

Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016

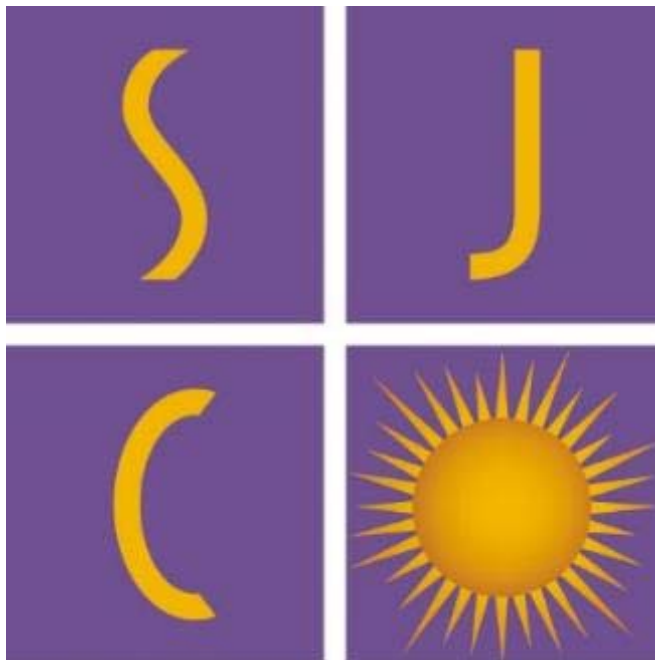
Success Matters



SAN JUAN COLLEGE
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San Juan County, Farmington, NM

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San Juan College
San Juan County, Farmington, New Mexico

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2016

Prepared by: San Juan College Business Office

San Juan College Campus

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Introductory Section

(Unaudited)

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Letter of Transmittal

November 7, 2016

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

Respectfully submitted for your review is the comprehensive annual financial report for San Juan College (SJC) for the fiscal year ended June 30, 2016. The purpose of this report is to provide detailed information about the financial condition and performance of SJC. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal controls. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. The concept of reasonable assurance ensures that the costs of the controls do not exceed the benefits derived.

Comprehensive Annual Financial Report

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

Reporting Entity

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

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

FCI is organized for charitable, scientific and educational purposes. FCI promotes the public welfare and prosperity of the people of New Mexico, fosters economic development within New Mexico, and engages in other cooperative ventures of innovative technological significance that will advance education, science,

research, conservation, or economic development within New Mexico. The IRS granted Four Corners Innovations, Inc. tax exempt status on July 25, 2014 with an effective date of March 30, 2012.

Profile of the College

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

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

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

Accreditation

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

Mission

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 nearly 15,000 students per year. Staff size has grown from a handful of part-time instructors to a total of 881 men and women who serve the College and our community, including roughly 160 full-time faculty and almost 200 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 almost \$130 million dollars for buildings only.



Other campus locations include 907 South Hutton Street in Farmington, which houses the CDL program and will soon be renovated and remodeled to house the EMT and Fire programs, 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.

Highlights: 2016

In the spring of 2016, San Juan College celebrated 60 years of student success.

Over the summer of 2016, final preparations for the San Juan College High School (SJCHS) were made as space was remodeled to accommodate this innovative educational partnership; a public high school that opened on the main campus of San Juan College in the fall of 2016. Operating under the direction of Farmington Municipal Schools, SJCHS serves students who reside in the Aztec, Bloomfield, Central Consolidated and Farmington School Districts. SJCHS offers 9th through 12th grade and initially accepted a cohort of 80 freshmen students. Within four years, students will graduate with a New Mexico High School Diploma of Excellence, as well as an Associate Degree or Certificate from San Juan College.



Figure 1 San Juan College High School, Photo Courtesy of Tony Bennett

At the end of fiscal year, SJC has increased dual credit enrollment 181% over last 4 years.

By the end of fiscal year 2016, the number of graduates produced by SJC over the past 5 years has increased by 143%.

For the second year in a row, SJC is 2nd out of 1,108 community colleges in nation for granting the largest number of associate degrees to Native American graduates.

In the last 3 months of the fiscal year, two long-standing partners of SJC: Ellucian (third party Information Technology leadership provider) and Sodexo (third party dining services provider) transitioned-out of the College. Effective July 1, 2016 CampusWorks has assumed the role of Information Technology leadership and A`viands is fulfilling the College's needs for dining services. We expect to realize both economic efficiencies and service level improvements for both of these new partners.

In July, 2016, Moody's Credit Rating reaffirmed San Jan College's credit rating as Aa2, a very favorable rating. One month earlier, Standard and Poor's reaffirmed SJC's A+ rating. In doing so, each rating agency expressed confidence in the financial viability of the college and the management demonstrated by College's Board and leadership.

In August, 2016, San Juan College refunded \$9.8 million in long term debt. Savings from this fiduciarily responsible move saves the San Juan County taxpayers \$614 thousand in net present value.

Local Economy

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

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

Energy production is the cornerstone of our economy. The San Juan Basin is one of North America's largest natural gas fields. The condition of the gas market is in decline; as such, the College's Oil & Gas Production Tax Revenue has been significantly and negatively impacted.

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. San Juan County has welcomed several new retail, restaurant and hotel operations in 2015/2016. A short list of recent openings include: Hibbett Sports opened in the Animas Valley Mall; the store employs eight full- and part-time workers. Chick-fil-A recently opened, creating about 80 full-time and part-time jobs. Fairfield Inn & Suites opened a new location in Farmington; the hotel employs about 15 full-time and 10 part-time workers. Dick's Sporting Goods opened a location in Farmington.

Unemployment increased to 8.1% in FY2016. SJC's service area has experienced a decline in population over the past year. These changes are mostly due to low prices for gas and oil, which has caused many companies to have a reduction in force. After a decrease in enrollment in fiscal year 2016, enrollments are expected to flatten-out and stabilize in fiscal year 2017.

While the San Juan County area is experiencing some difficult economic circumstances, property values have not decreased; property tax revenue has been stable.

Financial Planning & Budgeting

San Juan College's financial planning is comprised of four key planning processes: Strategic Plan, Annual Budget (including three-year projections) Facilities Master Plan and the Technology Plan. Additionally, the college has 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.

The New Mexico Department of Higher Education continues to craft funding formulae emphasizing outcomes. The most recent performance-based funding formula rewards institutions for improving their performance in six categories. The changes to the funding formula underscores the importance of stabilizing revenue through tuition and fees and searching for new revenue streams. In fiscal year 2015, State funding increased slightly and funding initially remained unchanged for fiscal year 2016. Because the state is experiencing a financial crisis and funding reductions are being handed-down to state agencies, including higher education, future impacts are still unclear. Anticipated funding decreases will result more from dramatic decreases in higher education funding as a whole and not so much from the result of further implementation of performance funding.

The San Juan College Board has policies regarding:

- General Fund Reserve
- Cash Balance Reserve
- Long-term Forecasting
- Funding New Programs or Expanding and/or Reducing Existing Programs

- Asset Management and Replacement
- Estimating the Operating and Maintenance Costs of Capital Assets
- Monthly Monitoring of Key Revenues and Expenditures
- Revenue Diversification and Stabilization
- Grant Oversight and Expansion
- Debt Management Policy and Post Compliance Guidelines implemented in 2013 to manage and sustain strong debt program, as well as ensure tax compliance and legal controls related to bond obligations.

Independent Audit

San Juan College engaged RPC CPAs + Consultants, LLP to perform its annual audit. The purpose of an independent audit is to provide reasonable assurance, based on independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects. The scope of RPC’s work also includes a review of compliance for each major federal program and procedures to test and report on internal control over compliance in accordance with OMB Uniform Guidance. RPC CPAs + Consultants, LLP has issued an unmodified (clean) opinion on San Juan College’s financial statements for the year ended June 30, 2016.

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, 2015. This was the second consecutive year that San Juan College 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, the Information Technology Center, the Office of Institutional Research and other key College administrators, faculty, and support staff. In addition, RPC CPAs + Consultants, LLP provided invaluable assistance. We extend our gratitude to the San Juan County Finance Department for their cooperation by providing statistical data. We also extend our appreciation to the College’s Board of Trustees for their continued support and dedication to inspire and support life-long learning to achieve personal and community goals by providing quality education, services, and cultural enrichment.

Respectfully and collaboratively submitted,

 Dr. Toni Hopper Pendergrass President	 Edward M. DesPlas Vice President for Administrative Services	 Kristie K. Ellis Controller
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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**
Edward DesPlas

**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
Edward DesPlas.....	Vice President for Administrative Services
Dr. Barbara Ake	Vice President for Learning
Adrienne Forgette.....	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 and Staff

Kristie Ellis.....	Controller
Steve Miller	Assistant Controller
Andrea Weaver, CMA	Budget and Financial Analyst
Michael Karl.....	Restricted Fund Accountant
Frank Cole.....	Chief Procurement Officer



Government Finance Officers Association

**Certificate of
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in Financial
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Presented to

**San Juan College
New Mexico**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust of San Juan College (the College) as of and for the year ended June 30, 2016 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, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the other postemployment benefits (OPEB) trust of the College, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, the budgetary comparisons of the College referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the GASB required supplementary pension schedules, and required supplementary OPEB schedules on pages 16 through 28, 68 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

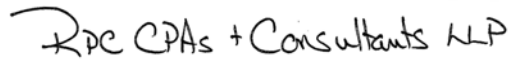
Our audit was conducted for the purpose of forming opinions on the College's financial statements and the budgetary comparisons. The introductory section, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements,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

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

The introductory section, 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 November 7, 2016 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
November 7, 2016



Management's Discussion and Analysis

Introduction

The San Juan College Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016, provides an overview of the College's financial activities. The CAFR includes: the letter of transmittal, certificate of achievement for excellence in financial reporting, independent auditors' report, management's discussion and analysis (MD&A), financial statements, notes to the financial statements and significant accounting policies, statistical data, and the single audit section.

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

Financial Highlights

The financial highlights for fiscal year (FY) ended June 30, 2016 include:

- The College's net position decreased in fiscal year 2016 by 2.6% or \$0.5 million for a total net position of \$20.7 million from \$21.2 million.
- Total assets increased by 4.4% or \$4.6 million. Current assets increased by 9.9% or \$2.1 million due to an increase of \$2.3 million in cash and cash equivalents offset by the timing of current liabilities. Non-current assets increased by 3.0% or \$2.5 million primarily due to the \$5.0 million sale of the series 2015 general obligation bonds.
- The College's total bonds and notes payable increased by 41.4% or \$4.8 million during the current fiscal year. The college sold \$5.0 million in bonds associated with our capital development/general obligation bond program and retired \$0.2 million in bonds.
- In FY 2015, the College implemented the provisions of GASB Statements No. 68, and No. 71 (see Note 9). The statements revised the requirement for measuring and recognizing pension liabilities in relation to the Educational Retirement Board's (ERB) pension provided by the College to its employees. In FY 2016, Net Pension Liability was increased by 14.0% or \$8.2 million, resulting in a Net Pension Liability of \$66.9 million (see Note 9).
- Total sources of funds decreased by 10.2% or \$7.2 million primarily due to the FY 2015 contributions made towards the construction of the School of Energy. Excluding these one-time contributions total sources of fund increased by 1.1% or \$0.7 million. Current-year reduction of local appropriations was offset by an increase in tuition and fees. Student tuition and fees less scholarship allowance increased by 4.7% or \$0.3 million.
- Total uses of funds decreased by 0.8% or \$0.5 million due to budgetary tightening in anticipation of declining revenue streams.

Overview of the Financial Statements

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

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

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

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

The annual report consists of a series of fund financial statements which are groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. All thirteen of the College funds are combined into a single, aggregated presentation of combining statements.

The College has three proprietary or enterprise funds presented as business-type auxiliaries in the government-wide financial statements. The auxiliary funds are the San Juan College Bookstore, Dining Services, and the Health and Human Performance Center (HHPC). During the current fiscal year, HHPC was re-categorized from the general fund to an enterprise fund to better align reporting with its functions. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the College's programs. The College has a single fiduciary fund, the San Juan College Retiree Healthcare Trust.



Basic Financial Statements

The government-wide financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows, which provide information about the activities of the College as a whole and present a long-term view. Fund financial statements also report the operations in more detail by providing information about the most significant funds. The financial statements also include notes that provides selected detailed data. The statements are followed by the “Required Supplementary Information” section that provides schedules and notes related to the Net Pension Liability and Other Post-Employment Benefits (OPEB). The primary focus of the basic financial statement is on the results and activities for FY 2016. As a reference point, comparative data is presented from the prior fiscal year, 2015 to illustrate trends for determining the College’s overall financial health.

Statement of Net Position

The Statement of Net Position presents the financial position of San Juan College at the end of FY 2016. The College’s overall financial position declined slightly by 2.6% or \$0.5 million to \$20.7 million from \$21.2 million.

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

Figure 2 presents a Condensed Comparative Statement of Net Position for the fiscal years ended June 30, 2016, and June 30, 2015.

San Juan College		
Condensed Comparative Statement of Net Position		
<i>June 30, 2016 and 2015</i>		
	2016	2015
Assets:		
Current Assets	\$ 23,612,158	\$ 21,486,364
Non-Current Assets	8,479,925	2,151,556
Capital Assets, not being depreciated	4,431,072	4,025,252
Capital Assets, net of accumulated depreciation	73,143,071	77,351,153
Total Assets	109,666,226	105,014,325
Deferred Outflows of Resources	6,864,220	4,423,953
Total Assets and Deferred Outflows of Resources	\$ 116,530,446	\$ 109,438,278
Liabilities		
Current Liabilities	\$ 9,238,805	\$ 5,528,874
Non-Current Liabilities	18,267,896	17,784,291
Net Pension Liability	66,864,820	58,672,592
Total Liabilities	94,371,521	81,985,757
Deferred Inflows of Resources	1,456,694	6,207,619
Total Liabilities and Deferred Inflows of Resources	95,828,215	88,193,376
Net Position		
Net Investment in Capital Assets	66,145,716	68,731,215
Restricted	5,987,618	4,109,913
Unrestricted	(51,431,103)	(51,596,226)
Total Net Position	20,702,231	21,244,902
Total Liabilities, Deferred Inflows and Net Position	\$ 116,530,446	\$ 109,438,278

Figure 2 Condensed Summary of Net Position

Assets

Current Assets increased by 9.9% or \$2.1 million. Non-Current Assets increased by \$6.3 million primarily due to \$4.9 million in unspent General Obligation Bond proceeds the use of which is restricted for specific capital projects. Net Capital Assets decreased by 4.7% or \$3.8 million, primarily due to depreciation recognized by the College. Please see Note 4 for a comprehensive overview of capital asset activities.

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net assets by the College that is applicable to a future reporting period. Deferred outflows of resources decreased by \$2.4 million primarily due to actuarial changes in assumptions. See Note 9.

Liabilities

The Liabilities subsection of the Condensed Comparative Statement of Net Position, Figure 2, reflects three broad categories of liabilities: Current Liabilities, Non-Current Liabilities, and Net Pension Liability. Overall, total liabilities increased 15.1% or \$12.4 million. Current Liabilities increased by 67.1% or \$3.7 million and Non-Current Liabilities which includes Net Pension Liability increased by 11.3% or \$8.7 million. The significant increase was due to an increase in the Net Pension Liability. See Notes 6 through 9.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of resources that is applicable to a future reporting period. Deferred inflows of resources decreased by 76.5% or \$4.8 million, due to changes in investment experience. See Note 9.

Net Position

The Statement of Net Position reports all of the College's (1) assets and deferred outflows of resources (2) less liabilities and deferred inflows of resources and (3) the residual or net position. Net position is comprised of the following sub-categories: net investment in capital assets, restricted, and unrestricted. The largest portion of the College's net position is reflected in net investment in capital assets (i.e., land, art and artifacts, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. Net investment in capital assets decreased by 3.8% or \$2.6 million, primarily due to depreciation recognized by the college, which was offset by the purchase of depreciable assets. Restricted net position represents those resources upon which restrictions have been imposed that limit the purposes for which such resources can be used. Restricted net position increased by 45.7% or \$1.9 million primarily due to the recognition of Capital Projects as restricted. Unrestricted net position accounts for College resources available to fund general operations. Unrestricted net position increased by 0.3% or \$0.2 million primarily due to expenditure cuts resulting in decreased spending.

Capital Assets and Debt Administration

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

Non-depreciable capital assets increased by 10.1% due to additions in construction in progress. Depreciable capital assets had a slight increase of 0.5% or \$0.9 million from acquisitions of equipment, furnishings and software, and the final capitalization of the School of Energy. Overall, net capital assets decreased by 4.7% or \$3.8 million as the net result of all capital asset transactions. General fund transfers to renewal and replacement, and capital projects were \$1.3 million. In June of FY 2015, the College experienced a damaging hail storm. New Mexico Risk Management and their excess claims carrier (AIG) covered the cost of the repairs less a \$2,500 deductible. The College restored all damaged roofs and infrastructure. The restorations were considered repairs; therefore, costs were not capitalized. In FY 2017 the College entered into an Energy Savings Performance Contract. The debt incurred to finance energy conserving upgrades is repaid by the guaranteed savings generated from the prescribed energy conservation measures. The upgrades

include but are not limited to: lighting retrofits and controls, new chiller plant, HVAC unit replacements, waste management improvements and other energy system upgrades. Local contractors will be utilized resulting in a positive impact on the community.

The College's conservative debt management principles play a critical role in decisions regarding issuance of new debt. Although the College sold the series 2015 General Obligation (GO) bonds for \$5.0 million in FY 2016, only \$0.1 million was expended as of June 30, 2016. Total debt increased by \$4.8 million or 41.4% from the net effect of the \$5 million sale of GO bonds reduced by \$0.2 million in bond and note principal payments. In FY 2017, the College refunded the series 2005 GO bonds for a lower interest rate which has a favorable effect on the San Juan County taxpayer's millage rate levy.



Statement of Revenues, Expenses, and Changes in Net Position

A Condensed Comparative Statement of Revenues, Expenses, and Changes in Net Position is presented in Figure 3, reflecting the results of operations and other changes for the year ended June 30, 2016.

San Juan College		
Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position		
<i>For the years ended, June 30, 2016 and 2015</i>		
	<u>2016</u>	<u>2015</u>
Revenues		
Operating Revenues:		
Student Tuition and Fees, net of Scholarship Allowance	\$ 7,271,454	\$ 6,942,384
Federal Grants and Contracts	2,521,516	2,270,183
State Grants and Contracts	2,188,684	3,285,884
Non-Governmental Grants and Contracts	2,313,216	9,500,432
Other Operating Revenues	6,890,991	6,460,918
Total Operating Revenues	<u>21,185,861</u>	<u>28,459,801</u>
Operating Expenses:		
Education and General	48,840,347	50,050,973
Operations and Maintenance of Plant	5,640,641	5,686,243
Depreciation Expense	5,515,523	5,176,033
Student Aid	7,810,479	8,542,969
Other Operating Expenses	5,377,867	4,585,766
Total Operating Expenses	<u>73,184,857</u>	<u>74,041,984</u>
Operating Profit (Loss)	<u>(51,998,996)</u>	<u>(45,582,182)</u>
Non-Operating Revenues (Expenses)		
State Appropriations	25,072,455	25,170,340
Local Appropriations	16,080,365	17,067,457
Federal Student Aid	10,384,595	11,053,275
Other Non-operating Revenues/Expenses	(1,666,851)	(1,048,566)
Total Non-Operating Revenues (Expenses)	<u>49,870,564</u>	<u>52,242,506</u>
Income (Loss) before Other Revenue (Expenses)	(2,128,432)	6,660,323
Capital Appropriations	1,155,166	48,703
Capital Contributions	19,100	340,632
Increase (Decrease) in Net Position	(954,166)	7,049,658
Net Position, beginning of year	<u>21,244,902</u>	<u>73,332,595</u>
Net Position - Restatement	411,495	(59,137,351)
Net Position, beginning of year as restated	<u>21,656,397</u>	<u>14,195,244</u>
Net Position, end of year	<u>\$ 20,702,231</u>	<u>\$ 21,244,902</u>

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

The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations and other changes for the year ended June 30, 2016. It distinguishes between operating and non-operating revenues and expenses. Student tuition and certain other revenues are reported net of discounts and allowances. State and local appropriations and federal student aid are reported as non-operating revenues. The net of all categories results in an increase or decrease in net position and is reconciled with the beginning net position to the ending net position amount, and shown on the Statement of Net Position described above.

The Governmental Accounting Standards Board (GASB) mandates local and state appropriations and federal student aid are regarded as non-operating revenue because it lacks an exchange of services or goods associated with the revenues. The College’s Statement of Revenues, Expenses, and Changes in Net Position reports an operating loss of \$52.0 million. A more representative view of the College’s fiscal effectiveness includes local and state appropriations, and federal student aid which is reflected in the amount reported as Increase or (Decrease) in Net Position. San Juan College reported a decrease in net position of 2.6% or \$0.5 million. This decrease is an effect of recognizing net pension liabilities. See Note 9. The College’s operating revenue decreased by 25.6% or \$7.3 million. This decrease is a result of one-time contributions for the School of Energy construction project recognized as revenue in FY 2015.

Expenses and Revenues by Classification

In addition to the functional classification of expenses, it may be helpful to view expenses by their natural classification. Figure 4 illustrates the College’s expenses by amount and percentage. Salaries and benefits represent 40.0% of total expenses for FY 2016. Full-time and part-time faculty decreased by 8.0% or 29 members. Full-time staff decreased by 6.7% or 24 employees, while part-time staff increased 41.4% or 63 employees. See the statistical section for more information regarding staff.

Expenses	
Supplies and Equipment	\$ 16,965,660
Other Expenses	2,111,582
Salaries and Wages	29,971,905
Benefits	10,624,863
Utilities	1,337,921
Scholarships	7,810,479
Bonds and Notes - Interest	611,186
Depreciation	5,515,523
Total	\$ 74,949,119

Figure 4 Expenses by function and accompanying chart.

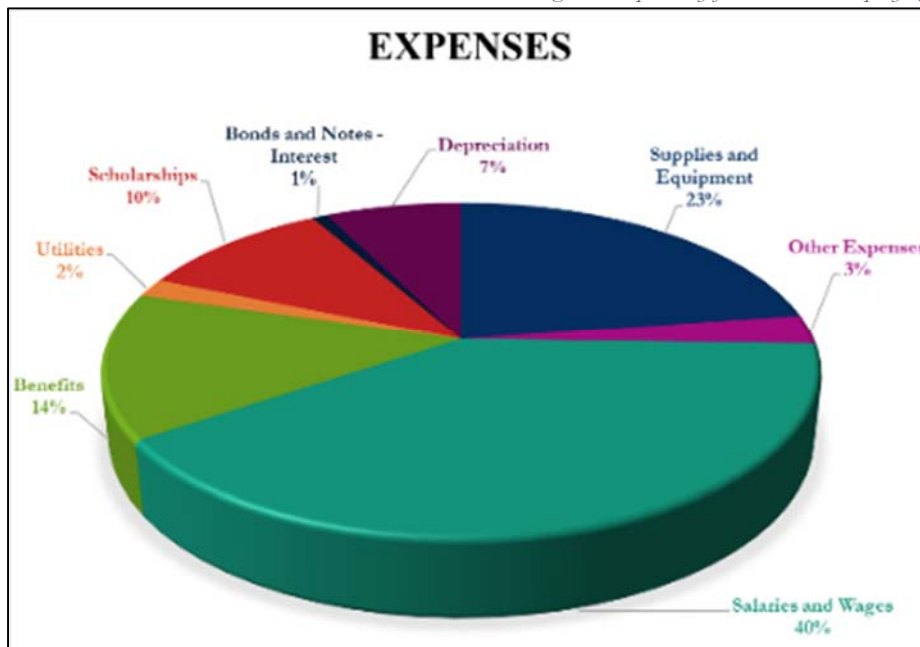
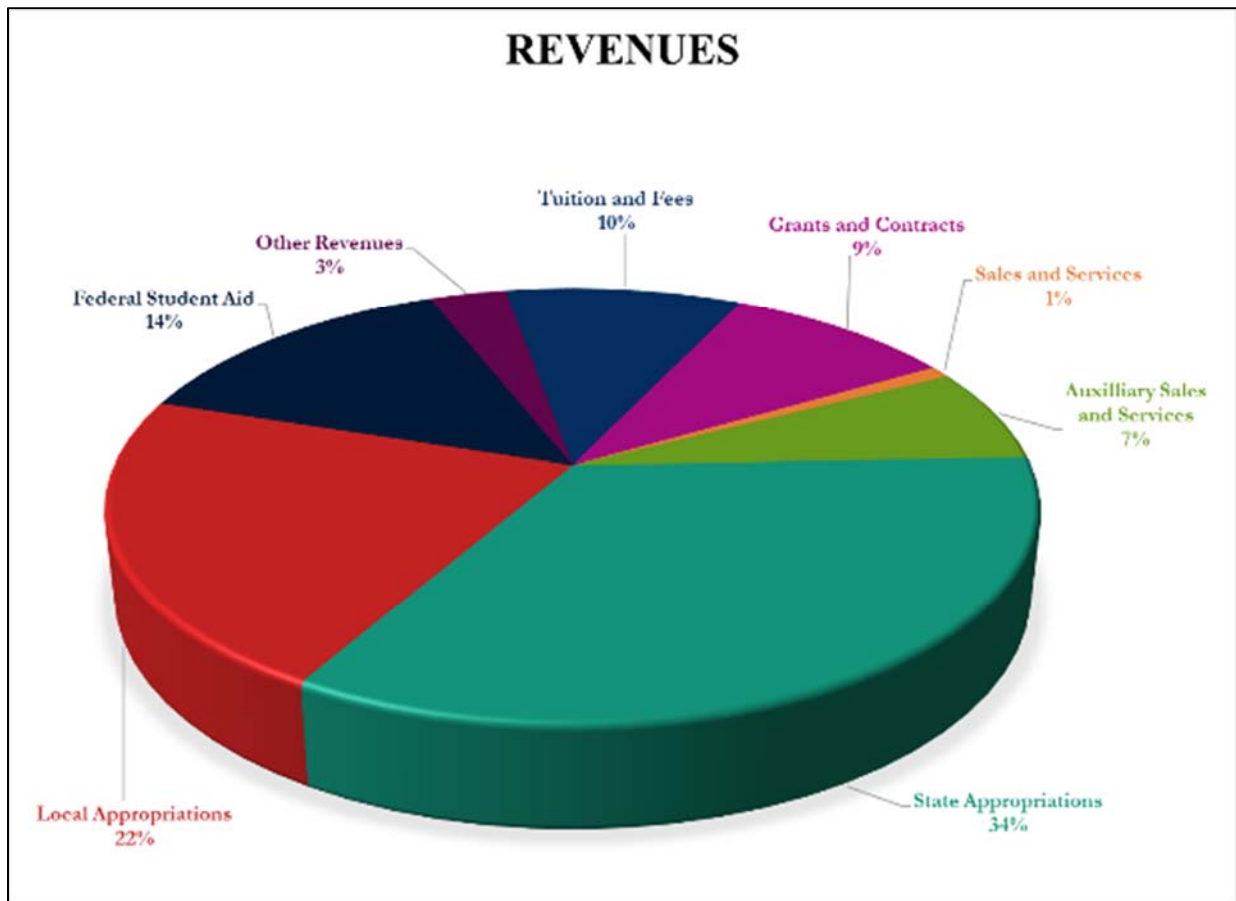


Figure 5 summarizes revenues by functional classification. State and Local Appropriations are 56% of total revenues and decreased slightly from \$42.2 million to \$41.2 million. Revenue from property taxes increased slightly while production tax revenue decreased. See Figure 3 on page 22. Net Tuition and Fees increased by 4.7% or \$0.3 million. Auxiliary Sales and Services increased by 6.8% or \$0.3 million. Auxiliary Sales/Services are business type activities and include Dining Services, the San Juan College Bookstore, and the Health and Human Performance Center (re-categorized from the general fund to an auxiliary fund in FY 2016).

Revenues	
Tuition and Fees	\$ 7,271,454
Grants and Contracts	7,023,417
Sales and Services	644,879
Auxiliary Sales and Services	5,171,043
State Appropriations	25,072,455
Local Appropriations	16,080,365
Federal Student Aid	10,384,595
Other Revenues	2,346,745
Total	\$ 73,994,953

Figure 5 Revenues and Accompanying Pie Chart



Statement of Cash Flows

The Statement of Cash Flows provides information about the College’s sources and uses of cash during the fiscal year. It presents information about cash generated from operations by activity type: operating, financing, and investing. It also reconciles the beginning balance of cash and cash equivalents to the ending balance, which is shown on the Statement of Net Position, described on pages 18-20.

A comparative condensed statement of cash flows is presented in Figure 6. Overall cash and cash equivalents increased by 62.4% or \$8.7 million. Net cash used by operating activities increased by 16.5% as a result of decreased one-time private grants cash inflows for the School of Energy construction. Net cash provided by noncapital financing decreased by 7.7% from \$53.3 million to \$49.2 million as a result of classifying local appropriations for debt service as a capital related financing activity. Net cash provided by capital and related financing activities increased. The factors affecting capital financing activities included the FY 2015 outflows for construction of the School of Energy and bond retirements and the FY 2016 inflow from bond sales and classifying local appropriations for debt service as a capital related financing activity. Net cash provided by investing activities decreased due to changes in the timing of maturing investments.

San Juan College		
Condensed Statement of Cash Flows		
<i>For the Year Ended June 30, 2016</i>		
	2016	2015
Cash flows from operating activities	\$ (46,491,828)	\$ (39,921,271)
Cash flows from noncapital financing activities	49,182,169	53,291,072
Cash flows from capital and related financing activities	5,725,821	(14,314,673)
Cash flows from investing activities	307,309	800,618
Net increase (decrease) in cash and cash equivalents	8,723,471	(144,254)
Cash and cash equivalents - beginning of year	13,985,387	14,129,641
Cash and cash equivalents - end of quarter	<u>\$ 22,708,858</u>	<u>\$ 13,985,387</u>

Figure 6 Condensed Statement of Cash Flows

Component Units

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

San Juan College Foundation

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

Four Corners Innovations, Inc.

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

Economic Outlook
Principal Revenue Sources

In FY 2016, the principal revenue sources accounted for 76.0% of total revenues compared to 79.2% in FY 2015 (see page 94 in the statistical section).

As percentages of total revenue:

- Revenues from San Juan County, which includes property taxes and production taxes, declined by 1.3%
- Revenues from the State of New Mexico declined by 1.5%
- Revenues from the Federal government declined by 1.3%
- Revenue from tuition and fees increased 0.5% due to increased tuition and fee rates.

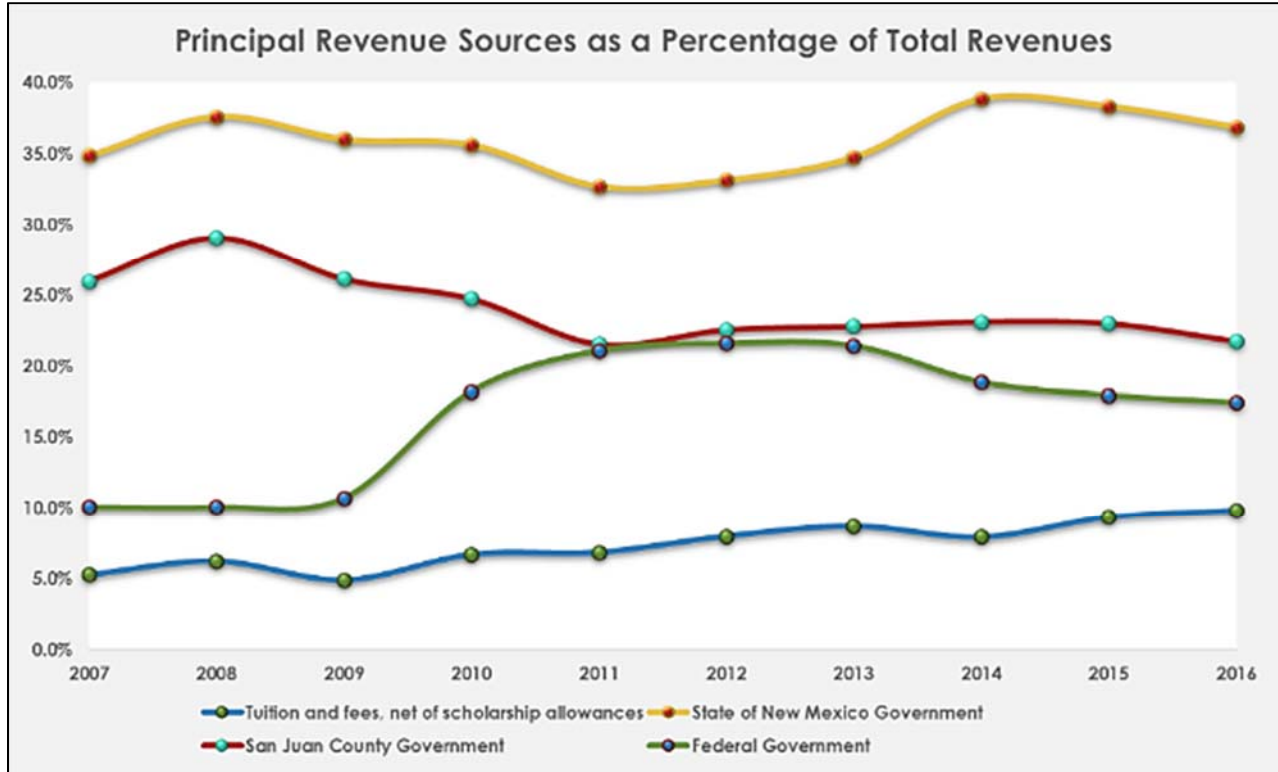


Figure 7 Principal Revenue Sources

State Appropriations

The uncertainty of revenue streams due to the decline of production tax revenue and expected State of New Mexico appropriation cuts is projected to continue beyond the 2016-17 fiscal year. This sustained uncertainty underscores the importance of the College’s efforts to strategically reduce expenses to fit operations within the revenue constraints. For fiscal year 2016-2017, the New Mexico Legislature approved a budget that resulted in a decrease of \$0.5 million. Refer to Note 12 for subsequent events related to additional state appropriation reductions of \$1.2 million for FY 2017.

The New Mexico Department of Higher Education is using an outcomes based funding formula for all N.M higher education institutions. Included in the current formula are six output measures for community colleges: 1) students to completing courses, 2) institutions increasing the number of graduates, 3) institutions increasing science, technology, engineering, health, and mathematics degrees and certificates earned, 4) institutions graduating more at-risk students, 5) students completing 30 credit hours, and 6) Dual Credit enrollment. These output measures can affect 10% of the state appropriation.

Local Appropriations

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's local property taxes budget for unrestricted operations increase slightly for FY 2016 but is expected to remain flat in FY 2017. The College will continue to experience a reduction in Production Taxes caused by declining natural gas prices and production.

Tuition and Fees

San Juan College's current tuition and general fee rates were approved by the Board starting the fall semester of 2015. Under the schedule, fees increase after 4 credit hours then remains static. See page 97 in the statistical section. The college is monitoring the impact this change is having on tuition and fee revenues.

All applications for admission are accepted. The College enrolled 692 freshmen or 33.5% of the freshmen that applied in FY 2016 compared to 1,013 freshmen or 39.9% of the freshmen that applied in FY 2015. Freshmen enrollment in FY 2016 decreased 31.7% compared to FY 2015 enrollment. Total enrollment decreased 22.1% or 2,188 students compared to FY 2015 increase of 9.8% or 968 students. Full-time equivalent students (FTEs) decreased by 4.5% or 210 compared to the FY 2015 decrease of 13.4% or 714 caused by a change in calculation methods. FTE students are calculated based on 15 credit hours per semester instead of 12 credit hours per semester. Associates degree awards increased to 708 to from 656 and certificates awarded increased to 1,350 students from 812 awards in FY 2015. Effectively increasing the graduation rate by 40.2% compared to the increase in FY 2015 of 14.1%.

Principal Employers, Unemployment Rates, and Population

The downturn in the gas and oil market has had an impact on local economic and demographic indicators. Unemployment has increased significantly reaching 8.1% during FY 2016 and peaking at 9.5% in July, 2016. However, total County employment only experienced a slight decline and the local Health Care and Retail industries remain leaders in providing employment. In April, 2016, Forbes named Farmington, NM as one of the fastest shrinking cities in the United States. See the statistical section of this report.

Budget Process

The College's Board of Trustees adopts the institutional operating budget prior to May 1 annually. Per New Mexico Administrative Code 5.3.4.13.B. "Each Institution will submit a draft of the operating budget to the commission's staff by May 1." The commission's staff is the New Mexico Higher Education Department. The College is required to submit a mid-year budget adjustment request (BAR) in December and a final BAR by May 1. Budget adjustments address changes in assumptions, allow updates for known outcomes, and focus on future developments. Budgetary comparison Schedules 5, 6 and 7 on pages 75-77 demonstrate compliance with the approved budget process.

The budget to actual comparison for all operations, see Schedule 5 on page 75, shows the College had a budgetary net position increase of \$7.5 million. This increase is attributable to the sale of \$5.0 million in General Obligations Bonds to be used for Scheduled construction projects and budgeted expenditure reductions based on declining enrollment and falling oil & gas production tax revenues. Restricted fund budgets are approved by Granting Agencies, Project Directors, and a Restricted Fund Accountant. The variances shown in Schedule 7 on page 77 are caused by timing differences associated with differing fiscal years.



Business Office team members display the Certificate of Achievement for Excellence in Financial Reporting Plaque for the fiscal year ended June 30, 2015. A special word of appreciation is due to Steve Miller and Andrea Weaver, CMA

Basic Financial Statements

Success Matters



SAN JUAN COLLEGE
Success Matters

Statement of Net Position

San Juan College
Statement of Net Position
June 30, 2016

	Primary Institution	Component Units
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 14,228,933	\$ 767,380
Investments	2,750,000	20,094,270
Accounts Receivable, net	1,187,662	354,939
Due from Other Governments	3,300,619	-
Other Receivables, net	615,533	-
Inventories	1,490,046	-
Other Assets	39,365	4,581
Total Current Assets	23,612,158	21,221,170
Non-Current Assets		
Restricted Cash, Cash Equivalents, and Investments	3,585,966	240,039
Unspent Bond Proceeds	4,893,959	-
Capital Assets, not being depreciated	4,431,072	1,130,945
Capital Assets, net of accumulated depreciation	73,143,071	1,523,923
Land Held for Investment	-	5,000
Beneficial Interest in Remainder Trusts	-	72,105
Pledges Receivable, net	-	200,059
Total Non-Current Assets	86,054,068	3,172,071
Total Assets	109,666,226	24,393,241
Deferred Outflows of Resources		
Deferred Outflows - Contributions after Measurement Date	4,190,420	-
Deferred Outflows - Changes in Assumptions	2,299,837	-
Deferred Outflows - Change in Proportion	373,963	-
Total Deferred Outflows of Resources	6,864,220	-
Total Assets and Deferred Outflows	\$ 116,530,446	\$ 24,393,241

Figure 8 Statement of Net Position

Statement of Net Position

San Juan College

Statement of Net Position (continued)

June 30, 2016

	Primary Institution	Component Units
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,280,861	\$ 4,587
Due to San Juan College	-	245,082
Accrued Compensated Absences	151,234	-
Accrued Payroll Liabilities	1,650,446	-
Interest Payable	235,236	-
Unearned Revenue	2,348,952	-
Bonds and Note Payable - Current	3,421,202	-
Deposits and Funds Held for Others	150,874	-
Other Accrued Liabilities	-	799
Total Current Liabilities	<u>9,238,805</u>	<u>250,468</u>
Non-Current Liabilities		
Accrued Compensated Absences	1,420,558	-
Other Post-Employment Benefits	3,946,154	-
Bonds and Note Payable - Non-Current	12,901,184	-
Net Pension Liability	66,864,820	-
Possible Dreams Deposits	-	229,614
Total Non-Current liabilities	<u>85,132,716</u>	<u>229,614</u>
Total Liabilities	94,371,521	480,082
Deferred Inflows of Resources		
Deferred Inflow- Investment Experience	228,609	-
Deferred Inflow- Actuarial Experience	1,228,085	-
Total Deferred Inflows of Resources	<u>1,456,694</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	95,828,215	480,082
Net Position		
Net Investment in Capital Assets	66,145,716	2,654,868
Restricted Non-Expendable		13,438,540
State Endowment	362,352	
Restricted Expendable		1,336,177
Debt Service	3,041,705	-
Capital Projects	2,583,561	-
Unrestricted	(51,431,103)	6,483,574
Total Net Position	<u>20,702,231</u>	<u>23,913,159</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 116,530,446</u>	<u>\$ 24,393,241</u>

Figure 9 Statement of Net Position: continued

Statement of Revenues, Expenses, and Changes in Net Position

San Juan College

Statement of Revenues, Expenses and Changes in Net Position

For the year ended, June 30, 2016

	Primary Institution	Component Units
Revenues		
Operating Revenues:		
Student Tuition and Fees	\$ 12,058,220	\$ -
Less: Scholarship Allowances	(4,786,766)	-
Federal Grants and Contracts	2,521,516	-
State Grants and Contracts	2,188,684	-
Non Governmental Grants and Contracts	2,313,216	-
Sales and Services	644,879	401,770
Auxiliary Enterprises	5,171,043	-
Other Operating revenues	1,075,069	2,820,510
Total Operating Revenues	21,185,861	\$ 3,222,280
Operating Expenses:		
Education and General		
Instruction	28,949,234	-
Public Service	1,616,365	-
Academic Support	4,667,464	-
Student Services	7,010,610	-
Institutional Support	6,596,674	-
Operations and Maintenance of Plant	5,640,641	-
Depreciation Expense	5,515,523	141,643
Student Aid	7,810,479	-
Student Social and Cultural Activities	41,806	-
Auxiliary Enterprises	5,255,532	-
Independent Operations	80,529	-
Other Operating Expense	-	2,646,860
Total Operating Expenses	73,184,857	2,788,503
Operating Profit (Loss)	(51,998,996)	433,777

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

Statement of Revenues, Expenses, and Changes in Net Position

San Juan College

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

For the Year Ended, June 30, 2016

	Primary Institution	Component Units
Non-Operating Revenues (Expenses)		
State Appropriations	\$ 25,072,455	\$ -
Local Appropriations	16,080,365	-
Federal Student Aid	10,384,595	-
Investment Income (Loss)	93,810	567,348
Interest on Capital Asset-related Debt	(611,186)	-
Gain on Disposal of Capital Assets	3,600	-
Other Non-operating Expenses	<u>(1,153,075)</u>	<u>(1,762,202)</u>
Total Non-Operating Revenues (Expenses)	<u>49,870,564</u>	<u>(1,194,854)</u>
Income (Loss) before Other Revenue (Expenses)	(2,128,432)	(761,077)
Capital Appropriations	1,155,166	-
Capital Contributions	19,100	-
Increase (Decrease) in Net Position	(954,166)	(761,077)
Net Position, beginning of year	<u>21,244,902</u>	<u>24,674,236</u>
Net Position - Restatement	411,495	
Net Position, beginning of year as restated	<u>21,656,397</u>	
Net Position, end of year	<u><u>\$ 20,702,231</u></u>	<u><u>\$ 23,913,159</u></u>

Figure 11 Statement of Revenues, Expenses, and Changes in Net Position: continued

Statement of Cash Flows

San Juan College
Statement of Cash Flows
For the year ended June 30, 2016

Cash flows from operating activities	
Tuition and Fees	\$ 7,909,995
Grants and Contracts	7,075,449
Sales and Services	644,879
Auxiliary Sales and Services	5,171,043
Payments to Suppliers	(17,007,570)
Payments to Employees	(29,830,040)
Payments for Benefits	(11,737,520)
Payments for Utilities	(1,337,921)
Payments for Student Aid	(7,810,479)
Other Receipts	1,131,321
Other Payments	(700,985)
Net cash provided (used) by operating activities	<u>(46,491,828)</u>
Cash flows from noncapital financing activities	
State Appropriations	25,072,455
Local Appropriations	13,725,119
Federal Student Aid	10,384,595
Net cash provided (used) by noncapital financing activities	<u>49,182,169</u>
Cash flows from capital and related financing activities	
Interest Payments on Bonds and Notes	(605,843)
Capital Appropriations	1,155,166
Local Debt Service Levy	2,055,550
Bond Sales	5,049,383
Principal Payments on Bonds and Notes	(237,874)
Purchase of Capital Assets	(1,690,561)
Net cash provided (used) by capital and related financing activities	<u>5,725,821</u>
Cash flows from investing activities	
Transfer between Cash and Investments	250,000
Investment Income	57,309
Net cash provided (used) by investing activities	<u>307,309</u>
Net increase (decrease) in cash and cash equivalents	<u>8,723,471</u>
Cash and cash equivalents - beginning of year	<u>13,985,387</u>
Cash and cash equivalents - end of year	<u><u>\$ 22,708,858</u></u>

Figure 12 Statement of Cash Flows

Statement of Cash Flows

San Juan College
Statement of Cash Flows (continued)
For the year ended June 30, 2016

Reconciliation of operating (loss) to net cash (used) by operating activities	
Operating income (loss)	\$ (51,998,997)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation	5,515,523
Gain on Disposal of Assets	(3,600)
Contributed Capital	(19,100)
Accrual of GASB 68 Pension Expense	(141,743)
Prior Period Adjustment	411,495
Changes in assets and liabilities	
Accounts Receivable-Students	1,076,896
Due from other Governements and Other Receivables	(1,040,086)
Inventories	(1,369)
Other Assets	(16,132)
Accounts Payable	(24,408)
Accrued Liabilities	175,542
Other Liabilities	312,989
Accrued Compensated Absences	(611,881)
OPEB	(500,775)
Deposits Held in Trust	(89,546)
Unearned revenue	463,364
Net cash provided (used) by operating activities	<u>\$ (46,491,828)</u>

Figure 13 Statement of Cash Flows: continued

San Juan College Retiree Healthcare Trust

Statement of Fiduciary Net Position

San Juan College

Statement of Fiduciary Net Position - Retiree Healthcare Trust

June 30, 2016

Assets:

Money Market Account	\$ 894,189
Accounts Receivable-Employee	25,833
U.S. Government Bonds	-
Mutual Fund- Fixed Income	3,966,956
Other Assets	5,557
Total Assets	<u><u>\$4,892,535</u></u>

Net Position:

\$4,892,535

Figure 14 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, 2016

Additions:

Payroll Withheld, Plan Participants	\$ 100,623
Retiree Contributions	315,534
San Juan College Contributions	1,096,992
Other Changes	
Dividends	113,348
Interest	1,341
Total Additions	<u>1,627,838</u>

Deductions:

Insurance Premiums	738,555
Administrative Fees	17,761
Loss on Investment	56,559
Net Accrued Income	786
Total Deductions	<u>813,661</u>
Increase in Net Position	814,177
Net Position, Beginning of year	<u>4,078,358</u>
Net Position, End of year	<u><u>\$ 4,892,535</u></u>

Figure 15 Statement of Changes if Fiduciary Net Position

Discretely Presented Component Units Combining Statement of Net Position

San Juan College			
Discretely Presented Component Units Combining Statement of Net Position			
<i>June 30, 2016</i>			
	Foundation	Four Corners Innovations	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 386,366	\$ 381,014	\$ 767,380
Investments	20,094,270	-	20,094,270
Accounts Receivable, net	205,000	149,939	354,939
Other Assets	-	4,581	4,581
Total Current Assets	<u>20,685,636</u>	<u>535,534</u>	<u>21,221,170</u>
Non-Current Assets			
Restricted Cash, Cash Equivalents, and Investments	240,039	-	240,039
Capital Assets, not being depreciated	1,130,945	-	1,130,945
Capital Assets, net of accumulated depreciation	1,523,232	691	1,523,923
Land Held for Investment	5,000	-	5,000
Beneficial Interest in Remainder Trusts	72,105	-	72,105
Pledges Receivable, net	200,059	-	200,059
Total Non-Current Assets	<u>3,171,380</u>	<u>691</u>	<u>3,172,071</u>
Total Assets	<u><u>\$ 23,857,016</u></u>	<u><u>\$ 536,225</u></u>	<u><u>\$ 24,393,241</u></u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 2,890	\$ 1,697	\$ 4,587
Due to San Juan College	245,082	-	245,082
Other Accrued Liabilities	-	799	799
Total Current Liabilities	<u>247,972</u>	<u>2,496</u>	<u>250,468</u>
Non-Current Liabilities			
Possible Dreams Deposits	229,614	-	229,614
Total Non-Current liabilities	<u>229,614</u>	<u>-</u>	<u>229,614</u>
Total Liabilities	477,586	2,496	480,082
Net Position			
Net Investment in Capital Assets	2,654,177	691	2,654,868
Restricted Non-Expendable	13,438,540	-	13,438,540
Restricted Expendable	1,336,177	-	1,336,177
Unrestricted	5,950,536	533,038	6,483,574
Total Net Position	<u>23,379,430</u>	<u>533,729</u>	<u>23,913,159</u>
Total Liabilities and Net Position	<u><u>\$ 23,857,016</u></u>	<u><u>\$ 536,225</u></u>	<u><u>\$ 24,393,241</u></u>

Figure 16 Combining Statement of Net Position – Discretely Presented Component Units

Discretely Presented Component Units

Combining Statement of Activities

San Juan College

Discretely Presented Component Unit Combining Statement of Activities

For the year ended, June 30, 2016

	Foundation	Four Corners	
		Innovations	Total
Operating Revenues			
Contributions	\$ 2,249,954	\$ -	\$ 2,249,954
Noncash Contributions	-	-	-
Collectibles and assets	507,960	-	507,960
Services	100	-	100
Program income and fees	-	401,770	401,770
Other	14,069	48,427	62,496
Total Operating Revenues	2,772,083	450,197	3,222,280
Operating Expenses			
Scholarships	663,032	-	663,032
College award, programs and relations	1,217,811	-	1,217,811
General and administrative	210,907	126,500	337,407
Fund raising expenses	173,086	-	173,086
Depreciation	141,470	173	141,643
Program operating expenses	-	252,775	252,775
Conference expenses	-	2,749	2,749
Total Operating Expenses	2,406,306	382,197	2,788,503
Operating Profit/(Loss)	365,777	68,000	433,777
Non-operating revenues (expenses)			
Investment income	567,348	-	567,348
Net unrealized gain (loss) on investments	(1,016,460)	-	(1,016,460)
Change in value of split-interest agreements	(18,035)	-	(18,035)
Contributions to San Juan College	(599,414)	-	(599,414)
Investment management fees	(128,293)	-	(128,293)
Total non-operating revenues (expenses)	(1,194,854)	-	(1,194,854)
Change in net position	(829,077)	68,000	(761,077)
Total net position - beginning of year	24,208,507	465,729	24,674,236
Total net position - end of year	\$ 23,379,430	\$ 533,729	\$ 23,913,159

Figure 17 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 legally separate nonprofit corporations controlled and governed by their own Boards of Directors whose goals are to support the College. The two component units are San Juan College Foundation and Four Corners Innovations, Inc. (FCI) based on an evaluation of: (1) Services provided by the component unit to the College are such that separate reporting as a major component unit is considered to be essential to financial statement users, (2) Significant transactions occur between the College and the component unit, (3) A significant financial benefit or burden relationship exists between the component unit and the College.

GASB Statement No. 39 and No. 61 *Determining whether certain organizations are component units an amendment of* GASB No. 14, provides additional criteria for determining whether certain organizations are component units with discrete presentation. A description of the College’s discreetly presented component units and the basis for including each as a component unit in the College’s financial report follows.

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

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

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

The two component units 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.

San Juan College's Basis of Presentation and Accounting

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

Beginning with 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.

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

New standards adopted

During the year ended June 30, 2016, the College adopted GASB Statements No. 72, Fair Value Measurement and Application, 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, No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and a portion of No. 79, Certain External Investment Pools and Pool Participants. These four Statements are required to be implemented as of June 30, 2016, if applicable.

GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year-end and a portion is effective for June 30, 2017 year-end. Effective for June 30, 2016 are the amendments for Statements 67 and 68 and assets accumulated for pensions not administered as trusts.

The amendments of this pronouncement clarify application of certain provisions of GASB 67 and 68 by (1) clarifying information required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities; (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in special funding situation.

In addition, effective for June 30, 2016 year ends the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. Effective for June 30, 2017 is the pension provided through pension plans that are not administered through trusts which follows principals of Statement No. 68 for employer measurement, financial reporting and disclosure. Key differences include (1) no investment or pension plan related amounts or disclosures, (2) discount using 20-year tax exempt high quality municipal bond index, (3) total pension liability recorded by the employer, (4) no deferral relating to differences between expected and actual earnings on plan investments, (5) no expected return on plan investments component of pension expense, (6) no investment related disclosure, and (7) no discount rate calculation rate disclosure. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities.

The objective of GASB Statement No. 76 objective is to identify-in the context of the current governmental financial reporting environment-the hierarchy of Generally Accepted Accounting Principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those

principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

GASB Statement No. 79 addresses the accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

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

Investments: The College accounts for its investments stated at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains 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, 2016 were \$5.1 million, including \$678,309 in billed property taxes and \$507,805 due from Local Governments. \$872,538 was due from the Federal Government including \$281,226 for student aid. Other significant amounts included in the net receivable balance are \$3,168,492 related to tuition and fee payments due from students and others making payments on behalf of students and (\$1,980,830) in allowance for doubtful accounts. See Note 3.

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

Endowment spending rate policy: During fiscal years 2008 and 2009 the College received an endowment fund appropriation from the State of New Mexico totaling \$360,000 as a match against existing endowment funds held by the College's Foundation. The endowment funds are invested in certificates of 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 \$5,667 in revenue from the endowment investments and expended \$5,667 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. 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, thirty years for buildings and infrastructure, twenty-five years for land improvements, five years for library books, and 3-15 years for equipment, furnishings, and software. The College does not depreciate land, or works of art and artifacts 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 twenty-five years for buildings, 10-25 years for improvements, and 5-7 years for equipment. See Note 4.

Deferred outflows of resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and 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 \$6.9 million in deferred outflows related to its Net Pension Liability. See Note 9.

Compensated absences: Compensated absences are for full-time employee; exempt and non-exempt, vacation not exceeding 240 hours and not used at fiscal year-end. Compensated absences for Faculty are awarded for teaching embedded honors courses or banked hours for teaching course overload—courses in excess of 15 credit hours in one semester. The College elected to payout the majority of the embedded honors and banked hours on June 30, 2016. Any remaining balance are recorded as leave in the College's accounting system. Vacation, and compensated absences 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. Accumulated sick leave lapses when employees leave the employ of the College and, upon, separation from service, no monetary obligation exists. See Note 7.

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

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

Deferred inflows of resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. The separate financial statement element represents acquisitions of net assets by a government that are applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources. The College has 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 \$1.5 million related to its Net Pension Liability. See Note 9.

Net position: Net investment in capital assets represents the College's total capital assets, net of accumulated depreciation and outstanding debt related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Restricted net position represents those resources upon which restrictions have been imposed that limit the purposes for which such resources can be used, including \$4.9 million in unspent bond proceeds. Restricted expendable net position is resources that the College is legally or contractually obligated to spend in accordance with restrictions. Restricted non-expendable net position consists of endowment and similar funds in which third parties have stipulated, as a condition of the gift instrument, that the principal be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to the principal. Unrestricted net position consists of those operating funds over which the governing board retains full control to use 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. The College internal service departments are used to accumulate and allocate costs internally because the cost associated with these services predominantly benefit the College as a whole. The internal service departments are: information technology; environmental health and risk management; motor pool; copy services; employee associations; mail room; and shipping, receiving and recycling. Elimination entries are not recorded between the Primary Institution and discrete Component Units.

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

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

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

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

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

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

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

Budgetary process: Operating budgets are submitted for approval to the San Juan College Board of Trustees (Board), the New Mexico Higher Education Department, and the State Department of Finance and Administration. Separate legislative budget requests may be submitted to the Higher Education Department or other state offices upon approval by the Board of Trustees. The College maintains budgetary controls and budget transfer restrictions by program (function) and major account category. The object of these budgetary controls is to ensure compliance with the annual budget adopted by the Board. Actual expenditures may not exceed the budget on a functional level (i.e., expenditures must be within budgeted

amounts by exhibit). The college maintains an encumbrance system to set aside funds for established commitments. Open encumbrances are eliminated for fiscal year-end reporting.

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

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

Joint powers agreement: In 2000 the College entered into a Joint Powers Agreement with the City of Aztec 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 FY 2016 expense of \$23,548

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 \$25.5 million, discussed below in our analysis of deposit and investment risk as required by GASB Statement No. 40, Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3.

Cash

The College holds demand and time deposit accounts at financial institutions. State statutes require financial institutions to pledge qualifying collateral to the College to cover at least 50% of the uninsured deposits and 102% of overnight deposits. All collateral is held in third party safekeeping in the name of the College. The majority of the total deposits were invested in interest bearing accounts at June 30, 2016. Of the College's cash, \$4.9 million is from unspent General Obligation Bond proceeds.

San Juan College							
Cash Reconciliation							
June 30, 2016							
College	Citizens		Wells		Four Corners		Total
	Bank of Farmington	Wells Fargo	Fargo Repo Account	Wells Fargo Investment	WFB Flex Plan	Community Bank	
Total per banks	\$ 755,417	\$ 6,330,274	\$ 15,129,398	\$ 2,930,000	\$ 36,129	\$ 1,336,177	\$ 26,517,395
Reconciling items:							
deposits in transit	-	28,201	-	-	-	-	28,201
outstanding check	-	(941,599)	-	-	-	-	(941,599)
other reconciling items	-	(156,416)	-	-	-	-	(156,416)
	<u>\$ 755,417</u>	<u>\$ 5,260,460</u>	<u>\$ 15,129,398</u>	<u>\$ 2,930,000</u>	<u>\$ 36,129</u>	<u>\$ 1,336,177</u>	<u>\$ 25,447,581</u>
Cash on hand							11,277
Cash and cash equivalents per financial statements							<u>\$ 25,458,858</u>

Figure 18 Reconciliation to Financial Statements

Collateralization of deposits

At June 30, 2016, the recorded value of the College's cash with financial institutions was \$25,458,858. Petty cash funds at June 30, 2016 totaled \$11,277. The balances per bank statements and overnight investment accounts totaled \$26,517,395 at June 30, 2016. Of the bank balance, \$3,680,000 was covered by federal depository insurance, \$21,630,843 was covered by collateral held at the Federal Reserve in the College's name, and \$2,186,914 was uninsured and uncollateralized at June 30, 2016. Wells Fargo Investments are diversified into other financial institutions allowing FDIC insurance.

	Citizens		Wells		Four Corners		Total
	Bank of Farmington	Wells Fargo	Fargo Repo Account	Wells Fargo Investment	Community Bank		
Deposits, at June 30, 2016	\$ 755,417	\$ 6,366,403	\$ 15,129,398	\$ 2,930,000	\$ 1,336,177	\$ 26,517,395	
FDIC Insurance	250,000	250,000	-	2,930,000	250,000	3,680,000	
Uninsured amount	505,417	6,116,403	15,129,398	-	1,086,177	22,837,395	
Pledged Collateral Required							
102 percent on overnight	-	-	15,431,986	-	-	15,431,986	
50 percent on deposits	252,709	3,058,202	-	-	543,089	3,854,000	
Pledged Collateral Required	252,709	3,058,202	15,431,986	-	543,089	19,285,986	
Pledged Collateral at June 30, 2016	1,111,500	3,929,489	15,431,986	-	1,157,868	21,630,843	
Excess (deficiency)	\$ 858,791	\$ 871,287	\$ -	\$ -	\$ 614,779	\$ 2,344,857	
Uninsured amount	\$ 505,417	\$ 6,116,403	\$ 15,129,398	\$ -	\$ 1,086,177	\$ 22,837,395	
Pledged Collateral	1,111,500	3,929,489	15,431,986	-	1,157,868	21,630,843	
Uninsured and Uncollateralized	\$ -	\$ 2,186,914	\$ -	\$ -	\$ -	\$ 2,186,914	

Figure 19 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. Credit ratings are not available for investments in debt securities other than debt issued by or explicitly guaranteed by the U.S. government, as well as for positions in external investment pools, money market funds, bond mutual funds and other pooled investments of fixed-incomes.

Interest rate risk

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 20 shows the maturity rates for The College's healthcare trust.

Investment Type	Not Subject to	
	Book Value	Interest Rate Risk
Money Markets	\$ 894,189	\$ 894,189
Mutual Fund	3,966,956	3,966,956
Total Investments	<u>\$ 4,861,145</u>	<u>\$ 4,861,145</u>

Figure 20 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 21.

Investment type	Fair value	Not subject to			
		Interest Rate Risk	Less than 1 Year	1-5 Years	5+ Years
Certificates of Deposit	\$ 232,105	\$ 232,105	\$ -	\$ -	\$ -
Equities	19,341,644	19,341,644	-	-	-
Fixed Income Securities	266,044	87,970	16,107	126,966	35,001
Other Investments	254,477	254,477	-	-	-
Total Investments	<u>\$20,094,270</u>	<u>\$19,916,196</u>	<u>\$ 16,107</u>	<u>\$126,966</u>	<u>\$ 35,001</u>

Figure 21 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, 2016, the College's bank balance was not subject to custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978).

The Foundation maintains deposits in two financial institutions located in Farmington, New Mexico. All of the Foundation's accounts at an insured depository institution, including all noninterest bearing transaction accounts, 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, 2016, the Foundation's uninsured cash deposits total were \$200,744. As of June 30, 2015, the Foundation's uninsured cash deposits total were \$129,927.

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, 2016 or June 30, 2015.

Fair value measurements

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

The College maintained a par value balance of \$2,930,000 in its primary investments which required fair value adjustment equaling \$36,047. Figure 22 sets forth, by level, the fair value hierarchy of the College's, Healthcare Trust's, and Foundation's assets at fair value on June 30, 2016.

Primary Institution	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 2,966,047	\$ -	\$ -	\$ 2,966,047
Health Care Trust	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 894,189	\$ -	\$ -	\$ 894,189
Foundation	Level 1	Level 2	Level 3	Total
CDs/Money Markets	\$ 232,105	\$ -	\$ -	\$ 232,105
Equities	17,208,547	2,133,097	-	19,341,644
Fixed Income - Gov. & Corp.	266,044	-	-	266,044
Other/Alternative Investments	254,477	-	-	254,477
<i>Foundation Total</i>	<u>\$ 17,961,173</u>	<u>\$ 2,133,097</u>	<u>\$ -</u>	<u>\$ 20,094,270</u>

Figure 22 Fair Value Measurement

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

Accounts Receivable and other receivables are shown net of allowances for doubtful accounts in the accompanying Statement of Net Position. Allowance for Doubtful Accounts is calculated using an aging of receivables method. At June 30, 2016 receivables consisted of the following:

Accounts Receivable	
College Account Receivable, net	
Accounts Receivable	\$ 3,168,492
Less: Allowance for doubtful accounts	1,980,830
Accounts Receivable, net	<u>\$ 1,187,662</u>

Figure 23 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, 2016, government receivables consisted of the following:

Due from Other Governments	
Billed property taxes	\$ 678,309
Due from Local governments	507,805
Due from State governments	1,241,967
Due from Federal government	872,538
Total due from other governments	\$ 3,300,619

Figure 24 Due from other governments

Other receivables: on June 30, 2016 consisted of the following:

Due from Others	
Accrued Interest Receivable	\$ 46,223
Bookstore Receivables	13,915
Due from others	555,394
Total due from others	\$ 615,533

Figure 25 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, 2016 pledged receivables consisted of the following:

Foundation pledged receivable net:	
Pledged receivable, Current	\$ 205,000
Pledged receivables, Non- current	205,000
Discount on pledged receivable	(4,491)
Pledged receivable, net	\$ 405,509

Figure 26 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 \$72,105.

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2016 is shown in Figure 27:

San Juan College				
Capital Asset Activity				
<i>For fiscal year ended June 30, 2016</i>				
	Balance		Transfers/	Balance
	6/30/2015	Additions	Retirements	6/30/2016
Non Depreciable Capital Assets:				
Land	\$ 2,010,641	\$ -	\$ -	\$ 2,010,641
Art & Artifacts	1,599,735	19,100	-	1,618,835
Construction in Process	414,876	801,596	(414,876)	801,596
Total Non Depreciable assets	<u>4,025,252</u>	<u>820,696</u>	<u>(414,876)</u>	<u>4,431,072</u>
Depreciated Capital Assets:				
Land & leasehold improvements	8,561,171	-	-	8,561,171
Infrastructure	16,131,130	-	-	16,131,130
Buildings and Improvements	128,634,246	534,595	-	129,168,841
Equipment, furnishings, and Software	19,573,899	722,912	(364,622)	19,932,189
Library books	1,536,277	50,933	(37,700)	1,549,510
Total Depreciable Capital Assets at Historical Cost	<u>174,436,723</u>	<u>1,308,440</u>	<u>(402,322)</u>	<u>175,342,841</u>
Less: Accumulated depreciation				
Land & Leasehold Improvements	5,556,686	244,151	-	5,800,837
Infrastructure	9,793,374	516,920	-	10,310,294
Buildings	63,725,334	3,785,090	-	67,510,424
Equipment, furnishings, and software	16,661,859	885,069	(363,623)	17,183,305
Library books	1,348,317	84,293	(37,700)	1,394,910
Total accumulated depreciation	<u>97,085,570</u>	<u>5,515,523</u>	<u>(401,323)</u>	<u>102,199,770</u>
Depreciable Capital Assets, Net	<u>77,351,153</u>	<u>(4,207,083)</u>	<u>(999)</u>	<u>73,143,071</u>
College Capital Assets, Net	<u>\$ 81,376,405</u>	<u>\$ (3,386,387)</u>	<u>\$ (415,875)</u>	<u>\$ 77,574,143</u>

Figure 27 College Capital Asset Activity

The decrease in construction in progress was due to the completion of the final phase of the School of Energy Building. The increase was for 10 new projects. Unspent General Obligation Bond proceeds is \$4.9 million which is restricted for specific capital projects. Net capital assets decreased 4.7% or \$3.8 million.

Foundation Capital asset activities for FY 2016 are shown in Figure 28.

San Juan College, Foudation				
Capital Asset Activity				
<i>For fiscal year ended June 30, 2016</i>				
	Balance		Transfers/	Balance
	6/30/2015	Additions	Retirements	6/30/2016
Non Depreciable Capital Assets:				
Land	\$ 1,130,945	\$ -	\$ -	\$ 1,130,945
Total Non Depreciable assets	<u>1,130,945</u>	<u>-</u>	<u>-</u>	<u>1,130,945</u>
Depreciated Capital Assets:				
Buildings and Improvements	3,786,752	-	-	3,786,752
Total Depreciable Capital Assets at Historical Cost	<u>3,786,752</u>	<u>-</u>	<u>-</u>	<u>3,786,752</u>
Less: Accumulated depreciation				
Buildings	2,122,050	(141,470)	-	1,980,580
Total Accumulated Depreciation	<u>2,122,050</u>	<u>(141,470)</u>	<u>-</u>	<u>1,980,580</u>
Depreciable Capital Assets, Net	<u>1,664,702</u>	<u>(141,470)</u>	<u>-</u>	<u>1,523,232</u>
Foundation Capital Assets, Net	<u>\$ 2,795,647</u>	<u>\$ (141,470)</u>	<u>\$ -</u>	<u>\$ 2,654,177</u>

Figure 28 Foundation Capital Asset Activity

Note 5 – Special or Specific State Appropriations

The Office of the State Auditor requires information on special and severance bond tax appropriations or general obligation bond (GOB) appropriations. Revenue from special or specific state appropriations is recognized during the period in which the funds are expended. The College expended the following special or severance bond tax appropriations in Fiscal Year 2016.

San Juan College								
Special Severance or GOB Appropriations								
For year ended June 30, 2016								
Severance Tax or GO Bond Number	Bond Sale Date	Reversion Date	San Juan College Project Name	Original Appropriation	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balances	
STB-15-0964	8/12/2015	6/30/2019	CDL Training Lot	\$ 500,000	\$ 11,854	\$ -	\$ 488,146	
STB-15-0965	8/12/2015	6/30/2018	Henderson Fire Alarm System	500,000	365,236	134,764	-	
GOB-14-301	3/25/2015	6/30/2018	Stem Remodel	4,000,000	151,200	352,881	3,495,919	
GOB-12-1243	4/24/2013	6/30/2016	Infrastructure	1,200,000	1,200,000	-	-	

Figure 29 Special Severance or GOB Appropriations

Note 6 –Unearned Revenue

At June 30, 2016, unearned revenue consisted of the following:

Unearned Revenue	
Prepaid Tuition	\$ 1,065,103
Unearned Grant Revenues	1,232,567
Other	51,282
Total	<u>\$ 2,348,952</u>

Figure 30 Unearned Revenue



Note 7 – Long-Term Liabilities

Bonds and Notes

Figures 31 and 32 show a summary of bonds and notes payable transactions for the year ended June 30, 2016.

Payable	Balance 6/30/2015	New Issues	Retirements	Balance 6/30/2016	Due Within One Year
2004 Bonds	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
2005 Bonds	9,950,000	-	100,000	9,850,000	50,000
2015 Bonds	-	5,000,000	-	5,000,000	2,225,000
2008 Note	361,868	-	137,875	223,993	146,202
Total	\$ 11,311,868	\$ 5,000,000	\$ 237,875	\$ 16,073,993	\$ 3,421,202

Figure 31 Summary of Bond and Note Transactions

Bonds and Notes Payable	Interest Rates	Amount
2004 Bonds; original amount \$7,500,000; maturing 8/15/16	2.15 - 3.875%	1,000,000
2005 Bonds; original amount \$10,700,000; maturing 8/15/21	3.5 - 5%	9,850,000
2015 Bonds; original amount \$500,000; maturing 8/15/2027	2 -2.125%	5,000,000
2008 Note; original amount \$1,070,000; maturing 1/1/18	6%	223,993
		<u>16,073,993</u>
Plus:		
Bond premiums		248,392
Less:		
Current portion of notes payable:		(146,202)
Current portion of bonds payable:		(3,275,000)
Long-term bonds and notes payable		<u>\$ 12,901,183</u>

Figure 32 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 33 shows the annual requirements to retire bonds and note payable as of June 30, 2016. Please refer to Note 13 for subsequent events related to refunding of Series 2005 Bonds in FY 2017.

Due in Year Ending June 30,	Principal	Interest	Total Payments
2017	3,421,202	598,322	4,019,524
2018	2,302,791	493,269	2,796,060
2019	2,400,000	379,250	2,779,250
2020	2,450,000	261,000	2,711,000
2021-2027	5,500,000	307,875	5,807,875
Total	<u>\$16,073,993</u>	<u>\$2,039,716</u>	<u>\$18,113,709</u>

Figure 33 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 2016 are Embedded Honors and Faculty Banked Hours. Long and short term liabilities for compensated absences are shown in Figure 34.

Description	Balance 6/30/2015	Deductions	Additions	Balance 6/30/2016	Current Amount
Accrual	\$ 1,816,548	\$ -	\$ (318,208)	\$ 1,498,340	\$ 151,234
Embedded Honors	345,889	-	(272,437)	73,452	
Faculty Banked Hrs	21,227	(21,227)	-	-	
Total	\$ 2,183,664		\$ (590,645)	\$ 1,571,792	\$ 151,234

Figure 34 Compensated absences

Note 8 – Contingencies and Commitments

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

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

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

At June 30, 2016, no unpaid claims have been filed which exceed policy limits, and, to the best of management’s knowledge and belief, all known and unknown claims will be covered by insurance. No major lawsuits are outstanding against the College.

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

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

Construction contracts: The College’s outstanding encumbrances for construction and renovation of various facilities as of June 30, 2016 were \$819,333. The College’s planned construction commitments for future years is shown in Figure 35.

Constriction Commitments				
Estimated Costs	Sources of Funding	Name	Estimated Completion	Remaining
\$ 15,000	College Funds	Specials Project Memorial Stones	Fall 2016	\$ 6,036
128,500	College Funds	SJC High School Remodel	Fall 2016	35,818
128,500	College Funds	Student Activities Remodel	Fall 2016	34,520
184,000	College Funds	Patio Cover /Paint Booth	Fall 2016	81,684
500,000	STB15-0965	Henderson Fire Alarm System	Fall 2016	134,764
500,000	STB15-0964	CDL Training Lot	Fall 2016	488,146
800,000	Series 2015 Bonds	Hutton St. Remodel	Fall 2018	784,016
1,200,000	Series 2015 Bonds	Fire Tower	Fall 2018	1,180,229
7,000,000	State GOB14-1301 and Series 2015 GO Bonds	STEM Remodel	Fall 2018	6,848,799
Total				<u>\$ 9,594,012</u>

Figure 35 Future Construction Commitments

In July 2015, the New Mexico Higher Education Department Capital Improvements Committee suggested that San Juan College use Performance Contracting as a funding mechanism to replace aging and obsolete plant equipment. In February 2016, the SJC Board approved an Investment Grade Energy Audit. As a result of the energy audit, the Board of Trustees, approved additional future commitments. See Note 13, Subsequent Events.

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 total \$80,460.

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

available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Funding policy

The contribution requirements of plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2016 (and thereafter) employers contributed 13.90% of employees' gross annual salary to the Plan; participating employees earning more than \$20,000 annually contributed 10.70% of their gross salary. Employees earning \$20,000 or less contributed 7.90%. Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 146,089 active, retired, and inactive members in fiscal year 2015.

The College's contributions to ERB for the fiscal years ending June 30, 2016, 2015, and 2014, were \$4,190,420, \$4,048,677, and \$3,785,145 respectively, which equal the amount of the required contributions for each fiscal year.

Post-employment benefits

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

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

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

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of June 30, 2013, for

current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

Pension liabilities, pension expense, and deferred outflows of resources, and deferred inflows of resources related to pensions

At June 30, 2016, the College reported a liability of \$66,864,820 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, 2015. The employer's changes in proportionate share, deferred outflow (inflow) for changes in proportionate share, amortization of changes in proportionate share, proportionate change in deferred outflow (inflow) and changes in proportion as of and for the year ended June 30, 2015. 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, 2015, the College's proportion was 1.03230%

For the year ended June 30, 2016, the College recognized pension expense of \$5,519,593 At June 30, 2016, the College reported deferred outflows of resource and deferred inflows of resources related to pensions from the sources listed in Figure 36.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,228,085
Changes of assumptions	2,299,837	-
Net difference between projected and actual earnings on pension plan investments	-	228,609
Changes in proportion and differences between College contributions and proportionate share of contributions	373,963	-
College contributions subsequent to the measurement date	4,190,420	-
Total	\$ 6,864,220	\$ 1,456,694

Figure 36 Deferred Inflows and Deferred Outflows of Resources

\$4,190,420 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, 2017. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30,		
2017	\$	60,066
2018		76,889
2019		151,447
2020		928,704

Figure 37 Deferred Pension Amortization

Actuarial assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	Amortized over a closed thirty-year period from June 30, 2012 ending June 30, 2042
Asset Valuation Method	Five-year smoothed market
Inflation	3.00%
Salary Increases	Composed of 3.00% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than ten years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of rates based on age and service. Adopted by ERB on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment, projected to 2015 using Scale AA (with one-year setback for females)

Figure 38 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%)
89,971,082	66,864,820	47,453,154

Figure 39 Sensitivity Analysis

Pension plan fiduciary net position

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

Payables to the pension plan: The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2016, the College recorded a payable to ERB in the amount of \$367,288 for the contributions withheld in the month of June, 2016, 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.

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 40 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			
<i>For the year ending June 30, 2016</i>			
Net OPEB obligation beginning of fiscal year		\$	4,446,928
Contributions			
Employees	\$ 100,673		
Retirees	315,534		
San Juan College	<u>1,096,992</u>		
Total Contributions		\$	(1,513,199)
Annual OPEB cost			
San Juan College	1,096,992		
Interest in net OPEB obligation	282,262		
Adjustment to annual required contribution	<u>(366,829)</u>		
Annual OPEB cost			1,012,425
Net OPEB obligation end of fiscal year		<u>\$</u>	<u>3,946,154</u>

Figure 40 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 41:

OPEB Percent of Obligation Contributed			
Fiscal Year	2016	2015	2014
Annual OPEB cost (expense)	\$ 1,012,425	\$ 1,026,491	\$ 1,127,830
Percentage of annual OPEB obligation contributed	<u>25.66%</u>	<u>23.08%</u>	<u>22.18%</u>
Net OPEB Obligation as of June 30,	<u>\$ 3,946,154</u>	<u>\$ 4,446,928</u>	<u>\$ 5,084,695</u>

Figure 41 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 \$14,501,969. The present value of future active employee contributions was \$515,425 and the actuarial value of the assets was \$3,949,985 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,036,559. The Schedule of Funding Progress, located in the Required Supplementary Information as Schedule 3, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability over time. UAAL expressed as a percentage of covered payroll can be used to determine to measure the significance of the unfunded actuarial liability relative to the capacity to pay the liability. See Schedules 3 and 4 in the Required Supplementary Information.

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 42 and 43:

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			
	Age	Male Rate	Female Rate
Sample Rates per 100 Members (Ultimate) are:	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%

Figure 42 Actuarial Assumptions

Actuarial Assumptions (continued)							
9 Retirement Rates	Males						
	Years of Service						
	Age	5-9	10-14	15-19	20-24	25+	
	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%	
Retirement rates are those used by the Educational Retirement Board of New Mexico	Females						
	Age	5-9	10-14	15-19	20-24	25+	
	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%		
10 Annual Healthcare Cost Trend Rates			Medical		Dental	Vision	
			Fiscal Year	Trend Rate	Trend Rate	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%	

Figure 43 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 44 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 44 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, 2016, the financial statements included contributed services and corresponding general and administrative services expense of \$309,408. Contributed services during the year ended June 30, 2016 was reimbursed to the College through cash payments totaling \$309,408.

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: 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 – Net Position Restatement

The College restated the FY 2015 net position by \$411,495 as a prior-period adjustment related to the timing of oil and gas production tax revenue recognition. Although prior year’s revenues included 12 months, the timing differences were minimal until FY 2016, a period with rapidly declining revenues. This restatement increased beginning net position for FY 2016.

Note 13 – Subsequent Events

On July 1, 2016, a new Dining Services contractor, A’Viands, LLC, began operations at San Juan College. For FY 2017, the revenues and operating costs related to Dining Services will not be recognized in the College’s financial statements. The College recognized \$975,000, \$994,000, and \$976,000 of revenue and \$1,129,000, \$1,163,000 and \$1,268,000 of expenses in FY 2016, FY 2015, and FY 2014 respectively. The College will still recognize certain expenses related to utilities, repairs, and management fees.

On July 1, 2016. The College entered into new Management Services contract for Information Technology with a new service provider; CampusWorks, Inc. The college expects to experience efficiencies and service improvements during FY 2017 by transitioning to internally-sourced IT services.

On July 5, 2016 due to favorable market conditions, the Board of Trustees approved the refunding of the College’s outstanding series 2005 bonds totaling \$9.8 million by issuing \$9.3 million in new debt. The premium received from the new issuance resulted in a \$0.5 million bond retirement. The refunded bonds will create a net present value savings of \$0.6 million benefitting San Juan County property tax paying citizens. A revised debt schedule is presented in Figure 45.

Due in Year Ending June 30,	Principal	Interest	Total Payments
2017	3,421,202	500,949	3,922,151
2018	1,277,791	369,048	1,646,839
2019	1,350,000	318,650	1,668,650
2020	1,400,000	265,650	1,665,650
2021-2027	8,160,000	666,875	8,826,875
Total	\$15,608,993	\$2,121,172	\$17,730,165

Figure 45 Revised debt schedule after FY 2017 refunding

On October 3, 2016 the Board of Trustees approved an Energy Savings Performance Contract. Energy Performance Contracting is method of financing the replacement and upgrade of large, high cost physical plant equipment and systems. The debt incurred to finance select, energy conserving physical plant upgrades is repaid by the savings from reduced utilities usage and cost. The contractor selected for Energy Performance Contracting provides a guarantee that the energy savings generated from the prescribed energy conservation measures will be sufficient to cover the debt payments on the equipment financed. Should the savings fall short of the guarantee, the performance contractor must make-up the difference required to cover the debt payment.

On October 6, 2016, the New Mexico State Legislature approved a 5.5% state appropriation cut. San Juan College expects to receive a State Appropriation reduction for FY 2017 of 5% or \$1.2 million. Refer to the State Appropriations Act made from the general fund in Laws 2016, Chapter 1, Sections 3 through 8 and NM Legislature 2016 2nd Special Session - SB 9 signed into Law October 24, 2016.

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 7, 2016 which is the date on which the financial statements were issued.

Note 14 – Subsequent Accounting Pronouncements

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 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.

In December 2015, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

In January 2016, GASB Statement No. 80, *Blending Requirements for Certain Component Units*—an amendment of GASB Statement No. 14 Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements* Effective Date: The requirements of this Statement are effective for periods beginning after December 15, 2016.

In March 2016, GASB Statement No. 82, *Pension Issues*—an amendment of GASB Statements No. 67, No. 68, and No. 73 Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

For the original pronouncements, please visit the GASB's website www.gasb.org.

Required Supplementary Information

Success Matters



SAN JUAN COLLEGE
Success Matters

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

Schedule of San Juan College's Proportionate Share of the Net Pension Liability		
Educational Retirement Board Plan		
<i>Fiscal years ended June 30, 2016 and 2015</i>		
	2015	2016
College's proportion of the net pension liability	1.02159%	1.03230%
College's proportionate share of the net pension liability	\$58,672,592	\$66,864,820
College's covered-employee payroll	\$28,765,915	\$29,127,173
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	204.0%	229.6%
Plan fiduciary net position as a percentage of the total pension liability	66.54%	63.97%

Schedule 1 Schedule of Proportionate Share of Net Pension Liability

Schedule of San Juan College's Contributions – ERB

Schedule of San Juan College's Contributions		
Educational Retirement Board Plan		
<i>Fiscal years ended June 30, 2016 and 2015</i>		
	2015	2016
Contractually required contributions	\$ 4,048,677	\$ 4,190,420
Contributions in relation to the contractually required contribution	(4,048,677)	(4,190,420)
Contribution deficiency (excess)	\$ -	\$ -
College's covered-employee payroll	\$29,127,173	\$30,146,906
Contributions as a percentage of covered-employee payroll	13.90%	13.90%

Schedule 2 Schedule of Contributions

Schedule of Funding Progress – OPEB

San Juan College						
Schedule of Funding Progress						
<i>June 30, 2016</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%
June 30, 2016	3,949,985	13,986,544	10,036,559	28.2%	13,416,448	75%

Schedule 3 Schedule of Funding Progress

Schedule of Employer Contributions – OPEB

San Juan College		
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%
2016	1,096,991	138%

Schedule 4 Schedule of Employer Contributions

Notes to Required Supplementary Information

Changes of benefit terms—ERB

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

Changes of assumptions—ERB

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

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

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

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

Assumption Change	
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
Total Effect of All Assumption Changes	\$(2.0M)

Figure 46 Effect of Assumptions Changes- OPEB



Other Information

Success Matters



SAN JUAN COLLEGE
Success Matters



Congratulations 2016 Graduates!

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, 2016				
	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance favorable (unfavorable)
Beginning Fund Balance	\$ 17,181,828	\$ 18,039,513	\$ 18,039,513	\$ -
Unrestricted and Restricted Revenues				
State General Fund Appropriations	25,220,300	25,069,300	25,072,455	3,155
Federal Revenue Sources	19,484,738	22,152,418	17,061,211	(5,091,207)
Tuition and Fees	13,113,974	12,512,720	12,058,556	(454,164)
Other	39,856,612	46,574,920	44,270,508	(2,304,412)
Total Unrestricted and Restricted Revenues	97,675,624	106,309,359	98,462,729	(7,846,629)
Unrestricted and Restricted Expenditures				
Instruction	29,087,664	32,254,758	29,305,859	2,948,899
Academic Support	4,846,264	5,226,227	4,689,551	536,676
Student Services	7,605,290	8,301,040	6,997,085	1,303,955
Institutional Support	7,196,317	7,139,382	6,618,346	521,036
Operation and Maintenance of Plant	6,008,575	6,032,650	5,645,264	387,386
Student Social and Cultural Activities	-	114,109	41,806	72,303
Research	-	-	-	-
Public Service	1,815,026	1,868,438	1,619,164	249,274
Internal Services	6,354,556	6,642,307	5,952,156	690,151
Student Aid, Grants and Stipends	20,403,550	20,417,861	18,009,438	2,408,423
Auxiliary Services	4,705,226	5,567,806	5,492,123	75,683
Intercollegiate Athletics				
Independent Operations	194,999	137,613	80,529	57,084
Capital Outlay	5,141,667	2,766,668	1,353,790	1,412,878
Renewal and Replacement	2,109,606	5,317,822	4,326,097	991,725
Retirement of Indebtedness	1,791,278	816,500	849,957	(33,457)
Total Unrestricted and Restricted Expenditures	97,260,018	102,603,181	90,981,163	11,622,017
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	415,606	3,706,178	7,481,566	3,775,388
Ending Fund Balance	<u>\$ 17,597,434</u>	<u>\$ 21,745,691</u>	<u>\$ 25,521,079</u>	<u>\$ 3,775,388</u>
Reconciliation of Change in Fund Balance (Budgetary Basis) to Change in Net Position (GAAP Basis)				
Change in Fund Balance (Budgetary Basis)			\$ 7,481,566	
Adjustments to reconcile budgetary basis to GAAP basis:				
Depreciation Expense			(5,515,523)	
Increase Plant-Capital Assets			1,308,440	
Increase in Deferred Outflows of Resources			2,440,267	
Increase in Bonds and Notes Payable			(4,781,239)	
Decrease in Other Post Employment Benefits			500,774	
Decrease in Compensated Absences			611,881	
Decrease in Deferred Inflows of Resources			4,750,925	
Increase in Net Pension Liability			(8,192,225)	
Net increase in other accounts			440,967	
Change in Net Position (GAAP Basis)			<u>\$ (954,167)</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, 2016				
	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget favorable (unfavorable)
Beginning Fund Balance	\$ 12,337,929	\$ 12,111,696	\$ 12,111,696	\$ -
Unrestricted Revenues:				
Tuition and Fees	13,113,974	12,512,720	12,058,220	(454,500)
Federal Government Appropriations	-	-	-	-
State Government Appropriations	25,220,300	25,069,300	25,072,455	3,155
Local Government Appropriations	14,115,131	13,997,586	13,951,726	(45,860)
Federal Government Grants and Contracts	-	-	-	-
State Government Grants and Contracts	62,000	146,776	203,016	56,240
Local Government Grants and Contracts	-	-	-	-
Private Gifts, Grants, and Contracts	74,464	300,000	300,000	-
Endowment, Land, and Permanent Fund Income	-	-	-	-
Sales and Services	593,963	533,549	595,226	61,677
Other Sources	623,232	988,695	859,733	(128,962)
Total Unrestricted Revenues	53,803,064	53,548,626	53,040,376	(508,250)
Unrestricted Expenditures:				
Instruction	27,573,495	28,311,022	27,845,557	465,465
Academic Support	4,804,072	5,018,302	4,558,170	460,132
Student Services	5,011,982	4,878,425	4,733,912	144,513
Institutional Support	7,190,536	7,127,404	6,612,707	514,697
Operation and Maintenance of Plant	6,008,575	6,032,650	5,645,264	387,386
Total Unrestricted Expenditures	50,588,660	51,367,803	49,395,610	1,972,193
Net Transfers	(2,723,798)	(2,166,608)	(2,257,341)	(90,733)
Change in Fund Balance (Budgetary Basis)	490,606	14,215	1,387,425	1,373,210
Ending Fund Balance	\$ 12,828,535	\$ 12,125,911	\$ 13,499,121	\$ 1,373,210

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, 2016				
	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget favorable (unfavorable)
Beginning Fund Balance	-	-	-	-
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal Government Appropriations	-	-	-	-
State Government Appropriations	-	-	-	-
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	2,399,812	5,049,736	2,433,694	(2,616,043)
State Government Contracts/Grants	487,566	579,574	523,693	(55,881)
Local Government Contracts/Grants	-	-	-	-
Private Contracts/Grants	1,268,072	1,956,944	903,109	(1,053,835)
Sales and services	-	-	-	-
Other	-	-	-	-
Total Restricted Revenues	4,155,450	7,586,254	3,860,495	(3,725,759)
Restricted Expenditures:				
Instruction	1,514,169	3,943,735	1,460,302	2,483,433
Academic Support	42,192	207,925	131,381	76,544
Student Services	2,593,308	3,422,615	2,263,173	1,159,442
Institutional Support	5,781	11,979	5,639	6,340
Operation and Maintenance of Plant	-	-	-	-
Total Restricted Expenditures	4,155,450	7,586,254	3,860,495	3,725,759
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	-	-	-	-
Ending Fund Balance	-	-	-	-

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 <i>June 30, 2016</i>			
	<u>CUSIP#</u>	<u>Maturity</u>	<u>Fair Value</u>
Citizens Bank			
GNMA	38377XBW1	07/20/41	\$ 1,111,500
			<u>1,111,500</u>
WFB Repurchase			
FNCL	3128MJWB2	05/01/45	15,389,430
Accrued Interest			<u>42,556</u>
			<u>15,431,986</u>
Four Corners Communtiy Bank			
Espanola PSD #55 NM UTGO	29662RAU2	09/01/19	518,230
FNMA Remic Trust	3136A1BN4	11/25/29	<u>639,638</u>
			<u>1,157,868</u>
Wells Fargo Investments			
FNMA FNMS	3138WTPT7	04/01/43	<u>3,929,489</u>
			<u>3,929,489</u>
Total Pledged Collateral			<u>\$ 21,630,842</u>

Schedule 8 Collateral Pledged by Depository

Schedule of Deposits

San Juan College Schedule of Deposits <i>June 30, 2016</i>					
Financial Institution	Account Type	Investment Type	Primary Institution	Foundation	Four Corners Innovations
Citizens Bank	Checking		\$ 755,417	\$ 450,744	\$ 109,584
Wells Fargo	Checking		3,083,227		276,649
Wells Fargo Repo Account	Repurchase Agreement		15,129,398		
Wells Fargo	Checking	Checking	3,247,047	612	
Wells Fargo	Checking	Checking	36,129	500	
Wells Fargo	Checking	Checking	-	11,858	
Wells Fargo Bank, N.A.	Savings	Savings	-	227,090	
Four Corners Community Bank	Money Market		1,336,177		
Wells Fargo	Investment	Certificate of Deposit	250,000	24,000	
Wells Fargo	Investment	Certificate of Deposit	250,000		
Wells Fargo	Investment	Certificate of Deposit	250,000		
Wells Fargo	Investment	Certificate of Deposit	250,000		
Wells Fargo	Investment	Certificate of Deposit	250,000		
Wells Fargo	Investment	Certificate of Deposit	250,000		
Wells Fargo	Investment	Certificate of Deposit	250,000		
Wells Fargo	Investment	Certificate of Deposit	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		
Wells Fargo	Investment	Certificate of Deposit	250,000		
Wells Fargo	Investment	Equity - Common Stocks	-	10,412	
Wells Fargo	Investment	Precious Metals	-	166,137	
Citizens Trust and Investment Corp.	Investment	Mutual Funds - Equity	-	5,321,115	
Morgan Stanley	Investment	Equity - ETFs	-	15,645	
Morgan Stanley	Investment	Money Market	-	137,523	
Morgan Stanley	Investment	Equity - Common Stocks	-	4,548,634	
Morgan Stanley	Investment	Mutual Funds	-	88,340	
New Mexico State Investment Council	Investment	Mutual Funds	-	9,782,464	
Outstanding checks			(941,599)	(64,654)	(5,233)
Other reconciling item			(156,416)	(21)	
Outstanding deposits			28,201		
Cash on hand			11,277	276	14
Totals			\$25,458,858	\$20,720,675	\$ 381,014

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					
Fiscal Year Ending June 30, 2016					
Fiscal Year 2016 Paid Amount	RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
\$2,454,674	15-32025	RFP	Cigna Healthcare of Colorado		
209,064	15-32025	RFP	United of Omaha Life Insurance Company		
366,537	15-32025	RFP	Delta Dental of New Mexico		

Schedule 10 Schedule of Vendor Information

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)			
<i>Fiscal Year Ending June 30, 2016</i>			
<i>Name and Physical Address of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N)(Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N)</i>	<i>Brief Description of the Scope of Work</i>
Cigna 8505 East Orchard Road, 5T1 Greenwood Village, CO 80111	No	No	Employee/Retiree Group Medical Benefits
BCBS of NM PO Box 27630 Albuquerque, NM 87125-7630	No	No	
EBSO Inc. 7020 N. Port Washington Road Suite 206 Glendale, WI 53217	No	No	
NM Health Connections 2440 Louisiana Blvd. NE Suite 601 Albuquerque, NM 87110	No	No	
Presbyterian Health Plan Inc PO Box 27489 Albuquerque, NM 874125-7489	No	No	
Tall Tree Administrations 802 E Winchester Rd Ste. 250 Salt Lake City, UT 84107	No	No	
United of Omaha Life Insurance Company 8501 N. Scottsdale Rd., Suite 125 Scottsdale, AZ 85253	No	No	Employee Life Insurance
BCBS of NM PO Box 27630 Albuquerque, NM 87125-7630			
Cigna 8505 East Orchard Raod 5T1 Greenwood Village, CO 80111	No	No	
Met Life Insurance Company 200 Park Avenue New York, NY 10166-0188	No	No	
Minnesota Life Insurance Company 400 Robert Street North Suite 1880 St. Paul, MN 55101	No	No	
Mutual Of Omaha Insurance Company 8501 N. Scottsdale Rd. Suite 125 Scottsdale, AZ 85295	No	No	
UNUM 2575 East Camelback Rd Suite 650 Phoenix, AZ 85016	No	No	Employee Dental Insurance
Delta Dental 2500 Louisiana Blvd. NE, Suite 600 Albuquerque, NM 87110	Yes	No	
BCBS of NM PO Box 27630 Albuquerque, NM 87125-7630			
Cigna 8505 East Orchard Raod 5T1 Greenwood Village, CO 80111	No	No	
Met Life Insurance Company 200 Park Avenue New York, NY 10166-0188			
Tall Tree Administrations 802 E Winchester Rd Ste. 250 Salt Lake City, UT 84107	No	No	
United Concordia Insurance Company 4401 Deer Path Road Harrisburg, PA 17110	No	No	
UNUM 2575 East Camelback Rd Suite 650 Phoenix, AZ 85016	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) <i>Fiscal Year Ending June 30, 2016</i>					
Fiscal Year 2016 Paid Amount	<i>RFB#/RFP# / State-Wide Price Agreement #</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>
64,787	15-32025	RFP	Vision Service Plan Insurance Company		
1,511,497	N/A	N/A	U.S. Bank N.A.	N/A	N/A
1,170,675	N/A	N/A	City of Farmington	N/A	N/A
956,015	50-96400-15-EM038	Emergency	DKG & Associates Inc	N/A	N/A
666,796	N/A	N/A	Cengage Learning	N/A	N/A
660,548	N/A	N/A	Bank of Albuquerque, N.A.	N/A	N/A
638,520	N/A	N/A	State of New Mexico	N/A	N/A
603,757	N/A	N/A	Pearson Education Inc	N/A	N/A
309,656	14-30909	RFP	CampusWorks, Inc.	51,000	N/A
	16-33506	RFP	CampusWorks, Inc.	297,758	N/A
387,842	N/A	N/A	McGraw-Hill Companies Inc, The	N/A	N/A
279,434	N/A	N/A	VOYA Financial	N/A	N/A
259,606	N/A	N/A	Nebraska Book Company, Inc.	N/A	N/A
210,898	15-31448	Bid	Industrial Electric-Automation Inc	217,500	N/A
176,425	15-32026	RFP	Miller Stratvert PA Law Office	Hourly rate	N/A

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			
<i>Fiscal Year Ending June 30, 2016</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
VSP 3333 Quality Drive Rancho Cordova, CA 95670	No	No	Employee Vision Insurance
Gigna 8505 East Orchard Road 5T1 Greenwood Village, CO 80111	No	No	
Tall Tree Administrations 802 E Winchester Rd Ste. 250 Salt Lake City, UT 84107	No	No	
N/A	N/A	N/A	Retiree Health Account
N/A	N/A	N/A	Utility Payments
6920 Huseman PL SW Albuquerque, NM 87121	N/A	N/A	Emergency roof repair - hail damage
27500 Drake Rd Farmington Hills, MI 48331	N/A	N/A	Resale Text Books in Book Store
N/A	N/A	N/A	Bond Payments
N/A	N/A	N/A	Insurance - Risk Management
N/A	N/A	N/A	Resale Text Books in Book Store
CampusWorks Inc. 1767 Lakewood Ranch Blvd. # 305 Bradenton Fl 34211	No	No	14-30909 Consulting services for HR & 16-33506 IT Leadership and Management Services
Elias Human Resource Management Consulting 3643 Beaumont Drive, North Olmsted, OH 44070	No	No	
McKnight Associates Inc 141 Duesenberg Dr. Suite 7B Westlake Village, CA 91362	No	No	
Ellucian 4 Country View Road Malvern, PA 19355	No	No	
CampusWorks Inc. 1767 Lakewood Ranch Blvd. # 305 Bradenton Fl 34211	No	No	
Dynamic Campus 2806 Flintrock Trace Suite A205 Austin, TX 78738	No	No	
EduServe PO Box 308 New Lenox, IL 60451	No	No	
Ellucian 4 Country View Road Malvern, PA 19355	No	No	
N/A	N/A	N/A	
N/A	N/A	N/A	
N/A	N/A	N/A	Resale Text Books in Book Store
501 Kinley NE Albuquerque NM 87102			403B annuity-employee deduction
Miller Stratvert PA 300 West Arrington Ave, Suite 300 Farmington, NM 87401	No	No	Resale Text Books in Book Store
Sutin Thayer & Brown APC Two Park Square Suite 1000 6565 Americas Parkway NE Albuquerque, NM 87110	No	No	Overhead Electric Crane (only one bidder)
Rodey, Dickason, Sloan, Akin & Robb P.A. 201 Third Street NW Suite 2200 Albuquerque, NM 87102	Yes	No	Legal Services
Cuddy & McCarthy LLP 1701 Old Pecos Trl Santa Fe, NM 87505	Yes	No	
Conklin, Woodcock & Ziegler PC 320 Gold Ave. SW Suite 800 Albuquerque NM 87102	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)					
<i>Fiscal Year Ending June 30, 2016</i>					
Fiscal Year	RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
170,973	N/A	N/A	Holtzbrinck Publishers LLC	N/A	N/A
155,981	N/A	N/A	Four Corners Escrow Service, LLC	N/A	N/A
155,739	N/A	N/A	San Juan College Foundation	N/A	N/A
150,136	N/A	N/A	Farmington Municipal Schools	N/A	N/A
125,940	B27164	WSCA / State	Hewlett Packard	Price Agreement	N/A
116,946	N/A	N/A	CenturyLink	N/A	N/A
114,263	60-96400-15-EM045	Emergency	Four Suns Builders Inc	N/A	N/A
108,413	N/A	N/A	University of New Mexico	N/A	N/A
108,000	N/A	N/A	Pitney Bowes Reserve Account	N/A	N/A
106,750	NMSU	Price agreement	Instructure, Inc.	\$ 112,000	N/A
106,095	15-31937	Bid	Laerdal Medical Corporation	\$ 139,290	N/A
103,697	N/A	N/A	Elsevier, Inc.	N/A	N/A
96,132	16-33032	RFQ	Dekker Perich Sabatini Ltd.	\$ 532,580	N/A
89,988		51273	Blackboard Inc - Transact	N/A	N/A
83,769	60-96400-15-NS064	Sole Source	X-Cal Corp.	67,275	16,494
76,413	N/A	N/A	Tichenor College Textbook Company	N/A	N/A
74,891	N/A	N/A	Four Corners Innovations, Inc.	N/A	N/A
72,760	N/A	N/A	SJC-Internal Catering	Internal food purchases see Sodexo,	
69,935	60-96400-15-EM040	Emergency	Angel's Floor Covering Inc	N/A	N/A
69,577	N/A	N/A	Liberty Mutual Group	N/A	N/A
65,957	N/A	Sole Source	Fields Education LLC	100,000	N/A

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, 2016			
<i>Name and Physical Address of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N)(Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N)</i>	<i>Brief Description of the Scope of Work</i>
N/A	N/A	N/A	Resale Text Books in Book Store
N/A	N/A	N/A	Purchase of 800 S. Hutton - Payments
N/A	N/A	N/A	State Business & Technology Endowment / reimbursement for 30th street insurance / Employee payroll deductions
N/A	N/A	N/A	MOU for Student Advisors - college prep.
8000 Foothills Blvd Roseville, CA 95747-5636	N/A	N/A	Computers & Peripherals
N/A	N/A	N/A	Utility - Phone Services
4 CR 2015 Aztec, NM 87410	N/A	N/A	Hail Damage
N/A	N/A	N/A	Government entity
N/A	N/A	N/A	Postage
9020 S Sandy Pky Sandy, UT 84070	N/A	N/A	Canvas software & support (NMSU RFP#100112612-RA)
Laerdal Medical Corporation 167 Myers Corners Road Wappingers Falls, NY 12590	No	No	Laerdal simulator & training
Gaumard Scientific Co 14700 SW 136 Street Miami, FL 33196	No	No	
N/A	N/A	N/A	Resale Text Books in Book Store
Dekker Perich Sabatini 7601 Jefferson NE, Albuquerque, NM 87109	Yes	No	STEM-H Renovations
FBT Architects 6501 Americas Pkwy NE STE 300, Albuquerque, NM 87110	Yes	No	
Greer Stafford/SJCF Architecture 1717 Louisiana Blvd NE Suite 205 Albuquerque, NM 87110	Yes	No	
MLC Architects 7701 Innovation Way NE Rio Rancho, NM 87144	Yes	Yes	
Nine Degrees Architecture & Design PO Box 4135 Sunland Park, NM 88063	Yes	No	
Suina Mead Architects 401 Edith Blvd NE STE 100 Albuquerque, NM 87102	Yes	No	
Van H. Gilbert Architect 2428 Baylor Drive SE Albuquerque, NM 87106	Yes	Yes	
Renewal #300982-0010	N/A	N/A	One card & Door Maint. includes Pharos
PO Box 218407 Houston, TX 77218	No	No	Basic Hydraulics Learning System
N/A	N/A	N/A	Resale Text Books in Book Store
N/A	N/A	N/A	Resale Text Books in Book Store
Inc & Affiliates			Contract with Sodexo, Inc & Affiliates
PO Box 5374 Farmington, NM 87499	N/A	N/A	Hail Damage caused water leaks
N/A	N/A	N/A	Employee Payroll deduction
PO Box 4753 Pocatello, ID 83205	No	No	Build Tribal Energy & Management (TEAM) Institute



Statistical Section

Success Matters



SAN JUAN COLLEGE
Success Matters

Narrative to the Statistical Section

FINANCIAL TRENDS

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

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

REVENUE CAPACITY

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

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

DEBT CAPACITY

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

- Long-term Bonds Outstanding
- Bond Debt Capacity

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

- Demographic and Economic Data
- Principal Employers

OPERATING INFORMATION

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

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

Financial Trends

Net Position by Component

SAN JUAN COLLEGE											
Net Position By Component (Dollars in Thousands)											
<i>Last ten fiscal years</i>											
Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net Investment in capital assets	\$66,146	\$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	362	360	360	360	360	360	300	-	-
Restricted, Expendable	5,625	3,748	3,247	1,677	2,491	2,419	2,372	2,212	2,233	3,903	-
Unrestricted	(51,431)	(51,596)	10,246	9,828	8,341	8,698	8,170	8,266	15,586	15,066	32,542
Total Net Position	\$20,702	\$21,245	\$73,332	\$70,555	\$72,599	\$73,907	\$72,205	\$75,138	\$76,752	\$76,748	\$85,436
Expressed as a percent of total	%	%	%	%	%	%	%	%	%	%	%
Net Investment in capital assets	319.5	323.5	81.1	83.2	84.6	84.5	84.9	85.6	76.4	75.3	61.9
Restricted, Non-expendable	1.8	1.7	0.5	0.5	0.5	0.5	0.5	0.5	0.4	-	-
Restricted, Expendable	27.2	17.6	4.4	2.4	3.4	3.3	3.3	2.9	2.9	5.1	-
Unrestricted ¹	(248.4)	(242.9)	14.0	13.9	11.5	11.8	11.3	11.0	20.3	19.6	38.1
Total Net Position	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage increase/(decrease) from prior year	%	%	%	%	%	%	%	%	%	%	%
Net Investment in capital assets	(3.9)	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	50.1	15.4	48.3	(48.5)	-	-	-	-	-	-	-
Unrestricted	(0.3)	(603.6)	4.1	15.1	(4.3)	6.1	(1.2)	(88.6)	3.3	(116.0)	7.1
Total Net Position	(2.6)	(245.2)	3.8	(2.9)	(1.8)	2.3	(4.1)	(2.1)	0.0	(11.3)	5.3

Figure 47 Net Position by Component

¹ GASB Statement no. 68 required recording a Net Pension Liability reducing Unrestricted Net Position.

Changes in Net Position

SAN JUAN COLLEGE										
Changes in Net Position (Dollars in Thousands)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
<i>Operating Revenues</i>										
Student Tuition and Fees	\$ 12,058	\$ 11,619	\$ 11,082	\$ 10,868	\$ 10,231	\$ 8,903	\$ 7,170	\$ 5,475	\$ 5,371	\$ 4,936
Less: Scholarship Allowances	(4,787)	(4,676)	(4,953)	(4,528)	(4,443)	(3,835)	(2,733)	(2,127)	(1,295)	(1,382)
Federal Grants and Contracts	2,522	2,270	2,093	15,591	15,609	15,553	12,046	7,302	6,571	6,772
State Grants and Contracts	2,189	3,286	5,665	2,122	2,159	2,319	2,066	2,236	2,479	2,076
Non Governmental Grants and Contracts	2,313	9,500	2,022	1,702	1,783	1,508	1,560	1,834	1,370	1,042
Sales and Services	645	918	837	949	-	-	-	-	1,056	1,389
Auxiliary Enterprises	5,171	4,842	4,737	4,731	4,508	4,297	4,086	3,424	2,972	3,206
Other Operating Revenues	1,075	701	591	396	1,141	1,137	1,405	1,414	893	798
Total Operating Revenues	\$ 21,186	\$ 28,460	\$ 22,074	\$ 31,832	\$ 30,989	\$ 29,882	\$ 25,601	\$ 19,558	\$ 19,416	\$ 18,837
Expenses										
<i>Operating Expenses</i>										
Education and General										
Instruction	\$ 28,949	\$ 30,061	\$ 28,104	\$ 28,943	\$ 27,560	\$ 26,484	\$ 25,413	\$ 27,048	\$ 26,097	\$ 24,349
Public Service	1,616	1,701	1,723	1,805	2,348	2,167	2,660	2,904	2,923	2,813
Academic Support	4,667	4,655	4,327	3,674	3,687	3,695	3,957	4,551	3,709	3,819
Students Services	7,011	6,957	6,986	6,857	6,648	5,941	5,413	5,451	5,217	4,645
Institutional Support	6,597	6,677	6,512	6,053	5,957	6,620	5,946	6,546	6,278	6,202
Operations and Maintenance of Plant	5,641	5,686	5,536	6,160	6,466	6,810	5,951	7,577	5,834	6,982
Depreciation Expense	5,516	5,176	5,212	5,372	5,473	5,525	5,688	5,803	5,548	5,684
Student Aid	7,810	8,543	9,418	10,723	10,684	10,274	9,037	5,329	5,247	5,101
Student social and Cultural Activities	42									
Auxiliary Enterprises	5,256	4,456	4,257	4,434	4,308	4,075	3,837	3,696	3,033	3,774
Other Operating Expenses	81	130	133	136	157	141	454	516	443	400
Total Operating Expenses	\$ 73,185	\$ 74,042	\$ 72,208	\$ 74,157	\$ 73,290	\$ 71,732	\$ 68,357	\$ 69,421	\$ 64,329	\$ 63,769
Operating Income/(Loss)	\$(51,999)	\$(45,582)	\$(50,134)	\$(42,325)	\$(42,301)	\$(41,850)	\$(42,755)	\$(49,863)	\$(44,913)	\$(44,931)

Figure 48 Changes in Net Position Ten Years, Part 1

(Continued)

Changes in Net Position, Continued

SAN JUAN COLLEGE											
Changes in Net Position (Expressed as a percentage of Total Revenues)											
<i>Last ten fiscal years</i>											
Continued											
Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
Non-Operating Revenues (Expenses)											Graph
State Appropriations	33.9	30.6	31.5	31.8	30.2	29.6	32.5	32.7	34.2	31.8	
Local Appropriations	21.7	20.8	23.1	22.8	22.5	21.5	24.7	26.1	29.0	26.0	
Federal Student Aid	14.0	13.4	16.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Investment Income (Loss)	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.9	1.6	
Interest in Capital Asset-related Debt	(0.8)	(0.7)	(0.9)	(1.0)	0.0	0.0	0.0	0.0	(1.3)	(1.4)	
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)	(0.0)	
Other Non-Operating Revenues/Expenditures	(1.6)	(0.6)	(1.9)	1.4	(0.6)	(0.6)	(1.1)	(0.3)	(0.0)	(0.0)	
Total Non-Operating Revenues/Expenditures	67.4	63.6	68.0	55.1	52.1	50.5	56.1	58.5	62.8	57.9	
Income (Loss) before Other Revenue (Expenses)		8.6	3.6	(2.8)	(1.8)	2.3	(4.4)	(2.4)	0.0	3.6	
Capital Appropriations	1.6	0.1	0.6	0.0	4.5	8.5	4.1	12.4	6.0	12.6	
Capital Contributions	0.0	0.4	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	
Increase/(Decrease) in Fund Net Position	(1.3)	8.6	3.6	(2.8)	(1.8)	2.3	(4.4)	(2.4)	0.0	3.6	

Figure 49 Changes in Net Position Ten Years, Part 2

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

Changes in Net Position Percentages

SAN JUAN COLLEGE											
Changes in Net Position (Expressed as a percentage of Total Revenues)											
<i>Last ten fiscal years</i>											
Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
	%	%	%	%	%	%	%	%	%	%	
Revenues											
Graph											
<i>Operating Revenues</i>											
Student Tuition and Fees	16.3	14.1	14.3	14.9	14.1	12.1	10.8	8.0	8.2	7.3	
Less: Scholarship Allowances	(6.5)	(5.7)	(6.4)	(6.2)	(6.1)	(5.2)	(4.1)	(3.1)	(2.0)	(2.1)	
Federal Grants and Contracts	3.4	2.8	2.7	21.4	21.6	21.1	18.2	10.7	10.1	10.1	
State Grants and Contracts	3.0	4.0	7.3	2.9	3.0	3.1	3.1	3.3	3.8	3.1	
Non Governmental Grants and Contracts	3.1	11.6	2.6	2.3	2.5	2.0	2.4	2.7	2.1	1.6	
Sales and Services	0.9	1.1	1.1	1.3	0.0	0.0	0.0	0.0	1.6	2.1	
Auxiliary Enterprises	7.0	5.9	6.1	6.5	6.2	5.8	6.2	5.0	4.6	4.8	
Other Operating Revenues	1.5	0.9	0.8	0.5	1.6	1.5	2.1	2.1	1.4	1.2	
Total Operating Revenues	28.6	34.6	28.6	43.7	42.8	40.5	38.7	28.7	29.8	28.0	
Expenses											
<i>Operating Expenses</i>											
Education and General											
Instruction	39.1	36.6	36.4	39.7	38.1	35.9	38.4	39.8	40.0	36.2	
Public Service	2.2	2.1	2.2	2.5	3.2	2.9	4.0	4.3	4.5	4.2	
Academic Support	6.3	5.7	5.6	5.0	5.1	5.0	6.0	6.7	5.7	5.7	
Students Services	9.5	8.5	9.0	9.4	9.2	8.0	8.2	8.0	8.0	6.9	
Institutional Support	8.9	8.1	8.4	8.3	8.2	9.0	9.0	9.6	9.6	9.2	
Operations and Maintenance of Plant	7.6	6.9	7.2	8.5	8.9	9.2	9.0	11.1	8.9	10.4	
Depreciation Expense	7.5	6.3	6.7	7.4	7.6	7.5	8.6	8.5	8.5	8.5	
Student Aid	10.6	10.4	12.2	14.7	14.8	13.9	13.7	7.8	8.0	7.6	
Student Social and Cultural Activities	0.1										
Auxiliary Enterprises	7.1	5.4	5.5	6.1	6.0	5.5	5.8	5.4	4.7	5.6	
Other Operating Expenses	0.1	0.2	0.2	0.2	0.2	0.2	0.7	0.8	0.7	0.6	
Total Operating Expenses	98.9	90.1	93.5	101.8	101.3	97.1	103.4	102.0	98.6	94.9	
Operating Income/(Loss)	(70.3)	(55.5)	(64.9)	(58.1)	(58.4)	(56.7)	(64.6)	(73.3)	(68.9)	(66.9)	

Figure 50 Changes in Net Position as a Percentage of Total Revenue or Total Expenses, Part 1

(Continued)

Changes in Net Position Percentages, Continued

SAN JUAN COLLEGE											
Changes in Net Position (Expressed as a percentage of Total Revenues)											
<i>Last ten fiscal years</i>											
Continued											
Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
Non-Operating Revenues (Expenses)											Graph
State Appropriations	33.9	30.6	31.5	31.8	30.2	29.6	32.5	32.7	34.2	31.8	
Local Appropriations	21.7	20.8	23.1	22.8	22.5	21.5	24.7	26.1	29.0	26.0	
Federal Student Aid	14.0	13.4	16.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Investment Income (Loss)	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.9	1.6	
Interest in Capital Asset-related Debt	(0.8)	(0.7)	(0.9)	(1.0)	0.0	0.0	0.0	0.0	(1.3)	(1.4)	
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)	(0.0)	
Other Non-Operating Revenues/Expenditures	(1.6)	(0.6)	(1.9)	1.4	(0.6)	(0.6)	(1.1)	(0.3)	(0.0)	(0.0)	
Total Non-Operating Revenues/Expenditures	67.4	63.6	68.0	55.1	52.1	50.5	56.1	58.5	62.8	57.9	
Income (Loss) before Other Revenue (Expenses)		8.6	3.6	(2.8)	(1.8)	2.3	(4.4)	(2.4)	0.0	3.6	
Capital Appropriations	1.6	0.1	0.6	0.0	4.5	8.5	4.1	12.4	6.0	12.6	
Capital Contributions	0.0	0.4	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	
Increase/(Decrease) in Fund Net Position	(1.3)	8.6	3.6	(2.8)	(1.8)	2.3	(4.4)	(2.4)	0.0	3.6	

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

Principal Revenue Sources

SAN JUAN COLLEGE										
Principal Revenue Sources										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2016	2015 ¹	2014	2013	2012	2011	2010	2009	2008	2007
Tuition and fees, net of scholarship allowances	\$ 7,271,454	\$ 6,942,384	\$ 6,128,481	\$ 6,340,426	\$ 5,788,763	\$ 5,067,933	\$ 4,437,223	\$ 3,348,319	\$ 4,075,831	\$ 3,554,210
Percent of total revenue	9.8%	9.3%	7.9%	8.7%	8.0%	6.9%	6.7%	4.9%	6.2%	5.3%
Percent increase from prior year	0.5	1.4	(0.8)	0.7	1.1	0.2	1.8	(1.3)	1.0	
State of New Mexico Government										
State Appropriations	25,072,455	25,170,340	24,328,639	23,200,388	21,828,449	21,826,889	21,497,122	22,262,313	22,027,688	21,343,249
State Contracts and Grants	2,188,684	3,285,884	5,665,414	2,122,087	2,159,078	2,319,130	2,065,876	2,235,637	2,478,530	2,076,380
State of New Mexico Government	27,261,139	28,456,224	29,994,053	25,322,475	23,987,527	24,146,019	23,562,998	24,497,950	24,506,218	23,419,629
Percent of total revenue	36.8%	38.3%	38.8%	34.8%	33.1%	32.7%	35.6%	36.0%	37.6%	34.9%
Percent increase from prior year	(1.5)	(0.5)	4.1	1.6	0.4	(2.9)	(0.4)	(1.6)	2.7	
San Juan County Government										
Local Government Appropriations	16,080,365	17,067,457	17,838,223	16,588,391	16,310,978	15,889,327	16,337,264	17,759,407	18,941,221	17,449,320
Percent of total revenue	21.7%	23.0%	23.1%	22.8%	22.5%	21.5%	24.7%	26.1%	29.0%	26.0%
Percent increase from prior year	(1.2)	(0.1)	0.3	0.2	1.0	(3.2)	(1.4)	(2.9)	3.1	
Federal Government										
Federal Grants and Contracts	12,906,111	13,323,458	14,558,905	15,591,409	15,608,951	15,552,572	12,046,467	7,301,744	6,571,229	6,771,918
Percent of total revenue	17.4%	17.9%	18.9%	21.4%	21.6%	21.1%	18.2%	10.7%	10.1%	10.1%
Percent increase from prior year	(0.5)	(0.9)	(2.6)	(0.2)	0.5	2.8	7.5	0.7	(0.0)	
Total from principal revenue sources	56,247,615	58,847,139	62,391,181	57,502,275	55,907,456	55,587,918	51,946,729	49,559,101	50,018,668	47,640,867
Percent of total revenue	76.0%	79.2%	80.8%	78.9%	77.2%	75.3%	78.5%	72.8%	76.7%	70.9%
Percent increase from prior year	(3.2)	(1.6)	1.9	1.7	2.0	(3.3)	5.7	(3.9)	5.8	
Total Revenue	\$73,994,952	\$74,275,210	\$77,230,665	\$72,851,786	\$72,383,410	\$73,846,662	\$66,138,963	\$68,032,944	\$65,215,490	\$67,190,465

Figure 52 Principal Revenue Sources, Last ten fiscal years

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property

SAN JUAN COLLEGE									
Assessed Value and Estimated Actual Value of Taxable Property									
Last Ten Fiscal Years									
Fiscal Year Ended June 30	Real Property		Personal Property			Total Residential Direct Tax Rate	Total Non- Residential Direct Tax Rate	Estimated Actual Value	Taxable Assessed value as a percentage of Actual Value
	Residential Property	Non- Residential Property	Non- Agricultural	Agricultural	Other				
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 ¹	33.3%
2015	1,431,570,366	1,882,146,032	107,914,020	**	2,378,336	6.231	8.500	11,110,391,526	33.3%
2016	1,466,073,002	1,977,212,412	110,908,455	**	2,292,185	6.231	8.500	11,926,487,916	33.3%

Fiscal Year Ended June 30	Oil & Gas		Less Tax- Emempt Property	Adjustment for Protested Taxes	Total Taxable Assessed Value
	Production	Equipment			
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
2016	809,315,876	161,542,839	411,393,777	(144,430,516)	3,971,520,476

Figure 53 Assessed and Estimated Values of Taxable Property

Source: San Juan County Finance Department

Taxable assessed values are established by the San Juan County Assessor for locally assessed property, and by the State of New Mexico Taxation and Revenue Department, Audit and Compliance Division (oil and gas equipment and production), and Property Tax Division (state assessed property). The last reappraisal for locally assessed property occurred in 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	2016				Ranking Directional Change	2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value			Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Public Service Co. of New Mexico	\$ 235,279,385	1	5.9%		→	\$ 289,443,863	1	6.7%
Arizona Public Service Co.	173,788,666	2	4.4%		↑	254,441,531	3	5.9%
San Juan Coal Co.	116,459,508	3	2.9%		↓	277,567,992	2	6.4%
Enterprise Field Service LLC	78,133,401	4	2.0%		↑	240,500,310	5	5.6%
Williams Four Corners LLC	65,989,363	5	1.7%		↑	204,778,387	6	4.7%
Transwestern Pipeline Co.	43,595,068	6	1.1%		↑	142,795,095	7	3.3%
El Paso Natural Gas Co	36,623,184	7	0.9%		↑	129,215,481	9	3.0%
City of Farmington	30,063,355	8	0.8%		↑			
MSR Public Power Agency	29,792,883	9	0.8%		↑			
Tucson Electric Power Co.	27,226,518	10	0.7%		→	119,326,865	10	2.8%
BHP World Mineral					↓	247,457,802	4	5.7%
Val Verde Gas Gathering Company					↓	130,767,923	8	3.0%
Total Principal Taxpayers	836,951,331					2,036,295,249		
Total Percentage Principal Taxpayers			21.2%					47.1%
Total Taxable Assessed Value	3,971,520,476					\$ 4,312,013,190		

Figure 54 San Juan County, NM principal property taxpayers

Source: San Juan County Finance Department

Property Tax Levies and Collections

SAN JUAN COLLEGE									
Property Tax Levies and Collections									
<i>Last Ten Fiscal Years</i>									
Fiscal Year	Taxes Levied for			Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		
	Fiscal Year	Adjustments	Total Adjusted Levy	Amount Collected	Percentage of Original Levy Collected		Amount	Percentage of Adjusted Levy	
2007	51,015,130	740,179	51,755,309	50,180,945	98.36%	1,570,684	51,751,629	99.99%	
2008	55,573,809	743,166	56,316,975	54,445,797	97.97%	1,866,843	56,312,640	99.99%	
2009	58,869,503	704,630	59,574,133	57,647,121	97.92%	1,920,064	59,567,185	99.99%	
2010	62,560,289	1,822,280	64,382,570	61,868,631	98.89%	2,505,492	64,374,123	99.99%	
2011	66,583,480	1,160,608	67,744,088	64,766,432	97.27%	2,961,766	67,728,198	99.98%	
2012	68,420,052	508,466	68,928,518	66,897,199	97.77%	2,011,379	68,908,578	99.97%	
2013	69,282,296	1,135,650	70,417,946	68,049,597	98.22%	2,274,558	70,324,155	99.87%	
2014	71,655,257	1,708,322	73,363,579	70,753,818	98.74%	2,319,785	73,073,603	99.60%	
2015	68,749,770	2,130,700	70,880,470	68,545,196	99.70%	1,367,384	69,912,580	98.63%	
2016	73,993,688	772,038	74,765,726	72,269,305	97.67%	0	72,269,305	96.66%	

Figure 55 Property Tax Levies and Collections

Source: San Juan County Finance Department

Residential Property Tax Rates

SAN JUAN COLLEGE										
San Juan County, Residential Property Tax Rates										
<i>Last Ten Fiscal Years</i>										
	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Direct Rate										
San Juan County										
Operating Millage	6.737	6.451	6.567	6.312	6.425	6.267	6.326	6.310	6.231	6.231
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total County Millage	6.737	6.451	6.567	6.312	6.425	6.267	6.326	6.310	6.231	6.231
Overlapping Rates										
City of Bloomfield										
Operating Millage	5.223	5.049	5.198	4.938	5.017	4.881	4.906	4.882	4.804	4.762
Debt Service Millage	1.912	2.492	2.175	2.137	2.180	2.254	2.099	2.094	1.191	0.971
Total City Millage	7.135	7.541	7.373	7.075	7.197	7.135	7.005	6.976	5.995	5.733
City of Aztec										
Operating Millage	5.088	4.802	4.860	4.570	4.663	4.555	4.587	4.571	4.481	4.444
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	5.088	4.802	4.860	4.570	4.663	4.555	4.587	4.571	4.481	4.444
City of Farmington										
Operating Millage	1.511	1.434	1.457	1.438	1.457	1.419	1.431	1.426	1.407	1.410
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	1.511	1.434	1.457	1.438	1.457	1.419	1.431	1.426	1.407	1.410
Aztec Schools										
Operating Millage	2.287	2.276	2.280	2.133	2.185	2.131	2.149	2.149	2.122	2.107
Debt Service Millage	2.366	2.967	2.997	5.497	4.640	4.567	6.517	8.448	6.676	8.393
Total School Millage	4.653	5.243	5.277	7.630	6.825	6.698	8.666	10.597	8.798	10.500
Bloomfield Schools										
Operating Millage	2.325	2.314	2.322	2.149	2.192	2.135	2.155	2.298	2.274	2.261
Debt Service Millage	4.355	5.310	5.357	5.794	5.386	6.246	6.752	9.005	7.337	8.367
Total School Millage	6.680	7.624	7.679	7.943	7.578	8.381	8.907	11.303	9.611	10.628
Farmington Schools										
Operating Millage	3.349	2.263	3.953	4.706	4.608	4.644	4.552	3.986	2.290	2.297
Debt Service Millage	6.451	7.427	5.772	4.938	5.065	4.976	5.199	5.760	7.431	7.439
Total School Millage	9.800	9.690	9.725	9.644	9.673	9.620	9.751	9.746	9.721	9.736
Consolidated Schools										
Operating Millage	2.347	2.337	2.346	2.244	2.304	2.245	2.258	2.332	2.309	2.312
Debt Service Millage	6.571	6.838	6.837	6.773	6.840	6.837	6.828	6.818	6.818	6.818
Total School Millage	8.918	9.175	9.183	9.017	9.144	9.082	9.086	9.150	9.127	9.130
San Juan College										
Operating Millage	3.371	3.228	3.283	3.156	3.212	3.133	3.162	3.154	3.114	3.114
Debt Service Millage	0.600	0.600	0.600	0.600	0.600	0.600	0.420	0.600	0.600	0.600
Total School Millage	3.971	3.828	3.883	3.756	3.812	3.733	3.582	3.754	3.714	3.714
State of New Mexico										
Operating Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service Millage	1.291	1.221	1.250	1.150	1.530	1.362	1.360	1.360	1.360	1.360
Total School Millage	1.291	1.221	1.250	1.150	1.530	1.362	1.360	1.360	1.360	1.360

Figure 56 Residential Property Tax Rates

Source: San Juan County Finance Department

Academic Year Tuition and Required Fees

SAN JUAN COLLEGE										
Annual Tuition and Required Fees										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tuition¹										
Resident Tuition per Credit Hour	46	41	41	41	41	37	37	32	30	30
Resident 30 Credit Hour Charges	1,380	1,230	1,230	1,230	1,230	1,110	1,110	960	900	900
Non Resident Tuition per Credit Hour	146	123	105	105	105	91	91	70	40	40
Non Resident 30 Credit Hour Charges	4,380	3,690	3,150	3,150	3,150	2,730	2,730	2,100	1,200	1,200
Foreign Student per Semester		3,000	-	-	-	-	-	-	3,000	3,000
Foreign Student per Credit Hour	146	-	105	105	105	91	91	270	-	-
Senior Citizens 6 or Fewer Credit Hours /credit hour	6	6	5	5	5	5	5	5	5	5
Senior Citizens more than 6 Credit Hours /credit hour	46	41	41	41	41	37	37	32	30	30
General Fees²										
Resident Fees per Credit Hour ³		-	14.75	12.75	6.00	6.00	6.00	-	-	-
4 or fewer credit hours	77.50	77.50								
More than 4 credit hours	185.00	155.00								
Resident Maximum Charge	185.00	155.00	265.50	229.50	108.00	108.00	108.00	-	-	-
Non Resident Fees per Credit Hour ³			25.75	20.75	10.00	6.00	6.00	-	-	-
4 or fewer credit hours	137.50	137.50								
More than 4 credit hours	305.00	275.00								
Non Resident Maximum Charge	305.00	275.00	463.50	373.50	180.00	108.00	108.00	-	-	-
Foreign Student per Semester			-	-	-	-	-	-	-	-
Foreign Student per Credit Hour/Degree Seeking	200.00	-	200.00	200.00	200.00	200.00	200.00	-	-	-
Foreign Student per Credit Hour/Non Degree Seeking		-	25.75	20.75	10.00	6.00	6.00	-	-	-
Senior Citizens up to 6 Credit Hours /credit hour			-	-	-	-	-	-	-	-
Senior Citizens after 6 Credit Hours /credit hour			-	-	-	-	-	-	-	-

Figure 57 Semester Tuition and Required Fees

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

²SJC did not start charging fees until 2010

³SJC changed to a flat fee schedule for FY 2015

⁴Full-time status was increased to 15 credit hours

Debt Capacity

Long-term Bonds Outstanding

SAN JUAN COLLEGE										
Long-term Bonds (<i>Dollars in thousands</i>)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Bonds Payable	\$15,841	\$10,941	\$13,591	\$14,779	\$16,859	\$18,544	\$20,593	\$22,279	\$24,077	\$24,859
Unamortized Premium	248	238	275	311	348	385	421	458	494	531
Unamortized Discount	-	-	-	-	-	-	-	-	-	-
Net Long-term Bonds	\$16,090	\$11,179	\$13,866	\$15,090	\$17,207	\$18,928	\$21,014	\$22,737	\$24,571	\$25,390
San Juan County Population ¹	118,737	123,101	123,785	126,448	128,529	128,063	130,144	129,359	126,905	126,149
Bond Debt per Capita	136	91	112	119	134	148	161	176	194	201

Figure 58 Long-term Bonds Outstanding

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

Bond Debt Capacity

SAN JUAN COLLEGE										
Bond Debt Capacity (<i>Dollars in thousands</i>)										
<i>Last ten fiscal years</i>										
Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Assessed Valuation ¹	3,633,170	3,424,009	2,981,551	3,276,429	3,244,415	3,170,493	2,800,925	2,635,631	2,506,191	2,295,197
Ratio of Limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Constitutional Debt Limitation	108,995	102,720	89,447	98,293	97,332	95,115	84,028	79,069	75,186	68,856
Outstanding Bond Debt ²	15,841	10,941	13,591	14,779	16,859	18,544	20,593	22,279	24,077	24,859
Available Bond Debt Capacity	93,154	91,779	75,855	83,514	80,474	76,571	63,435	56,790	51,109	43,997
% Bonded to Capacity	14.5%	10.7%	15.2%	15.0%	17.3%	19.5%	24.5%	28.2%	32.0%	36.1%

Figure 59 Bond Debt Capacity

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

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

Demographic and Economic Information and Statistics

SAN JUAN COLLEGE						
Demographic And Economic Statistics						
<i>Last Ten Fiscal Years</i>						
Year	Population ¹	Personal Income ² (Thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	126,149	3,586,704	28,899	35.7	23,180	3.6%
2008	126,905	3,967,682	32,198	35.8	23,582	4.4%
2009	129,359	3,759,121	29,887	35.6	23,010	7.7%
2010	130,144	3,840,098	30,241	36.7	23,022	10.1%
2011	128,063	4,102,975	32,861	33.5	23,028	8.3%
2012	128,529	4,253,309	33,092	33.3	23,737	7.3%
2013	126,448	4,414,720	33,742	34.0	23,910	7.6%
2014	123,785	4,566,160	33,732	33.8	20,876	7.4%
2015	123,101	4,455,887	36,197	33.0	21,355	7.7%
2016	118,737	3,868,131	32,577	33.7	24,545	8.1%

Figure 60 Demographic and Economic Statistics

Sources:

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

School Enrollment: New Mexico Department of Education.

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

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

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

Principal Employers

SAN JUAN COLLEGE Principal Employers by Industry <i>Current Year and Nine Years Ago</i>							
Employer	2016				2007		
	Employees ¹	Rank	Percentage of Total County Employment	Ranking Directional Change	Employees ¹	Rank	Percentage of Total County Employment
Health Care and Social Assistance	6,793	1	13.6%	↑	4,956	3	9.8%
Retail Trade	6,401	2	12.8%	↓	6,417	1	12.6%
Mining (excluding gas & oil production and services)	5,562	3	11.1%	↓	5,771	2	11.4%
Accommodation and Food Services	4,591	4	9.2%	→	4,409	5	8.7%
Construction	3,758	5	7.5%	↓	4,610	4	9.1%
Wholesale Trade	1,665	6	3.3%	→	1,843	6	3.6%
Transportation and Warehousing	1,338	7	2.7%	↑	1,327	10	2.6%
Other Services Exc. Public Administration	1,228	8	2.5%	↓	1,731	7	3.4%
Administrative and Waste Services	1,134	9	2.3%	→	1,397	9	2.8%
Manufacturing	1,130	10	2.3%	↓	1,478	8	2.9%
Total County Employment	49,917		67.3%		50,757		66.9%

Figure 61 Nonfarm Principal Employers by Industry

¹Employment 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>											
<i>Fall Employment of Fiscal Year</i>	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
FACULTY										Graph	
Full-time	158	169	166	160	152	144	145	100	104	102	
Part-time	174	192	253	246	296	288	304	244	264	272	
Total Faculty	332	361	419	406	448	432	449	344	368	374	
STAFF											
Full-time	334	358	363	384	384	367	358	420	445	423	
Part-time	215	152	116	114	143	149	142	143	156	179	
Total Staff	549	510	479	498	527	516	500	563	601	602	
Total Faculty and Staff	881	871	898	904	975	948	949	907	969	976	

Figure 62 Faculty and Staff

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

Capital Assets: Facilities

SAN JUAN COLLEGE										
Capital Assets, Number of Facilities										
<i>Last Ten Fiscal Years</i>										
Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Academic/Support Facilities										
Main Campus	15	15	14	14	14	14	14	14	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
CDL Training - Hutton Ave.	1	1	1	1	1	1	1	1	1	1
Total	20	20	19	19	19	19	19	19	18	18
Total Buildings Square Footage	921,510	921,510	856,528	856,528	856,528	856,528	856,528	856,528	852,092	852,092
Number of Parking Lots	20	20	19	19	19	19	18	18	17	17
Total Parking Spaces	2835	2835	2563	2563	2563	2563	2225	2225	2076	2076
Total ADA Parking Spaces	115	115	107	107	107	107	97	97	97	97

Figure 63 Capital Assets, Number of Facilities

Admissions, Enrollment and Degrees Earned

SAN JUAN COLLEGE											
Admissions, Enrollment, and Degrees Earned (Fall Enrollment)											
<i>Last ten fiscal years</i>											
<i>Fall Enrollment of Fiscal Year</i>	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
ADMISSIONS - FRESHMEN											
											Graph
Applications	2,065	2,542	3,412	3,012	3,334	3,113	2,583	2,858	1,388	1,268	
Accepted	2,065	2,542	3,412	3,012	3,334	3,113	2,583	2,858	1,388	1,268	
Enrolled	692	1,013	1,082	1,013	937	1,215	1,078	871	683	584	
Accepted as Percentage of Application	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Enrolled as Percentage of Accepted	33.5%	39.9%	31.7%	33.6%	28.1%	39.0%	41.7%	30.5%	49.2%	46.1%	
ENROLLMENT											
Student FTE	4,409	4,619	5,333	5,464	5,499	5,404	5,321	4,765	4,421	4,272	
Student Headcount	7,718	9,906	8,938	9,463	9,470	8,975	8,990	8,931	6,991	6,366	
DEGREES/CERTIFICATES EARNED											
Associates	708	656	617	654	640	506	472	423	424	414	
Certificates	1350	812	670	601	468	342	310	208	204	217	

Figure 64 Admissions, Enrollment, and Degrees Earned

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

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

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Success Matters



SAN JUAN COLLEGE
Success Matters

**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, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and the budgetary comparisons presented as supplementary information, and have issued our report thereon dated November 7, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency listed as CU FS 2016-001.

Compliance and Other Matters

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

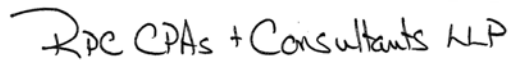
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described them in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2016-001, NM 2016-002, and NM 2016-003.

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 questioned costs. 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.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
November 7, 2016



Single Audit Section

Success Matters



SAN JUAN COLLEGE
Success Matters

Schedule of Expenditures of Federal Awards

San Juan College					
Schedule of Expenditures of Federal Awards					
For year ended June 30, 2016					
Federal Grantor/Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
National Science Foundation:					
STEP	47.076	1068342	\$ 111,369	\$ -	\$ -
Department of Education:					
TRIO Student Support Services	84.042	P042A100361	14,537	-	-
TRIO Student Support Services	84.042	P042A151504	202,563	-	-
TRIO SSS-STEM	84.042	P042A151482	88,736	-	-
TRIO Talent Search	84.044	P044A110814	196,333	-	-
Subtotal			502,169	-	-
Higher Education Institutional Aid - Launch	84.031	P031X100005	234,609	-	-
Fast Forward	84.382	P382C110007	474,149	-	-
Subtotal			708,758	-	-
<i>Pass-through NM Public Education</i>					
<i>Department</i>					
Perkins - RT	84.048	65 9828	5,321	-	-
Perkins - Computer/Network Support	84.048	65 9828	14,978	-	-
Perkins - Diesel Mechanics	84.048	65 9828	3,104	-	-
Perkins - Welding	84.048	65 9828	3,363	-	-
Perkins - Fire Science	84.048	65 9828	59,395	-	-
Perkins - Automotive	84.048	65 9828	67,662	-	-
Perkins - EMS	84.048	65 9828	49,990	-	-
Perkins - Building Trades	84.048	65 9828	17,876	-	-
Perkins - Career Education	84.048	65 9828	52,389	-	-
Perkins - PTAP	84.048	65 9828	42,259	-	-
Perkins - Restribution	84.048	65 9828	66,794	-	-
Subtotal			383,131	-	-
<i>Pass-through NM Higher Education</i>					
<i>Department</i>					
Adult Basic Education	84.002	65 9828	141,854	-	-
<i>Direct</i>					
Federal Pell Grant Supplemental Education	84.063	P063P061828	10,088,750	-	-
Opportunity Grant	84.007	P007A066227	146,735	-	-
Federal Work-Study Program (CWS)	84.033	P033A066227	149,110	-	-
Subtotal			10,384,595	-	-
Total Department of Education			\$ 12,120,507	\$ -	\$ -

Figure 65 Schedule of Expenditures of Federal Awards Part 1

Schedule of Expenditures of Federal Awards (Continued)

San Juan College Schedule of Expenditures of Federal Awards For year ended June 30, 2016					
Federal Grantor/Pass- Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
Department of Health and Human Services:					
<i>Pass-through New Mexico State University</i>					
INBRE	93.859	Q01680	\$ 84,113	\$ -	\$ -
<i>Pass-through NM Children, Youth and Families Department</i>					
Childrens Behavioral Health	93.556	San Juan College	64,609	-	-
<i>Pass-through NM Human Services Department</i>					
UNM PFS OSAP - Community	93.243	16-630-7903-0014	6,822	-	-
Total Department of Health and Human Services			155,544	-	-
Department of Veterans Affairs:					
<i>Pass-through New Mexico Department of Veterans Services</i>					
RVCP Veterans	64.038	MOA	7,085	-	-
Department of Commerce:					
<i>Four Corners POWER Initiative</i>					
Initiative	11.307	08-11-05081	116,295	-	-
Small Business Administration:					
<i>Pass Through Santa Fe Community College</i>					
Small Business Development Center	59.037	San Juan College	20,689	-	-
National Writing Project Corporation:					
Bisti Writing Project SEED	84.367	05-NM06-SEED2012	420	-	-
Department of Housing and Urban Development:					
Farmington Daycare Assistance	14.228	15-109957D	4,661	-	-
National Endowment for the Arts:					
<i>Pass-through Western States Art Federation</i>					
Promotion of the Arts	45.025	San Juan College	2,375	-	-
Department of Labor:					
<i>Pass-through Santa Fe Community College</i>					
DOL-TAACCT	17.282	TC-26486-14-60-A-35	367,015	-	-
Grand Total			\$ 12,905,960	\$ -	\$ -

Figure 66 Schedule of Expenditures of Federal Awards Part 2

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

Note 1 – Reconciliation of SEFA to Financial Statements

Total federal awards expended per SEFA	\$ 12,905,960
Total expenditures funded by other sources	58,234,037
Total expenditures (including capitalized expenditures)	<u>\$ 71,139,997</u>

Figure 67 SEFA Reconciliation

Note 2 – Basis of Presentation

The accompanying Schedule of Expenditures includes all federal grants to the College that had activity during FY 2016. This schedule has been prepared on the accrual basis except costs incurred to purchase capital assets have been included to reflect actual capital asset expenditures. Revenues are recorded for financial reporting when the College has met the qualifications for the respective grant. Therefore, some amounts presented in this Schedule may differ from amounts presented in the financial statements.

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

Note 3 – Loans Outstanding

The College is not a direct participant in federally funded student loan programs that requires tracking the outstanding balances of student loans. However, individually the College can access the National Student Loan Data System (nslds.ed.gov) when determining eligibility. Federal Direct Loans (CFDA No. 84.268) advances to students in fiscal year 2016 totaled \$4,155,100.

Note 4 – Indirect Cost Rate

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

Note 5 – Federally Funded Insurance

The College has no federally funded insurance.

Note 6 – Catalog of Federal Domestic Assistance (CFDA)

Program titles and CFDA numbers were obtained from the federal or pass-through grantors or the *CFDA* database which contains information about a program’s authorization, fiscal details, guidelines, eligibility requirements, program contracts, application and award process. Each Federal program has a CFDA number assigned. Closely related programs are grouped into a cluster that share common compliance requirements. The Student Financial Aid Cluster is considered a Major Type A program (\$750,000 or greater in expenditures) for the 2016 audit. Further information is located at: <https://www.cfda.gov/>

Major Federal Program	Amount
Federal Student Financial Aid Cluster	\$ 10,384,595
Total Awards by Federal Agency	Amount
National Science Foundation	\$ 111,369
Department of Education	12,120,507
Department of Health and Human Services	155,544
Department of Veterans Affairs	7,085
Department of Commerce	116,295
Small Business Administration	20,689
National Writing Project Corporation	420
Department of Housing and Urban Development	4,661
National Endowment for the Arts	2,375
Department of Labor	367,015
Total Federal Awards	\$ 12,905,960

Figure 68 CFDA Catalog



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

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SAN JUAN COLLEGE
Success Matters

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

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for the Major Federal Program

We have audited San Juan College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2016. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2016.

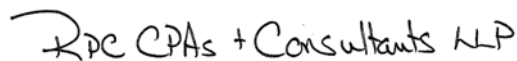
Report on Internal Control Over Compliance

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

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

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

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



RPC CPAs + Consultants, LLP
Albuquerque, NM
November 7, 2016



Schedule of Findings and Questioned Costs

Success Matters



SAN JUAN COLLEGE
Success Matters

State of New Mexico
 San Juan College
 Schedule of Findings and Questioned Costs
 June 30, 2016

A. Summary of Auditors' Results

Financial Statements:

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

Federal Awards:

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

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

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

State of New Mexico
San Juan College
Schedule of Findings and Questioned Costs
June 30, 2016

B. Findings – Financial Statement Audit

None Noted

C. Findings – Federal Award

None Noted

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

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

Condition: During our testwork over student verification for the Student Financial Aid program, we noted instances where elements of the College’s internal controls over the verification process were deficient or need improvement:

- In 1 instance of 40 items tested, the College’s Verification Worksheet was not initialed as reviewed by qualified personnel. Information on the form was correct, but there was no indication of review.
- In 1 instance of 40 items tested, the College’s Verification Worksheet was not scanned into the OnBase system, in order to be retained. The Verification was performed correctly, but this form was not retained.

Criteria: In accordance with 2 CFR 215.20, which 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, including compliance with OMB Uniform Guidance. Good internal controls require that forms used for federal verification of students be reviewed and retained in the College’s records.

Effect: The College is at risk that student verification results could be reported to the federal government in error, which could jeopardize grant funding allocations and result in the College being required to repay funds to grantors.

Cause: The College’s controls were not operating effectively to ensure that all verification forms were signed off and scanned into the College’s OnBase electronic system.

Auditors’ Recommendation: Management should implement procedures and stress the importance of completion (including signoff during review) of the Verification Worksheet and ensure that all Worksheets are scanned into their software.

College’s Response:

1. Finding: NM 2016-001 – Controls over Student Verification
 - a. Effective 12/01/16 all financial aid worksheets will be reviewed for completeness and signed off by the Director of Financial Aid, or other qualified personnel.
 - b. An additional review will be implemented during the document scanning to ensure all forms are complete and included in the students’ financial aid packet.
2. Contact person(s) responsible for monitoring and maintaining corrective procedures.
Director of Financial Aid

State of New Mexico
San Juan College
Schedule of Findings and Questioned Costs
June 30, 2016

D. Findings – Section 12-6-5 NMSA 1978 (continued)

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

Condition: During our testwork over travel and per diem, we noted the following item:

- In 1 instance of 6 items tested, the College reimbursed a non-employee for travel in the amount of \$1,451.55 using the forms and procedures applicable to College employees. Per review of this protocol, non-employee travel is not addressed.

Criteria: Per review of the College's Travel Protocol, reimbursements of non-employee expenses is not covered by these forms and procedures.

Effect: The College reimbursed a non-employee for travel using the forms and procedures applicable to College employees. The College is not in compliance with its internal policies and procedures.

Cause: The College does not have a procedure covering the reimbursement of non-employee travel on College business and the College did not have a contract or memorandum of understanding with this particular non-employee to cover items such as the reimbursement of employee travel.

Auditors' Recommendation: The College should implement a procedure covering non-employee travel in order to properly reimburse non-employee travel expenses on College Business. Alternatively, the College should implement a procedure to ensure that all non-employees conducting business on behalf of the College are doing so under a contract, or memorandum of understanding.

College's Response:

1. Finding: NM 2016-002 – Travel Reimbursement Procedures not Followed
 - a. Effective 12/01/16 the College will implement:
 - i. A procedure covering non-employee travel in order to properly reimburse non-employee travel expenses on College Business
 - ii. A procedure to ensure that all non-employees conducting business on behalf of the College are doing so under a contract, or memorandum of understanding.
2. Contact person(s) responsible for monitoring and maintaining corrective procedures.
 - a. Controller
 - b. Assistant Controller

State of New Mexico
San Juan College
Schedule of Findings and Questioned Costs
June 30, 2016

D. Findings – Section 12-6-5 NMSA 1978 (continued)

NM 2016-003 – Grants Application Process – Other Noncompliance

Condition: During our testwork over the College’s internal procedures for applying for grants we noted that for three out of five grant applications reviewed, we noted the following deviations from the College’s operating procedures:

- For the three grant applications, a prospectus and budget were not prepared and submitted to the Grants Planning Committee for review as required by the College’s Grants Planning Manual. This also led to the Grants Planning Committee not providing a final recommendation on the application as required by College’s Grants Planning Manual.
- For two of the grant applications, an external party was involved in the grant application process. This person was employed by a company scheduled to receive grant funds, which could indicate a potential conflict of interest on the part of this external party.

Criteria: Per the College’s Grants Manual, “The Grants Planning Committee will review and approve all requests for funding prior to proposal development. The Office of Grants Development will coordinate all requests for funding and will act as the primary liaison with external funders.” Per a review of the Grants Manual, the following items should be prepared and reviewed and approved before a grant application is submitted to an external funder:

- A prospectus and budget are to be presented to the Grants Planning Committee for review and approval.
- Once approved, the Grants Planning Committee will submit their recommendation to the appropriate administrator to sign the application to be submitted.

Effect: The College did not follow their internal procedures regarding the grants application process. By not following established procedures, the College is at risk that a grant may be received, and that appropriate staff may not be informed of the grant and any applicable compliance requirements.

Cause: The College worked with an external party on two of the grants who did not adhere to the College’s procedures for review and approval of the grants applications by the Grants Planning Committee. For the other grant, the process was not initiated by the grants department as typically followed.

Auditors’ Recommendation: The College should adhere to internally developed policies. If a need arises to operate outside of established procedures, documentation of approval for the departure from existing procedures should be maintained.

College’s Response:

1. Finding: NM 2016-003 – Grants Application Process
2. San Juan College has entered into a professional contract with a consulting firm that specializes in grant process reviews.
 - a. Pending results of the review the College will be updating grant related procedures
 - b. Documentation of approval for the departure from existing procedure will be maintained
3. Contact person(s) responsible for monitoring and maintaining corrective procedures
 - a. Controller
 - b. Assistant Controller
 - c. Grants Compliance

State of New Mexico
San Juan College
Schedule of Findings and Questioned Costs
June 30, 2016

E. Findings – Component Unit

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

Condition: During our process of understanding the Foundation and its environment, we noted instances where elements of the Foundation’s internal control framework were deficient or need improvement. The Foundation’s monitoring element was not documented, sufficiently designed, or implemented as we noted that the Foundation does not have controls in place to ensure that credit card purchases by the Executive Director are reviewed and approved.

Criteria: The COSO Internal Control Integrated Framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring. With these elements in place, the Foundation can maximize its potential for safeguarding assets and reduce the risk of misstatements within its financial statements.

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

Cause: Due to small staff size, the Foundation does not have controls in place to review and approve purchases made by the Executive Director on the Foundation’s credit card. This has been noted as potential weaknesses in internal control.

Auditors’ Recommendation: We recommend that the management of the Foundation incorporate all five elements of the COSO Internal Control Framework in their organization. In particular, we recommend that the Foundation implement a review of the credit card purchases by the Executive Director, which due to the small staff size of the Foundation, could be performed by the Foundation’s Board or the College President, or another designated party.

Foundation’s Response: The San Juan College Foundation Board and Staff welcome optimum and continuously improved internal controls. Our process for review of expenditures is consistent and has been the same for several years. The Foundation’s accountant performs an initial review of the credit card statement in order to properly categorize expenditures. Revenues and expenditures are reviewed quarterly by first the Asset Management Committee and then by the San Juan College Foundation Board.

In order to strengthen existing controls a detailed credit card review has been added to the agenda for regular monthly meetings with the Executive Director and the President. Additionally, as always, expenditures and revenues will be reviewed by the Asset Management Committee of the San Juan College Foundation Board on a quarterly basis.

F. Prior Year Audit Findings

FS 2015-001 Center for Workforce Training Registration and Billing – Other Noncompliance - Resolved
FS 2015-002 – Lack of Review of Requests for Reimbursement – Other Noncompliance - Resolved
FS 2015-003 – Missing Form SSA 1945 – Other Noncompliance - Resolved

Other Required Disclosures

Success Matters



SAN JUAN COLLEGE
Success Matters

State of New Mexico
San Juan College
Other Required Disclosures
June 30, 2016

Other Required Disclosures

The financial statements were prepared by San Juan College.

Exit Conference

The contents of this report were discussed on November 8, 2016. The following individuals were in attendance.

San Juan College

Dr. Toni Pendergrass, President
Edward DesPlas, Vice President for Administrative Services
Kristie Ellis, Controller
Steve Miller, Assistant Controller
Andrea Weaver, Budget and Financial Analyst
Ken Hare, Board Chairman
Shane Chance, Board Secretary
Byron Manning, Board Member

RPC CPAs + Consultants, LLP

Robert Cordova, CPA, Audit Partner
Alan D. Bowers, Jr., CPA, Senior Manager

San Juan College Foundation

Gayle Dean, Executive Director
Danny Behan, Vice President, Board of Directors
Lowell Parrish, Foundation Accountant

Four Corners Innovations

Jim Henderson, Board Member



Success Matters



SAN JUAN COLLEGE
Success Matters