

SAN JUAN COLLEGE

# Comprehensive Annual Financial Report For fiscal year ended June 30, 2015



*Success Matters!*



Farmington, New Mexico



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

**2015 Comprehensive Annual Financial Report  
For Fiscal Year Ended June 30, 2015  
With Independent Auditors' Report  
San Juan College Business Office**



San Juan College Campus



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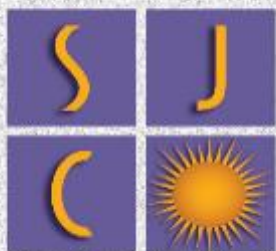
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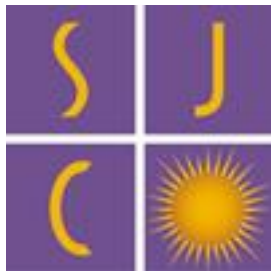
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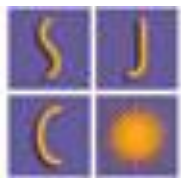


# Introductory Section (Unaudited)



SAN JUAN COLLEGE





## Letter of Transmittal



October 22, 2015

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, 2015. 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, 2015. 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

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

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

San Juan College graduates also have the opportunity to advance their education and earn their bachelor's and master's degrees at home through partnerships with the University of New Mexico (UNM) and New Mexico Highlands University (NMHU). Along with other disciplines, these partnerships include two newer degrees – a Bachelor of Science degree in Nursing through UNM and a Bachelor's degree in Business Administration with an emphasis in Oil and Gas Management at NMHU.



In addition, New Mexico Tech and San Juan College have a guaranteed Admissions Agreement allowing San Juan College graduates earning an Associate of Science degree in Engineering to have a seamless transfer to the New Mexico Tech Bachelor of Science degree program. San Juan College also has partnered with Texas Engineering Extension Service and Texas A&M University – Commerce to offer qualified safety professionals who already hold a TEEEX Certified Safety & Health Official (CSHO) designation an opportunity to earn an Associate of Applied Science degree online.

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.

#### *Accreditation*

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

#### *Mission*

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. Incorporating the acronym of “iCARE,” San Juan College upholds and affirms the values of Innovation, Collaboration, Accountability, Respect and Excellence.

#### *History*

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

From the first phase of construction in 1967 to 1981, the College grew exponentially. As the community and local school districts invested more money and support in this university branch campus, the natural desire for more local control and autonomy arose. A successful county-wide

election was held in 1981, approving of separation from NMSU and financial support for a newly created junior college district. On July 1, 1982, an independent and separate community college known officially as Junior College District of San Juan County, and informally as San Juan College, came into being.

From its modest start in 1956 with 82 students, the College now has a credit enrollment of more than 15,000 students per year. Staff size has grown from a handful of part-time instructors to a total of more than 900 men and women who operate the College, including nearly 160 full-time faculty and approximately 217 part-time faculty.

### *Campuses*

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

Opened this summer, the newest College building is the 65,000-square-foot School of Energy. The new facility brings together staff and students in the same location, while providing additional classrooms, office space, meeting rooms and six hands-on simulation labs. The school offers accredited programs including Natural Gas Compression, Production Operations and Process Technology. The new facility also houses a state-of-the-art Well Control simulator. In addition to providing students with associate degrees and certificates, the School of Energy has partnered with other colleges and universities to offer advanced degrees.

Other campus locations include the School of Energy Annex, located at 907 South Hutton Street in Farmington, which houses the CDL program, as well as the 30th Street Center, housing Adult Basic Education, the ENLACE program, Project Read and University Partners; San Juan College East in Aztec, NM and San Juan College West in Kirtland, NM.

### *Foundation*

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

### *Four Corners Innovations*

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

## Highlights: 2015

### *General Obligation Bond*

With a nearly 80 percent approval rate, San Juan County residents voted, “yes,” to a \$10 million general obligation bond to fund facilities and resources that are vital to high-quality education. The funding will provide: the renovation of approximately 43,000 square feet of existing space in the School of Science, Math and Engineering, enabling San Juan College to increase enrollment in STEM programs; the replacement of the outdated fire tower with a new training facility; the renovation of the Hutton Street Campus (former School of Energy location) to house the Fire Science, Emergency Medical Services and Commercial Driver’s License Programs; and the renovation and upgrading of the 30th Street Center campus.

### *New School of Energy*

Thanks to the generosity and dedication of many across the community, San Juan College celebrated the grand opening of the new School of Energy in September. The new building features state of the art equipment, meeting rooms, hands-on labs, and the Sherman Dugan Museum of Geology, which features more than 100 fossils and minerals from around the world. The School of Energy offers degrees and/or certificates in Industrial Maintenance Mechanic, Industrial Process Operator, Natural Gas Compression, Occupational Safety (online), Production Operations, Well Control, and Instrumentation and Control. With the expansion, the School of Energy will have the capability of training nationally as well as locally. Generous funding from industry and community partners was provided through the San Juan College Foundation. Donors included BP America, Merrion Oil and Gas, the State of New Mexico, San Juan College, the Westmeath Foundation, the Tom Dugan Family, ConocoPhillips, APS Foundation, XTO, DJ Simmons/Twin Stars, PNM San Juan Generating Station, Encana, Williams and WPX.

## Local Economy

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

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

Energy production is the cornerstone of our economy. The San Juan Basin is one of North America’s largest natural gas fields. 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 three industries for job creation.

Unemployment increased three-tenths of a percent in 2015 to 7.7%. Per capita personal income decreased by 9.8%. These changes are mostly due to low prices for gas and oil, which has caused many companies to have a reduction in force. For FY2016, San Juan College enrollment is expected to decrease.



## Financial Planning

San Juan College continues to review and update their strategic plan, both on a long-term and short-term basis.

The New Mexico Department of Higher Education is developing a new funding formula emphasizing outcomes. The new performance-based funding formula rewards institutions for improving their performance in six categories. The changes to the funding formula underscores the importance of stabilizing revenue through tuition and fees and searching for new revenue streams. In fiscal year 2014-2015, State funding increased slightly and funding remained unchanged for fiscal year 2015-2016. Future impacts are still unclear.

Total College student headcount increased and graduation rates increased; however full-time equivalents (FTEs) decreased. The college implemented a strategic plan to increase enrollment, retain first-time freshmen to their second year, and encourage students to attain degrees or certificates in three years or less.

## 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 5, 6 and 7 demonstrate compliance with the approved budget.

The change in fund balance (budgetary basis) for all operations was mainly due to the retirement of debt. The Board of Trustees approved the retirement of \$1,750,000 in General Obligations Bonds, which occurred on August 15, 2014. See note 7. Two variances in Budget to Actual Schedules 6 and 6 merit explanation. In Schedule 6, actual tuition varied from budget by (\$882,351) due to a decrease in enrollment. Student FTE decreased by 13.4%. Refer to Figure 61, Admissions, Enrollment and Degrees Earned in the Statistical Section. Miscellaneous Fees varied from budget by (\$941,571). The variance in miscellaneous fees resulted from the change in the fee structure. The College has addressed this issue in the FY16 budget. The variances in Schedule 7 are due to a timing differences.

Restricted fund budgets are approved by the project directors and Restricted Fund Accountant. Auxiliary operation budgets are prepared by the Support 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 policies and principles were developed by the Budget Team and was approved by the Board of Trustees for the formulation starting with the FY16 budget.

The Government Finance Officers Association drafted Best Practices in Community College Budgeting for fiscal year 2014-2015. The College incorporated selected practices from the draft into the FY16 budget building process and is adopting additional Best Practices in FY17.

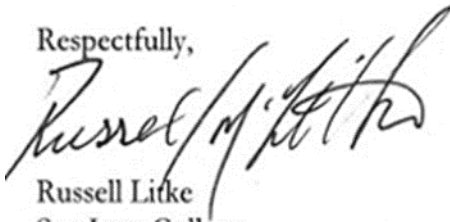
## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Juan College for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully,



Russell Litke  
San Juan College

Vice President for Administrative Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**San Juan College**  
**New Mexico**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



## San Juan College Organizational Chart

**San Juan County Citizens**

**College Board**

Kenneth W. Hare, Chairman  
John C. Thompson, Vice Chairman  
R. Shane Chance, Secretary

Evelyn B. Benny, Member  
Byron Manning, Member  
Dr. Joseph Pope, 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

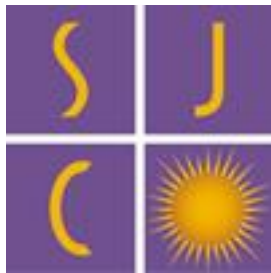
Kenneth Hare .....	Chairman
John Thompson.....	Vice Chairman
R. Shane Chance.....	Secretary
Byron Manning.....	Member
Dr. Joseph Pope .....	Member
Evelyn Benny.....	Member
Matthew Tso.....	Member

### 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

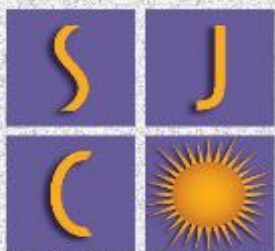
### Business Office Staff

Steve Miller .....	Interim Controller
Andrea Weaver .....	Interim Assistant Controller
Earlene Roquemore .....	Sr. Accountant
Frank Cole .....	Chief Procurement Officer





# Financial Section



SAN JUAN COLLEGE





**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## **Independent Auditors' Report**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust of San Juan College (the College) as of and for the year ended June 30, 2015 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, 2015, 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, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, the budgetary comparisons of the College referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the GASB required supplementary pension schedules, and the required supplementary OPEB schedules on pages 16-25, 66 and 67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the College's financial statements and the budgetary comparisons. The 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 Schedules 5-9 as listed in the table of contents are required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Schedules 5-9 required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section, and Schedule 10 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2015 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  
October 22, 2015

## 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, 2015. 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*

To highlight the impact of implementing GASB 68, Financial Statements are presented in the MD&A reflecting the effects.

- Before implementation of GASB 68, College assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$81.8 million. Of this amount, \$8.9 million represents unrestricted net position, which may be used to meet the college's ongoing obligations to citizens and creditors.
- After the implementation of GASB 68, College assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21.2 million. Implementation of GASB created a negative unrestricted net position of \$51.6 million. The implications of this are still unknown.
- The June 30, 2015 Statement of Net Position reports total net position decreased 71.0% or \$52.1 million—from \$73.3 million to \$21.2 million. This decrease is attributable to the implementation of GASB 68.
- College total outstanding long-term debt increased by \$58.7 million during the current fiscal year. The college retired bonds and notes totaling \$2.3 million and reduced the college's post-employment benefits obligation by \$0.63 million. Implementation of GASB 68 created a Net Pension Liability totaling \$58.7 million. See Notes 7, 9 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 and Statement 35. 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. Generally, Statement 35 permits public colleges and universities, in separately issued financial statements, to use the guidance for special-purpose governments engaged only in business-type activities, engaged only in governmental activities, or engaged in both governmental and business-type activities in their separately issued reports. Under Statement 35, in its separately issued reports, a public institution is required to include management's discussion and analysis (MD&A); basic financial

statements, as appropriate for the category of special-purpose government reporting selected; notes to the financial statements; and required supplementary information other than MD&A.

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

GASB Statement No. 68 amends Statements 27 and 50 as related to pensions and was implemented for FYE 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures.

### *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, 2015 Statement of Net Position for San Juan College reports an increase in total assets of 5.4% or \$5.4 million—from \$99.6 to \$105.0 million. Current assets (e.g., cash, investments, amounts due from students, amounts due from government, inventories) decreased by 2.4% or \$534 thousand. Non-Current Assets (e.g. restricted cash, cash equivalents, and investments) decreased 50.8% or \$2.2 million. This decrease resulted from the retirement of long term bonds. Net capital assets (e.g. tangible, long-lived assets such as land, buildings, and equipment) increased by \$8.2 million or 11.1%. This increase is a result of capitalizing the new School of Energy building and art and artifacts, which was offset by depreciation. The 2014-2015 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.

Implementation of GASB 68 had a significant impact on the statement of net position. To highlight the changes caused by GASB 68 a condensed and comparative summary of the College's June 30, 2014 and 2015 Statement of Net Position is presented in Figure 1. The effect was a \$4.4 million increase in total assets and deferred outflows, a \$64.9 million increase in total liabilities and deferred inflows, and a \$60.5 million decrease in net position.



## San Juan College

Condensed Comparative Statement of Net Position (Dollars in Thousands)

*June 30, 2015 and 2014*

	After GASB 68		Before GASB 68		GASB 68
	2015	2014	2015	2014	Effect
<b>Assets</b>					
Current Assets	\$ 21,486	\$22,020	\$ 21,486	\$22,020	\$ -
Non-Current Assets	2,152	4,371	2,152	4,371	-
Non-Current Capital Assets	<u>81,376</u>	<u>73,225</u>	<u>81,376</u>	<u>73,225</u>	(0)
Total Assets	105,014	99,617	105,014	99,617	(0)
Deferred Outflows	<u>4,424</u>	<u>117</u>	<u>62</u>	<u>117</u>	4,362
<b>Total Assets and Deferred Outflows</b>	<u>\$ 109,438</u>	<u>\$99,734</u>	<u>\$ 105,077</u>	<u>\$99,734</u>	\$ 4,362
					-
<b>Liabilities</b>					
Current Liabilities	\$ 5,529	\$ 8,100	\$ 5,529	\$ 8,669	\$ (0)
Net Pension Liability	58,673	-	-	-	58,673
Other Non-Current Liabilities	<u>17,784</u>	<u>17,732</u>	<u>17,784</u>	<u>17,732</u>	0
Total Liabilities	81,986	25,832	23,313	26,402	58,673
Deferred Inflows	<u>6,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	6,208
Total Liabilities and Deferred Inflows	88,193	25,832	23,313	26,402	64,880
					-
<b>Net Position</b>					
Net Investment in Capital Assets	68,731	59,609	68,731	59,609	-
Restricted	4,110	3,609	4,110	3,609	-
Unrestricted	<u>(51,596)</u>	<u>10,115</u>	<u>8,922</u>	<u>10,115</u>	(60,518)
Total Net Position	<u>21,245</u>	<u>73,333</u>	<u>81,763</u>	<u>73,333</u>	(60,518)
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 109,438</u>	<u>\$99,165</u>	<u>\$ 105,077</u>	<u>\$99,734</u>	\$ 4,362

Figure 1 Condensed Summary of Net Position

### Capital Assets

Net capital assets for San Juan College increased by \$8.2 million during the 2014-15 fiscal year. This investment in capital assets includes land, art and artifacts, buildings, machinery, equipment, vehicles, infrastructure, and Construction in Progress (CIP). Note 4 to the Basic Financial Statements presents a more comprehensive detail of the increase in Capital Assets. Major capital asset events during the current fiscal year included the following:

- Non-depreciable Capital assets decreased by \$3.39 million due to the Capitalization of the new School of Energy Building moving CIP out of this category and the addition of art and artifacts, which are not depreciated.
- Depreciable Capital assets increased by \$15.1 million
  - Buildings increased by \$12.8 million
  - Infrastructure increased by \$1.1 million
  - Equipment, furnishings and software increased by \$1.05 million

### Deferred Outflows

A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. The major deferred outflow in FYE2015 is for contributions to ERB in 2015 after the measurement date. See Note 9.

### *Liabilities*

The Liabilities subsection of the Condensed Comparative Statement of Net Position, Figure 1, reflects three broad categories of liabilities: Current Liabilities, Net Pension Liability, and Other Noncurrent Liabilities. Overall, total liabilities increased 234% or \$61.8 million. Current Liabilities decreased by 36.2% and Other Non-Current Liabilities increased slightly by 0.3%. The most significant change is the addition of the Net Pension Liability.

#### *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 decrease is due to the decrease in bonds payable this year and a change that recognizes all Other Post-Employment Benefits (OPEB) costs as a Non-Current liability.

#### *Net Pension Liability*

Net Pension Liability is a new category related to implementation of GASB 68. See notes 9 for further discussion.

#### *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, 2015. The slight increase resulted from increases in Accrued Compensated Absences related to recognizing a liability for Faculty Overload arrangements. See Note 7 for further discussion.

### *Deferred Inflows*

A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. The major deferred inflow for FYE2015 is related to the investment experience of ERB. See note 9.

### *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 \$9.1 million from the 2014 fiscal year. This increase was primarily due to a combination of construction, the addition of art and artifacts, 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 \$0.5 million. 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 2014, and debt service obligations due and payable during fiscal 2015.

### *Unrestricted Net Position.*

Unrestricted net position accounts for College resources available to fund general operations. Unrestricted net position decreased by \$61.7 million. \$60.5 million of this decrease is directly attributable to the effects of implementing GASB 68. See note 9.

*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 Condensed Comparative Statement of Revenues, Expenses, and Changes in Net Position is presented in figure 2. To highlight the effect of the GASB 68 implementation the Statement of Revenues, Expenses and Changes in Net Position is shown immediately before and after the GASB 68 entries.

<b>San Juan College</b>					
Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position (Dollars in Thousands)					
<i>For fiscal year ended, June 30, 2015 and 2014</i>					
	After GASB 68		Before GASB 68		Difference
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>					
<b>Operating Revenues:</b>					
Student Tuition and Fees, net of Scholarship Allowance	\$ 6,942	\$ 6,128	\$ 6,942	\$ 6,128	\$ -
Federal Grants and Contracts	2,270	2,093	2,270	2,093	-
State Grants and Contracts	3,286	5,665	3,286	5,665	-
Non Governmental Grants and Contracts	9,500	2,022	9,500	2,022	-
Other Operating revenues	6,461	6,165	6,461	6,165	-
<b>Total Operating Revenues</b>	<u>28,460</u>	<u>22,073</u>	<u>28,460</u>	<u>22,073</u>	<u>-</u>
<b>Expenses</b>					
<b>Operating Expenses:</b>					
Education and General	50,051	47,652	49,943	47,652	108
Operations and Maintenance of Plant	5,686	5,536	5,678	5,536	8
Depreciation Expense	5,176	5,212	5,176	5,212	-
Student Aid	8,543	9,418	8,543	9,418	-
Auxiliary Enterprises	4,456	4,257	4,455	4,257	1
Independent Operations	130	133	130	133	-
<b>Total Operating Expenses</b>	<u>74,042</u>	<u>72,208</u>	<u>73,925</u>	<u>72,208</u>	<u>117</u>
<b>Operating Profit (Loss)</b>	<u>(45,582)</u>	<u>(50,135)</u>	<u>(45,466)</u>	<u>(50,135)</u>	<u>(117)</u>
<b>Non-Operating Revenues (Expenses)</b>					
State Appropriations	25,170	24,329	25,170	24,329	-
Local Appropriations	17,067	17,838	17,067	17,838	-
Federal Student Aid	11,053	12,466	11,053	12,466	-
Other Non-Operating Revenues/Expenditures	(1,049)	(2,132)	(1,043)	(2,132)	(5)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>52,243</u>	<u>52,501</u>	<u>52,248</u>	<u>52,501</u>	<u>(5)</u>
<b>Income (Loss) before Other Revenue (Expenses)</b>	6,660	2,365	6,782	2,365	(122)
Capital Appropriations	49	452	49	452	-
Capital Contributions	341	-	341	-	-
<b>Increase (Decrease) in Net Position</b>	7,050	2,817	7,172	2,817	(122)
<b>Net Position, beginning of year</b>	73,333	70,555	73,333	70,555	-
Net Position - Restatement	(59,137)	(39)	1,259	(39)	(60,396)
Net Position, beginning of year as restated	<u>14,195</u>	<u>70,516</u>	<u>74,592</u>	<u>70,516</u>	<u>(60,396)</u>
<b>Net Position, end of year</b>	<u>\$21,245</u>	<u>\$73,333</u>	<u>\$81,763</u>	<u>\$73,333</u>	<u>\$(60,518)</u>

Figure 2 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 \$45.6 million. This total does not include local and state appropriations, and federal student aid. A more representative view of the institution's fiscal effectiveness may be found in the amount reported as Increase or Decrease in Net Position. Before the GASB 68 restatement, San Juan College reported an increase in net position of \$7.05 million. The College's operating revenue increased from \$22.1 million to \$28.5 million a 28.9% increase. This increase is attributable to an increase in private grants received for the School of Energy construction.

*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 3 illustrates the College's expenses by amount and percentage. Salaries and benefits represent 54.0% of total expenses for FY15. Full-time and part-time faculty increased by 58 members or 13.8%. Full-time staff decreased by 1.4% or 5 employees, while part-time staff increased 31% or 36 employees.

<b>Expenses</b>	
Supplies and Equipment	\$ 17,615,660
Other Expenses	580,837
Salaries and Wages	30,319,889
Benefits	10,979,293
Utilities	1,354,126
Scholarships	8,542,969
Interest on Capital Debt	577,568
Depreciation	5,176,033
	<b>\$ 75,146,375</b>

Figure 3 Expenses by natural classification and accompanying pie chart

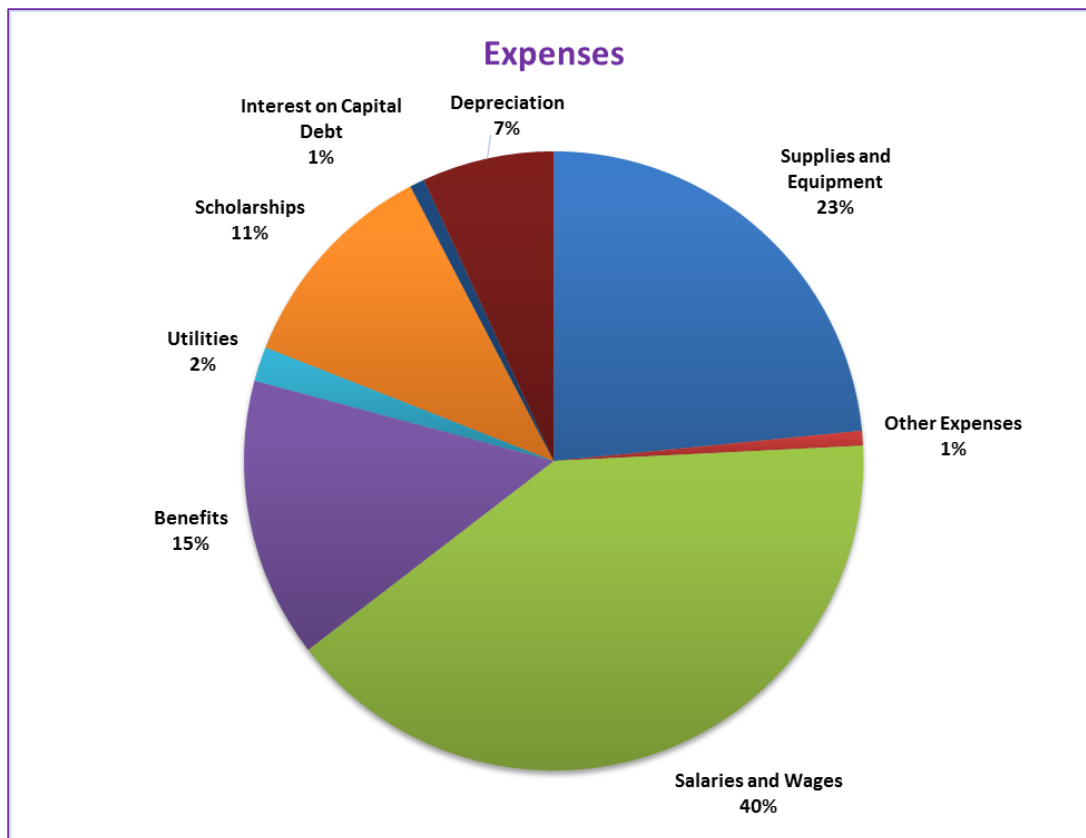
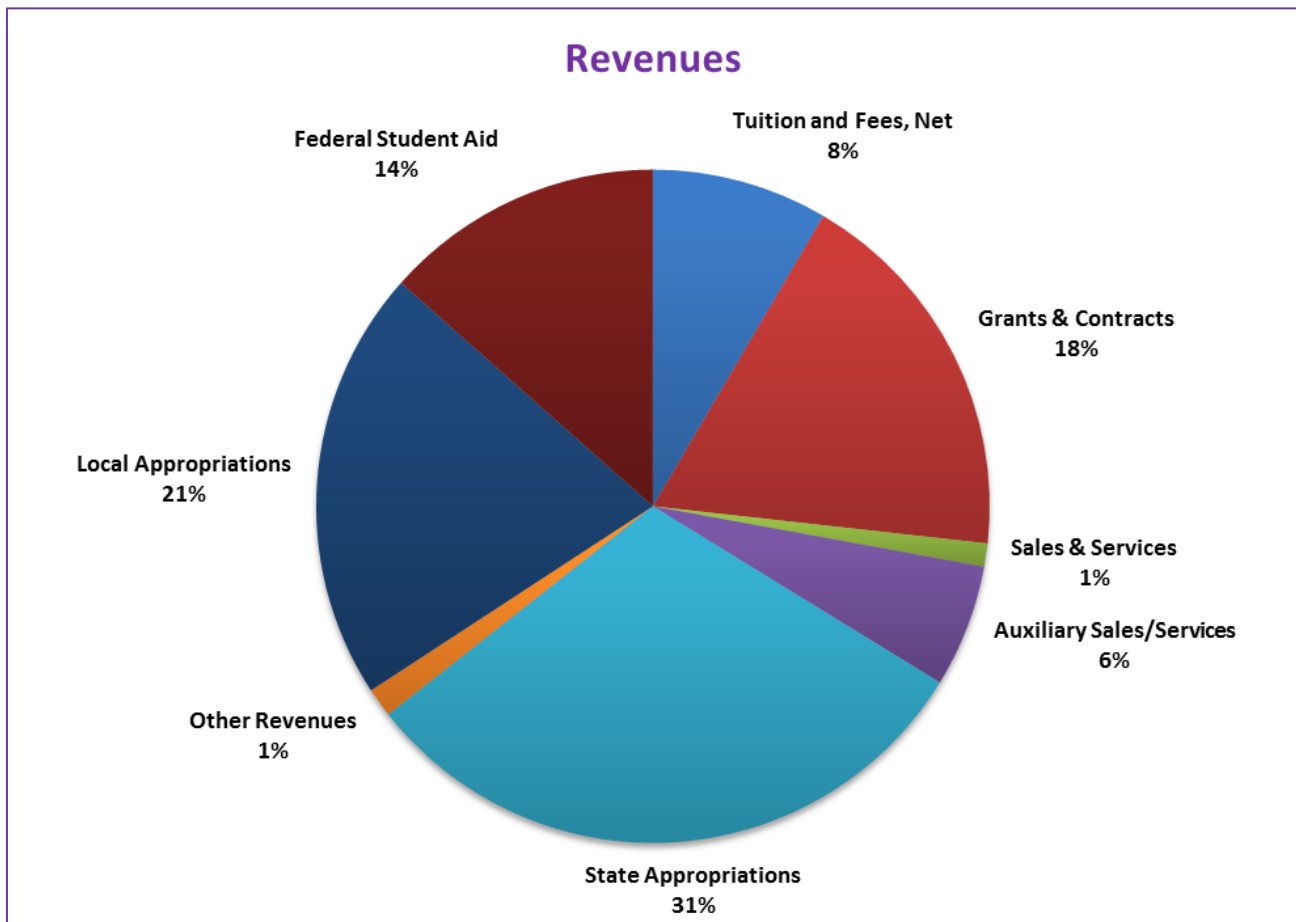




Figure 4 summarizes revenues by functional classification. Auxiliary Sales/Services include the San Juan College Bookstore and Mary's Kitchen and Catering, which are the business type activities of the college. State and Local Appropriations are 52% of the College's Revenues. Revenues from property taxes and production taxes, decreased in FY2015. Revenues from the State of New Mexico remained flat in FYE 2015.

<b>Revenues</b>	
Tuition and Fees, Net	\$ 6,942,384
Grants & Contracts	15,056,499
Sales & Services	918,024
Auxiliary Sales/Services	4,842,242
State Appropriations	25,170,340
Other Revenues	1,145,813
Local Appropriations	17,067,457
Federal Student Aid	11,053,275
	<u>\$ 82,196,034</u>

Figure 4 Revenues by functional classification and accompanying pie chart



### Statement of Cash Flows

A comparative condensed statement of cash flows is presented in figure 5. Cash provided by investing activities declined by 25.4%. Cash used by operating activities decreased 17.7% as a result of increased cash revenues from private grants. The 134.4% increase in cash used by capital financing activities was primarily caused by the cost of completing the School of Energy Building. See the revenues and expenses portion of Note 1.

<b>San Juan College</b>		
Condensed Statement of Cash Flows (Dollars in thousands)		
<i>For the Year Ended June 30, 2015 and 2014</i>		
	2015	2014
Net cash (used) by operating activities	\$ (39,921)	\$ (48,377)
Net cash provided by noncapital financing activities	53,291	53,139
Net cash (used) by capital and related financing activities	(14,315)	(6,142)
Net cash provided by investing activities	801	1,073
Net (decrease) in cash and cash equivalents	(144)	(307)
Cash and cash equivalents - beginning of year	14,130	14,476
Cash and cash equivalents - end of year	<u>\$ 13,985</u>	<u>\$ 14,130</u>

Figure 5 Condensed Statement of Cash Flows

### Combined College and Component Units

The College has two component units as discussed here.

#### 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. The Four Corners Innovations (FCI) Corporation is organized for charitable, scientific and educational purposes. FCI shall promote the public welfare and prosperity of the people of New Mexico, foster economic development within New Mexico, and /or engage in other cooperative ventures of innovative technological significance that will advance education, science, research, conservation, or economic development within New Mexico. During fiscal year 2013, the name of this entity was changed to Four Corners Innovations, Inc. The IRS granted Four Corners Innovations, Inc. tax exempt status under section 501 (c)(3) on July 25, 2014 effective March 30, 2012. Pursuant to GASB Statement No. 39 and No. 61, *Determining Whether Certain Organizations are Component Units*, Four Corners Innovations, Inc. is discretely presented in the College's financial statements as a component unit.

### Economic Outlook

In FY2015, the principal revenue sources accounted for 71.6% of total revenues compared to 80.8% in FY2014.

As percentages of total revenue:

- Revenues from San Juan County, which includes property taxes and production taxes, decreased 4.3% in FY2015 as a result of the decrease in natural gas and oil prices which negatively impacted production taxes.
- Revenues from the State of New Mexico decreased in FYE 2015.
- Revenues from the Federal government decreased.
- Revenue from tuition and fees increased.

The cumulative effect of the changes was an 11.4% decrease from FY 2014 to FY 2015. The overall decrease is a result of the one-time increase in private grants for the School of Energy construction. Figure 6 is a graphical illustration of the principal revenue sources for the past 10 fiscal years.

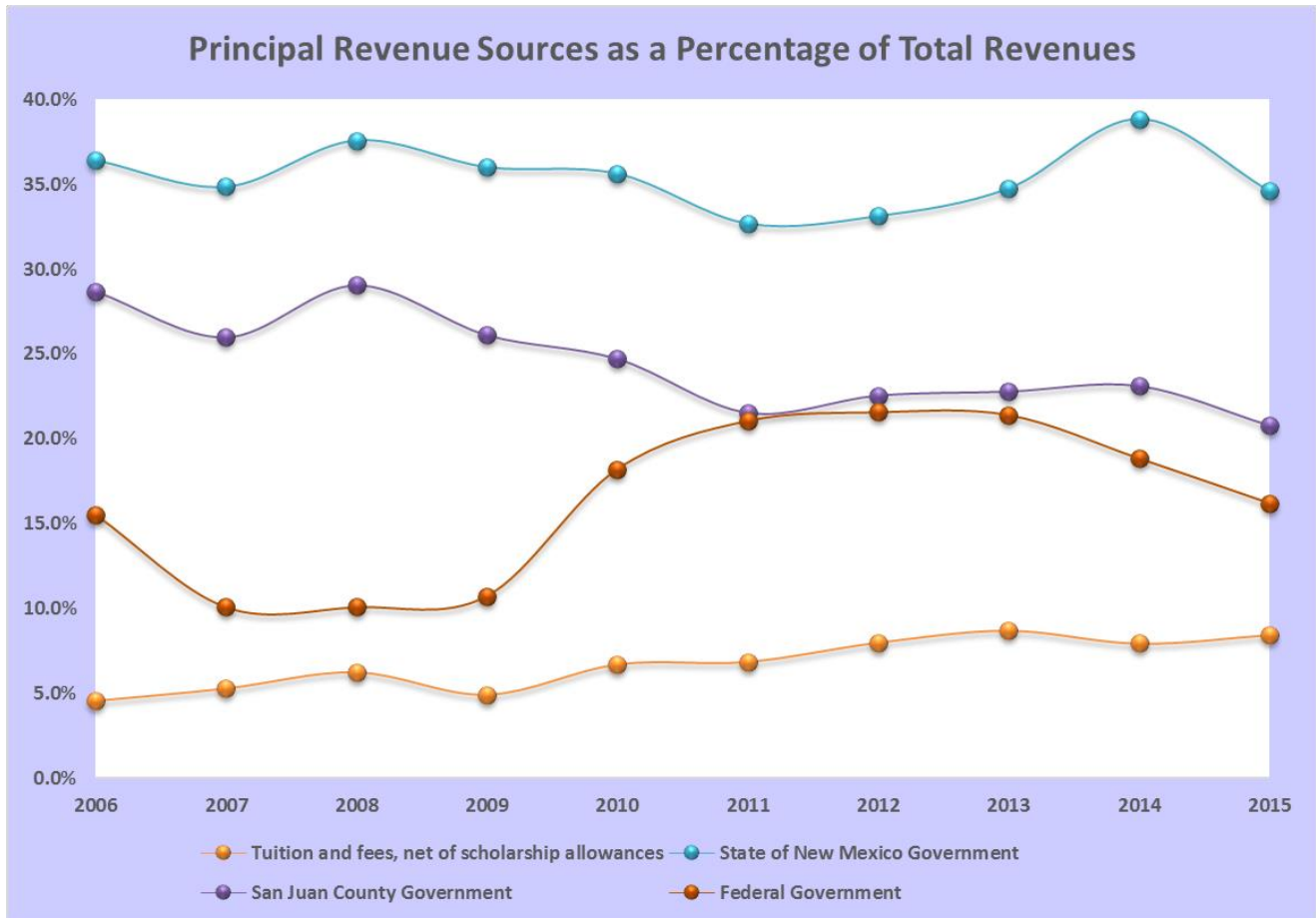


Figure 6 Chart of Principal Revenue Sources

### State Appropriations

The uncertainty of appropriations from local taxes and the State of New Mexico is projected to continue beyond the 2014-15 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.

The New Mexico Department of Higher Education is developing an outcomes based funding formula for all N.M higher education institutions. The current formula provides six output incentives for community colleges: 1) students to completing courses, 2) institutions increasing the number of graduates, 3) institutions increasing science, technology, engineering, health, and mathematics degrees and certificates earned, 4) institutions graduating more at-risk students, 5) students completing 30 credit hours, and 6) Dual Credit enrollment. For fiscal year 2015-2016, the New Mexico Legislature approved a budget that slightly increased the amount funded to San Juan College. The College continues to evaluate the effects of the ongoing changes to the funding formula.

#### Local Appropriations

In October 2015, San Juan College received assessed valuation totals from the San Juan County Finance Department. The total assessed valuations of real and personal property increased by approximately 14.8% to \$3.4 billion. As a result of this, the College anticipates its local property taxes budget for unrestricted operations to increase slightly for fiscal year 2015-2016. This increase will be offset by approximately \$1.0 million reduction in Production Taxes caused by declining natural gas prices and production.

#### Tuition and Fees

San Juan College has not raised tuition since the fall semester of 2011, but a new fee schedule was voted on by the board starting the fall semester of 2014. The new initiative encourages students to take more credits per semester and encourages students to graduate sooner. Under the new fees schedule, fees increase at 4 credit hours then the fee remains static. The college is monitoring the impact this change is having on tuition and fees revenue.

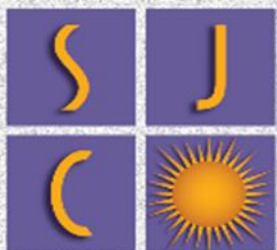
All applications for admission are accepted. The College enrolled 1,013 freshmen or 39.9% of the freshmen that applied. Freshmen enrollment in FY2015 decreased 6.4% over FY2014 enrollment. Total enrollment increased 9.8% or 968 students; however, full-time equivalent students (FTEs) decreased 13.4% or 714 FTEs. This change was caused by a change in calculation methods. FTE students are now required to take 15 credit hours instead of 12 credit hours. Associates degrees have increased from 617 students to 656 awards and certificates have increased from 670 students to 812 awards. Effectively increasing the graduation rate by 14.1%.





*Figure 7 Presentation of 2014 GFOA Award for Achievement for Excellence in Financial Reporting*

# Basic Financial Statements



SAN JUAN COLLEGE



# Statement of Net Position

## San Juan College Statement of Net Position June 30, 2015

	Primary Institution	Component Units
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 11,833,831	\$ 519,461
Investments	3,000,000	21,156,993
Accounts Receivable, net	2,264,558	249,576
Due from Other Governments	2,151,236	
Other Receivables, net	724,830	
Inventories	1,488,677	
Other Assets	23,233	560,000
<b>Total Current Assets</b>	<u>21,486,364</u>	<u>22,486,030</u>
<b>Non-Current Assets</b>		
Restricted Cash, Cash Equivalents, and Investments	2,151,556	
Capital Assets, not being depreciated	4,025,252	1,130,945
Capital Assets, net of accumulated depreciation	77,351,153	1,664,702
Land Held for Investment	-	
Beneficial Interest in Remainder Trusts	-	
Non-Current Assets	-	764,299
<b>Total Non-Current Assets</b>	<u>83,527,961</u>	<u>3,559,946</u>
<b>Total Assets</b>	<u>105,014,325</u>	<u>26,045,976</u>
<b>Deferred Outflows</b>		
Deferred Loss in Refunding of Debt	62,192	
Deferred Outflows - Contributions after Measurement Date	4,048,677	
Deferred Outflows - Change in Proportion	313,084	
<b>Total Deferred Outflows</b>	<u>4,423,953</u>	
<b>Total Assets and Deferred Outflows</b>	<u>\$ 109,438,278</u>	<u>\$ 26,045,976</u>

Figure 8 Statement of Net Position

# Statement of Net Position: Continued

## San Juan College

Statement of Net Position, (continued)

June 30, 2015

	Primary Institution	Component Units
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 1,305,271	\$ 37,355
Accrued Compensated Absences	141,079	1,078,854
Other Accrued Liabilities	1,710,139	
Unearned Revenue	1,885,587	
Bonds and Note Payable - Current	246,378	
Deposits and Funds Held for Others	240,420	
<b>Total Current Liabilities</b>	<u>5,528,874</u>	<u>1,116,209</u>
<b>Non-Current Liabilities</b>		
Accrued Compensated Absences	2,042,594	
Other Post-Employment Benefits	4,446,928	
Bonds and Note Payable - Non-Current	11,294,770	
Net Pension Liability	58,672,592	
<b>Total Non-Current liabilities</b>	<u>76,456,884</u>	<u>255,531</u>
<b>Deferred Inflows</b>		
Deferred Inflow- Investment Experience	5,333,603	
Deferred Inflow- Actuarial Experience	874,016	
<b>Total Deferred Inflows</b>	<u>6,207,619</u>	
<b>Total Liabilities and Deferred Inflows</b>	<u>88,193,376</u>	<u>1,371,740</u>
<b>Net Position</b>		
Net Investment in Capital Assets	68,731,215	2,795,647
Restricted Non-Expendable		14,088,766
<i>State Endowment</i>	362,352	
Restricted Expendable		1,735,584
<i>Debt Service</i>	3,738,928	
<i>Other Restricted Funds</i>	8,633	
Unrestricted	(51,596,226)	6,054,239
<b>Total Net Position</b>	<u>21,244,902</u>	<u>24,674,236</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 109,438,278</u>	<u>\$ 26,045,976</u>

Figure 9 Statement of Net Position continued



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

<b>San Juan College</b>		
Statement of Revenues, Expenses and Changes in Net Position		
<i>For fiscal year ended, June 30, 2015</i>		
	Primary Institution	Component Units
<b>Revenues</b>		
<b>Operating Revenues:</b>		
Student Tuition and Fees	\$ 11,618,503	
Less: Scholarship Allowances	(4,676,119)	
Federal Grants and Contracts	2,270,183	
State Grants and Contracts	3,285,884	
Non-Governmental Grants and Contracts	9,500,432	
Sales and Services	918,024	
Auxiliary Enterprises	4,842,242	
Other Operating revenues	700,652	
<b>Total Operating Revenues</b>	<u>28,459,801</u>	<u>6,980,063</u>
<b>Operating Expenses:</b>		
Education and General		
Instruction	30,060,651	
Public Service	1,701,005	
Academic Support	4,655,320	
Student Services	6,956,999	
Institutional Support	6,676,998	
Operations and Maintenance of Plant	5,686,243	
Depreciation Expense	5,176,033	
Student Aid	8,542,969	
Auxiliary Enterprises	4,456,191	
Independent Operations	129,575	
<b>Total Operating Expenses</b>	<u>74,041,984</u>	<u>2,057,942</u>
<b>Operating Profit (Loss)</b>	<u>(45,582,183)</u>	<u>4,922,121</u>
<b>Non-Operating Revenues (Expenses)</b>		
State Appropriations	25,170,340	
Local Appropriations	17,067,457	
Federal Student Aid	11,053,275	
Investment Income (Loss)	50,618	
Interest on Capital Asset-related Debt	(577,568)	
Gain (Loss) on Disposal of Capital Assets	5,208	
Other Non-Operating Revenues/Expenditures	(526,824)	
<b>Total Non-Operating Revenues (Expenses)</b>	<u>52,242,506</u>	<u>(6,879,971)</u>
<b>Income (Loss) before Other Revenue (Expenses)</b>	6,660,323	
Capital Appropriations	48,703	
Capital Donations	340,632	
<b>Increase (Decrease) in Net Position</b>	<u>7,049,658</u>	<u>(1,957,850)</u>
<b>Net Position, beginning of year</b>	<u>73,332,595</u>	<u>26,632,086</u>
<b>Net Position - Restatement</b>	(59,137,351)	
<b>Net Position, beginning of year as restated</b>	14,195,244	
<b>Net Position, end of year</b>	<u>\$ 21,244,902</u>	<u>\$ 24,674,236</u>

Figure 10 Statement of Revenues, Expenses, and Changes in Net Position

# Statement of Cash Flows

## San Juan College

### Statement of Cash Flows

For fiscal year ended June 30, 2015

<b>Cash flows from operating activities:</b>	
Tuition and Fees	\$ 5,979,435
Grants and Contracts	18,237,225
Sales and Services	918,024
Auxiliary Sales and Services	4,842,242
Payments to Suppliers	(18,085,726)
Payments to Employees	(30,510,033)
Payments for Benefits	(11,213,458)
Payments for Utilities	(1,354,126)
Payments for Scholarships	(8,542,969)
Other Receipts	388,952
Other Payments	(580,837)
Net cash (used) by operating activities	<u>(39,921,271)</u>
<b>Cash flows from noncapital financing activities:</b>	
State Appropriations	25,170,340
Local Appropriations	17,067,457
Federal Student Aid	11,053,275
Net cash provided by noncapital financing activities	<u>53,291,072</u>
<b>Cash flows from capital and related financing activities:</b>	
Interest Payments on Bonds and Notes	(577,568)
Capital Appropriations	48,703
Principal Payments on Bonds and Notes	(2,288,181)
Purchase of Capital Assets	(11,497,627)
Net cash (used) by capital and related financing activities	<u>(14,314,673)</u>
<b>Cash flows from investing activities:</b>	
Transfer to Cash from Investments	750,000
Investment Income	50,618
Net cash provided by investing activities	<u>800,618</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(144,254)</u>
Cash and cash equivalents - beginning of year	14,129,641
Cash and cash equivalents - end of year	<u>\$ 13,985,387</u>
 <b>Reconciliation of operating (loss) to net cash (used) by operating activities:</b>	
Operating income (loss)	\$ (45,582,183)
<b>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</b>	
Depreciation	5,176,033
Accrual of GASB 68 Pension Expense	121,996
(Gain)/Loss on Disposal of Equipment	(5,208)
Changes in assets and liabilities	
Account Receivable-Students	(1,246,969)
Due from other Governments-Operating	2,453,205
Accounts Receivable-Other	(303,579)
Inventories	(336,914)
Other Assets	565,886
Accounts Payable	(615,128)
Accrued Payroll and Benefits Liabilities	(424,309)
Deposits Held in Trust	(8,121)
Unearned revenue	284,020
Net cash (used) by operating activities	<u>\$ (39,921,271)</u>

Figure 11 Statement of Cash Flows

**San Juan College Retiree Healthcare Trust**

**Statement of Fiduciary Net Position**

**San Juan College**

Statement of Fiduciary Net Position - Retiree Healthcare Trust

*June 30, 2015*

**Assets:**

Money Market Account, at cost	\$ 61,469
Accounts Receivable-Employee	36,880
U.S. Government Bonds, at cost	153,961
Mutual Fund- Fixed Income, at cost	3,819,431
Other Assets	6,616
<b>Total Assets</b>	<u><u>\$4,078,358</u></u>

**Net Position:**

\$4,078,358

*Figure 12 Statement of Fiduciary Net Position*

**San Juan College Retiree Healthcare Trust**

**Statement of Changes in Fiduciary Net Position**

**San Juan College**

Statement of Changes in Fiduciary Net Position - Retiree Healthcare Trust

*For fiscal year ended June 30, 2015*

**Additions:**

Payroll Withheld, Plan Participants	\$ 102,385
Retiree Contributions	334,119
San Juan College Contributions	1,227,753
Other Changes	
Dividends	91,502
Interest	3,213
<b>Total Additions</b>	<u>1,758,973</u>

**Deductions:**

Insurance Premiums	800,043
Administrative Fees	14,791
Loss on Investment	28,679
Net Accrued Income	447
<b>Total Deductions</b>	<u>843,960</u>

Increase in Net Position	915,013
Net Position, Beginning of year	<u>3,163,345</u>
Net Position, End of year	<u><u>\$4,078,358</u></u>

*Figure 13 Statement of Changes if Fiduciary Net Position*

## Discretely Presented Component Units

# Combining Statement of Net Position

<b>San Juan College</b> Discretely Presented Component Unit Statement of Net Position <i>For fiscal year ended, June 30, 2015</i>			
	San Juan College Foundation	Four Corners Innovations	<u>Total</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 291,565	\$ 227,896	\$ 519,461
Accounts receivable		249,576	249,576
Promises to give	560,000	-	560,000
Investments, fair value	21,156,993	-	21,156,993
Total current assets	22,008,558	477,472	22,486,030
<b>Capital assets</b>			
Land and buildings, net of accumulated depreciation	2,795,647	-	2,795,647
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents	264,223	-	264,223
Promises to give - noncurrent, net	404,936	-	404,936
Beneficial interest in remainder trusts	90,140	-	90,140
Land held for investment	5,000	-	5,000
Total non-current assets	764,299	-	764,299
<b>Total assets</b>	<b>\$ 25,568,504</b>	<b>\$ 477,472</b>	<b>\$ 26,045,976</b>
<b>Liabilities and Net Position</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 25,877	\$ 11,478	\$ 37,355
Accrued expenses	-	265	265
Due to San Juan College	1,078,589	-	1,078,589
Total current liabilities	1,104,466	11,743	1,116,209
<b>Non-current liabilities</b>			
Possible Dreams Deposits	255,531	-	255,531
Total liabilities	1,359,997	11,743	1,371,740
<b>Net position</b>			
Net investment in capital assets	2,795,647		2,795,647
Restricted, expendable	1,735,584		1,735,584
Restricted, unexpendable	14,088,766		14,088,766
Unrestricted	5,588,510	465,729	6,054,239
Total net position	24,208,507	465,729	24,674,236
<b>Total liabilities and net position</b>	<b>\$ 25,568,504</b>	<b>\$ 477,472</b>	<b>\$ 26,045,976</b>

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



## Discretely Presented Component Units

# Combining Statement of Activities

<b>San Juan College</b> Discretely Presented Component Unit Statement of Activities <i>For fiscal year ended, June 30, 2015</i>			
	San Juan College Foundation	Four Corners Innovations	Total
<b>Operating revenues</b>			
Contributions, net	\$ 6,321,934	\$ -	\$ 6,321,934
Noncash contributions:	-	-	-
Collectibles and assets	7,311	-	7,311
Program income and fees	-	533,265	533,265
Conference income and fees	-	102,255	102,255
Other	14,895	403	15,298
<b>Total operating revenues</b>	6,344,140	635,923	6,980,063
<b>Operating expenses</b>	-	-	-
Scholarships	521,832	-	521,832
College awards, programs, and relations	540,980	-	540,980
General and administrative	233,010	103,664	336,674
Fund raising expenses	180,686	-	180,686
0	-	-	-
Depreciation	141,470	-	141,470
Program operating expenses	-	274,368	274,368
Conference expenses	-	61,932	61,932
<b>Total operating expenses</b>	1,617,978	439,964	2,057,942
<b>Operating income/(loss)</b>	4,726,162	195,959	4,922,121
Non-operating revenues (expenses)			
Investment income	2,631,401	12	2,631,413
Net unrealized gain (loss) on investments	(2,176,359)	-	(2,176,359)
Contributions to San Juan College	(7,170,461)		
Change in value of split-interest agreements	(16,003)	-	(16,003)
Investment management fees	(147,478)	-	(147,478)
Bank fees	-	(1,083)	(1,083)
<b>Total non-operating revenues (expenses)</b>	(6,878,900)	(1,071)	(6,879,971)
Change in net position	(2,152,738)	194,888	(1,957,850)
Total net position - beginning of year	26,361,245	270,841	26,632,086
<b>Total net position - end of year</b>	\$ 24,208,507	\$ 465,729	\$ 24,674,236

Figure 15 Combining Statement of Activities – Discretely Presented Component Units

# Notes to Financial Statements

## Note 1 – Summary of Significant Accounting Policies

### *Organization*

The San Juan Community College District was created by majority vote of the San Juan County electorate on November 17, 1981. Formerly a branch campus of New Mexico State University, San Juan College (the College) was recognized under the state “Junior College Act” (i.e. Sections 21-13-1 through 21-13-25 New Mexico Annotated, 1978 compilation, as amended) The purpose of the Junior College Act 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. (FCI) The College has determined that the San Juan College Foundation and FCI 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.

San Juan College’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:

- 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;
- 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
- 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 Four Corners Innovations (FCI) Corporation is organized for charitable, scientific and educational purposes. FCI shall promote the public welfare and prosperity of the people of New Mexico, foster economic development within New Mexico, and /or engage in other cooperative ventures of innovative technological significance that will advance education, science, research, conservation, or economic development within New Mexico.

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 San Juan College Foundation can be obtained by contacting:

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

Four Corners Innovations, Inc. does not issue separate financial statements.

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

The accompanying financial statements of the College include a statement of net position, a statement of revenues, expenses, and changes in net position; and a statement of cash flows, each of which provide a comprehensive, entity-wide perspective of the College. A statement of net position provides information about the assets, deferred outflows of resources, liabilities, 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 presented its annual financial information in a Comprehensive Annual Financial Report (CAFR) format including a statistical section prepared in accordance with GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section an amendment of NCGA Statement 1*.

During the year ended June 30, 2015, the College adopted GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 (“GASB 68”), and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.



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, 2015 were \$5,140,624, including \$615,025 due from Local Governments in billed production and property taxes. \$1,130,426 was due from the Federal Government including \$503,683 for student aid. Other significant amounts included in the net receivable balance are \$2,231,715 related to tuition and fee payments due from students and others making payments on behalf of students and (\$1,712,615) in allowance for doubtful accounts. See note 3.

**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 \$3,175 in revenue from the endowment investments and expended \$3,175 in 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 of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The College has three types of items that qualify for reporting in this category. These amounts are deferred and recognized as an outflow of resources in future periods. The College has recorded \$4,423,953 in deferred outflows including \$4,048,677 in deferred outflows is related to the GASB 68 entry for contributions after measurement date.

**Compensated absences:** Compensated absences are full-time employee – exempt and non-exempt – vacation and compensatory time earned, but not used at fiscal year-end. Compensated absences for Faculty are awarded for teaching Embedded Honors courses or Banked Hours for teaching course overloads, courses in excess of 15 credit hours in one semester.

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, a full-time 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.

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

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. The separate financial statement element represent acquisitions of net assets

by a government that are applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources. The College has two types of items, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, investment experience and actuarial experience, are reported on the Statement of Net Position. The College has recorded \$5,333,603 related to investment experience and \$874,016 related to actuarial experience.

**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.

**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 \$274,145 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 was granted tax exempt status under IRS Code Section 501(c)(3) on July 25, 2014 with an effective date of March 30, 2012.

**Budgetary Process:** Operating budgets are submitted for approval to the 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, other postemployment benefits liabilities (OPEB), and net pension liability.



**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 expenses in the period incurred.

**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 resulting in a FY15 expense of \$15,821.

**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, cash on hand, and investments total \$16,985,387 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, 2015.

<b>San Juan College</b>							
Cash Reconciliation							
<i>June 30, 2015</i>							
College	Citizens Bank of Farmington	Wells Fargo	Wells Fargo Flex Plan	Wells Fargo Repo Account	Wells Fargo Investment	Four Corners Community Bank	Total
Total per banks	\$ 754,794	\$ 4,789,923	\$ 41,522	\$ 7,594,462	\$ 3,180,000	\$ 1,334,153	\$ 17,694,854
Reconciling items:							
deposits in transit	-	11,871	-	-	-	-	11,871
outstanding checks	-	(476,137)	-	-	-	-	(476,137)
other reconciling items	-	(256,566)	-	-	-	-	(256,566)
	<u>\$ 754,794</u>	<u>\$ 4,069,091</u>	<u>\$ 41,522</u>	<u>\$ 7,594,462</u>	<u>\$ 3,180,000</u>	<u>\$ 1,334,153</u>	<u>\$ 16,974,022</u>
Cash on hand							11,366
Cash and cash equivalents per financial statements							<u>\$ 16,985,387</u>

Figure 16 Reconciliation to Financial Statements

*Collateralization of deposits*

At June 30, 2015, the recorded value of the College’s cash with financial institutions was \$16,985,387. Petty cash funds at June 30, 2015 totaled \$11,366. The balances per bank statements and overnight investment accounts totaled \$17,694,854 at June 30, 2015. Of the bank balance, \$3,930,000 was covered by federal depository insurance, \$13,133,076 was covered by collateral held at the Federal Reserve in the College’s name, and \$631,778 was uninsured and uncollateralized at June 30, 2015.

	Citizens Bank of Farmington		Wells Fargo Repo Account		Wells Fargo Investment		Four Corners Community Bank		Total
Deposits, at June 30, 2015	\$ 754,794	\$ 4,831,445	\$ 7,594,462	\$ 3,180,000	\$ 1,334,153	\$ 17,694,854			
FDIC Insurance	250,000	250,000	-	3,180,000	250,000	3,930,000			
Uninsured amount	504,794	4,581,445	7,594,462	-	1,084,153	13,764,854			
Pledged Collateral Required									
102 percent on overnight	-	-	7,746,351	-	-	7,746,351			
50 percent on deposits	252,397	2,290,723	-	-	542,077	3,085,196			
Pledged Collateral Required	252,397	2,290,723	7,746,351	-	542,077	10,831,547			
Pledged Collateral at June 30, 2015	1,054,300	2,779,602	7,746,351	-	1,552,823	13,133,076			
Excess (deficiency)	\$ 801,903	\$ 488,879	\$ 0	\$ -	\$ 1,010,747	\$ 2,301,529			
Uninsured amount	\$ 504,794	\$ 4,581,445	\$ 7,594,462	\$ -	\$ 1,084,153	\$ 13,764,854			
Pledged Collateral	1,054,300	2,779,602	7,746,351	-	1,552,823	13,133,076			
Uninsured and Uncollateralized	\$ (549,506)	\$ 1,801,843	\$ (151,889)	\$ -	\$ (468,670)	\$ 631,778			

Figure 17 Collateralization of deposits

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation stated the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. A listing of depositories can be found in Schedule 8 located in the other information section of this report.

**Investments**

The College’s investments are held in certificates of deposits. A listing of The College’s investments and the San Juan College Foundation’s investments can be found in Schedule 9 located in the other information section of this report.

*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 18, 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	\$ 67,256	\$ 67,256	\$ -	\$ -	\$ -
Fixed Income - Gov. & Corp	153,961	-	153,961	-	-
Mutual Fund	3,819,431	3,819,431	-	-	-
Total Investments	\$ 4,040,648	\$ 3,886,687	\$ 153,961	\$ -	\$ -

Figure 18 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 19.

Investment type	Fair value	Not subject to Interest Rate Risk			
		Less than 1 Year	1-5 Years	5+ Years	
Certificates of Deposit	\$ 789,981	\$ 789,981	\$ -	\$ -	\$ -
Equities	19,864,337	19,864,337	-	-	-
Fixed Income Securities	363,367	185,293	16,107	126,966	35,001
Other Investments	139,308	139,308	-	-	-
<b>Total Investments</b>	<b>\$21,156,993</b>	<b>\$ 20,978,919</b>	<b>\$ 16,107</b>	<b>\$126,966</b>	<b>\$ 35,001</b>

Figure 19 Maturity rates – Foundation investments

### *Credit risk*

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

### *Custodial Deposit and Investment Risk*

**Custodial credit risk on deposits** is the risk that in the event of bank failure, the College's deposits may be lost. The College does not have a deposit policy for custodial credit risk. As of June 30, 2015, the College's bank balance was not subject to custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978).

The Foundation maintains deposits in two financial institutions located in Farmington, New Mexico. Beginning January 1, 2013, all of the Foundation's accounts at an insured depository institution, including all noninterest bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts. As of June 30, 2015, the Foundation's uninsured cash deposits total were \$124,927. As of June 30, 2014, the Foundation's uninsured cash deposits total were \$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, 2015 or June 30, 2014.

### 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. Allowance for Doubtful Accounts is calculated using an aging of receivables method. At June 30, 2015 receivables consisted of the following:

<b>Accounts Receivable</b>	
College accounts receivable, net:	
Accounts receivable	3,977,173
Less: Allowance for doubtful accounts	(1,712,615)
Accounts receivable, net	<u>2,264,558</u>

Figure 20 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, 2015 government receivables consisted of the following:

<b>Due from Other Governments</b>	
Billed property taxes	615,025
Due from local governments	271,393
Due from state governments	134,392
Due from federal government	1,130,426
Total due from other governments	<u>2,151,236</u>

Figure 21 Due from other governments

*Other receivables:* on June 30, 2015 consisted of the following:

<b>Other Receivables</b>	
Due from others	715,107
Accrued interest receivable	9,722
Total other receivables	<u>724,830</u>

Figure 22 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, 2015 pledged receivables consisted of the following:

<b>Foundation pledged receivable net:</b>	
Pledged receivable, Current	\$ 560,128
Pledged receivables, Non- current	389,872
Discount on pledges receivable	<u>(15,064)</u>
Pledged receivable, net	<u>\$ 934,936</u>

Figure 23 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 \$90,140.





## Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2015 is shown in figure 24:

<b>San Juan College</b>				
Capital Assets Activity				
<i>For fiscal year ended, June 30, 2015</i>				
	Balance 6/30/2014	Additions	Transfers/ Retirements	Balance 6/30/2015
College capital assets not being depreciated:				
Land	\$ 2,010,641	\$ -	\$ -	\$ 2,010,641
Art & Artifacts	-	1,599,735	-	1,599,735
Construction in progress	3,805,382	-	3,390,506	414,876
Total nondepreciable capital assets	5,816,023	1,599,735	3,390,506	4,025,252
College depreciable capital assets:				
Land & leasehold improvements	8,493,953	67,218	-	8,561,171
Infrastructure	15,027,777	1,103,353	-	16,131,130
Buildings	115,796,831	12,837,415	-	128,634,246
Equipment, furnishings, and software	18,909,369	1,045,894	381,364	19,573,899
Library books	1,493,402	64,824	21,949	1,536,277
Total depreciable capital assets	159,721,332	15,118,704	403,313	174,436,723
Less: Accumulated depreciation				
Land & leasehold improvements	5,308,452	248,234	-	5,556,686
Infrastructure	9,310,864	482,510	-	9,793,374
Buildings	60,295,121	3,430,213	-	63,725,334
Equipment, furnishings, and software	16,140,816	901,423	380,380	16,661,859
Library books	1,256,613	113,653	21,949	1,348,317
Total accumulated depreciation	92,311,866	5,176,033	402,329	97,085,570
Depreciable capital assets, net	67,409,466	9,942,671	984	77,351,153
Capital assets, net	<u>\$ 73,225,489</u>	<u>\$ 11,542,406</u>	<u>\$ 3,391,490</u>	<u>\$ 81,376,405</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	1,980,580	141,470	-	2,122,050
Depreciable capital assets, net	1,980,580	(141,470)	-	2,122,050
Foundation Capital Assets, net	<u>\$ 2,937,117</u>	<u>\$ (141,470)</u>	<u>\$ -</u>	<u>\$ 2,795,647</u>

Figure 24 Capital Asset activity

A collection of minerals and artifacts was donated to The College by Dugan Production, Inc. totaling \$340,632. The College's art collection was added which totaled \$1,259,103. These non-depreciable assets are included in Art and Artifacts. Construction in progress decreased \$3,390,506 to \$414,876, due to the completion of the new SOE Building. Construction in progress encumbrances committed through purchase orders at June 30, 2015, totaled \$1,161,954. Buildings increased by \$12,837,415 to \$128,634,246 due to the addition of the SOE building. Net capital assets increased \$8,150,916 to \$81,376,405 for FY 2015.

## 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 2015.

## Note 6 – Other Accrued Liabilities and Unearned Revenue

At June 30, 2015 other accrued liabilities consisted of the following:

Other Accrued Liabilities	
Payroll and benefits	\$ 1,505,647
Gross receipts tax	2,935
Bond interest payable	201,558
<b>Total</b>	<b>\$ 1,710,139</b>

Figure 25 Other accrued liabilities

At June 30, 2015 unearned revenue consisted of the following:

Unearned Revenue	
Prepaid tuition	\$ 1,048,773
Unearned grant revenues	832,359
Other	4,455
<b>Total</b>	<b>\$ 1,885,587</b>

Figure 26 Unearned Revenue

## Note 7 – Long-Term Liabilities

### Bonds and Notes

Figures 27 and 28 show a summary of bonds and notes payable transactions for the year ended June 30, 2015.

Bonds Payable	Balance 6/30/2014	New Issues	Retirements	Balance 6/30/2015	Due Within One Year
2004 Bonds	\$ 3,125,000	\$ -	\$ 2,133,750	\$ 991,250	\$ -
2005 Bonds	9,975,000	-	25,000	9,950,000	100,000
2008 Note	491,299	-	129,431	361,868	146,378
<b>Total</b>	<b>\$ 13,591,299</b>	<b>\$ -</b>	<b>\$ 2,288,181</b>	<b>\$ 11,303,118</b>	<b>\$ 246,378</b>

Figure 27 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%	991,250
2005 Bonds; original amount \$10,700,000; maturing 8/15/21	3.5 - 5%	9,950,000
2008 Note; original amount \$1,070,000; maturing 1/1/18	6%	361,868
		11,303,118
Plus:		
Bond premiums		238,030
Less:		
Current portion of notes payable:		(146,378)
Current portion of bonds payable:		(100,000)
Long-term bonds and notes payable		\$ 11,294,770

Figure 28 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 29 shows the annual requirements to retire bonds and note payable as of June 30, 2015:

Due in Year Ending June 30	Principal	Interest	Total Payments
2016	246,378	552,322	798,700
2017	1,196,370	519,896	1,716,266
2018	2,185,370	438,273	2,623,643
2019	2,300,000	326,250	2,626,250
2020-2022	5,375,000	301,875	5,676,875
Total	\$11,303,118	\$2,138,616	\$13,441,734

Figure 29 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. Also included in Compensated Absences for 2015 are Embedded Honors and Faculty Banked Hours. Long and short term liabilities for compensated absences are shown in figure 30.

Description	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015	Current Amount
Vacation	\$ 1,777,711	\$ 189,351	\$ (150,514)	\$ 1,816,548	\$ 141,079
Embedded Honors		\$ 345,899		\$ 345,899	
Faculty Banked Hours		\$ 21,226		\$ 21,226	

Figure 30 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 five years. However, should a claim be filed by the College which exceeds the insurance coverage, the College would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2015, 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, 2015 were \$1,161,954.

**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 31:

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

Figure 31 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 Piñon Hills Golf Course on the leased property. The lease terminates on January 31, 2087 and provides for the opportunity to extend or continue operation of the golf course 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. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates. ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

### *Funding Policy*

The contribution requirements of plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. The College's contributions to ERB for the fiscal years ending June 30, 2015, 2014, and 2013, were \$4,048,677, \$3,785,145, and \$3,069,462 respectively, which equal the amount of the required contributions for each fiscal year.

### *Post-Employment Benefits*

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

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

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

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



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

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

#### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources related to Pensions*

At June 30, 2015, the College reported a liability of \$58,672,592 for its proportionate share of the net pension liability. The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. The College's proportion of the net pension liability was based on the projection of the College's long-term share of contributions of the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the College's proportion was 1.02159%.

For the year ended June 30, 2015 the College recognized pension expense of \$4,170,673. At June 30, 2015, the College reported deferred outflows of resource and deferred inflows of resources related to pensions from the following sources listed in Figure 32.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 874,016
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	-	5,333,603
Changes in proportion and differences between College contributions and proportionate share of contributions	313,084	-
College contributions subsequent to the measurement date	4,048,677	
<b>Total</b>	<b>\$ 4,361,761</b>	<b>\$ 6,207,619</b>

Figure 32 Deferred Inflows and Deferred Outflows of Resources

\$4,048,677 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$(1,528,171)
2017	(1,528,171)
2018	(1,504,799)
2019	(1,333,394)

Figure 33 Deferred Pension Amortization

**Actuarial Assumptions:** The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuary Assumptions			
Inflation			3.00%
Salary increases			
Inflation rate of 3% plus productivity incre:			4.25%
Plus step-rate/promotional as shown:			
	Annual Step-	Total annual rate	
Years of Service	Rate/Promotional	Increase	
	Increase	of Increase	
0	8.75%		13.00%
1	3.00%		7.25%
2	2.00%		6.25%
3	1.50%		5.75%
4	1.25%		5.50%
5	1.00%		5.25%
6	0.75%		5.00%
7	0.50%		4.75%
8	0.50%		4.75%
9	0.50%		4.75%
10+	0.00%		4.25%
Cost-of-living increases			2.00%
Payroll Growth			3.50%
Investment rate of return			7.75%
3.00% inflation and 4.75% real rate of return			
Mortality after termination or retirement -			
Healthy males – 90% of RP-2000 Combined Mortality Table with White Collar Adjustment for males, projected to 2014			
Healthy females – 90% of RP-2000 Combined Mortality Table with White Collar Adjustment for females, set back one year, projected to 2014			
Disabled males – 1981 Disability Table			
Disabled females – 90% of 1981 Disability Table			
To account for future mortality improvement, the tables selected for nondisabled annuitants were chosen so that the assumed mortality rates are smaller than the rates observed in the most recent experience study, covering experience for FYE 2007 to FYE 2012. The ratio of the actual number of deaths occurring during this period to the expected number based on the selected assumptions was:			
111% for nondisabled male annuitants			
107% for nondisabled female annuitants			
No mortality improvement assumption was made for disabled retirees or active members.			

Figure 34 ERB-Actuarial Assumptions

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of net pension liability	79,830,830	58,672,594	40,999,672

Figure 35 ERB-Proportionate Share Sensitivity

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

**Payables to the pension plan:** The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2015, the College recorded a payable to ERB in the amount of \$316,370 for the contributions withheld in the month of June, 2015, which is included in the Other Accrued Liabilities on the Statement of Net Position.

*Alternative Retirement Plan*

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

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

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*. Additional information regarding the Healthcare Trust is available in the required supplementary information and the notes to the required supplementary information

*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 36.

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%
July 1, 2015	0.75%

Figure 36 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.

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

San Juan College		
Statement of Changes in Net OPEB Obligation- Retiree Healthcare Trust		
Fiscal Year ending June 30, 2015		
Net OPEB obligation beginning of fiscal year		\$ 5,084,695
Contributions		
Employees	\$ 102,385	
Retirees	334,119	
San Juan College	1,227,753	
Total Contributions		\$ (1,664,258)
Annual OPEB cost		
San Juan College	1,126,413	
Interest in net OPEB obligation	256,116	
Adjustment to annual required contribution	(356,038)	
Annual OPEB cost		1,026,491
Net OPEB obligation end of fiscal year		<u>\$ 4,446,928</u>

Figure 37 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 38:

<b>OPEB Percent of Obligation Contributed</b>	
Annual OPEB cost (expense)	\$ 1,026,491
Percentage of annual OPEB obligation contributed	23.08%
Net OPEB Obligation as of June 30, 2015	<u>\$ 4,446,928</u>

Figure 38 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 \$13,986,544. The present value of future active employee contributions was \$579,171 and the actuarial value of the assets was \$3,129,083 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,290,042. The Schedule of Funding progress, located in the Required Supplementary Information as Schedule 3, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability over time. UAAL expressed as a percentage of covered payroll can be used to determine to measure the significance of the unfunded actuarial liability relative to the capacity to pay the liability. See schedules 3 and 4 in the Required Supplementary Information.

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

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, 2014 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 figures 39 and 40:

Actuarial Assumptions						
1 Valuation Date						7/1/2014
2 Investment Return (Discount Rate)						4.54%
3 Amortization Method	Level Dollar Amount, Open					
Amortization Period for Actuarial						30 years
Amortization Factor						16.949
4 Mortality Table	RP-2000 with Mortality Improvement Scale MP-2014 to					
5 Percentage of Employees with Covered Spouses Electing Retiree Coverage						90%
6 Percentage of Employees without Covered Spouses Electing Retiree Coverage						70%
7 Percentage of Current Spouses Electing Coverage						100%
8 Termination Rates				<b>Male</b>		
				<b>Rate</b>		<b>Female Rate</b>
Sample Rates per 100 Members (Ultimate) are:	<b>Age</b>					
				25	8.9%	7.6%
				35	3.8%	3.9%
				45	1.8%	2.2%
				55	5.3%	3.1%
Termination rates are those used by the Educational Retirement Board of New Mexico				65	0.0%	0.0%
9 Retirement Rates	<b>Males</b>					
	<b>Years of Service</b>					
	<b>Age</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25+</b>
Sample Rates per 100 Members are:	45	0.0%	0.0%	0.0%	0.0%	20.0%
	50	0.0%	0.0%	0.0%	0.0%	20.0%
	55	0.0%	0.0%	0.0%	5.0%	20.0%
	60	0.0%	0.0%	15.0%	20.0%	25.0%
	65	25.0%	40.0%	45.0%	45.0%	45.0%
	70	100.0%	100.0%	100.0%	100.0%	100.0%
	<b>Females</b>					
Retirement rates are those used by the Educational Retirement Board of New Mexico	<b>Age</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25+</b>
	45	0.0%	0.0%	0.0%	0.0%	20.0%
	50	0.0%	0.0%	0.0%	0.0%	20.0%
	55	0.0%	0.0%	0.0%	6.0%	23.0%
	60	0.0%	0.0%	20.0%	15.0%	30.0%
	65	35.0%	35.0%	35.0%	35.0%	35.0%
	70	100.0%	100.0%	100.0%	100.0%	100.0%

Figure 39 Actuarial Assumptions

10 AnnualHealthcare Cost Trend Rates		Fiscal Year	Medical Trend Rate	Dental Trend Rate	Vision Trend Rate	
			2015	8.0%	6.0%	3.0%
	2016	7.5%	5.5%	3.0%		
	2017	7.0%	5.0%	3.0%		
	2018	6.5%	4.5%	3.0%		
	2019	6.0%	4.0%	3.0%		
	2020	5.5%	3.5%	3.0%		
	2021-2023	5.4%	3.4%	3.0%		
	2024-2039	5.3%	3.3%	3.0%		
	2040	5.2%	3.2%	3.0%		
	2041	5.1%	3.1%	3.0%		
	2041-2044	5.0%	3.0%	3.0%		
	2045-2047	4.9%	2.9%	3.0%		
	2048-2051	4.8%	2.8%	3.0%		
	2052-2057	4.7%	2.7%	3.0%		
	2058-2064	4.6%	2.6%	3.0%		
	2065-2066	4.5%	2.5%	3.0%		
	2067	4.4%	2.4%	3.0%		
	2068	4.3%	2.3%	3.0%		
	2069-2070	4.2%	2.2%	3.0%		
	2071	4.1%	2.1%	3.0%		
	2072-2073	4.0%	2.0%	3.0%		
	2074	3.9%	1.9%	3.0%		
	2075+	3.8%	1.8%	3.0%		
	<b>Long-Run Medical Cost Trend Model</b>					
	Rate of Inflation				2.20%	
	Rate of Growth in Real Income/GDP per capita				1.60%	
	Income Multiplier for Health Spending				1	
	Extra Trend due to Technology and other factors				1.40%	
	Health Share of GDP Resistance Point				25.00%	
	Year for Limiting Cost Growth to GDP Growth				2075	
11 Plan Cost Rates					<b>Presbyterian Medicare Advantage Plan</b>	
		<b>PPO</b>	<b>HMO</b>			
Fully-Insured Retiree Monthly Premiums	Retiree Only	\$ 578.66	\$ 549.04	\$	215.00	
	Retiree & Spouse	1,301.95	1,235.32		430.00	
	Retiree & Child(ren)	810.08	768.63		n/a	
	Family	1,706.96	1,619.61		n/a	
		<b>Dental</b>	<b>Vision</b>			
	Retiree Only	\$ 34.47	\$ 6.48			
	Retiree & Spouse	67.97	12.94			
	Retiree & Child(ren)	67.97	12.94			
	Family	117.59	20.83			
In accordance with GASB 43 and 45 Requirements, the cost of the retiree healthcare coverage is based on the age/gender adjusted premiums. Shown below are sample monthly rates for a male retiree at selected ages.						
	<b>Age</b>	<b>Presbyterian PPO</b>	<b>Presbyterian HMO</b>	<b>Medicare Advantage</b>	<b>Dental PPO</b>	<b>Vision Service Plan</b>
	45	\$ 350.09	\$ 342.21	n/a	\$ 16.65	\$ 3.19
	57	669.39	654.34	n/a	31.84	6.10
	62	857.90	838.60	n/a	40.81	7.82
	67	365.47	357.25	\$ 221.21	49.57	9.50
	74	384.71	376.05	232.85	57.64	11.05
	78	407.79	398.62	246.82	61.09	11.71
	83	446.26	436.22	270.11	63.32	12.13
	88	488.58	477.59	295.72	63.73	12.21
	93	519.36	507.67	314.35	62.25	11.93

Figure 40 Actuarial Assumptions Continued

The SOA Long-Run Medical Cost Trend Model and its baseline projection on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The assumptions in figure 41 were used as input variables into the SOA Long-Run Medical Cost Trend Model:

Long-Run Medical Cost Trend Model	
Rate of Inflation	2.20%
Rate of Growth in Real Income/GDP per capita	1.60%
Income Multiplier for Health Spending	1
Extra Trend due to Technology and other factors	1.40%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2075

Figure 41 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 Innovations, Inc. Refer to component units in Note 1 for additional information, including how to obtain separately issued financial statements if issued.

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, 2015, the financial statements included contributed services and corresponding general and administrative services expense of \$307,724. Contributed services during the year ended June 30, 2015 was reimbursed to the College through cash payments totaling \$307,724.

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

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

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

### *Contributions*

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.

## Note 12 – Subsequent Events

On July 7, the Board of Trustees approved expenditures not to exceed \$4.0 million in relation to damages from an intense hail storm on June 11, 2015. New Mexico Risk Management and their excess claims carrier (AIG) inspected and approved the repairs. As of October 22, San Juan College has received \$1,497,500, of an approved \$2.8 million, from insurance claims. San Juan College will be responsible for any costs that exceed insurance payments.

On February 3, 2015, San Juan County voters approved issuance of \$10,000,000 in general obligation bonds to be used for capital projects. The Board of Trustees approved the sale of \$5,000,000 of these bonds on October 6, 2015.

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 22, 2015 which is the date on which the financial statements were issued.

## Note 13 – Subsequent Accounting Pronouncements

In February 2015, GASB Statement no. 72, *Fair Value Measurement and Application*, Effective Date: The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The standard will be implemented during fiscal year ending June 30, 2016.

In June 2015, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, Effective Date: The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

In June 2015, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

In June 2015, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

In June 2015, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The standard will be implemented during fiscal year ending June 30, 2016.

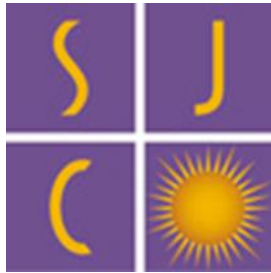
In August 2015, GASB Statement No. 77, *Tax Abatement Disclosures*, Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

At this time, management is evaluating the implications of subsequent GASB pronouncements and their impact on the financial statements.

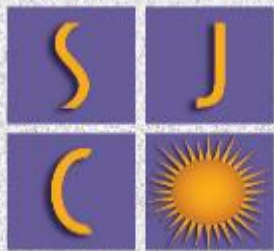
## Note 14 – Net Position Restatement

The College has restated net position in the amount of (\$59,137,351). Of this restatement, \$1,259,103 occurred to capitalize art and artifacts, which were not included in prior year financial statements. (\$60,696,454) was due to the implementation of GASB 68 showing the Net Pension Liability's impact on Net Position.





# Required Supplementary Information



SAN JUAN COLLEGE





**New School of Energy Building**  
 Top Left: Governor Martinez, Secretary Damron, and Dr. Pendergrass.  
 Top Right: Mobile Thanking the Taxpayers and Donors  
 Right: Ribbon Cutting.  
 Bottom: Completed Building.



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

Schedule of San Juan College's Proportionate Share of the Net Pension Liability	
Educational Retirement Board Plan	
<i>Fiscal year ended June 30, 2015</i>	
	2015
College's proportion of the net pension liability	1.02159%
College's proportionate share of the net pension liability	\$ 58,672,592
College's covered-employee payroll	\$ 28,765,915
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	204.0%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

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

## Schedule of San Juan College's Contributions

Schedule of San Juan College's Contributions	
Educational Retirement Board Plan	
<i>Fiscal year ended June 30 (Dollars in Thousands)</i>	
	2015
Contractually required contributions	\$ 4,048,677
Contributions in relation to the contractually required contribution	(4,048,677)
Contribution deficiency (excess)	\$ -
College's covered-employee payroll	\$ 29,127,173
Contributions as a percentage of covered-employee payroll	13.90%

*Schedule 2 Schedule of Contributions*

## Schedule of Funding Progress

<b>San Juan College</b> Schedule of Funding Progress <i>June 30, 2015</i>						
Actuarial Valuation for Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial 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%
June 30, 2015	3,129,083	13,419,125	10,290,042	23.3%	13,651,333	75%

Schedule 3 Schedule of Funding Progress

## Schedule of Employer Contributions

<b>San Juan College</b> Schedule of Employer Contributions <i>June 30, 2015</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%
2015	1,098,907	151%

Schedule 4 Schedule of Employer Contributions



## Notes to Required Supplementary Information

### *Changes of benefit terms—ERB*

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

### *Changes of assumptions—ERB*

Per the ERB FY14 annual audit Management Discussion and Analysis, ERB conducts an actuarial experience study every two years. The actuarial experience study, presented to the Board of Trustees on April 26, 2013, compiled data for the six-year period ending June 30, 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:

- Lower wage inflation from 4.75% to 4.25%
- Lower payroll growth from 3.75% to 3.50%
- Minor changes to demographic assumptions
- Population growth per year from 0.75% to 0.50%

2. Assumptions that were not changed:

- Investment return will remain at 7.75%
- Inflation will remain at 3.00%

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

### *Changes of Assumptions and Experience—OPEB*

1. Age/Gender Factors

The age/gender cost factors used in this valuation have been updated based on the study, “Health Care Costs – From Birth to Death,” sponsored by the Society of Actuaries and published in June 2013. This change to the cost factors resulted in a decrease to the Actuarial Accrued Liability (AAL) of \$2.1M, or 13.1%.

2. Mortality Table

The mortality assumption has been updated to a table of rates provided by the Society of Actuaries that reflects recent improvements in mortality experience. This table also includes expected mortality improvements projected for future years. The new table is the RPH-2014 mortality table with projected mortality improvements using Scale MP-2014 through 2030. This change resulted in an increase to the AAL of \$0.3M, or about 2.3%.

3. Trend Rates

The medical trend rates for fiscal years 2020 and beyond have been updated based on recent revisions to the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The changes in the trend assumptions resulted in an increase to the AAL of \$0.7M, or 4.8%.

4. Discount Rate

The assumed discount rate was increased from 4.00% used in last year’s valuation to 4.54%, based on the projected cash flows for the Postretirement Medical Plan, and the discount rates published in the Citigroup Pension Discount Curve and Liability Index as of June 30, 2014. Each year’s cash flow was discounted at the published rate for that year. This present value was used to solve for the single rate which produced the same present value. The resulting single rate is 4.54%. Therefore we increased the discount rate from 4.00% in last year’s valuation, to 4.54% for this 2015 valuation.

This increase in the discount rate resulted in a decrease to the AAL of \$1.2M, or 8.0%.

5. Cadillac Tax

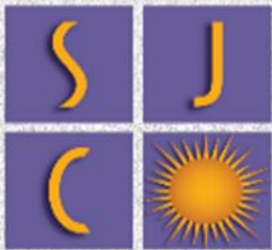
An additional provision of the Affordable Care Act is an excise tax to be imposed in 2018 on high cost, employer-provided health plans that are considered “Cadillac” plans. Based on the guidance that is currently available, we estimated the amount of the Cadillac Tax for all future years, and discounted the yearly values to determine the present value. This adjustment increased the AAL by \$0.3M, or 2.3%. Note that the impact of the Cadillac Tax can significantly change when regulations and guidance are updated or changed. The Cadillac Tax impact is also sensitive to the leveraging effect of such factors as the trend rate, the mix of active and retired participants, and mortality improvements over time.

Figure 42 shows a summary of the changes in the Actuarial Accrued Liability described in this note.

<b>Assumption Change</b>	
Decrease Due to New Age/Gender Factors	\$(2.1M)
Increase Due to New Mortality Table	0.3M
Increase Due to Updated Trend Rates	0.7M
Decrease Due to Higher Discount Rate	(1.2M)
Increase Due to Cadillac Tax	0.3M
<b>Total Effect of All Assumption Changes</b>	<b>\$(2.0M)</b>

Figure 42 Effect of Assumptions Changes- OPEB

# Other Information



SAN JUAN COLLEGE



# 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 Assets - Budget and Actual  
Budget Comparison - Unrestricted and Restricted - All Operations  
For year ended June 30, 2015

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget favorable (unfavorable)
Beginning Fund Balance	16,765,128	20,294,186	20,261,123	(33,063)
Unrestricted and Restricted Revenues				
State General Fund Appropriations	25,170,300	25,170,300	25,170,340	40
Federal Revenue Sources	22,085,616	19,939,411	17,625,007	(2,314,404)
Tuition and Fees	13,691,706	13,442,311	11,618,503	(1,823,808)
Land and Permanent Fund	-	-	-	-
Endowments and Private Gifts	-	-	-	-
Other	33,733,248	47,781,318	44,648,308	(3,133,010)
Total Unrestricted and Restricted Revenues	<u>94,680,870</u>	<u>106,333,340</u>	<u>99,062,158</u>	<u>(7,271,182)</u>
Expenditures:				
Instruction	29,871,724	31,490,664	30,036,957	1,453,707
Academic Support	5,353,534	4,979,545	4,753,449	226,096
Student Services	7,006,807	8,506,518	7,013,962	1,492,556
Institutional Support	7,184,546	7,104,597	6,723,924	380,673
Operation and Maintenance of Plant	6,239,541	5,949,272	5,713,305	235,967
Student Social and Cultural Activities	-	-	-	-
Research	-	-	-	-
Public Service	1,915,753	1,911,596	1,712,323	199,273
Internal Services	-	6,286,567	6,276,551	10,016
Student Aid, Grants and Stipends	21,703,079	19,766,477	18,797,852	968,625
Auxiliary Services	5,300,957	4,636,036	4,455,250	180,786
Intercollegiate Athletics	-	-	-	-
Independent Operations	250,257	196,757	129,575	67,182
Capital Outlay	7,031,079	12,666,490	11,380,538	1,285,952
Renewal and Replacement	1,281,412	3,336,723	1,159,624	2,177,099
Retirement of Indebtedness	1,186,505	2,890,029	2,858,962	31,067
Total Unrestricted and Restricted Expenditures	<u>94,325,194</u>	<u>109,721,271</u>	<u>101,012,272</u>	<u>8,708,999</u>
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	<u>355,676</u>	<u>(3,387,931)</u>	<u>(1,950,114)</u>	<u>1,437,817</u>
Ending Fund Balance	<u>17,120,804</u>	<u>16,906,255</u>	<u>18,311,009</u>	<u>1,404,754</u>

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

Change in Fund Balance (Budgetary Basis)	(1,950,114)
Adjustments to reconcile budgetary basis to GAAP basis:	
Depreciation Expense	(5,176,033)
Investment in Plant-Capital Assets Purchased	12,924,620
Retirement of Indebtedness - Principal Payments	2,288,181
Decrease in Other Post Employment Benefits	637,767
Increase in Compensated Absences	(405,962)
Increase in Endowment	-
Increase in Deferred Inflows	4,306,668
Increase in Deferred Outflows	(6,207,619)
Net increase in other accounts	632,150
Change in Net Position (GAAP Basis)	<u>7,049,658</u>

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

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

## San Juan College

Schedule of Revenues, Expenditures and Changes in Net Assets - Budget and Actual

Budget Comparison - Unrestricted - Instruction and General

For year ended June 30, 2015

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget favorable (unfavorable)
Beginning Fund Balance	13,243,457	12,114,736	12,176,493	61,757
Unrestricted Revenues:				
Tuition	9,084,440	8,599,721	7,717,370	(882,351)
Miscellaneous fees	4,607,266	4,842,590	3,901,019	(941,571)
Federal Government Appropriations	-	-	-	-
State Government Appropriations	25,170,300	25,170,300	25,170,340	40
Local Government Appropriations	15,063,302	15,063,302	14,880,095	(183,207)
Federal Government Contracts/Grants	-	-	-	-
State Government Contracts/Grants	135,705	180,975	123,260	(57,715)
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	-	450,000	238,215	(211,785)
Endowments	-	-	-	-
Land & Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and services	851,479	686,271	816,543	130,272
Other	548,634	644,447	679,611	35,164
Total Unrestricted Revenues	55,461,126	55,637,606	53,526,453	(2,111,153)
Unrestricted Expenditures:				
Instruction	28,981,291	29,678,531	28,949,846	728,685
Academic Support	4,892,718	4,893,020	4,677,096	215,924
Student Services	5,016,666	5,040,650	4,855,448	185,202
Institutional Support	7,184,546	7,096,097	6,718,676	377,421
Operation and Maintenance of Plant	6,239,541	5,949,272	5,713,305	235,967
Total Unrestricted Expenditures	52,314,762	52,657,570	50,914,371	1,743,199
Net Transfers	(2,786,688)	(2,756,843)	(2,664,292)	92,551
Change in Fund Balance (Budgetary Basis)	359,676	223,193	(52,210)	(275,403)
Ending Fund Balance	13,603,133	12,337,929	12,124,283	(213,646)

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



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

## San Juan College

Schedule of Revenues, Expenditures and Changes in Net Assets - Budget and Actual

Budget Comparison - Restricted - Instruction and General

*For year ended June 30, 2015*

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget favorable (unfavorable)
Beginning Fund Balance	-	-	(17,172)	(17,172)
Restricted Revenues:				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal Government Appropriations	-	-	-	-
State Government Appropriations	-	-	-	-
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	1,990,141	3,706,966	2,010,944	(1,696,022)
State Government Contracts/Grants	459,816	535,242	504,674	(30,569)
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	890,433	1,130,818	762,742	(368,076)
Endowments	-	-	-	-
Land & Permanent Fund	-	-	-	-
Private Gifts	-	-	-	-
Sales and services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	<u>3,340,390</u>	<u>5,373,026</u>	<u>3,278,360</u>	<u>(2,094,666)</u>
Restricted Expenditures:				
Instruction	890,433	1,812,133	1,021,074	791,059
Academic Support	459,816	86,525	76,353	10,172
Student Services	1,990,141	3,465,868	2,158,514	1,307,354
Institutional Support	-	8,500	5,248	3,252
Operation and Maintenance of Plant	-	-	-	-
Total Restricted Expenditures	<u>3,340,390</u>	<u>5,373,026</u>	<u>3,261,188</u>	<u>2,111,838</u>
Net Transfers				
Change in Fund Balance (Budgetary Basis)	-	-	17,172	17,172
Ending Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

## Schedule of Collateral Pledged by Depository

### San Juan College

Schedule of Collateral Pledged by Depository

*June 30, 2015*

	<u>CUSIP#</u>	<u>Maturity</u>	<u>Fair Value</u>
<b>Citizens Bank</b>			
GNMA	38377XBW1	07/20/41	\$ 1,054,300
Total Citizens Bank Pledged Collateral			<u>1,054,300</u>
<b>WFB Repurchase</b>			
FNCL	3132M3EK9	11/01/43	7,727,065
Accrued Interest			19,286
Total WFB Pledged Collateral			<u>7,746,351</u>
<b>Four Corners Communtiy Bank</b>			
Bernalillo NM School Dist	085279NU7	08/01/16	567,936
FNMA Remic Trust	3136A1BN4	11/25/29	984,888
Total FCCB Pledged Collateral			<u>1,552,823</u>
<b>Wells Fargo Investments</b>			
FG AH1300	3138A2NS4	01/01/26	64,246
FN AH7996	3138A93E2	11/01/26	6,179
FN AI8345	3138ANHX4	08/01/41	107,247
FN AJ6643	3138AYLZ0	12/01/26	153,656
FN AK9742	3138EEZG7	04/01/42	38,315
FN AQ3288	3138MJUN7	02/01/43	35,934
FN AQ7317	3138MPDX0	02/01/43	343,749
FN AR9197	3138W7GF5	03/01/43	22,121
FN AS1763	3138WA5Z6	02/01/34	2,422
FN AT2015	3138WPGZ1	04/01/43	8,594
FN AV0703	3138XBX90	12/01/43	477,991
FN 930454	31412NWP7	01/01/39	458,866
FN AB7507	31417EKV2	01/01/43	253,668
FN AB9149	31417GEX0	04/01/43	24,658
FN AB9378	31417GM45	05/01/43	41,074
FN AD5120	31418SVN6	02/01/26	266,623
FN AE02978	31419DJY8	08/01/25	33,339
FN AE4589	31419FC38	09/01/40	440,918
Total WF Investments Pledged Collateral			<u>2,779,602</u>
Total Pledged Collateral			<u><u>13,133,076</u></u>

*Schedule 8 Collateral Pledged by Depository*

# Schedule of Deposits

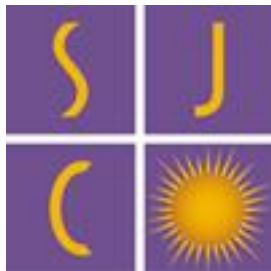
## San Juan College

Schedule of Deposits

June 30, 2015

Financial Institution	Account Type	Investment Type	Primary	
			Institution	Foundation
Citizens Bank	Checking		\$ 754,794	
Citizens Bank	Checking		-	
Wells Fargo	Checking		3,004,981	
Wells Fargo Repo Account	Repurchase Agreement		7,594,462	
Wells Fargo	Checking	Checking	1,784,942	
Wells Fargo	Checking	Checking	41,522	
Wells Fargo	Checking	Checking	-	
Wells Fargo Bank, N.A.	Savings	Savings	-	
Four Corners Community Bank	Money Market		1,334,153	
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	
Wells Fargo	Investment	Certificate of Deposit	250,000	\$ 24,000
Citizens Trust and Investment Corp	Investment	Money Market	-	378,440
Citizens Trust and Investment Corp.	Investment	Mutual Funds - Equity	-	5,597,610
Citizens Trust and Investment Corp.	Investment	Mutual Funds - Fixed Income	-	299,691
Morgan Stanley	Investment	Equity - ETFs	-	1,000,290
Morgan Stanley	Investment	Money Market	-	381,358
Morgan Stanley	Investment	Equity - Common Stocks	-	2,772,375
Morgan Stanley	Investment	Mutual Funds	-	63,676
Morgan Stanley	Investment	Money Market	-	6,183
Morgan Stanley	Investment	Equity - Common Stocks	-	156,355
Morgan Stanley	Investment	Equity - ETFs	-	71,070
New Mexico State Investment Council	Investment	Mutual Funds - Fixed Income	-	10,254,264
Wells Fargo Bank, N.A.	Investment	Precious Metals	-	139,308
Wells Fargo Bank, N.A.	Investment	Equity - Common Stocks	-	12,373
Outstanding checks			(476,137)	
Other reconciling item			(256,566)	
Outstanding deposits			11,871	
Cash on hand			11,366	
	Totals		<u>\$ 16,985,387</u>	<u>\$ 21,156,993</u>

Schedule 9 Schedule of Deposits



# Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT)

**San Juan College**  
 Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT)  
 Prepared by Chief Procurement Officer, October 22, 2015  
*Fiscal Year Ending June 30, 2015*

Fiscal Year 2015 Paid Amount	RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
\$ 9,615,956	13-26294	RFP	Jaynes Corporation	\$ 11,719,020	\$ 1,374,823
	This procurement went out as an AFSQ - Design Build  It was then short listed to 5 D/B teams which are shown in bold font				
\$ 3,737,063	13-27940	RFP	Presbyterian Health Plan, Inc.	\$ 6,371,635	
\$ 1,024,896	13-27940	RFP	Presbyterian Insurance Company, Inc	\$ 5,437,054	
\$ 374,005	13-27940	RFP	Delta Dental of New Mexico	\$ 445,591	
\$ 190,343	13-27940	RFP	United of Omaha Life Insurance Comp		
\$ 64,577	13-27940	RFP	Vision Service Plan Insurance Compa	\$ 73,041	
2,734,048	N/A	N/A	Bank of Albuquerque, N.A.	N/A	N/A
2,243,708	N/A	Sole Source 2009	Ellucian Company LP	\$2,075,700.00	\$25,000.00
1,665,952	N/A	N/A	U.S. Bank N.A.	N/A	N/A
1,141,057	N/A	N/A	City of Farmington	N/A	N/A
\$ 1,068,694	13-25917	RFP	Sodexo, Inc & Affiliates	Cost	share profit 50/50
900,464	N/A	N/A	Pearson Education Inc	N/A	N/A
669,564	N/A	N/A	State of New Mexico	N/A	N/A
619,494	N/A	N/A	Cengage Learning	N/A	N/A
614,519	20-000-00-00085	State Wide	Bank of America Corporation	N/A	N/A
487,658	N/A	N/A	McGraw-Hill Companies Inc, The	N/A	N/A

Schedule 10 Schedule of Vendor Information

(Continued)





## Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT) Continued

San Juan College					
Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT) continued					
Fiscal Year Ending June 30, 2015					
Fiscal Year 2015 Paid Amount	RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
\$ 442,048	13-27843	RFP	ImageNet Consulting, LLC	\$ 459,288	
\$ 391,056	15-30930	Bid	Contract Associates	\$ 470,000	
354,765	B27164	WSCA / State	Hewlett Packard	Price Agreement	
268,801	N/A	Sole Source 2015	CS Manufacturing, Inc.	\$309,180.00	
257,109	N/A	N/A	Elsevier, Inc.	N/A	N/A
249,510	N/A	N/A	Nebraska Book Company, Inc.	N/A	N/A
195,563	N/A	N/A	Sodexo - Internal	Internal food purchases see Sodexo, Inc & Affiliates	
192,053	70-000-00-04056	State Wide	BP Energy	N/A	N/A
173,470	N/A	N/A	Holtzbrinck Publishers LLC	N/A	N/A
163,818	N/A	N/A	P-CARD	See - Bank of America Corporation	
160,984	N/A	N/A	VOYA Financial	N/A	N/A
155,981	N/A	N/A	Four Corners Escrow Service, LLC	N/A	N/A
152,037	N/A	N/A	Farmington Municipal Schools	N/A	N/A
135,822	N/A	N/A	CES	N/A	N/A
\$ 133,059	14-29549	Bid	Noel's, Inc	Price Agreement	
127,514	N/A	N/A	Cynmar Corporation	N/A	N/A
125,073	N/A	N/A	CenturyLink	N/A	N/A
117,692		51273	Blackboard Inc - Transact		
\$ 116,378	11-22354	RFP	Miller Stratvert PA Law Office	230/hr	
\$ 115,510	14-28755	RFP	Fleming Chemical Company, Inc		
101,750		218182	Instructure, Inc.		
\$ 101,216	15-31033	Bid - Price Agreement	Cooper Fire Protection Services, In	Price Agreement	
\$ 100,666	14-28738	Bid - Multi Source Award	Trophy Ridge Electric	Hourly Rate	
	14-28738	Bid - Multi Source Award	Echo Electric Co. Inc.	Hourly Rate	

(Continued)

## Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT) Continued

San Juan College			
Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT) continued			
Fiscal Year Ending June 30, 2015			
Name and Physical Address of <u>ALL</u> Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
1207 San Juan Blvd. Farmington, NM 87401 Document Solutions, Inc. PO Box 37410 Albuquerque, NM 87176	No	No	Print Management Solutions
Ricoh USA, Inc. 1500 N. Renaissance Albuquerque, NM 87107	No	No	
Lewan & Associates, Inc. 1551 Mercantile Ave., NE Suite D Albuquerque, NM 87107	No	No	
Sharp Business Systems 3901 Singer Blvd., Suite C Albuquerque, NM 87109	No	No	
800 20th St Albuquerque, NM 87104	No	No	Furniture for SOE
Albuquerque Office Systems 3715 Hawkins St. NE, Ste A Albuquerque, NM 87113	No	No	
Beck Total Office Products 5300 Eagle Rock Ave NE Ste A Albuquerque, NM 87113	No	No	
			Computers & Peripherals
			Drilling Simulator for SOE
N/A	N/A	N/A	Resale Text Books in Book Store
N/A	N/A	N/A	Resale Text Books in Book Store
			Contract with Sodexo, Inc & Affiliates
N/A	N/A	N/A	Utility - Natural Gas State Price agreement
N/A	N/A	N/A	Resale Text Books in Book Store
			Bank of America Corporation
N/A	N/A	N/A	403B annuity-employee deduction
N/A	N/A	N/A	Purchase of 800 S. Hutton - Payments
N/A	N/A	N/A	MOU for Student Advisors - college prep.
N/A	N/A	N/A	Multiple CES contracts and vendors
601 Scott Ave Farmington, NM 87401	Yes	No	Welding department supplies/student purchase
Frank's Supply 2655 E Bloomfield Hwy Farmington, NM 87401	Non-Responsive		
Matheson 251 Scott Ave Farmington, NM 87401	Non-Responsive		
N/A	N/A	N/A	Vend# 51619 - Actual amount \$3,986.45
N/A	N/A	N/A	Utility - Phone Services
			one card & Door Maint. includes Pharos
300 West Arrington Ave, Suite 300 Farmington, NM 87401	No	No	Legal Services
Brownstein Hyatt Farber Schreck, 201 Third Street, NW, Suite 1700, Albuquerque, NM 87102	No	No	
Walsh, Anderson, Brown, Gallegos and Green PC. 500 Marquette NW Suite 1360 Albuquerque, NM 87102	No	No	
Sutin Thayer & Brown APC Two Park Square Suite 1000 6565 Americas Parkway NE Albuquerque, NM 87110	No	No	
2432 Monroe NE Albuquerque, NM 87110	Yes	No	Custodial Paper Supplies campus wide
Brady Industries 2805 Inland Street Farmington, NM 87401	Yes	No	
Central Poly Corp 2400 Bedie Place Linden, NJ 07036	No	No	
All American Poly 40 Turner Place Piscataway, NJ 08854	No	No	
			Canvas Subscription
615 W. Maple Farmington, NM 87401			Fire Sprinkler Testing, Inspections, service
Trophy Ridge Electric, LLC PO Box 6402 Farmington, NM 87499	Yes	No	Electrical Services and Supplies
Echo Electric Co. Inc. 610 Dekalb Farmington, NM 87401	Yes	No	
Ross/Wes Electrical Services 1332 W Murray Dr. Farmington, NM 87401	No	No	

(Continued)

## Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT) Continued

San Juan College					
Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT) continued					
Fiscal Year Ending June 30, 2015					
Fiscal Year 2015 Paid Amount	RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
\$ 99,551	15-31026	Bid	Troxell Communications		
87,486			Western Refining Wholesale	This is a cooperative procurement put out by San Juan County to include SJC	
87,296	N/A	N/A	University of New Mexico	N/A	N/A
86,100	N/A	N/A	W.W. Norton & Co., Inc.	N/A	N/A
86,084	40-000-13-00020	State Wide	Advanced Network Management, Inc.	N/A	N/A
85,600	N/A	N/A	Pitney Bowes Reserve Account	N/A	N/A
85,498	N/A	N/A	Matthews Book Company	N/A	N/A
75,078	40-000-14-00048	State Wide	Haworth Inc	N/A	N/A
74,372	N/A	N/A	The Daily Times	N/A	N/A
73,204	N/A	N/A	Robis Elections, Inc.	N/A	N/A
69,389	N/A	N/A	San Juan County	N/A	N/A
\$ 68,265	15-32191	Bid - Multi Source Award	Airgas Southwest Inc Argyle Welding Supply Company Matheson Noel's Inc	Price per item	
65,050	N/A	N/A	Liberty Mutual Group	N/A	N/A
64,076	N/A	N/A	United Parcel Service	N/A	N/A
63,769	N/A	N/A	American Express Co. Travel Related	N/A	N/A
63,539	N/A	N/A	Allstate	N/A	N/A
62,603	N/A	N/A	Office of Navajo Nation	N/A	N/A
61,484	N/A	N/A	National Association of College Sto	N/A	N/A

(Continued)

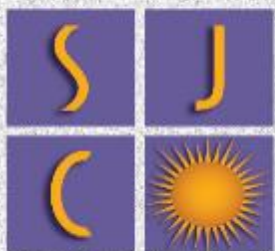
## Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT) Continued

San Juan College			
Schedule of Vendor Information for Purchases exceeding \$60,000 (excluding GRT) <b>continued</b>			
<i>Fiscal Year Ending June 30, 2015</i>			
Name and Physical Address of <u>ALL</u> Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
11024 Montgomery Blvd., NE, #298 Albuquerque, NM 87111	No	No	Desktop Document Cameras
Audio Visual Innovations, Inc. 6301 Benjamin Road, Suite 101 Tampa, FL 33634	No	No	
B & H Foto & Electronics Corp. 420 Ninth Ave. New York, NY 10001	No	No	
Business Services 560 Bay Isles Road, Suite #8102 Longboat Key, FL 34228-8102	No	No	
Howard Industries, Inc. PO Box 1590 Laurel, MS 39441	No	No	
Perlmutter Purchasing Power 11434 Caminito Garcia San Diego, CA 92131-2133	No	No	
Southern Computer Warehouse, Inc. 1395 S. Marietta Pkwy., SE Bldg. 300, Ste. 106 Marietta, GA 30067	No	No	
Touchboards 205 Westwood Ave. Long Branch, NJ 07740	No	No	
Zones 233 Wacker Dr., Ste. 3640 Chicago, IL 60606	No	No	
			Fuel / San Juan County
N/A	N/A	N/A	Government entity
N/A	N/A	N/A	Resale Text Books in Book Store
N/A	N/A	N/A	Cisco Maintenance
N/A	N/A	N/A	Postage
N/A	N/A	N/A	Resale Text Books in Book Store
N/A	N/A	N/A	Furnishings
N/A	N/A	N/A	Advertising and subscriptions
N/A	N/A	N/A	Bond Elections & Materials
N/A	N/A	N/A	Government entity
1800 E 20th Street Farmington, NM 87401	No	No	Welding department supplies/student purchase
P O Box 6889 Albuquerque, NM 87197	Yes	No	
251 Scott Ave Farmington, NM 87401	No	No	
601 Scott Ave Farmington, NM 87401	Yes	No	
N/A	N/A	N/A	Employee Payroll deduction
N/A	N/A	N/A	Postage
N/A	N/A	N/A	Credit card used for Travel expenses
N/A	N/A	N/A	Employee withholding
N/A	N/A	N/A	Returns of Tribal Scholarships
N/A	N/A	N/A	Resale Text Books in Book Store





# Single Audit Section



SAN JUAN COLLEGE

## Schedule of Expenditures of Federal Awards

San Juan College			
Schedule of Expenditures of Federal Awards			
For year ended June 30, 2015			
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	\$ 91,582
<u>U.S. Department of Education:</u>			
TRIO Student Support Services	84.042A	P042A100361	213,515
TRIO Talent Search	84.044A	P044A110814	245,673
Subtotal			459,188
Launch	84.031X	P031X100005	455,504
Fast Forward	84.382	P382C110007	335,629
Subtotal			791,133
<u>U.S. Department of Education:</u>			
Pass-through NM Public Education Department			
Perkins - RT	84.048	65 9828	5,730
Perkins - Computer/Network Support	84.048	65 9828	26,096
Perkins - Diesel Mechanics	84.048	65 9828	61,703
Perkins - Welding	84.048	65 9828	94,218
Perkins - Nursing	84.048	65 9828	11,505
Perkins - Dental	84.048	65 9828	120
Perkins - EMS	84.048	65 9828	43,461
Perkins - OTA	84.048	65 9828	15,690
Perkins - PTAP	84.048	65 9828	70,088
Perkins - Redistribution	84.048	65 9828	63,962
Subtotal			392,573
Pass-through NM Higher Education Department			
Adult Basic Education	84.002	65 9828	\$ 140,342

(Continued)

Figure 43 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 For year ended June 30, 2015			
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	10,759,002
Supplemental Education Opportunity Grant	84.007	P007A066227	142,435
Federal Work-Study Program (CWS)	84.033	P033A066227	151,838
Subtotal			11,053,275
<u>U.S. Department of Health and Human Services:</u>			
Pass-through New Mexico State University INBRE	93.859	Q01349	90,933
Pass-through NM Children, Youth and Families Department Childrens Behavioral Health	93.556	San Juan College	64,992
<u>U.S. Small Business Administration:</u>			
Pass Through Santa Fe Community College Small Business Development Center	59.037	San Juan College	20,689
<u>National Writing Project Corporation:</u>			
Bisti Writing Project SEED	84.367D	05-NM06-SEED2012	14,530
<u>U.S. Department of Housing and Urban Development:</u>			
Farmington Daycare Assistance	14.228	11-64024	6,999
<u>National Endowment for the Arts:</u>			
Pass-through Western States Art Federation Promotion of the Arts	45.025	San Juan College	4,400
<u>US Department of Labor:</u>			
Pass-through Santa Fe Community College DOL-TAACCT	17.282	TC-26486-14-60-A-35	23,665
Grand Total			\$ 13,154,301

Figure 44 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 2015 cash expenditures to ensure coverage of at least 25% (low risk auditee) of federally granted funds. Actual coverage is approximately eighty-six (87%) of total cash federal award program expenditures.

<i>Major Federal Award Program Description</i>	<i>Fiscal 2015 Expenditures</i>
<b><i>Cash Assistance:</i></b>	
Federal Student Financial Aid Cluster	\$11,053,275
<b><i>Perkins:</i></b>	
RT	5,730
Computer/Network Support	26,096
Diesel Mechanics	61,703
Welding	94,218
Nursing	11,505
Dental	120
EMS	43,461
OTA	15,690
PTAP	70,088
Redistribution	<u>63,962</u>
<b><i>Total Perkins</i></b>	<b><u>392,573</u></b>

The College’s federal program Student Financial Aid Cluster and the Carl Perkins Cluster were considered Major Type A Programs for the 2015 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, 2015. 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 were no audits performed by other organizations of the College’s federal grant programs in 2015.



*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 \$4,301,550.

*Non-cash Federal Assistance*

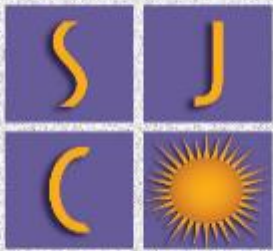
The College received no non-cash assistance during the year.

*Federally Funded Insurance and Federally Funded Loans*

The College has no federally funded insurance and no federally funded loans or loan guarantees other than the loans under the Student Financial Aid Cluster noted above.



# 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
- Changes in Net Position Percentages

## **REVENUE CAPACITY**

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

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

## **DEBT CAPACITY**

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

- Long-term Bonds Outstanding
- Bond Debt Capacity

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

- Demographic and Economic Data
- Principal Employers

## **OPERATING INFORMATION**

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

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

# Financial Trends

## Net Position by Component

<b>SAN JUAN COLLEGE</b>										
Net Position By Component ( Dollars in Thousands)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net Investment in capital assets	\$ 68,731	\$ 59,477	\$58,690	\$61,407	\$62,430	\$61,303	\$64,300	\$58,633	\$57,779	\$52,895
Restricted, Non-expendable	362	362	360	360	360	360	360	300	-	-
Restricted, Expendable	3,748	3,247	1,677	2,491	2,419	2,372	2,212	2,233	3,903	-
Unrestricted	(51,596)	10,246	9,828	8,341	8,698	8,170	8,266	15,586	15,066	32,542
<b>Total Net Position</b>	<b>\$ 21,245</b>	<b>\$ 73,332</b>	<b>\$70,555</b>	<b>\$72,599</b>	<b>\$73,907</b>	<b>\$72,205</b>	<b>\$75,138</b>	<b>\$76,752</b>	<b>\$76,748</b>	<b>\$85,436</b>
<b>Expressed as a percent of total</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Net Investment in capital assets	323.5	81.1	83.2	84.6	84.5	84.9	85.6	76.4	75.3	61.9
Restricted, Non-expendable	1.7	0.5	0.5	0.5	0.5	0.5	0.5	0.4	-	-
Restricted, Expendable	17.6	4.4	2.4	3.4	3.3	3.3	2.9	2.9	5.1	-
Unrestricted <sup>1</sup>	(242.9)	14.0	13.9	11.5	11.8	11.3	11.0	20.3	19.6	38.1
<b>Total Net Position</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Percentage increase/(decrease) from prior year</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Net Investment in capital assets	13.5	1.3	(4.6)	(1.7)	1.8	(4.9)	8.8	1.5	8.5	4.2
Restricted, Non-expendable	-	0.6	-	-	-	-	16.7	100.0	-	-
Restricted, Expendable	15.4	48.3	(48.5)	-	-	-	-	-	-	-
Unrestricted	(603.6)	4.1	15.1	(4.3)	6.1	(1.2)	(88.6)	3.3	(116.0)	7.1
<b>Total Net Position</b>	<b>(245.2)</b>	<b>3.8</b>	<b>(2.9)</b>	<b>(1.8)</b>	<b>2.3</b>	<b>(4.1)</b>	<b>(2.1)</b>	<b>0.0</b>	<b>(11.3)</b>	<b>5.3</b>

Figure 45 Net Position by Component

<sup>1</sup> GASB Statement no. 68 required recording a Net Pension Liability reducing Unrestricted Net Position.



## Changes in Net Position

<b>SAN JUAN COLLEGE</b>										
Changes in Net Position (Dollars in Thousands)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student Tuition and Fees	\$ 11,619	\$ 11,082	\$ 10,868	\$ 10,231	\$ 8,903	\$ 7,170	\$ 5,475	\$ 5,371	\$ 4,936	\$ 4,307
Less: Scholarship Allowances	(4,676)	(4,953)	(4,528)	(4,443)	(3,835)	(2,733)	(2,127)	(1,295)	(1,382)	(1,472)
Federal Grants and Contracts	2,270	2,093	15,591	15,609	15,553	12,046	7,302	6,571	6,772	7,071
State Grants and Contracts	3,286	5,665	2,122	2,159	2,319	2,066	2,236	2,479	2,076	2,304
Non Governmental Grants and Contracts	9,500	2,022	1,702	1,783	1,508	1,560	1,834	1,370	1,042	828
Sales and Services	918	837	949	-	-	-	-	1,056	1,389	1,487
Auxiliary Enterprises	4,842	4,737	4,731	4,508	4,297	4,086	3,424	2,972	3,206	2,840
Other Operating Revenues	701	591	396	1,141	1,137	1,405	1,414	893	798	709
<b>Total Operating Revenues</b>	<b>\$ 28,460</b>	<b>\$ 22,074</b>	<b>\$ 31,832</b>	<b>\$ 30,989</b>	<b>\$ 29,882</b>	<b>\$ 25,601</b>	<b>\$ 19,558</b>	<b>\$ 19,416</b>	<b>\$ 18,837</b>	<b>\$ 18,076</b>
<b>Expenses</b>										
<i>Operating Expenses</i>										
<i>Education and General</i>										
Instruction	\$ 30,061	\$ 28,104	\$ 28,943	\$ 27,560	\$ 26,484	\$ 25,413	\$ 27,048	\$ 26,097	\$ 24,349	\$ 21,139
Public Service	1,701	1,723	1,805	2,348	2,167	2,660	2,904	2,923	2,813	2,796
Academic Support	4,655	4,327	3,674	3,687	3,695	3,957	4,551	3,709	3,819	2,899
Students Services	6,957	6,986	6,857	6,648	5,941	5,413	5,451	5,217	4,645	4,100
Institutional Support	6,677	6,512	6,053	5,957	6,620	5,946	6,546	6,278	6,202	5,101
Operations and Maintenance of Plant	5,686	5,536	6,160	6,466	6,810	5,951	7,577	5,834	6,982	6,052
Depreciation Expense	5,176	5,212	5,372	5,473	5,525	5,688	5,803	5,548	5,684	5,677
Student Aid	8,543	9,418	10,723	10,684	10,274	9,037	5,329	5,247	5,101	4,661
Auxiliary Enterprises	4,456	4,257	4,434	4,308	4,075	3,837	3,696	3,033	3,774	3,069
Other Operating Expenses	130	133	136	157	141	454	516	443	400	382
<b>Total Operating Expenses</b>	<b>\$ 74,042</b>	<b>\$ 72,208</b>	<b>\$ 74,157</b>	<b>\$ 73,290</b>	<b>\$ 71,732</b>	<b>\$ 68,357</b>	<b>\$ 69,421</b>	<b>\$ 64,329</b>	<b>\$ 63,769</b>	<b>\$ 55,876</b>
<b>Operating Income/(Loss)</b>	<b>\$(45,582)</b>	<b>\$(50,134)</b>	<b>\$(42,325)</b>	<b>\$(42,301)</b>	<b>\$(41,850)</b>	<b>\$(42,755)</b>	<b>\$(49,863)</b>	<b>\$(44,913)</b>	<b>\$(44,931)</b>	<b>\$ (37,801)</b>

Figure 46 Changes in Net Position Ten Years, Part 1

(Continued)

<b>SAN JUAN COLLEGE</b>										
Changes in Net Position (Dollars in Thousands)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Non-Operating Revenues (Expenses)</b>										
State Appropriations	\$ 25,170	\$ 24,329	\$ 23,200	\$ 21,828	\$ 21,827	\$ 21,497	\$ 22,262	\$ 22,328	\$ 21,343	\$ 20,334
Local Appropriations	17,067	17,838	16,588	16,311	15,889	16,337	17,759	18,941	17,449	17,437
Federal Student Aid	11,053	12,466	-	-	-	-	-	-	-	-
Investment Income (Loss)	51	73	73	-	-	-	-	592	1,107	655
Interest on Capital Asset-related Debt	(578)	(686)	(733)	-	-	-	-	(856)	(960)	(1,010)
Gain (Loss) on Disposal of Capital Assets	5	(27)	(6)	-	-	-	-	(1)	(3)	(1,430)
Other Non-Operating Revenues/Expenditures	(527)	(1,494)	986	(402)	(412)	(716)	(226)	(25)	(21)	(57)
<b>Total Non-Operating Revenues/Expenditures</b>	<b>\$ 52,243</b>	<b>\$ 52,499</b>	<b>\$ 40,109</b>	<b>\$ 37,737</b>	<b>\$ 37,304</b>	<b>\$ 37,119</b>	<b>\$ 39,796</b>	<b>\$ 40,979</b>	<b>\$ 38,916</b>	<b>\$ 35,930</b>
<b>Income (Loss) before Other Revenue (Expenses)</b>	<b>\$ 6,660</b>	<b>\$ 2,365</b>	<b>\$ (2,216)</b>	<b>\$ (4,564)</b>	<b>\$ (4,546)</b>	<b>\$ (5,637)</b>	<b>\$(10,067)</b>	<b>\$ (3,934)</b>	<b>\$ (6,015)</b>	<b>\$ (1,871)</b>
Capital Appropriations	\$ 49	\$ 452	\$ 14	\$ 3,255	\$ 6,248	\$ 2,703	\$ 8,453	\$ 3,938	\$ 8,453	\$ 5,660
Capital Contributions	341	-	158	-	-	-	-	-	-	-
<b>Increase/(Decrease) in Fund Net Position</b>	<b>\$ 7,050</b>	<b>\$ 2,817</b>	<b>\$ (2,044)</b>	<b>\$ (1,309)</b>	<b>\$ 1,702</b>	<b>\$ (2,933)</b>	<b>\$ (1,614)</b>	<b>\$ 4</b>	<b>\$ 2,438</b>	<b>\$ 3,789</b>
Total Revenues	82,196	77,231	72,852	72,383	73,847	66,139	68,033	65,215	67,190	62,162
Total Expenses	75,146	74,414	74,896	73,692	72,144	69,072	69,647	65,211	64,752	58,372
<b>Increase (Decrease) in Fund Net Position</b>	<b>\$ 7,050</b>	<b>\$ 2,817</b>	<b>\$ (2,044)</b>	<b>\$ (1,309)</b>	<b>\$ 1,702</b>	<b>\$ (2,933)</b>	<b>\$ (1,614)</b>	<b>\$ 4</b>	<b>\$ 2,438</b>	<b>\$ 3,789</b>

Figure 47 Changes in Net Position Ten Years, Part 2

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

## Changes in Net Position Percentages

<b>SAN JUAN COLLEGE</b>											
Changes in Net Position (Expressed as a percentage of Total Revenues or Total Expenses)											
<i>Last ten fiscal years</i>											
Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
	%	%	%	%	%	%	%	%	%	%	
<b>Revenues</b>											Graph
<i>Operating Revenues</i>											
Student Tuition and Fees	14.1	14.3	14.9	14.1	12.1	10.8	8.0	8.2	7.3	6.9	
Less: Scholarship Allowances	(5.7)	(6.4)	(6.2)	(6.1)	(5.2)	(4.1)	(3.1)	(2.0)	(2.1)	(2.4)	
Federal Grants and Contracts	2.8	2.7	21.4	21.6	21.1	18.2	10.7	10.1	10.1	11.4	
State Grants and Contracts	4.0	7.3	2.9	3.0	3.1	3.1	3.3	3.8	3.1	3.7	
Non Governmental Grants and Contracts	11.6	2.6	2.3	2.5	2.0	2.4	2.7	2.1	1.6	1.3	
Sales and Services	1.1	1.1	1.3	0.0	0.0	0.0	0.0	1.6	2.1	2.4	
Auxiliary Enterprises	5.9	6.1	6.5	6.2	5.8	6.2	5.0	4.6	4.8	4.6	
Other Operating Revenues	0.9	0.8	0.5	1.6	1.5	2.1	2.1	1.4	1.2	1.1	
<b>Total Operating Revenues</b>	<b>34.6</b>	<b>28.6</b>	<b>43.7</b>	<b>42.8</b>	<b>40.5</b>	<b>38.7</b>	<b>28.7</b>	<b>29.8</b>	<b>28.0</b>	<b>29.1</b>	
<b>Expenses</b>											
<i>Operating Expenses</i>											
<i>Education and General</i>											
Instruction	40.0	37.8	38.6	37.4	36.7	36.8	38.8	40.0	37.6	36.2	
Public Service	2.3	2.3	2.4	3.2	3.0	3.9	4.2	4.5	4.3	4.8	
Academic Support	6.2	5.8	4.9	5.0	5.1	5.7	6.5	5.7	5.9	5.0	
Students Services	9.3	9.4	9.2	9.0	8.2	7.8	7.8	8.0	7.2	7.0	
Institutional Support	8.9	8.8	8.1	8.1	9.2	8.6	9.4	9.6	9.6	8.7	
Operations and Maintenance of Plant	7.6	7.4	8.2	8.8	9.4	8.6	10.9	8.9	10.8	10.4	
Depreciation Expense	6.9	7.0	7.2	7.4	7.7	8.2	8.3	8.5	8.8	9.7	
Student Aid	11.4	12.7	14.3	14.5	14.2	13.1	7.7	8.0	7.9	8.0	
Auxiliary Enterprises	5.9	5.7	5.9	5.8	5.6	5.6	5.3	4.7	5.8	5.3	
Other Operating Expenses	0.2	0.2	0.2	0.2	0.2	0.7	0.7	0.7	0.6	0.7	
<b>Total Operating Expenses</b>	<b>98.5</b>	<b>97.0</b>	<b>99.0</b>	<b>99.5</b>	<b>99.4</b>	<b>99.0</b>	<b>99.7</b>	<b>98.6</b>	<b>98.5</b>	<b>95.7</b>	
<b>Operating Income/(Loss)</b>	<b>(55.5)</b>	<b>(64.9)</b>	<b>(58.1)</b>	<b>(58.4)</b>	<b>(56.7)</b>	<b>(64.6)</b>	<b>(73.3)</b>	<b>(68.9)</b>	<b>(66.9)</b>	<b>(60.8)</b>	

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

(Continued)

## 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,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
<b>Non-Operating Revenues (Expenses)</b>											Graph
State Appropriations	30.6	31.5	31.8	30.2	29.6	32.5	32.7	34.2	31.8	32.7	
Local Appropriations	20.8	23.1	22.8	22.5	21.5	24.7	26.1	29.0	26.0	28.1	
Federal Student Aid	13.4	16.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Investment Income (Loss)	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.9	1.6	1.1	
Interest in Capital Asset-related Debt	(0.7)	(0.9)	(1.0)	0.0	0.0	0.0	0.0	(1.3)	(1.4)	(1.6)	
Gain (Loss) on Disposal of Capital Assets	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(2.3)	
Other Non-Operating Revenues/Expenditures	(0.6)	(1.9)	1.4	(0.6)	(0.6)	(1.1)	(0.3)	(0.0)	(0.0)	(0.1)	
<b>Total Non-Operating Revenues/Expenditures</b>	<b>63.6</b>	<b>68.0</b>	<b>55.1</b>	<b>52.1</b>	<b>50.5</b>	<b>56.1</b>	<b>58.5</b>	<b>62.8</b>	<b>57.9</b>	<b>57.8</b>	
<b>Income (Loss) before Other Revenue (Expenses)</b>	<b>8.6</b>	<b>3.6</b>	<b>(2.8)</b>	<b>(1.8)</b>	<b>2.3</b>	<b>(4.4)</b>	<b>(2.4)</b>	<b>0.0</b>	<b>3.6</b>	<b>6.1</b>	
Capital Appropriations	0.1	0.6	0.0	4.5	8.5	4.1	12.4	6.0	12.6	9.1	
Capital Contributions	0.4	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Increase/(Decrease) in Fund Net Position</b>	<b>8.6</b>	<b>3.6</b>	<b>(2.8)</b>	<b>(1.8)</b>	<b>2.3</b>	<b>(4.4)</b>	<b>(2.4)</b>	<b>0.0</b>	<b>3.6</b>	<b>6.1</b>	

Figure 49 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>									
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
Fiscal Year Ended June 30	Residential Property	Non-Residential Property	Non-Agricultural	Agricultural	Other				
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	1,390,807,512	1,779,807,201	109,034,725	**	1,504,476	6.310	8.500	10,971,381,967	33.3%
2015	1,431,570,366	1,882,146,032	107,914,020	**	2,378,336	6.231	8.500	11,110,391,526	33.3%

Oil & Gas		Less Tax-Emempt Property	Adjustment for Protested Taxes	Total Taxable Assessed Value	
Fiscal Year Ended June 30	Production	Equipment			
2006	1,334,746,588	266,636,827	101,309,842	(5,396,967)	3,653,126,771
2007	1,769,944,634	353,554,112	105,526,163	(1,156,317)	4,312,013,190
2008	1,562,765,003	307,517,233	117,342,078	(4,148,769)	4,254,982,295
2009	1,572,060,757	311,506,924	118,491,641	(791,628)	4,399,915,615
2010	1,756,139,463	353,424,291	142,548,947	38,631,648	4,805,571,690
2011	800,662,132	157,091,104	301,183,891	(78,304,899)	3,748,757,651
2012	927,738,572	188,409,438	334,701,265	(36,245,907)	3,989,615,349
2013	973,295,757	191,541,251	357,476,422	(19,938,153)	4,063,851,736
2014	617,524,176	122,603,907	408,637,923	40,826,121	3,653,470,195
2015	688,792,987	138,372,909	408,727,625	(142,686,647)	3,699,760,378

Figure 50 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 2015.

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



## Principal Property Taxpayers

SAN JUAN COLLEGE Principal Property Taxpayers <i>Current Year and Nine Years Ago</i>							
Taxpayer	2015			2006			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Public Service Co. of NM	\$ 215,894,363	1	5.8%	\$ 260,388,572	3	7.1%	
Arizona Public Service Co.	160,325,684	2	4.3%	260,921,301	2	7.1%	
Enterprise Field Service LLC	83,740,801	3	2.3%	219,554,027	5	6.0%	
San Juan Coal Co.	75,624,320	4	2.0%	273,177,939	1	7.5%	
Williams Four Corners LLC	66,462,309	5	1.8%	201,975,131	6	5.5%	
Tuscon Electric Power Co.	44,303,856	6	1.2%	120,303,938	10	3.3%	
El Paso Natural Gas Co.	37,264,643	7	1.0%			0.0%	
MSR Public Power Agency	29,792,883	8	0.8%				
City of Farmington	28,611,422	9	0.8%				
Mid-America Pipeline Co. LLC	27,899,191	10	0.8%				
Transwestern Pipeline Co.				141,752,417	7	3.9%	
BHP World Mineral				245,362,374	4	6.7%	
ValVerde Gas Gathering				137,006,093	8	3.8%	
Southern California Edison Co				130,455,738	9	3.6%	
Total Taxable Assessed Value	\$ 3,699,760,378		20.8%	\$ 3,653,126,771		54.5%	

Figure 51 San Juan County, NM principal property taxpayers

Source: San Juan County Assessor's Office

## Property Tax Levies and Collections

SAN JUAN COLLEGE									
Property Tax Levies and Collections									
<i>Last Ten Fiscal Years</i>									
Fiscal Year	Taxes Levied for Fiscal Year	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of Levy			Total Collections to Date		
				Amount Collected	Percentage of Original Levy Collected	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy	
2006	48,026,866	864,090	48,890,956	47,402,124	98.70%	1,491,381	48,893,505	99.99%	
2007	51,201,927	522,021	51,723,948	50,180,945	98.01%	1,546,547	51,727,492	99.99%	
2008	55,884,865	404,484	56,289,349	54,445,797	97.42%	1,849,151	56,294,948	99.99%	
2009	59,218,046	333,261	59,551,307	57,647,121	97.35%	1,907,750	59,554,871	99.99%	
2010	62,858,408	1,506,090	64,364,499	61,868,631	98.43%	2,499,166	64,367,797	99.99%	
2011	66,985,795	735,886	67,721,681	64,766,432	96.69%	2,957,572	67,724,004	99.97%	
2012	68,823,690	85,094	68,908,783	66,897,199	97.20%	1,976,145	68,873,344	99.92%	
2013	69,742,158	546,656	70,288,815	68,049,597	97.57%	2,158,187	70,207,784	99.71%	
2014	72,091,844	1,248,720	73,340,564	70,753,818	98.14%	1,773,686	72,527,504	98.88%	
2015	69,181,918	1,737,221	70,919,139	68,545,196	99.08%	-	68,545,196	96.65%	

Figure 52 Property Tax Levies and Collections

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

# Residential Property Tax Rates

<b>SAN JUAN COLLEGE</b>										
San Juan County, Residential Property Tax Rates										
<i>Last Ten Fiscal Years</i>										
Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Direct Rate</b>										
<b>San Juan County</b>										
Operating Millage	6.627	6.737	6.451	6.567	6.312	6.425	6.267	6.326	6.310	6.231
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
Total County Millage	6.627	6.737	6.451	6.567	6.312	6.425	6.267	6.326	6.310	7.231
<b>Overlapping Rates</b>										
<b>City of Bloomfield</b>										
Operating Millage	5.099	5.223	5.049	5.198	4.938	5.017	4.881	4.906	4.882	4.804
Debt Service Millage	0.956	1.912	2.492	2.175	2.137	2.180	2.254	2.099	1.119	1.191
Total City Millage	6.055	7.135	7.541	7.373	7.075	7.197	7.135	7.005	6.001	5.995
<b>City of Aztec</b>										
Operating Millage	5.031	5.088	4.802	4.860	4.570	4.663	4.555	4.587	4.571	4.481
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	5.031	5.088	4.802	4.860	4.570	4.663	4.555	4.587	4.571	4.481
<b>City of Farmington</b>										
Operating Millage	1.496	1.511	1.434	1.457	1.438	1.457	1.419	1.431	1.426	1.407
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	1.496	1.511	1.434	1.457	1.438	1.457	1.419	1.431	1.426	1.407
<b>Aztec Schools</b>										
Operating Millage	2.281	2.287	2.276	2.280	2.133	2.185	2.131	2.149	2.149	2.122
Debt Service Millage	2.375	2.366	2.967	2.997	5.497	4.640	4.567	6.517	8.448	6.676
Total School Millage	4.656	4.653	5.243	5.277	7.630	6.825	6.698	8.666	10.597	8.798
<b>Bloomfield Schools</b>										
Operating Millage	2.316	2.325	2.314	2.322	2.149	2.192	2.135	2.155	2.298	2.274
Debt Service Millage	4.349	4.355	5.310	5.357	5.794	5.386	6.246	6.752	9.005	7.337
Total School Millage	6.665	6.680	7.624	7.679	7.943	7.578	8.381	8.907	11.303	9.611
<b>Farmington Schools</b>										
Operating Millage	2.261	3.349	2.263	3.953	4.706	4.608	4.644	4.552	3.986	2.290
Debt Service Millage	7.490	6.451	7.427	5.772	4.938	5.065	4.976	5.199	5.76	7.431
Total School Millage	9.751	9.800	9.690	9.725	9.644	9.673	9.620	9.751	9.746	9.721
<b>Consolidated Schools</b>										
Operating Millage	2.338	2.347	2.337	2.346	2.244	2.304	2.245	2.258	2.332	2.309
Debt Service Millage	6.748	6.571	6.838	6.837	6.773	6.840	6.837	6.828	6.676	6.818
Total School Millage	9.086	8.918	9.175	9.183	9.017	9.144	9.082	9.086	9.008	9.127
<b>San Juan College</b>										
Operating Millage	3.316	3.371	3.228	3.283	3.156	3.212	3.133	3.162	3.154	3.114
Debt Service Millage	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.420	0.600	0.600
Total School Millage	3.916	3.971	3.828	3.883	3.756	3.812	3.733	3.582	3.754	3.714
<b>State of New Mexico</b>										
Operating Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service Millage	1.234	1.291	1.221	1.250	1.150	1.530	1.362	1.360	1.360	1.360
Total School Millage	1.234	1.291	1.221	1.250	1.150	1.530	1.362	1.360	1.360	1.360

Figure 53 Residential Property Tax Rates

Source: San Juan County

## Academic Year Tuition and Required Fees

<b>SAN JUAN COLLEGE</b>										
Semester Tuition and Required Fees										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Tuition<sup>1</sup></b>										
Resident Tuition per Credit Hour	41	41	41	41	37	37	32	30	30	30
Resident Maximum Charge <sup>4</sup>	984	738	738	738	666	666	-	360	360	360
Non Resident Tuition per Credit Hour	123	105	105	105	91	91	70	40	40	40
Non Resident Maximum Charge <sup>4</sup>	2,952	1,890	1,890	1,890	-	1,638	-	480	480	480
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 6 or Fewer Credit Hours /credit hour	6	5	5	5	5	5	5	5	5	5
Senior Citizens more than 6 Credit Hours /credit hour	41	41	41	41	37	37	32	30	30	30
<b>General Fees<sup>2</sup></b>										
Resident Fees per Credit Hour <sup>3</sup>	-	14.75	12.75	6.00	6.00	6.00	-	-	-	-
4 or fewer credit hours	77.50									
More than 4 credit hours	155.00									
Resident Maximum Charge	155.00	265.50	229.50	108.00	108.00	108.00	-	-	-	-
Non Resident Fees per Credit Hour <sup>3</sup>	-	25.75	20.75	10.00	6.00	6.00	-	-	-	-
4 or fewer credit hours	137.50									
More than 4 credit hours	275.00									
Non Resident Maximum Charge	275.00	463.50	373.50	180.00	108.00	108.00	-	-	-	-
Foreign Student per Semester	-	-	-	-	-	-	-	-	-	-
Foreign Student per Credit Hour/Degree Seeking	-	200.00	200.00	200.00	200.00	200.00	-	-	-	-
Foreign Student per Credit Hour/Non Degree Seeking	-	25.75	20.75	10.00	6.00	6.00	-	-	-	-
Senior Citizens up to 6 Credit Hours /credit hour	-	-	-	-	-	-	-	-	-	-
Senior Citizens after 6 Credit Hours /credit hour	-	-	-	-	-	-	-	-	-	-
<sup>1</sup> Tuition and Fees are set at the beginning of each Fall semester <sup>2</sup> SJC did not start charging fees until 2010 <sup>3</sup> SJC changed to a flat fee schedule for FYE 2015 <sup>4</sup> Full-time status was increased to 15 credit hours to align with Federal Financial Aid requirements										

Figure 54 Semester Tuition and Required Fees

## Debt Capacity

### Long-term Bonds Outstanding

<b>SAN JUAN COLLEGE</b>										
Long-term Bonds ( <i>Dollars in thousands</i> )										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Bonds Payable	\$10,941	\$13,591	\$ 14,779	\$16,859	\$18,544	\$20,593	\$22,279	\$24,077	\$ 24,859	\$27,512
Unamortized Premium	238	275	311	348	385	421	458	494	531	568
Unamortized Discount	-	-	-	-	-	-	-	-	-	(118)
Net Long-term Bonds	\$11,179	\$13,866	\$ 15,090	\$17,207	\$18,928	\$21,014	\$22,737	\$24,571	\$ 25,390	\$27,962
San Juan County Population <sup>1</sup>	123,101	123,785	126,448	128,529	128,063	130,144	129,359	126,905	126,149	125,028
Bond Debt per Capita	91	112	119	134	148	161	176	194	201	224

Figure 55 Long-term Bonds Outstanding

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



## Bond Debt Capacity

<b>SAN JUAN COLLEGE</b>										
Bond Debt Capacity ( <i>Dollars in thousands</i> )										
<i>Last ten fiscal years</i>										
<b>Fiscal Year Ended June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Assessed Valuation <sup>1</sup>	3,424,009	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
Ratio of Limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Constitutional Debt Limitation	102,720	89,447	98,293	97,332	95,115	84,028	79,069	75,186	68,856	64,754
Outstanding Bond Debt <sup>2</sup>	10,941	13,591	14,779	16,859	18,544	20,593	22,279	24,077	24,859	27,512
Available Bond Debt Capacity	91,779	75,855	83,514	80,474	76,571	63,435	56,790	51,109	43,997	37,241
% Bonded to Capacity	10.7%	15.2%	15.0%	17.3%	19.5%	24.5%	28.2%	32.0%	36.1%	42.5%

Figure 56 Bond Debt Capacity

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

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

# Demographic and Economic Information

## Demographic and Economic Statistics

SAN JUAN COLLEGE							
Demographic And Economic Statistics							
<i>Last Ten Fiscal Years</i>							
Year		Population <sup>1</sup>	Personal Income <sup>2</sup> (Thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	1	125,028	3,344,973	26,754	35.3	23,639	5.2%
2007	2	126,149	3,586,704	28,432	35.7	23,180	3.6%
2008	3	126,905	3,967,682	31,265	35.8	23,582	4.4%
2009	4	129,359	3,759,121	29,060	35.6	23,010	7.7%
2010	5	130,144	3,840,098	29,507	36.7	23,022	10.1%
2011	6	128,063	4,102,975	32,039	33.5	23,028	8.3%
2012	7	128,529	4,253,309	33,092	33.3	23,737	7.3%
2013	8	126,448 <sup>3</sup>	4,414,720	34,913	34.0	23,910	7.6%
2014	9	123,785 <sup>3</sup>	4,566,160	36,888	33.8	20,876	7.4%
2015	10	123,101 <sup>4</sup>	4,097,909	33,289	33.0	21,355	7.7%

Figure 57 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.

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

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

<sup>3</sup>Restated in 2015 to reflect census.gov numbers.

<sup>4</sup>Estimated

## Principal Employers

<b>SAN JUAN COLLEGE</b>						
Principal Employers by Industry						
<i>Current Year and Nine Years Ago</i>						
Employer	2015			2006		
	Employees <sup>1</sup>	Rank	Percentage of Total County Employment	Employees <sup>1</sup>	Rank	Percentage of Total County Employment
Health Care and Social Assistance	7,581	1	15.0%	5,900	2	12.1%
Mining (includes gas & oil production and services)	6,604	2	13.1%	5,366	3	11.0%
Retail Trade	6,262	3	12.4%	6,117	1	12.6%
Education Services	5,281	4	10.5%	5,009	4	10.3%
Accommodation and Food Services	4,360	5	8.6%	4,458	5	9.2%
Construction	4,235	6	8.4%	4,350	6	8.9%
Public Administration	3,276	7	6.5%	4,065	7	8.4%
Wholesale Trade	1,727	8	3.4%	1,703	8	3.5%
Transportation and Warehousing	1,604	9	3.2%			
Manufacturing	1,402	10	2.8%	1,509	10	3.1%
Other Services Exc. Public Administration				1,671	9	3.4%
<b>Total County Employment</b>	<b>50,463</b>		<b>83.9%</b>	<b>48,674</b>		<b>82.5%</b>

Figure 58 Nonfarm Principal Employers by Industry

<sup>1</sup>Employment data is the average employment for the first quarter, ending in March, 2015 and March, 2006

Source:

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

*First quarter of 2015 and 2006 Quarterly Census of Employment and Wages, Multiple Industries data for San Juan County, aggregate of all types of ownership.*

# Operating Information

## Full-Time Equivalent Employees by Function

SAN JUAN COLLEGE											
Faculty and Staff											
<i>Last ten fiscal years</i>											
Faculty and Staff											
<i>Fall Employment of Fiscal Year</i>	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
<b>FACULTY</b>											<b>Graph</b>
Full-time	169	166	160	152	144	145	100	104	102	96	
Part-time	192	253	246	296	288	304	244	264	272	224	
<b>Total Faculty</b>	<b>361</b>	<b>419</b>	<b>406</b>	<b>448</b>	<b>432</b>	<b>449</b>	<b>344</b>	<b>368</b>	<b>374</b>	<b>320</b>	
<b>STAFF</b>											
Full-time	358	363	384	384	367	358	420	445	423	411	
Part-time	152	116	114	143	149	142	143	156	179	54	
<b>Total Staff</b>	<b>510</b>	<b>479</b>	<b>498</b>	<b>527</b>	<b>516</b>	<b>500</b>	<b>563</b>	<b>601</b>	<b>602</b>	<b>465</b>	
<b>Total Faculty and Staff</b>	<b>871</b>	<b>898</b>	<b>904</b>	<b>975</b>	<b>948</b>	<b>949</b>	<b>907</b>	<b>969</b>	<b>976</b>	<b>785</b>	

Figure 59 Faculty and Staff

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

## Capital Assets: Facilities

<b>SAN JUAN COLLEGE</b>										
Capital Assets, Number of Facilities										
<i>Last Ten Fiscal Years</i>										
Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Academic/Support Facilities										
Main Campus	15 <sup>1</sup>	14	14	14	14	14	14	13	13	13
San Juan College West- Kirtland, NM	3	3	3	3	3	3	3	3	3	3
San Juan College East - Aztec, NM	1	1	1	1	1	1	1	1	1	1
School of Energy Training - Hutton Ave.	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	20	19	19	19	19	19	19	18	18	18
Total Buildings Square Footage	921,510	856,528	856,528	856,528	856,528	856,528	856,528	852,092	852,092	852,092
Number of Parking Lots	20	19	19	19	19	18	18	17	17	16
Total Parking Spaces	2835	2563	2563	2563	2563	2225	2225	2076	2076	2016
Total ADA Parking Spaces	115	107	107	107	107	97	97	97	97	97
<sup>1</sup> The increase in facilities, sq. footage, and parking spaces is due to the addition of the new School of Energy Building										

Figure 60 Capital Assets: Facilities



## Admissions, Enrollment and Degrees Earned

<b>SAN JUAN COLLEGE</b>											
Admissions, Enrollment, and Degrees Earned (Fall Enrollment)											
<i>Last ten fiscal years</i>											
<i>Fall Enrollment of Fiscal Year</i>	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
<b>ADMISSIONS - FRESHMEN</b>											
											<b>Graph</b>
Applications	2,542	3,412	3,012	3,334	3,113	2,583	2,858	1,388	1,268	995	
Accepted	2,542	3,412	3,012	3,334	3,113	2,583	2,858	1,388	1,268	995	
Enrolled	1,013	1,082	1,013	937	1,215	1,078	871	683	584	838	
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	39.9%	31.7%	33.6%	28.1%	39.0%	41.7%	30.5%	49.2%	46.1%	84.2%	
<b>ENROLLMENT</b>											
Student FTE	4,619	5,333	5,464	5,499	5,404	5,321	4,765	4,421	4,272	4,481	
Student Headcount	9,906	8,938	9,463	9,470	8,975	8,990	8,931	6,991	6,366	5,064	
<b>DEGREES/CERTIFICATES EARNED</b>											
Associates	656	617	654	640	506	472	423	424	414	429	
Certificates	812	670	601	468	342	310	208	204	217	171	

Figure 61 Admissions, Enrollment, and Degrees Earned

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

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

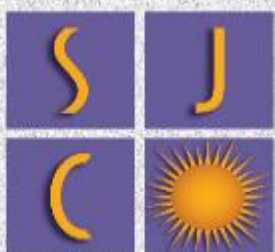






# Report on Internal Control

**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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust fund of San Juan College (the College), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and the budget comparisons presented as supplementary information for the year ended June 30, 2015, and have issued our report thereon dated October 22, 2015.

**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.

**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 certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FS 2015-001, FS 2015-002, and FS 2015-003.

### **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.

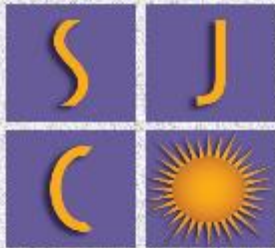
*Accounting + Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
October 22, 2015





# 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 Required by OMB Circular A-133**

### **Independent Auditor's Report**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited 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, 2015. 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, 2015.



## 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.

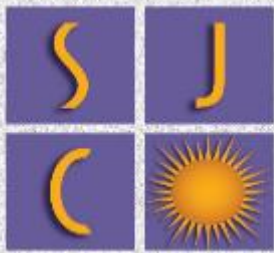
Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
October 22, 2015





# Schedule of Findings and Questioned Costs



SAN JUAN COLLEGE

**State of New Mexico**  
**San Juan College**  
 Schedule of Findings and Questioned Costs  
 June 30, 2015

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements:*

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

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | None noted |
| 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? | None noted |
| 4. Identification of major programs:  |            |

CFDA Number	Federal Program
84.063, 84.007, 84.033, 84.268 84.048	Federal Student Financial Aid Cluster Perkins Cluster

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee?                                   | Yes       |

**State of New Mexico**  
San Juan College  
Schedule of Findings and Questioned Costs  
June 30, 2015

**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

**FS 2015-001 Center for Workforce Training Registration and Billing – Other Noncompliance**

*Condition:* During our testwork over enrollment and billing for the Center for Workforce Training, it was noted that there was one class roster out of 55 tested which did not appear to be billed and was conducted free of charge.

*Criteria:* Per Article IX, Section 14 of the Constitution of the State of New Mexico, governmental entities shall not directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation.

*Effect:* The College is not in compliance with the Anti-Donation clause of the Constitution of the State of New Mexico.

*Cause:* The College's billing procedures were not being followed. The completed and signed roster was not sent to the registration office in order to have the participants registered and billed for the class.

*Auditors' Recommendation:* We recommend that the College implement and enforce procedures over registration and billing for the Center for Workforce Training to insure that all classes that take place are properly registered within the College's system and properly billed.

*Agency Response:*

1. Finding
  - a. FS 2015-001 Center for Workforce Training Registration and Billing – Other Noncompliance
2. Analysis
  - a. During the time of the audit finding CWT was under an Interim Director. The questionable transaction was authorized by Interim Director of CWT based on the College's failure to adequately provide the agreed upon service and training materials.
  - b. Original rosters and any payments are to be placed in the CWT safe to be accessed only by authorized personnel. Copies of rosters are provided to enrollment services. Original rosters are delivered to the Business Office and used to reconcile and verify billing.
  - c. During the time of the finding, Internal Controls were circumvented because items were not placed in the safe.
  - d. The Center for Workforce Development has been reassigned to the School of Business, since the violation occurred.
3. Description of the corrective action that will be implemented
  - a. What new processes will be put in place to resolve the issue(s) identified?
    - i. Controller or VP of Administrative Services will communicate with applicable personnel, including deans and directors, the procedures that are in place for internal controls regarding enrollment and billing. This communication will include a reinforcement of the applicable laws, regulations, and/or college policies that apply.
4. Schedule
  - a. Effective 11/2/2015, the Controller or VP of Administrative Services will send out the correspondence related to internal controls over enrollment and billing.
5. Specific Initiatives
  - a. A process will be established to send this communication within 30 days from the time that the Controller or VP of Administrative Services receives notification of any personnel or departmental changes.
6. Contact person(s) responsible for monitoring and maintaining corrective procedures.
  - a. Controller

**State of New Mexico**  
San Juan College  
Schedule of Findings and Questioned Costs  
June 30, 2015

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (Continued)**

**FS 2015-002 – Lack of Review of Requests for Reimbursement – Other Noncompliance**

*Condition:* During our process of understanding the College and its internal controls over cash management for the Perkins grants, we noted instances where elements of the College's internal controls over requests for reimbursement were deficient or need improvement:

- Requests for reimbursement are not reviewed by someone other than the preparer of those requests before they are submitted to the granting agency. Expenditure reports used to prepare requests for reimbursement are reviewed as a mitigating control, however the requests for reimbursement are not reviewed before submission.

*Criteria:* 2 CFR 215.20, requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that a responsible official approve all requests for advances or reimbursement before they are submitted.

*Effect:* The College is at risk that un-allowed costs could be included in requests for reimbursement, which could jeopardize grant funding allocations and result in the College being required to repay funds to grantors.

*Cause:* The College does not have internal controls in place to ensure that requests for reimbursement for this grant are reviewed by someone other than the person who prepares them.

*Auditors' Recommendation:* Management should implement a review process for requests for reimbursement for this grant by an employee other than the preparer before the requests are submitted to the grantor.

*Agency's Response:*

1. Finding
  - a. FS 2015-002 Lack of Review of Requests for Reimbursement – Other Noncompliance
2. Analysis
  - a. The college has compensating controls including reviews and approvals of expenditures and reconciliation of expenditures prior to requests for reimbursement.
3. Description of the corrective action that will be implemented.
  - a. What new processes will be put in place to resolve the issue(s) identified?
    - i. Effective 10/27/2015 a procedure will be established for review of all requests for reimbursement. Requests will be reviewed by the Controller, Assistant Controller or a Senior Accountant.
4. Contact person(s) responsible for monitoring and maintaining corrective procedures.
  - a. Controller
  - b. Assistant Controller

**FS 2015-003 – Missing Form SSA 1945 – Other Noncompliance**

*Condition:* During our testwork over State Audit Rule Compliance, it was noted that.

- For 16 employees hired in positions not covered by Social Security hired after January 1, 2005, the College did not maintain a signed Form SSA1945.

*Criteria:* Per State Audit Rule Section 2.2.2.10 H (2)(c) the Social Security Administration requires all state and local government employers to disclose to all new employees the fact that their job is not covered by Social Security if they were hired for a position not covered by social security. These employees must sign a statement that they are aware of a possible reduction in their future Social Security benefit entitlement. SSA Form 1945 is used to meet this requirement. This requirement is applicable to all such employees hired on January 1, 2005 or after.

*Effect:* The College is not in compliance with the rules of the Social Security Administration and the State Audit Rule.

**State of New Mexico**  
San Juan College  
Schedule of Findings and Questioned Costs  
June 30, 2015

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (Continued)**

**FS 2015-003 – Missing Form SSA 1945 – Other Noncompliance (continued)**

*Cause:* The College does not have procedures in place to ensure that all employees hired after January 1, 2005 have a signed Form SSA 1945.

*Auditors' Recommendation:* Management should implement a step in the hiring process for the completion of SSA Form 1945 for any employees hired who are not covered by Social Security.

*Agency's Response:*

1. Finding
  - a. FS 2015-003 – Missing Form SSA 1945 – Other Noncompliance
2. Analysis
  - a. There are currently no hiring procedures requiring signatures on this form.
3. Description of the corrective action that will be implemented.
  - a. What new processes will be put in place to resolve the issue(s) identified?
    - i. Effective 11/2/2015 a procedure will be established to contact the 16 employees hired after January 1, 2005. Notification will be announcing the requirement for them to sign the SSA 1945 or they will be subject to Social Security withholdings during the first period not exceeding 30 days after the notification.
    - ii. Payroll manager will verify SS withholdings during the first payroll after the deadline.
4. Contact person(s) responsible for monitoring and maintaining corrective procedures.
  - a. Payroll Manager
  - b. Director of HR
  - c. Benefits Manager

**C. FINDINGS – FEDERAL AWARD**

**None**

**D. PRIOR YEAR AUDIT FINDINGS**

**FS 2013-003 Design of Internal Controls Over Payroll (Significant Deficiency) – Resolved**

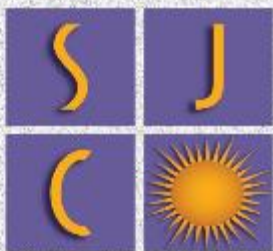
**FS 2014-001 Design of Internal Controls Over Cash Receipting at Decentralized Locations (Significant Deficiency) – Resolved**

**FS 2014-002 Stale Dated Checks – (Other Matter) - Resolved**





# Other Required Disclosures



SAN JUAN COLLEGE

**State of New Mexico**  
San Juan College  
Other Required Disclosures  
June 30, 2015

**Other Required Disclosures**

The financial statements were prepared by San Juan College.

**Exit Conference**

The contents of this report were discussed on October 27, 2015. The following individuals were in attendance.

**San Juan College**

Dr. Toni Pendergrass, President  
Russell Litke, Vice President for Administrative Services  
Kristie Ellis, Controller  
Steve Miller, Assistant Controller  
Andrea Weaver, Senior Accountant  
Earlene Roquemore – Senior Accountant  
Ken Hare, Board Chairman  
Shane Chance, Board Secretary  
Byron Manning, Board Member

**Accounting & Consulting Group, LLP**

Ray Roberts, CPA, Managing Partner

**San Juan College Foundation**

Gayle Dean, Executive Director  
Ken Hare, Board Member  
Shane Chance, Board Member

**Four Corners Innovations**

Randy Pacheco, CEO  
Dr. Toni Pendergrass, Board Member







**Accounting &  
Consulting Group, LLP**  
Certified Public Accountants