	-	-	-	-	(1,268,593)
other reconciling items	-	(150,171)	-	-	-	-	(150,171)
	<u>\$ 754,417</u>	<u>\$5,234,771</u>	<u>\$3,086,973</u>	<u>\$3,930,000</u>	<u>\$30,449</u>	<u>\$ 4,831,118</u>	<u>\$ 17,867,728</u>
Cash on hand							11,916
Cash, cash equivalents and Investments per financial statements							<u>\$ 17,879,643</u>

Figure 12 Reconciliation to Financial Statements

Collateralization of deposits

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

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

Figure 13 Collateralization of deposits

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation stated the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. A listing of depositories can be found in Schedule 7.

Investments

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

Interest rate risk

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

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

Figure 14 Maturity Rates for Retiree Healthcare Trust

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

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

Figure 15 Maturity rates – Foundation investments

Credit risk

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

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

Custodial Deposit and Investment Risk

Custodial credit risk on deposits is the risk that in the event of bank failure, the College's deposits may be lost. The College does not have a deposit policy for custodial credit risk. As of June 30, 2014, the College's bank balance was not subject to custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978).

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

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

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

Concentration of credit risk

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

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

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

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

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

Figure 16 Accounts receivable

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

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

Figure 17 Due from other governments

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

Other Receivables	
Due from others	\$ 406,930
Accrued interest receivable	<u>14,321</u>
Total other receivables	<u>\$ 421,251</u>

Figure 18 Other receivables

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

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

Figure 19 Foundation pledged receivables

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



Note 4 – Capital Assets

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

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

Figure 20 Capital Asset activity

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

Note 5 – Special or Specific State Appropriations

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

Note 6 – Other Accrued Liabilities and Unearned Revenue

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

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

Figure 21 Other accrued liabilities

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

Unearned Revenue	
Prepaid Tuition	\$ 770,267
Unearned Grant Revenues	818,026
Other	13,275
Total	<u>\$ 1,601,568</u>

Note 7 – Long-Term Liabilities

Bonds and Notes

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

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

Figure 22 Summary of Bond and Note Transactions

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

Figure 23 Long-Term Debt

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

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

Figure 24 Annual requirements to retire bonds and notes

Compensated Absences

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

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

Figure 25 Compensated absences

Note 8 – Contingencies and Commitments

Contingencies

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

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

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

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

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

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

Commitments

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

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

Lease Obligations	
Year Ending June 30,	
2015	43,800
Total Lease Obligations	<u>\$ 43,800</u>

Figure 26 Lease Obligations

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

Note 9 – Pension Plan – Educational Retirement Board

Plan Description

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

Funding Policy

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

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

Post-Employment Benefits

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

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

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

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

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

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

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

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

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

Plan description

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

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

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

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

Figure 27 Retiree Health Care withholding Rates

Funding policy

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

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

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

San Juan College

Statement of Changes in Fiduciary Net Position - Retiree Healthcare Trust

Fiscal Year ending June 30, 2014

Net OPEB obligation beginning of fiscal year		\$ 5,654,073
Contributions		
Employees	\$ 102,895	
Retirees	366,560	
San Juan College	<u>1,227,753</u>	
Total Contributions		\$ (1,697,208)
Annual OPEB cost		
San Juan College	1,227,753	
Interest in net OPEB obligation	256,116	
Adjustment to annual required contribution	<u>(356,038)</u>	
Annual OPEB cost		1,127,831
Net OPEB obligation end of fiscal year		<u><u>\$ 5,084,696</u></u>

Figure 28 OPEB Obligation

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

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

Figure 29 OPEB Percent

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

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

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

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

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

Actuarial Assumptions				
1 Valuation Date			7/1/2013	
2 Investment Return (Discount Rate)			4.00%	
3 Amortization Method		Level Dollar Amount, Open		
Amortization Period for Actuarial			30 years	
Accrued Liability			0	
Amortization Factor			17.984	
Percentage of Employees with Covered Spouses Electing				
4 Retiree Coverage			90%	
Percentage of Employees without Covered Spouses Electing				
5 Retiree Coverage			70%	
6 Percentage of Current Spouses Electing Coverage			100%	
7 Mortality Table		RP-2000 with Mortality Improvement Scale BB to 2030		
<hr/>				
8 Healthcare Cost Trend Rates		Medical	Dental	Vision
	Year	Trend Rate	Trend Rate	Trend Rate
	2013	8.00%	7.00%	3.00%
	2014	7.20%	6.20%	3.00%
	2015	6.40%	5.40%	3.00%
	2016	5.70%	4.70%	3.00%
	2017-2020	4.90%	3.90%	3.00%
	2021-2038	4.80%	3.80%	3.00%
	2039-2060	4.70%	3.70%	3.00%
	2061-2065	4.60%	3.60%	3.00%
	2066-2077	4.50%	3.50%	3.00%
	2078-2081	4.40%	3.40%	3.00%
	2082-2084	4.30%	3.30%	3.00%

Figure 30 Actuarial Assumptions

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

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

Figure 31 Long-Run Medical Cost Trend Model

Note 11 – Component Units (Financially Related Organization)

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

Summary of significant accounting policies

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

Income taxes

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

Use of estimates

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

Contributions

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

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

Note 12 – Subsequent Events

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

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

Note 13 – Subsequent Accounting Pronouncements

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

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

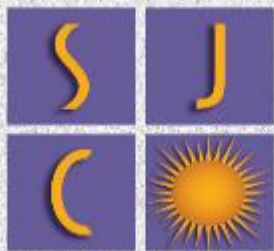
In November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement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

Note 14 – Net Position Restatement

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



Required Supplementary Information



SAN JUAN COLLEGE

Schedule 1 Statement of Changes in Fiduciary Net Position – Retiree Healthcare Trust

San Juan College

Statement of Changes in Fiduciary Net Position - Retiree Healthcare Trust
Fiscal Year ending June 30, 2014

ADDITIONS:	
Payroll Withheld, Plan Participants	\$ 102,895
Retiree Contributions	366,560
San Juan College Contributions	1,227,753
Investment Income	15,190
Total Revenues	1,712,398
DEDUCTIONS:	
Insurance Premiums	863,866
Administrative Fees	11,324
Total Expenses	875,190
Increase in Net Position	837,208
Net Position, Beginning of year	2,326,137
Net Position, End of year	\$ 3,163,345

Schedule 1 Statement of Changes in Fiduciary Net Position, Retiree Healthcare Trust

Schedule 2 Combining Statement of Net Position – Discretely Presented Component Units

San Juan College

Combining Statement of Net Position - Discretely Presented Component Units

June 30, 2014

	<u>Foundation</u>	<u>Four Corners, Innovations</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 928,090	\$ 246,370	\$ 1,174,460
Investments	25,682,475	-	25,682,475
Accounts Receivable, net	802,564	54,702	857,266
Other Assets	1,748	-	1,748
Total Current Assets	<u>27,414,877</u>	<u>301,072</u>	<u>27,715,949</u>
Non-Current Assets:			
Restricted Cash and Cash Equivalents	272,670	-	272,670
Promises to give, net	799,149	-	799,149
Capital Assets, net of accumulated depreciation	2,937,117	-	2,937,117
Land Held for Investment	5,000	-	5,000
Beneficial Interest in Remainder Trusts	342,312	-	342,312
Total Non-Current Assets	<u>4,356,248</u>	<u>-</u>	<u>4,356,248</u>
Total Assets	<u>\$31,771,125</u>	<u>\$ 301,072</u>	<u>\$32,072,197</u>
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 1,620	\$ 29,510	\$ 31,130
Other Accrued Liabilities	-	721	721
Due to San Juan College	144,177	-	144,177
Total Current Liabilities	<u>145,797</u>	<u>30,231</u>	<u>176,028</u>
Non-Current Liabilities:			
Deposits held in trust	5,264,083	-	5,264,083
Total Non-Current liabilities	<u>5,264,083</u>	<u>-</u>	<u>5,264,083</u>
Total Liabilities	<u>5,409,880</u>	<u>30,231</u>	<u>5,440,111</u>
Net Position			
Net Investment in Capital Assets	2,937,117	-	2,937,117
Restricted Non-Expendable	14,187,849	-	14,187,849
Restricted Expendable	2,929,298	-	2,929,298
Unrestricted	6,306,981	270,841	6,577,822
Total Net Position	<u>26,361,245</u>	<u>270,841</u>	<u>26,632,086</u>
Total Liabilities and Net Position	<u>\$31,771,125</u>	<u>\$ 301,072</u>	<u>\$32,072,197</u>

Schedule 2 Combining Statement of Net Position – Discretely Presented Component Units

Schedule 3 Combining Statement of Activities – Discretely Presented Component Units

San Juan College

Component Units Statement of Activities

For fiscal year ended, June 30, 2014

	San Juan College Foundation	Four Corners Innovations	Total
Revenues			
Operating Revenues:			
Non-Governmental Grants and Contracts	\$ 6,837,436	\$ -	\$6,837,436
Other Operating Revenues	-	277,258	277,258
Total Operating Revenues	<u>6,837,436</u>	<u>277,258</u>	<u>7,114,694</u>
Expenses:			
Operating Expenses:			
Depreciation Expense	141,470	-	141,470
Other Operating Expenses	1,640,707	299,856	1,940,563
Total Operating Expenses	<u>1,782,177</u>	<u>299,856</u>	<u>2,082,033</u>
Operating Income (Loss)	5,055,259	(22,598)	5,032,661
Non-Operating Revenues (Expenses)			
Investment Income (Loss)	1,403,280	33	1,403,313
Other Non-Operating Revenues/Expenditures	1,231,763	(116)	1,231,647
Total Non-Operating Revenues (Expenses)	<u>2,635,043</u>	<u>(83)</u>	<u>2,634,960</u>
Increase/(Decrease) in Fund Net Position	7,690,302	(22,681)	7,667,621
Net Position, beginning of year	<u>18,670,943</u>	<u>293,522</u>	<u>18,964,465</u>
Net Position, end of year	<u>\$26,361,245</u>	<u>270,841</u>	<u>26,632,086</u>

Schedule 3 Combining Statement of Activities – Discretely Presented Component Units

Schedule 4 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
For fiscal year ended June 30, 2014

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget
Beginning Fund Balance	\$ 14,511,281	\$ 18,742,285	\$ 18,797,819	\$ 55,534
Unrestricted and Restricted Revenues:				
State General Fund Appropriations	24,172,500	24,172,500	24,328,639	156,139
Federal Revenue Sources	20,688,351	21,084,152	19,433,717	(1,650,435)
Tuition and Fees	12,343,176	12,286,202	11,081,649	(1,204,553)
Land and Permanent Fund				
Endowments and Private Gifts				
Other	37,762,594	42,106,479	33,804,852	(8,301,627)
Total Unrestricted and Restricted Revenues	94,966,621	99,649,333	88,648,857	(11,000,476)
Expenditures:				
Instruction	28,562,202	28,834,473	28,505,181	329,292
Academic Support	4,388,216	5,140,728	4,396,040	744,688
Student Services	7,181,811	6,178,888	6,982,324	(803,436)
Institutional Support	7,544,271	7,287,559	6,495,615	791,944
Operation and Maintenance of Plant	5,811,874	5,771,774	5,531,022	240,752
Student Social and Cultural Activities	-	-	-	-
Research	-	-	-	-
Public Service	1,956,733	2,012,974	1,718,733	294,241
Internal Services	-	-	-	-
Student Aid, Grants and Stipends	21,707,941	21,654,579	20,592,346	1,062,233
Auxiliary Services	5,052,395	5,300,957	4,256,568	1,044,389
Intercollegiate Athletics	-	-	-	-
Independent Operations	172,321	172,321	133,111	39,210
Capital Outlay	7,133,200	13,189,585	3,903,858	9,285,727
Renewal and Replacement	2,920,160	4,352,482	2,486,194	1,866,288
Retirement of Indebtedness	2,018,057	2,018,057	1,845,497	172,560
Total Unrestricted and Restricted Expenditures	94,449,181	101,914,377	86,846,489	15,067,888
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	517,440	(2,265,044)	1,802,368	4,067,412
Ending Fund Balance	<u>\$ 15,028,721</u>	<u>\$ 16,477,241</u>	<u>\$ 20,600,187</u>	<u>\$ 4,122,946</u>

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

Change in Fund Balance (Budgetary Basis)	\$ 1,802,368
Adjustments to reconcile budgetary basis to GAAP basis:	
Depreciation Expense	(5,211,856)
Investment in Plant-Capital Assets Purchased	4,859,204
Retirement of Indebtedness - Principal Payments	1,187,340
Decrease in Other Post Employment Benefits	569,377
Increase in Compensated Absences	(332,976)
Increase in Endowment	1,200
Net increase in Other Accounts	(57,644)
Change in Net Assets (GAAP Basis)	<u>\$ 2,817,012</u>

Schedule 4 Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Unrestricted and Restricted – All Operations

Schedule 5 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 fiscal year ended June 30, 2014

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget
Beginning Net Position	\$ 10,984,530	\$ 8,938,202	\$ 12,279,891	\$ 3,341,689
Unrestricted Revenues:				
Tuition	8,507,864	8,509,664	7,489,136	(1,020,528)
Miscellaneous fees	3,835,312	3,776,538	3,592,513	(184,025)
Federal Government Appropriations	-	-	-	-
State Government Appropriations	24,172,500	24,172,500	24,328,639	156,139
Local Government Appropriations	15,661,030	15,661,030	15,584,730	(76,300)
Federal Government Contracts/Grants	-	-	-	-
State Government Contracts/Grants	91,789	180,478	62,926	(117,552)
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	377,700	500	369,010	368,510
Endowments	-	-	-	-
Land & Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and services	951,108	810,460	837,554	27,094
Other	2,362,398	2,703,196	582,657	(2,120,539)
Total Unrestricted Revenues	55,959,701	55,814,366	52,847,165	(2,967,201)
Unrestricted Expenses:				
Instruction	27,482,096	27,641,548	27,531,295	110,253
Academic Support	4,349,916	4,710,179	4,374,066	336,113
Student Services	5,096,002	4,971,870	4,709,264	262,606
Institutional Support	7,544,271	7,287,559	6,485,319	802,240
Operation and Maintenance of Plant	5,811,874	5,771,774	5,531,022	240,752
Total Unrestricted Expenses	50,284,159	50,382,930	48,630,966	1,751,964
Net Transfers	(5,658,102)	(5,232,047)	(5,312,046)	(79,999)
Change in Net Position (Budgetary Basis)	17,440	199,389	(1,095,847)	(1,295,236)
Ending Net Position	\$ 11,001,970	\$ 9,137,591	\$ 11,184,044	\$ 2,046,453

Schedule 5 Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Budget Comparison – Unrestricted – Instruction and General

Schedule 6 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 fiscal year ended June 30, 2014

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget
Beginning Net Position	\$ -	\$ -	\$ -	\$ -
Restricted Revenues:				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal Government Appropriations	-	-	-	-
State Government Appropriations	-	-	-	-
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	1,791,613	1,207,018	1,875,458	668,440
State Government Contracts/Grants	451,555	430,549	459,190	28,641
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	961,047	1,192,925	944,568	(248,357)
Endowments	-	-	-	-
Land & Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	<u>3,204,215</u>	<u>2,830,492</u>	<u>3,279,216</u>	<u>448,724</u>
Restricted Expenses:				
Instruction	1,080,106	1,192,925	973,885	219,040
Academic Support	38,300	430,549	21,975	408,574
Student Services	2,085,809	1,207,018	2,273,060	(1,066,042)
Institutional Support	-	-	10,296	(10,296)
Operation and Maintenance of Plant	-	-	-	-
Total Restricted Expenses	<u>3,204,215</u>	<u>2,830,492</u>	<u>3,279,215</u>	<u>(448,723)</u>
Net Transfers	-	-	-	-
Change in Net Position (Budgetary Basis)	-	-	-	-
Ending Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Schedule 7 Schedule of Collateral Pledged by Depository

San Juan College

Schedule of Collateral Pledged by Depository

June 30, 2014

	Citizens Bank of Farmington	Wells Fargo	Wells Fargo Repo Account	Wells Fargo Investment	Four Corners Community Bank	Total
Bank Deposits						
Demand Deposit accounts	\$ 754,417	\$3,015,254	\$3,086,973	\$ -	\$ 4,831,118	\$11,687,762
Time deposit accounts		-	-	-	-	-
Debt Retirement	-	3,625,269	-	-	-	3,625,269
Flex Plan		30,449				30,449
CD-Sterling Bank POP BL MO	-	-	-	250,000	-	250,000
CD-Great Plains Bank	-	-	-	250,000	-	250,000
CD-Ally Bank UT	-	-	-	250,000	-	250,000
CD-GE Capital Financial	-	-	-	250,000	-	250,000
CD-CIT Bank	-	-	-	250,000	-	250,000
CD-Goldman Sachs BK NY	-	-	-	250,000	-	250,000
CD-ESSA Bank & Trust PA	-	-	-	250,000	-	250,000
CD-BMW Bank of North Amer	-	-	-	250,000	-	250,000
CD-Marlin Business Bk	-	-	-	250,000	-	250,000
CD-American Express Cent	-	-	-	250,000	-	250,000
CD-Comenity Cap Bank	-	-	-	180,000	-	180,000
CD-GE Capital Retail	-	-	-	250,000	-	250,000
CD-Sallie Mae Bank	-	-	-	250,000	-	250,000
CD-Barclays Bank	-	-	-	250,000	-	250,000
CD-Discover Bk	-	-	-	250,000	-	250,000
CD-Yadkin Valley	-	-	-	250,000	-	250,000
Overnight deposits	-	-	-	-	-	-
Deposits, at June 30, 2014	754,417	6,670,971	3,086,973	3,930,000	4,831,118	19,273,479
FDIC Insurance	250,000	250,000	-	3,930,000	250,000	4,680,000
Uninsured amount	504,417	6,420,971	3,086,973	-	4,581,118	14,593,479
Pledged Collateral Required						
102 percent on overnight	-	-	3,148,712	-	-	3,148,712
50 percent on deposits	252,208	3,210,486	-	-	2,290,559	5,753,253
Pledged Collateral Required	252,208	3,210,486	3,148,712	-	2,290,559	8,901,966
Pledged Collateral at June 30, 2014	259,346	3,622,132	3,148,712	-	5,101,795	12,131,984
Excess (deficiency)	\$ 7,137	\$ 411,646	\$ -	\$ -	\$ 2,811,236	\$ 3,230,019
Uninsured amount	504,417	6,420,971	3,086,973	-	4,581,118	14,593,479
Pledged collateral	259,346	3,622,132	3,086,973	-	4,581,118	12,131,984
Uninsured and Uncollateralized	\$ 245,071	\$2,798,839	\$ -	\$ -	\$ -	\$ 3,043,910

Schedule 7 Schedule of Collateral Pledge by Depository

(Continued)

Schedule 7—Continued

San Juan College

Schedule of Collateral Pledged by Depository (Continued)

June 30, 2014

	CUSIP#	Maturity	Fair Value
Citizens Bank			
GNMA	36202D2V2	12/20/33	259,346
			<u>\$ 259,346</u>
WFB Repurchase			
FNCL	3132M3EK9	11/01/43	3,138,849
Accrued Interest			9,863
			<u>\$ 3,148,712</u>
Four Corners Communtiy Bank			
* Bernalillo NM School Dist	085279NU7	08/01/16	550,000
FNMA Remic Trust	3136A1BN4	11/25/29	1,301,795
* Ruidoso NM Sch Dist #3	781338HU5	08/01/21	500,000
* Ruidoso NM Sch Dist #3	781338HV3	08/01/21	1,500,000
* Belen NM Cons School Dist	077581KW5	08/01/14	100,000
* Alamogordo NM Muni Sch	011464HJ6	08/01/21	150,000
* Artesia Spec Hisp DT NM UTGO	04310KAU6	08/01/18	1,000,000
			<u>\$ 5,101,795</u>
Wells Fargo Investments			
FG A93990	312942NF8	09/01/40	14,715
FN AK1119	3138E5G51	02/01/37	1,437,459
FN AO4637	3138LVEK5	06/01/42	184,986
FN AQ9991	3138MSC56	02/01/43	4,625
FN AR1050	3138NXEY9	01/01/43	36,740
FN AR1196	3138NXKJ5	01/01/43	8,977
FN AR9199	3138W7GH1	03/01/43	124,718
FN AT5895	3138WTRR9	06/01/43	137,901
FN AB6309	31417DAK9	09/01/42	8,846
FN AD6370	31418UCG7	05/01/40	344,906
FN AE0216	31419AG27	08/01/40	1,281,791
FN AE0385	31419ANB9	09/01/40	36,468
			<u>\$ 3,622,132</u>

*As per NMSA 2.2.2.10 (N) (4) (h), the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities, or other subdivisions shall be par value.

Schedule 8 Schedule of Deposits

San Juan College					
Schedule of Deposits					
<i>June 30, 2014</i>					
Financial Institution	Account Type	Investment Type	Primary Institution	Foundation	Four Corners Innovations
Citizens Bank	Checking		754,417	933,860	109,634
Citizens Bank	Checking		-	-	-
Wells Fargo	Checking		3,015,254	-	-
Wells Fargo Repo Account	Repurchase Agreement		3,086,973	-	-
Wells Fargo	Checking	Checking	3,625,269	1,600	172,937
Wells Fargo	Checking	Checking	30,449	1,000	-
Wells Fargo	Checking	Checking	-	43,325	-
Wells Fargo Bank, N.A.	Savings	Savings	-	226,756	-
Four Corners Community Bank	Money Market		4,831,118	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	24,000	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	180,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-

Schedule 8 Schedule of Deposits

(Continued)

Schedule 8—Continued

			San Juan College		
			Schedule of Deposits		
			<i>June 30, 2014</i>		
Financial Institution	Account Type	Investment Type	Primary Institution	Foundation	Four Corners Innovations
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Certificate of Deposit	250,000	-	-
Wells Fargo	Investment	Equity - Common Stocks	-	11,563	-
Citizens Trust and Investment Corp	Investment	Money Market	-	837,634	-
Citizens Trust and Investment Corp.	Investment	Mutual Funds - Equity	-	6,511,961	-
Citizens Trust and Investment Corp.	Investment	Mutual Funds - Fixed Income	-	1,777,883	-
Citizens Trust and Investment Corp.	Investment	Mutual Funds - Alternatives	-	142,000	-
MorganStanley SmithBarney	Investment	Cash	-	-	-
MorganStanley SmithBarney	Investment	Money Market	-	225,585	-
MorganStanley SmithBarney	Investment	Equity - Common Stocks	-	2,012,459	-
MorganStanley SmithBarney	Investment	Equity - ETFs	-	1,327,050	-
MorganStanley SmithBarney	Investment	Mutual Funds	-	256,122	-
MorganStanley SmithBarney	Investment	Fixed Income - Corporate	-	1,873,009	-
MorganStanley SmithBarney	Investment	Fixed Income - Government	-	3,067,571	-
Raymond James	Investment	Money Market	-	264,069	-
Raymond James	Investment	Equity - Common Stocks	-	6,253,426	-
Raymond James	Investment	Fixed Income - Corporate	-	570,056	-
Raymond James	Investment	Mutual Fund - Alternatives	-	341,384	-
Outstanding checks			(1,268,593)	(6,322)	-
Other reconciling item			(150,171)	-	(36,201)
Outstanding deposits			13,012	142	-
Cash on hand			11,916	399	-
	Totals		<u>\$17,879,643</u>	<u>\$26,883,235</u>	<u>\$ 246,370</u>

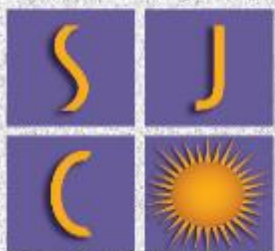
Schedule 9 Schedule of Funding Progress and Schedule of Employer Contributions

San Juan College						
Schedule of Funding Progress						
<i>June 30, 2014</i>						
Actuarial Valuation for Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
June 30, 2009	-	27,727,113	27,727,113	-	-	-
June 30, 2010	-	37,783,627	34,783,627	-	-	-
June 30, 2011	-	10,932,861	10,932,861	-	14,060,623	78%
June 30, 2012	769,133	11,914,372	11,145,239	6.5%	13,902,900	80%
June 30, 2013	1,574,518	15,305,332	13,730,814	10.3%	13,368,873	103%
June 30, 2014	2,366,897	15,875,584	13,508,687	14.9%	13,719,323	98%

San Juan College		
Schedule of Employer Contributions		
<i>June 30, 2014</i>		
For the Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 3,417,218	8%
2010	4,073,343	8%
2011	1,078,534	132%
2012	1,088,112	131%
2013	1,226,199	124%
2014	1,227,753	138%

Schedule 9 Schedule of Funding Progress and Schedule of Employer Contributions

Single Audit Section



SAN JUAN COLLEGE

Schedule of Expenditures of Federal Awards

San Juan College			
Schedule of Expenditures of Federal Awards			
<i>For year ended June 30, 2014</i>			
Federal Grantor/Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S.National Science Foundation:</u>			
STEP	47.076	1068342	46,570
<u>U.S. Department of Education:</u>			
TRIO Student Support Services	84.042A	P042A100361	199,582
TRIO Talent Search	84.044A	P044A110814	226,306
		Subtotal	425,888
Launch	84.031X	P031X100005	534,509
Fast Forward	84.382C	P382C110007	435,409
		Subtotal	969,918
<u>U.S. Department of Education:</u>			
Pass-through NM Public Education Department			
Perkins - RT	84.048	65 9828	9,368
Perkins - MLT	84.048	65 9828	19,026
Perkins - Project Director	84.048	65 9828	355
Perkins - Nursing	84.048	65 9828	21,049
Perkins - ST	84.048	65 9828	8,869
Perkins Dental	84.048	65 9828	17,550
Perkins EMS	84.048	65 9828	58,435
Perkins OTA	84.048	65 9828	42,796
Perkins PTAP	84.048	65 9828	53,613
Perkins - Restribution	85.048	66 9828	10,782
		Subtotal	241,843
Pass-through NM Higher Education Department			
Adult Basic Education	84.002	65 9828	\$ 138,550

Figure 32 Schedule of Expenditures of Federal Awards Part 1

Schedule of Expenditures of Federal Awards (Continued)

San Juan College			
Schedule of Expenditures of Federal Awards, Continued			
<i>For year ended June 30, 2014</i>			
Federal Grantor/Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education - Federal Student Financial Aid:</u>			
Direct			
Federal Pell Grant	84.063	P063P061828	12,222,360
Supplemental Education Opportunity Grant	84.007	P007A066227	116,896
Federal Work-Study Program (CWS)	84.033	P033A066227	117,755
		Subtotal	12,457,011
<u>U.S. Department of Education:</u>			
Child Care Access	84.335A	P335A090177	4,478
<u>U.S. Department of Health and Human Services:</u>			
Pass-through New Mexico State University INBRE	93.859	Q01349	38,254
Pass-through NM Children, Youth and Families Department Childrens Behavioral Health	93.556	San Juan College	48,973
<u>U.S. Small Business Administration:</u>			
Small Business Development Center	59.037	San Juan College	185,755
<u>National Writing Project Corporation:</u>			
Bisti Writing Project SEED	84.367D	05-NM06-SEED2102	6,436
<u>U.S. Department of Housing and Urban Development:</u>			
Farmington Daycare Assistance	14.228	11-64024	8,000
		Grand Total	\$ 14,571,676

Figure 33 Schedule of Expenditures of Federal Awards Part 2

Notes to the Schedule of Expenditures of Federal Awards

Scope of Audit Pursuant to OMB Circular A-133

All federal grant operations of San Juan College (the “College”) are included in the scope of the Office of Management and Budget (“OMB”) Circular A-133 audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised May, 2013), the “Compliance Supplement”). Compliance testing of all requirements was performed for all the grant programs noted below. These programs represent all federal award programs and other grants with fiscal 2014 cash expenditures to ensure coverage of at least 25% (low risk auditee) of federally granted funds. Actual coverage is approximately eighty-six (86%) of total cash federal award program expenditures.

Major Federal Award Program Description	Fiscal 2014 Expenditures
Cash Assistance:	
Federal Student Financial Aid Cluster	\$12,457,011
Trio Student Support Services	199,582
Trio Talent Search	226,306
Fast Forward	534,509
Launch	435,409

The College’s federal program Student Financial Aid Cluster was considered high-risk type A Programs for the 2014 audit. The U.S. Department of Education is the College’s oversight agency for single audit.

Summary of Significant Policies

Basis of Presentation

The accompanying Schedule of Expenditures includes all federal grants to the College that had activity during the fiscal year ended June 30, 2014. This schedule has been prepared on the accrual basis except depreciation costs have been deducted and any costs incurred to purchase fixed assets have been added to the balances. Grant revenues are recorded for financial reporting when the College has met the qualifications for the respective grant.

Accrued and Deferred Reimbursements

Various reimbursement procedures are used for federal awards received by the College. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year-end represent an excess of reimbursable expenditures over receipts to date. Deferred balances at year-end represent an excess of cash receipts over reimbursable expenditures to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

Audits Performed by Other Entities

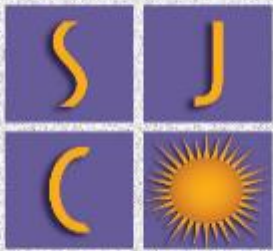
There are no audits performed by other organizations of the College’s federal grant programs in 2014.

Student Financial Aid

San Juan College is not a direct participant in federally funded student loan programs where it enables them to track outstanding balances of the loans.

Federal Direct loans (CFDA No. 84.268) advances to students in fiscal year 2014 totaled \$4,874,812.

Statistical Section



SAN JUAN COLLEGE

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

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 and Tuition 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)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Investment in capital assets	\$ 59,477	\$58,690	\$61,407	\$62,430	\$61,303	\$64,300	\$58,633	\$57,779	\$52,895	\$50,655
Restricted, Non-expendable	362	360	360	360	360	360	300	-	-	-
Restricted, Expendable	3,247	1,677	2,491	2,419	2,372	2,212	2,233	3,903	-	-
Unrestricted	10,246	9,828	8,341	8,698	8,170	8,266	15,586	15,066	32,542	30,228
Total Net Position (2)	\$ 73,332	\$70,555	\$72,599	\$73,907	\$72,205	\$75,138	\$76,752	\$76,748	\$85,436	\$80,883
Expressed as a percent of total	%	%	%	%	%	%	%	%	%	%
Net Investment in capital assets	81.1	83.2	84.6	84.5	84.9	85.6	76.4	75.3	61.9	62.6
Restricted, Non-expendable	0.5	0.5	0.5	0.5	0.5	0.5	0.4	-	-	-
Restricted, Expendable	4.4	2.4	3.4	3.3	3.3	2.9	2.9	5.1	-	-
Unrestricted	14.0	13.9	11.5	11.8	11.3	11.0	20.3	19.6	38.1	37.4
Total Net Position	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage increase/(decrease) from prior year	%	%	%	%	%	%	%	%	%	%
Net Investment in capital assets	1.3	(4.6)	(1.7)	1.8	(4.9)	8.8	1.5	8.5	4.2	n/a
Restricted, Non-expendable	0.0	-	-	-	-	16.7	100.0	-	-	n/a
Restricted, Expendable	0.5	(48.5)	-	-	-	-	-	-	-	n/a
Unrestricted	4.1	15.1	(4.3)	6.1	(1.2)	(88.6)	3.3	(116.0)	7.1	n/a
Total Net Position	3.8	(2.9)	(1.8)	2.3	(4.1)	(2.1)	0.0	(11.3)	5.3	n/a

Figure 34 Net Position by Component Ten Years

- (1) In 2006 an error was discovered in the way the summer session was recorded for FY2005 for \$3,140, beginning net position was restated in 2006
- (2) GASB statement No. 63 required a change from net assets to net position

Changes in Net Position

SAN JUAN COLLEGE										
Changes in Net Position (Dollars in Thousands)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues									(2)(as restated)	(1)(as restated)
<i>Operating Revenues</i>										
Student Tuition and Fees	\$ 11,082	\$ 10,868	\$ 10,231	\$ 8,903	\$ 7,170	\$ 5,475	\$ 5,371	\$ 4,936	\$ 4,307	\$ 5,151
Less: Scholarship Allowances	(4,953)	(4,528)	(4,443)	(3,835)	(2,733)	(2,127)	(1,295)	(1,382)	(1,472)	-
Federal Grants and Contracts	2,093	15,591	15,609	15,553	12,046	7,302	6,571	6,772	7,071	12,847
State Grants and Contracts	5,665	2,122	2,159	2,319	2,066	2,236	2,479	2,076	2,304	2,597
Non Governmental Grants and Contracts	2,022	1,702	1,783	1,508	1,560	1,834	1,370	1,042	828	1,619
Sales and Services	837	949	-	-	-	-	1,056	1,389	1,487	1,469
Auxiliary Enterprises	4,737	4,731	4,508	4,297	4,086	3,424	2,972	3,206	2,840	2,564
Other Operating Revenues	591	396	1,141	1,137	1,405	1,414	893	798	709	2,147
Total Operating Revenues	\$ 22,074	\$ 31,832	\$ 30,989	\$ 29,882	\$ 25,601	\$ 19,558	\$ 19,416	\$ 18,837	\$ 18,076	\$ 28,394
Expenses										
<i>Operating Expenses</i>										
<i>Education and General</i>										
Instruction	\$ 28,104	\$ 28,943	\$ 27,560	\$ 26,484	\$ 25,413	\$ 27,048	\$ 26,097	\$ 24,349	\$ 21,139	\$ 21,793
Public Service	1,723	1,805	2,348	2,167	2,660	2,904	2,923	2,813	2,796	4,576
Academic Support	4,327	3,674	3,687	3,695	3,957	4,551	3,709	3,819	2,899	2,900
Students Services	6,986	6,857	6,648	5,941	5,413	5,451	5,217	4,645	4,100	4,400
Institutional Support	6,512	6,053	5,957	6,620	5,946	6,546	6,278	6,202	5,101	4,134
Operations and Maintenance of Plant	5,536	6,160	6,466	6,810	5,951	7,577	5,834	6,982	6,052	4,652
Depreciation Expense	5,212	5,372	5,473	5,525	5,688	5,803	5,548	5,684	5,677	5,473
Student Aid	9,418	10,723	10,684	10,274	9,037	5,329	5,247	5,101	4,661	9,562
Auxiliary Enterprises	4,257	4,434	4,308	4,075	3,837	3,696	3,033	3,774	3,069	2,232
Other Operating Expenses	133	136	157	141	454	516	443	400	382	269
Total Operating Expenses	\$ 72,208	\$ 74,157	\$ 73,290	\$ 71,732	\$ 68,357	\$ 69,421	\$ 64,329	\$ 63,769	\$ 55,876	\$ 59,992
Operating Income/(Loss)	\$(50,134)	\$(42,325)	\$(42,301)	\$(41,850)	\$(42,755)	\$(49,863)	\$(44,913)	\$(44,931)	\$ (37,801)	\$ (31,597)

Figure 35 Changes in Net Position Ten Years, Part 1

Continued

SAN JUAN COLLEGE										
Changes in Net Position (Dollars in Thousands)										
<i>Last ten fiscal years</i>										
Continued										
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Non-Operating Revenues (Expenses)										
State Appropriations	\$ 24,329	\$ 23,200	\$ 21,828	\$ 21,827	\$ 21,497	\$ 22,262	\$ 22,328	\$ 21,343	\$ 20,334	\$ 37,375
Local Appropriations	17,838	16,588	16,311	15,889	16,337	17,759	18,941	17,449	17,437	-
Federal Student Aid	12,466	-	-	-	-	-	-	-	-	-
Investment Income (Loss)	73	73	-	-	-	-	592	1,107	655	208
Interest on Capital Asset-related Debt	(686)	(733)	-	-	-	-	(856)	(960)	(1,010)	(673)
Gain (Loss) on Disposal of Capital Assets	(27)	(6)	-	-	-	-	(1)	(3)	(1,430)	-
Other Non-Operating Revenues/Expenditures	(1,494)	986	(402)	(412)	(716)	(226)	(25)	(21)	(57)	-
Total Non-Operating Revenues/Expenditures	\$ 52,499	\$ 40,109	\$ 37,737	\$ 37,304	\$ 37,119	\$ 39,796	\$ 40,979	\$ 38,916	\$ 35,930	\$ 36,911
Income (Loss) before Other Revenue (Expenses)	\$ 2,365	\$ (2,216)	\$ (4,564)	\$ (4,546)	\$ (5,637)	\$ (10,067)	\$ (3,934)	\$ (6,015)	\$ (1,871)	\$ 5,313
Capital Appropriations	\$ 452	\$ 14	\$ 3,255	\$ 6,248	\$ 2,703	\$ 8,453	\$ 3,938	\$ 8,453	\$ 5,660	\$ 2,808
Capital Contributions	-	158	-	-	-	-	-	-	-	-
Increase/(Decrease) in Fund Net Position	\$ 2,817	\$ (2,044)	\$ (1,309)	\$ 1,702	\$ (2,933)	\$ (1,614)	\$ 4	\$ 2,438	\$ 3,789	\$ 8,121
Total Revenues	77,231	72,852	72,383	73,847	66,139	68,033	65,215	67,190	62,162	68,785
Total Expenses	74,414	74,896	73,692	72,144	69,072	69,647	65,211	64,752	58,372	60,664
Increase (Decrease) in Fund Net Position	\$ 2,817	\$ (2,044)	\$ (1,309)	\$ 1,702	\$ (2,933)	\$ (1,614)	\$ 4	\$ 2,438	\$ 3,789	\$ 8,121

Figure 36 Changes in Net Position Ten Years, Part 2

- (1) In 2006 an error was discovered in the way the summer session was recorded for FY2005 for \$3,140, beginning net position was restated in 2006
- (2) GASB statement No. 63 required a change from net assets to net position
- (3) Federal student aid was reclassified as a non-operating revenue in FY 2014

SAN JUAN COLLEGE

Changes in Net Position (Expressed as a percentage of Total Revenues or Total Expenses)

Last ten fiscal years

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
	%	%	%	%	%	%	%	%	%	%	
Revenues											
											Graph
<i>Operating Revenues</i>											
Student Tuition and Fees	14.3	14.9	14.1	12.1	10.8	8.0	8.2	7.3	6.9	7.5	
Less: Scholarship Allowances	(6.4)	(6.2)	(6.1)	(5.2)	(4.1)	(3.1)	(2.0)	(2.1)	(2.4)	0.0	
Federal Grants and Contracts	2.7	21.4	21.6	21.1	18.2	10.7	10.1	10.1	11.4	18.7	
State Grants and Contracts	7.3	2.9	3.0	3.1	3.1	3.3	3.8	3.1	3.7	3.8	
Non Governmental Grants and Contracts	2.6	2.3	2.5	2.0	2.4	2.7	2.1	1.6	1.3	2.4	
Sales and Services	1.1	1.3	0.0	0.0	0.0	0.0	1.6	2.1	2.4	2.1	
Auxiliary Enterprises	6.1	6.5	6.2	5.8	6.2	5.0	4.6	4.8	4.6	3.7	
Other Operating Revenues	0.8	0.5	1.6	1.5	2.1	2.1	1.4	1.2	1.1	3.1	
Total Operating Revenues	28.6	43.7	42.8	40.5	38.7	28.7	29.8	28.0	29.1	41.3	
Expenses											
<i>Operating Expenses</i>											
<i>Education and General</i>											
Instruction	37.8	38.6	37.4	36.7	36.8	38.8	40.0	37.6	36.2	35.9	
Public Service	2.3	2.4	3.2	3.0	3.9	4.2	4.5	4.3	4.8	7.5	
Academic Support	5.8	4.9	5.0	5.1	5.7	6.5	5.7	5.9	5.0	4.8	
Students Services	9.4	9.2	9.0	8.2	7.8	7.8	8.0	7.2	7.0	7.3	
Institutional Support	8.8	8.1	8.1	9.2	8.6	9.4	9.6	9.6	8.7	6.8	
Operations and Maintenance of Plant	7.4	8.2	8.8	9.4	8.6	10.9	8.9	10.8	10.4	7.7	
Depreciation Expense	7.0	7.2	7.4	7.7	8.2	8.3	8.5	8.8	9.7	9.0	
Student Aid	12.7	14.3	14.5	14.2	13.1	7.7	8.0	7.9	8.0	15.8	
Auxiliary Enterprises	5.7	5.9	5.8	5.6	5.6	5.3	4.7	5.8	5.3	3.7	
Other Operating Expenses	0.2	0.2	0.2	0.2	0.7	0.7	0.7	0.6	0.7	0.4	
Total Operating Expenses	97.0	99.0	99.5	99.4	99.0	99.7	98.6	98.5	95.7	98.9	
Operating Income/(Loss)	(64.9)	(58.1)	(58.4)	(56.7)	(64.6)	(73.3)	(68.9)	(66.9)	(60.8)	(45.9)	

Figure 37 Changes in Net Position as a Percentage of Total Revenue or Total Expenses, Part 1

SAN JUAN COLLEGE

Changes in Net Position (Expressed as a percentage of Total Revenues or Total Expenses)

Last ten fiscal years

Continued

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	Graph
Non-Operating Revenues (Expenses)											
State Appropriations	31.5	31.8	30.2	29.6	32.5	32.7	34.2	31.8	32.7	54.3	
Local Appropriations	23.1	22.8	22.5	21.5	24.7	26.1	29.0	26.0	28.1	0.0	
Federal Student Aid	16.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Investment Income (Loss)	0.1	0.1	0.0	0.0	0.0	0.0	0.9	1.6	1.1	0.3	
Interest in Capital Asset-related Debt	(0.9)	(1.0)	0.0	0.0	0.0	0.0	(1.3)	(1.4)	(1.6)	(1.0)	
Gain (Loss) on Disposal of Capital Assets	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(2.3)	0.0	
Other Non-Operating Revenues/Expenditures	(1.9)	1.4	(0.6)	(0.6)	(1.1)	(0.3)	(0.0)	(0.0)	(0.1)	0.0	
Total Non-Operating Revenues/Expenditures	68.0	55.1	52.1	50.5	56.1	58.5	62.8	57.9	57.8	53.7	
Income (Loss) before Other Revenue (Expenses)	3.6	(2.8)	(1.8)	2.3	(4.4)	(2.4)	0.0	3.6	6.1	11.8	
Capital Appropriations	0.6	0.0	4.5	8.5	4.1	12.4	6.0	12.6	9.1	4.1	
Capital Contributions	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Increase/(Decrease) in Fund Net Position	3.6	(2.8)	(1.8)	2.3	(4.4)	(2.4)	0.0	3.6	6.1	11.8	

Figure 38 Changes in Net Position as a Percentage of Total Revenue or Total Expenses, Part 2

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property

SAN JUAN COLLEGE									
Assessed Value and Estimated Actual Value of Taxable Property									
<i>Last Ten Fiscal Years</i>									
Fiscal Year Ended June 30	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
	Residential Property	Non- Residential Property	Non- Agricultural	Agricultural	Other				
2005	772,883,606	1,234,140,793	113,283,832	701,598	1,602,747	6.661	8.500	9,769,929,994	33.3%
2006	785,761,118	1,250,166,344	120,036,823	757,221	1,728,659	6.627	8.500	10,970,350,664	33.3%
2007	848,724,077	1,300,382,938	143,442,764	742,104	1,905,041	6.737	8.500	12,948,988,559	33.3%
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	1,342,698,528	1,528,312,987	109,034,725	**	1,504,476	6.231	8.500	13,100,380,000	33.3%

Figure 39 Assessed and Estimated Values of Taxable Property

Source San Juan County

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 2013.

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

¹ 2014 Estimated based on prior data

Principal Property Taxpayers

SAN JUAN COLLEGE Principal Property Taxpayers <i>Current Year and Nine Years Ago</i>						
Taxpayer	2014			2005		
	Taxable Assessed Value	Ran k	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Ran k	Percentage of Total Taxable Assessed Value
Public Service Co of NM	\$ 644,677,466	1	5.9%	\$ 282,922,866	2	2.9%
Enterprise Field Service LLC	258,408,332	2	2.4%	238,102,868	4	2.4%
Arizona Public Service Co	249,116,247	3	2.3%	284,186,361	1	2.9%
Williams Four Corners LLC	216,451,001	4	2.0%	202,675,471	6	2.1%
San Juan Coal Co	164,597,780	5	1.5%	279,888,270	3	2.9%
Tuscon Electric Power Co	145,741,712	6	1.3%	123,549,604	9	1.3%
El Paso Natural Gas Co	113,364,427	7	1.0%	121,220,887	10	1.2%
MSR Public Power Agency	94,587,837	8	0.9%			
SCPPA	86,640,766	9	0.8%			
City of Farmington	85,037,352	10	0.8%			
BHP Navajo Coal Co				227,953,922	5	2.3%
ValVerde Gas Gathering				142,451,903	7	1.5%
Southern California Edison Co				132,499,754	8	1.4%
Totals	<u>\$ 10,960,410,585</u>		18.8%	<u>\$ 9,769,929,994</u>		20.8%

Figure 40 San Juan County, NM principal property taxpayers

Source: San Juan County

Property Tax Levies and Collections

SAN JUAN COLLEGE						
Property Tax Levies and Collections						
<i>Last Ten Fiscal Years</i>						
				Collected within the Fiscal Year of Levy		
Taxes Levied for		Total Adjusted		Percentage of		
Fiscal Year	Fiscal Year	Adjustments	Levy	Amount Collected	Collected	
2005	45,955,892	788,326	46,784,218	45,419,134		98.75%
2006	48,026,866	864,090	48,890,956	47,402,124		98.70%
2007	51,201,927	522,021	51,723,948	50,180,945		98.01%
2008	55,884,865	404,484	56,289,349	54,445,797		97.42%
2009	59,218,046	333,261	59,551,307	57,647,121		97.35%
2010	62,858,408	1,506,090	64,364,499	61,868,631		98.43%
2011	66,985,795	735,886	67,721,681	64,766,432		96.69%
2012	68,823,690	85,094	68,908,783	66,897,199		97.20%
2013	69,742,158	546,656	70,288,815	68,049,597		97.57%
2014	69,227,185	n/a	n/a	n/a		n/a

Figure 41 Property Tax Levies and Collections

Source: San Juan County

Residential Property Tax Rates

SAN JUAN COLLEGE										
San Juan County, Residential Property Tax Rates										
<i>Last Ten Fiscal Years</i>										
Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Direct Rate										
San Juan County										
Operating Millage	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total County Millage	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500
Overlapping Rates										
City of Bloomfield										
Operating Millage	7.000	6.734	6.781	5.649	5.529	5.496	5.993	6.527	6.865	7.000
Debt Service Millage	1.571	0.096	1.912	2.492	2.175	2.137	2.180	2.254	2.099	1.119
Total City Millage	8.571	7.690	8.693	8.141	7.704	7.633	8.173	8.781	8.964	8.119
City of Aztec										
Operating Millage	6.295	6.256	6.312	6.009	6.324	5.873	5.817	5.941	6.509	6.873
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total City Millage	6.295	6.256	6.312	6.009	6.324	5.873	5.817	5.941	6.509	6.873
City of Farmington										
Operating Millage	1.850	1.877	1.925	1.824	1.879	1.908	1.950	2.128	2.225	2.225
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total City Millage	1.857	1.877	1.925	1.824	1.879	1.908	1.950	2.128	2.225	2.225
Aztec Schools										
Operating Millage	2.500	2.500	2.474	2.500	2.500	2.500	2.495	2.500	2.500	2.500
Debt Service Millage	3.082	2.375	2.366	2.967	2.997	5.497	4.640	4.567	6.517	6.676
Total School Millage	5.582	4.875	4.840	5.467	5.497	7.997	7.135	7.067	9.017	9.176
Bloomfield Schools										
Operating Millage	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Debt Service Millage	4.350	4.349	4.355	5.310	5.357	5.794	5.386	6.246	6.752	7.337
Total School Millage	6.850	6.849	6.855	7.810	7.857	8.294	7.886	8.746	9.252	9.837
Farmington Schools										
Operating Millage	2.436	2.471	3.483	2.426	4.130	4.977	4.856	4.947	4.725	2.500
Debt Service Millage	7.507	7.490	6.451	7.427	5.772	4.938	5.065	4.976	5.199	7.431
Total School Millage	9.943	9.961	9.934	9.853	9.902	9.915	9.921	9.923	9.924	9.931
Consolidated Schools										
Operating Millage	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Debt Service Millage	6.729	6.748	6.571	6.838	6.837	6.773	6.840	6.837	6.828	6.676
Total School Millage	9.229	9.248	9.071	9.338	9.337	9.273	9.340	9.337	9.328	9.176
San Juan College										
Operating Millage	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500
Debt Service Millage	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.420	0.600
Total School Millage	5.100	5.100	5.100	5.100	5.100	5.100	5.100	5.100	4.920	5.100
State of New Mexico										
Operating Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service Millage	1.028	1.234	1.291	1.221	1.250	1.150	1.530	1.362	1.360	1.360
Total School Millage	1.028	1.234	1.291	1.221	1.250	1.150	1.530	1.362	1.360	1.360

Figure 42 Residential Property Tax Rates

Source: San Juan County

Academic Year Tuition and Required Fees

SAN JUAN COLLEGE										
Semester Tuition and Required Fees										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition*										
Resident Tuition per Credit Hour	\$ 41	\$ 41	\$ 41	\$ 37	\$ 37	\$ 32	\$ 30	\$ 30	\$ 30	\$ 25
Resident Maximum Charge	738	738	738	666	666	-	360	360	360	300
Non Resident Tuition per Credit Hour	105	105	105	91	91	70	40	40	40	35
Non Resident Maximum Charge	1,890	1,890	1,890	-	1,638	-	480	480	480	420
Foreign Student per Semester	-	-	-	-	-	-	3,000	3,000	3,000	3,000
Foreign Student per Credit Hour	105	105	105	91	91	270	-	-	-	-
Senior Citizens up to 6 Credit Hours /credit hour	5	5	5	5	5	5	5	5	5	5
Senior Citizens after 6 Credit Hours /credit hour	41	41	41	37	37	32	30	30	30	25
Fees**										
Resident Fees per Credit Hour	\$ 15	\$ 13	\$ 6	\$ 6	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ -
Resident Maximum Charge	265.5	230	108	108	108	-	-	-	-	-
Non Resident Fees per Credit Hour	25.75	21	10	6	6	-	-	-	-	-
Non Resident Maximum Charge	463.5	374	180	108	108	-	-	-	-	-
Foreign Student per Semester	-	-	-	-	-	-	-	-	-	-
Foreign Student per Credit Hour/Degree Seeking	200	200	200	200	200	-	-	-	-	-
Foreign Student per Credit Hour/Non Degree Seeking	25.75	21	10	6	6	-	-	-	-	-
Senior Citizens up to 6 Credit Hours /credit hour	-	-	-	-	-	-	-	-	-	-
Senior Citizens after 6 Credit Hours /credit hour	-	-	-	-	-	-	-	-	-	-

Figure 43 Semester Tuition and Required Fees

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

** SJC did not start charging fees until 2010

Debt Capacity

Long-term Bonds Outstanding

SAN JUAN COLLEGE										
Long-term Bonds (<i>Dollars in thousands</i>)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Bonds Payable	\$13,591	\$ 14,779	\$16,859	\$18,544	\$20,593	\$22,279	\$24,077	\$ 24,859	\$27,512	\$18,383
Unamortized Premium	275	311	348	385	421	458	494	531	568	-
Deferred Amount on refunding	(117)	(174)	(238)	(302)	(366)	(431)	(495)	(559)	(558)	(613)
Unamortized Discount	-	-	-	-	-	-	-	-	(118)	(130)
Net Long-term Bonds	\$13,749	\$ 14,916	\$16,968	\$18,626	\$20,648	\$22,306	\$24,077	\$ 24,831	\$27,404	\$17,640
San Juan County Population ¹	129,843	126,503	128,340	128,200	130,044	124,131	122,500	122,427	121,763	121,977
Bond Debt per Capita	106	118	132	145	159	180	197	203	225	145

Figure 44 Long-term Bonds Outstanding

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

Bond Debt Capacity

SAN JUAN COLLEGE										
Bond Debt Capacity (<i>Dollars in thousands</i>)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Assessed Valuation ¹	2,981,551	3,276,429	3,244,415	3,170,493	2,800,925	2,635,631	2,506,191	2,295,197	2,158,450	2,122,613
Ratio of Limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Constitutional Debt Limitation	89,447	98,293	97,332	95,115	84,028	79,069	75,186	68,856	64,754	63,678
Outstanding Bond Debt ²	13,591	14,779	16,859	18,544	20,593	22,279	24,077	24,859	27,512	18,383
Available Bond Debt Capacity	75,855	83,514	80,474	76,571	63,435	56,790	51,109	43,997	37,241	45,296
% Bonded to Capacity	15.2%	15.0%	17.3%	19.5%	24.5%	28.2%	32.0%	36.1%	42.5%	28.9%

Figure 45 Bond Debt Capacity

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

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

Demographic and Economic Information

Demographic and Economic Statistics

SAN JUAN COLLEGE							
Demographic And Economic Statistics							
<i>Last Ten Fiscal Years</i>							
Year		Population ¹	Personal Income ² (Thousands)	Per Capita		School Enrollment	Unemployment Rate
				Personal Income	Median Age		
2005	1	124,809	3,056,228	24,487	35.1	23,569	6.4%
2006	2	125,028	3,344,973	26,754	35.3	23,639	5.2%
2007	3	126,149	3,586,704	28,432	35.7	23,180	3.6%
2008	4	126,905	3,967,682	31,265	35.8	23,582	4.4%
2009	5	129,359	3,759,121	29,060	35.6	23,010	7.7%
2010	6	130,144	3,840,098	29,507	36.7	23,022	10.1%
2011	7	128,063	4,102,975	32,039	33.5	23,028	8.3%
2012	8	128,529	4,253,309	33,092	33.3	23,737	7.3%
2013	9	126,503 ³	4,414,720 ³	34,898	34.0	23,910	7.6%
2014	10	131,017 ³	4,566,160 ³	34,852	33.8 ³	20,876	7.4%

Figure 46 Demographic and Economic Statistics

Sources:

Population, Personal Income, and Per Capita Personal Income U.S. Department of Commerce Bureau of Economic Analysis
 Unemployment Rate provided by the New Mexico Department of Workforce Solutions. School Enrollment provided
 by the New Mexico Department of Education. Median age is statewide and provided by the State of New Mexico.

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

² Per capita personal income was computed using Census Bureau midyear population estimates.
 Estimates for 2010-2012 reflect county population estimates available as of March 2013.

Note-- All dollar estimates are in current dollars (not adjusted for inflation).

³ Estimated: data was unavailable for these items.

Principal Employers

SAN JUAN COLLEGE						
Nonfarm Principal Employers by Industry						
<i>Current Year and Nine Years Ago</i>						
Employer	2014			2005		
	Employees ¹	Rank	Percentage of Total County Employment	Employees ²	Rank	Percentage of Total County Employment
Local Government	9,102	1	18.6%	9221	1	15%
Mining (includes gas & oil production and services)	6,575	2	13.4%	5761	3	9%
Health Care and Social Assistance	6,372	3	13.0%	5645	4	9%
Retail Trade	6,206	4	12.7%	7431	2	12%
Accommodation and Food Services	4,028	5	8.2%	4887	6	8%
Construction	3,305	6	6.8%	5060	5	8%
Wholesale Trade	1,809	7	3.7%	2107	8	3%
Federal Government	1,481	8	3.0%			
Transportation and Warehousing	1,323	9	2.7%			
Manufacturing	1,276	10	2.6%	1981	9	3%
Other services, except public administration				3644	7	6%
Professional, scientific, and technical services				1943	10	3%
Total County Employment	48,910		84.8%	60,836		78%

Figure 47 Nonfarm Principal Employers by Industry

¹ Employment data is the average employment for the first quarter, ending in March, of 2014

² Employment data for 2005

Sources:

2014 Data: Quarterly Census of Employment & Wages; New Mexico Department of Workforce Solutions

2005 Data: U.S. Department of Commerce Bureau of Economic Analysis Total full and part-time employment by NAICS industry

The estimates of employment for 2001-2006 are based on the 2002 North American Industry Classification System (NAICS).

The estimates for 2007-2010 are based on the 2007 NAICS. The estimates for 2011 forward are based on the 2012 NAICS.

Excludes limited partners.

Last updated: May 5, 2014, for restoration of employment estimates; new employment estimates for 2012; revised employment estimates for 2001-2011.

Operating Information

Full-Time Equivalent Employees by Function

SAN JUAN COLLEGE											
Faculty and Staff											
<i>Last ten fiscal years</i>											
Faculty and Staff											
<i>Fall Employment of Fiscal Year</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
FACULTY											
Full-time	166	160	152	144	145	100	104	102	96	124	
Part-time	253	246	296	288	304	244	264	272	224	232	
Total Faculty	419	406	448	432	449	344	368	374	320	356	
STAFF											
Full-time	363	384	384	367	358	420	445	423	411	307	
Part-time	116	114	143	149	142	143	156	179	54	60	
Total Staff	479	498	527	516	500	563	601	602	465	367	
Total Faculty and Staff	898	904	975	948	949	907	969	976	785	723	

Figure 48 Faculty and Staff

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

Capital Assets: Facilities by Location

SAN JUAN COLLEGE										
Capital Assets, Number of Facilities										
<i>Last Ten Fiscal Years</i>										
Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Academic/Support Facilities										
Main Campus	14	14	14	14	14	14	13	13	13	12
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	-
School of Energy Training - Hutton Ave.	1	1	1	1	1	1	1	1	1	1
Total	19	19	19	19	19	19	18	18	18	16

Figure 49 Capital Assets by Location

Admissions, Enrollment and Degrees Earned

SAN JUAN COLLEGE											
Admissions, Enrollment, and Degrees Earned (Fall Enrollment)											
<i>Last ten fiscal years</i>											
<i>Fall Enrollment of Fiscal Year</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
ADMISSIONS - FRESHMEN											Graph
Applications	3412	3012	3334	3113	2583	2858	1388	1268	995	1184	
Accepted	3412	3012	3334	3113	2583	2858	1388	1268	995	1184	
Enrolled	1082	1013	937	1215	1078	871	683	584	838	989	
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	31.7%	33.6%	28.1%	39.0%	41.7%	30.5%	49.2%	46.1%	84.2%	83.5%	
ENROLLMENT											
Student FTE	5333	5464	5499	5404	5321	4765	4421	4272	4481	4579	
Student Headcount	8938	9463	9470	8975	8990	8931	6991	6366	5064	5224	
Men (Headcount)	4251	4643	5001	4702	4834	5326	3774	3340	2042	2137	
Percentage of Total	47.6%	49.1%	52.8%	52.4%	53.8%	59.6%	54.0%	52.5%	40.3%	40.9%	
Women (Headcount)	4687	4820	4469	4273	4156	3605	3217	3026	3022	3087	
Percentage of Total	52.4%	50.9%	47.2%	47.6%	46.2%	40.4%	46.0%	47.5%	59.7%	59.1%	
Hispanic (Headcount)	1519	1475	1446	1396	1321	1421	954	884	611	600	
Percentage of Total	17.0%	15.6%	15.3%	15.6%	14.7%	15.9%	13.6%	13.9%	12.1%	11.5%	
Native American (Headcount)	2808	2966	2973	2563	2349	2342	2186	2023	1596	1573	
Percentage of Total	31.4%	31.3%	31.4%	28.6%	26.1%	26.2%	31.3%	31.8%	31.5%	30.1%	
White (Headcount)	3956	4409	4475	4451	4695	4590	3375	2914	2627	2928	
Percentage of Total	44.3%	46.6%	47.3%	49.6%	52.2%	51.4%	48.3%	45.8%	51.9%	56.0%	
Other (Headcount)	655	613	576	565	625	578	476	545	230	123	
Percentage of Total	7.3%	6.5%	6.1%	6.3%	7.0%	6.5%	6.8%	8.6%	4.5%	2.4%	
DEGREES/CERTIFICATES EARNED											
Associates	617	654	640	506	472	423	424	414	429	488	
Certificates	670	601	468	342	310	208	204	217	171	165	

Figure 50 Admissions, Enrollment, and Degrees Earned

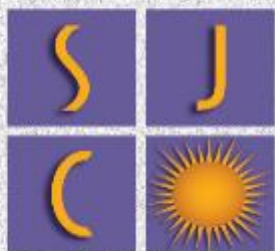
Student information based on fall enrollment of the fiscal year and Degree information includes all graduates during the fiscal year. In addition to above, various misc. fees may be required depending on the courses or activities taken.

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



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**



SAN JUAN COLLEGE



Accounting & Consulting Group, LLP
Certified Public Accountants

**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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust fund of San Juan College (the College), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and the budget comparisons presented for the year ended June 30, 2014, and have issued our report thereon dated November 10, 2014.

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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies identified as items FS 2013-003 and 2014-001.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item FS 2014-002.

The College's Response to Findings

The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

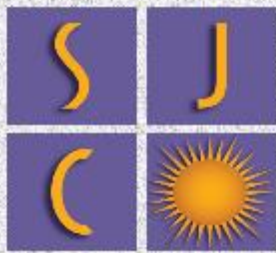
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in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

Accounting & Consulting Group, LLP

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



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



SAN JUAN COLLEGE



Accounting & Consulting Group, LLP
Certified Public Accountants

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the San Juan College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2014. The College's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each 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 of each of its major federal programs for the year ended June 30, 2014.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

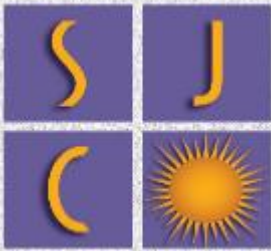
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Accounting & Consulting Group, LLP

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



Schedule of Findings and Questioned Costs



SAN JUAN COLLEGE

State of New Mexico
San Juan College
 Schedule of Findings and Questioned Costs
 June 30, 2014

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the basic financial statements noted? | No |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
84.063, 84.007, 84.033, 84.268 84.042, 84.044 84.031x 84.382c	Federal Student Financial Aid Cluster TRIO Cluster Launch Fast Forward

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

State of New Mexico
San Juan College
Schedule of Findings and Questioned Costs
June 30, 2014

B. FINDINGS-FINANCIAL STATEMENT AUDIT

FS 2013-003 Design of Internal Controls Over Payroll (Repeated/Modified) (Significant Deficiency)

Condition: During our process of understanding the College and its environment, we noted instances where elements of the College's internal control framework were deficient or need improvement. The College's monitoring element was not documented, sufficiently designed, or implemented as we noted the following:

- Within the College's accounting system, the Payroll Manager has access to the Employee Master File.

Criteria: The COSO Internal Control Integrated Framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring. With these elements in place, the College can maximize its potential for safeguarding assets and reduce the risk of misstatements within its financial statements. Effective monitoring enhances the collective effectiveness of all five components of internal control. Unmonitored controls tend to deteriorate over time.

Effect: Without all of the five elements of the COSO Internal Control Integrated Framework present, the College is exposing itself to the risk of misappropriation of assets and needs to improve upon its processes in place to maximize the resources of the College to safeguard assets and prevent or detect misstatements.

Cause: Access levels within the College's software modules are not being monitored on a regular basis.

Auditors' Recommendation: We recommend that the College regularly monitor the access levels within each department. It was noted during subsequent testwork performed over Information Technology and staff access levels that this access level had been corrected subsequent to year end. We recommend that continued monitoring be performed on a regular basis.

Agency Response: The College agrees with the auditor's recommendation and will proceed with immediate implementation of the necessary internal controls for continued monitoring to be performed over staff access levels.

FS 2014-001 Design of Internal Controls Over Cash Receipting at Decentralized Locations (Significant Deficiency)

Condition: During our process of understanding the College and its internal controls over cash receipting, we noted instances where elements of the College's internal controls over cash receipting at decentralized locations were deficient or need improvement:

- At the School of Energy, there are employees with the ability within the College's accounting system to perform the duties of student registration, student invoicing, and receipting of student payments.

Criteria: The COSO Internal Control Integrated Framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring. With these elements in place, the College can maximize its potential for safeguarding assets and reduce the risk of misstatements within its financial statements. Effective monitoring enhances the collective effectiveness of all five components of internal control. Unmonitored controls tend to deteriorate over time.

Effect: Without proper segregation of duties at decentralized locations, the College is exposing itself to the risk of misappropriation of cash collected, which occurred, and was caught (after the fact) by the College during the year ended June 30, 2014 at the School of Energy.

Cause: Some staff at the School of Energy have too much access, including, improper segregation of duties within the College's Accounting software and the College.

State of New Mexico
San Juan College
Schedule of Findings and Questioned Costs
June 30, 2014

FS 2014-001 Design of Internal Controls Over Cash Receipting at Decentralized Locations (Significant Deficiency) (continued)

Auditors' Recommendation: We recommend that the College implement controls and monitoring, per their internal control review conducted, over employee access to different accounting modules within their software. Management should implement proper segregation of duties between positions performing registrations, invoicing students, and those collecting payments. Software access should be set up upon hiring of employees, and periodic monitoring should be performed to ensure that no employee has access to multiple conflicting duties.

Agency Response: The College agrees with the auditor's recommendation and will proceed with immediate implementation of the necessary changes to the internal controls regarding proper segregation of duties with the employees at the School of Energy.

FS 2014-002 Stale Dated Checks- (Other Matter)

Condition: The College had 9 outstanding checks written from the operating bank account that were over one year old, totaling \$571; 10 outstanding checks written from the payroll clearing bank account that were over one year old, totaling \$1,626.82; and 57 outstanding checks written from the student receivable bank account that were over one year old, totaling \$22,852.92.

Criteria: New Mexico Statutes, Section 6-10-57, NMSA, 1978 compilation, requires local public bodies to cancel or void any checks that are unpaid for one year after it is written.

Effect: The College's cash balance may be misstated by the amount of the stale checks.

Cause: The College overlooked the stale-dated checks during the bank reconciliation process.

Auditors' Recommendation: We recommend that the outstanding checks be voided as soon as possible and that a procedure to track and void stale dated checks be implemented. We also recommend the College review banks reconciliations to capture checks that are considered stale dated.

Agency Response: The College agrees with the auditor's recommendation and will proceed with immediate implementation of a procedure to void stale dated checks.

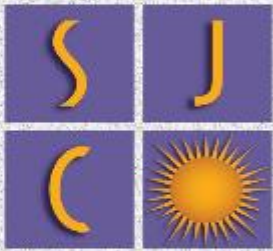
C. FINDINGS – FEDERAL AWARDS

None

D. PRIOR YEAR AUDIT FINDINGS

FS 2013-001 – Missing Standard Campaign Contribution Disclosure Forms (Other Matter) - Resolved
FS 2013-002 – Certification of Capital Asset Inventory (Other Matter) – Resolved
FS 2013-003 Design of Internal Controls (Significant Deficiency) – Repeated/Modified

Other Required Disclosures



SAN JUAN COLLEGE

State of New Mexico
San Juan College
Other Required Disclosures
June 30, 2014

Other Required Disclosures

The financial statements were prepared by San Juan College.

Exit Conference

The contents of this report were discussed on November 10, 2014. The following individuals were in attendance.

San Juan College

Dr. Toni Pendergrass, President
Russell Litke, Vice President for Administrative Services
Dr. Barbara Ake, Vice President for Learning
David Eppich, Vice President for Student Services
Karen King, Controller
Andrea Weaver, Senior Accountant
Earlene Roquemore, Senior Accountant
Ken Hare, Board Trustee

Accounting & Consulting Group, LLP

Ray Roberts, CPA, Managing Partner

San Juan College Foundation

Len Scalzi, President
Gayle Dean, Executive Director

Four Corners Innovations

Jim Henderson, Chairman
Randy Pacheco, CEO

