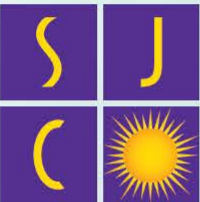


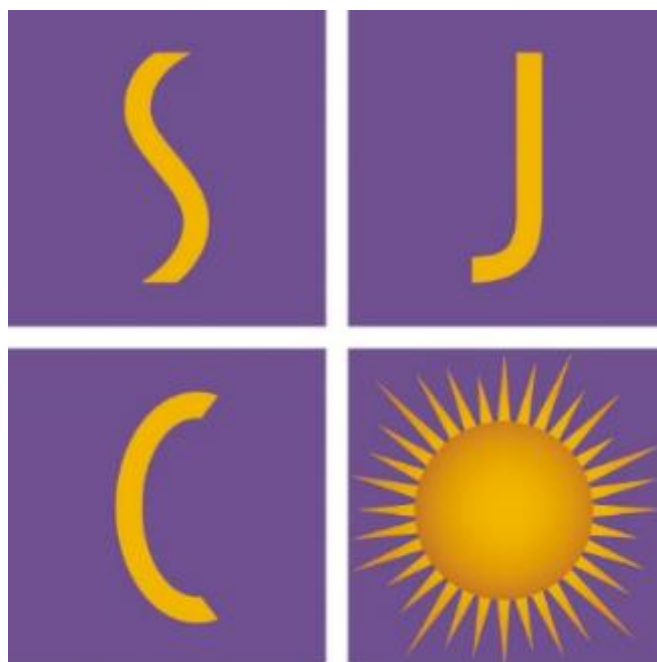
Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2019

Success Matters



SAN JUAN COLLEGE
Success Matters

San Juan County, Farmington, New Mexico



San Juan College
San Juan County, Farmington, New Mexico

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2019

Prepared by: San Juan College Business Office

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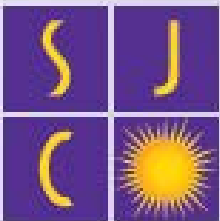
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Photo 1: Ribbon cutting for The Big Idea Makerspace

Introductory Section (Unaudited)

Success Matters



SAN JUAN COLLEGE
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Letter of Transmittal

November 1, 2019

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, 2019. 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 misstatements. The concept of reasonable assurance ensures that the costs of the controls do not exceed the benefits derived.

Comprehensive Annual Financial Report

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

Reporting Entity

SJC is a special-purpose government engaged solely in business-type activities (BTA). In compliance with GASB Statement No's. 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. (the Foundation) and Four Corners Innovations Inc. (FCI) are discretely presented as component units of SJC. The financial statements of the Foundation and FCI are combined and presented along with San Juan College's financial statements.

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

FCI is organized for charitable, scientific and educational purposes. FCI promotes the public welfare and prosperity of the people of New Mexico, fosters economic development within New Mexico, and engages in other cooperative ventures of innovative technological significance that will advance education, science, research, conservation, or economic development within New Mexico. Four Corners Innovations, Inc. is qualified as tax exempt under section 501(c)(3) of the Internal Revenue Code, classified as a public charity and a Type I Supporting Organization.

Profile of the College

San Juan College is the Four Corners' comprehensive community college, providing students with an affordable education to assist them in securing a successful future and career. Student success and

completion is the College's top priority. Along with offering more than 100 two-year degree and certificate programs in healthcare, energy, engineering, trades, technology business and more, San Juan College provides its students with the flexibility to learn according to their schedule by offering both face-to-face and online classes.

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

San Juan College graduates also have the opportunity to advance their education and earn their bachelor's and master's degrees at home through partnerships with the University of New Mexico (UNM) and New Mexico Highlands University (NMHU). In addition, New Mexico Tech and San Juan College have a guaranteed Admissions Agreement allowing San Juan College graduates earning an Associate of Science degree in Engineering to have a seamless transfer to the New Mexico Tech Bachelor of Science degree program. San Juan College also has partnered with Texas Engineering Extension Service and Texas A&M University – Commerce to offer qualified safety professionals who already hold a 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. In September 2018, SJC received from the Higher Learning Commission the "AQIP Pathway: System Appraisal Report for San Juan College, informing the college that "no follow-up is required from the institution, and no official HLC action needs to be taken". San Juan College next reaccreditation visit has now been extended to academic year 2023-2024.

Mission

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

Vision

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

Values

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

History

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

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

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

Campuses

San Juan College is one of the finest and most advanced community colleges in the state. The beautifully landscaped main campus is located on the north side of Farmington. The College's facilities have grown significantly over the years, consisting of 15 main campus buildings and six off-campus facilities occupying over 1,000,000 square feet and representing a value of more than \$146 million dollars for buildings only.

Other campus locations include 800 South Hutton Street in Farmington, which was recently renovated and remodeled to house the CDL program, the EMS program and the Fire Science program as well as the newly acquired 30th Street Education Center, which will soon house Adult Basic Education, the ENLACE program, Workforce Development, Community Learning Center, Veterinary Technology, and University Partners; San Juan College East in Aztec, NM and San Juan College West in Kirtland, NM.

Highlights: Fiscal Year 2019

In the spring of 2016, San Juan College celebrated 60 years of student success. In fiscal year 2019, we embarked on our 63rd year.

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

The San Juan College High School (SJCHS) was launched in August of 2016. After its first, second, and again in its third year of operations, it was recognized as the State of New Mexico's top ranked public high school according to the state standardized test scores. Fall of 2019 enrollment is two hundred ninety-three, with seventy-five students entered SJCHS as freshman in August of 2019. Operating under the direction of Farmington Municipal Schools, SJCHS serves students who reside in the Aztec, Bloomfield, Central Consolidated and Farmington School Districts. At the completion of their four years at SJCHS, students will graduate with a New Mexico High School Diploma of Excellence, as well as an Associate Degree or Certificate from San Juan College.

By the numbers, SJC students achieve and succeed:

- By the end of fiscal year 2019, San Juan College's graduation rate increased to 28%.
- For the fifth year in a row, SJC is 2nd out of 1,108 community colleges in nation for granting largest number of associate degrees to Native American graduates.
- San Juan College is 1st in the nation for awarding one-year certificates to Native American students.

SJC continues to be financially sound and fiscally responsible. After three years of decreased appropriations, SJC received a slight increase in its 2019 state funding; this slight increase permitted SJC to grant a two-percent salary increase to eligible full time employees. Joining the State of New Mexico's group benefits

plan in January 2018, the college achieved a major cost reduction of well over \$1 million in annual employee health coverage premiums.

In fiscal year 2019, SJC entered into a Joint Powers Agreement with the Farmington Municipal Schools (FMS) to co-acquire the four-story building located at 3401 E. 30th Street formerly known as the Hilcorp Building. The purchase of the building closed on February 27, 2019. SJC owns, and will occupy, floors two and three. FMS owns and occupies floors one and four. Fifty-three percent (53%) of the building is owned by SJC; the remaining forty-seven percent (47%) is owned by FMS. Renovations of SJC's floors will be complete by the end of November 2019. Upon completion of renovations, operations that have occupied the Foundation-owned Burlington Building annex: the ACE Center, ENLACE and New Mexico Highlands University's and University of New Mexico's Farmington offices will be moving into this new facility now known as the 30th Street Education Center. From the main campus, the following operations will be moved into the 30th Street Education Center: the Workforce Development Center, the Community Learning Center, the Veterinary Technology online program, the Board room and spaces dedicated to the Board's work sessions and closed sessions. Negotiations are currently underway for SJC to host, as long-term tenants, the state's Workforce Solutions Farmington office. The ribbon cutting for the grand opening of SJC's space in the 30th Street Education Center is scheduled for December 3, 2019. SJC's portion of the co-acquisition of this real estate and the renovations for SJC's floors are funded by a \$5 million issue of SJC General Obligation Bonds. Approved by the voters in 2014 as a \$10 million authorization, this final tranche of bonds was sold in December 2018 and closed in January 2019. Prior to offering these bonds for sale, Moody's Credit Rating Service re-affirmed SJC's strong credit rating as Aa2 and deemed its outlook to be positive.

Also in fiscal year 2019, the college initiated a \$2 million project for bathroom renovations and improvements across the main campus. Funding for this project came from State of New Mexico general obligation bond funding. This project should be substantially complete at the publication of this transmittal letter.

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 3.392 mills for San Juan College's operations, totaling 3.992 mills. The county imposes a non-residential property tax rate of 0.6 mills for San Juan College's debt service and 4.50 mills for San Juan College's operations. Property tax is also collected by the State of New Mexico Taxation and Revenue Department on oil and gas production and equipment. The County collects and distributes these taxes to the College monthly. Refer to the statistical section for more information.

Energy production is the cornerstone of our economy. The San Juan Basin is one of North America's largest natural gas fields. The condition of the gas market has been in decline; over the last ten years, the College's Oil & Gas Production Tax Revenue has been significantly and negatively impacted. It was encouraging to again see a small uptick in that revenue stream in the fiscal year ended June 30, 2019.

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

SJC's service area has experienced a decline in population over the past four years. These changes are mostly due to low prices for coal, gas and oil which has caused many companies to have a reduction in force.

While the San Juan County area is experiencing some difficult economic circumstances, property tax revenue has nominally increased. Looking ahead, we see residential property values increasing slightly and, at the same time, non-residential property values experiencing a small decrease.

Financial Planning & Budgeting

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

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

The New Mexico Department of Higher Education continues to craft funding formulae emphasizing outcomes. The most recent performance-based funding formula rewards institutions for improving their performance in six categories. The changes to the funding formula underscores the importance of stabilizing revenue through tuition and fees and searching for new revenue streams. In this vein, college leadership and the Board of Trustees worked through 2017-2018 to craft a strategic methodology to manage the college's tuition rates. In April of 2018, the Board adopted a strategic tuition rate management policy.

The San Juan College Board has policies regarding:

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

Independent Audit

San Juan College engaged Cordova CPAs, LLC to perform its annual audit. The purpose of an independent audit is to provide assurance, based on independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects. The scope of Cordova CPA's work also includes a review of compliance for each major federal program and procedures to test and report on internal control over compliance in accordance with 2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Cordova CPA's, LLC has issued an unmodified (clean) opinion on San Juan College's financial statements for the year ended June 30, 2019.

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, 2018. This was the fifth consecutive year that the

government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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


Respectfully and collaboratively submitted –



Edward M. DesPlas - Executive Vice President



Kristie Ellis - Controller



Toni Hopper Pendergrass, Ph. D. - President

Photo 2: Two Students expressing their admiration for veterans

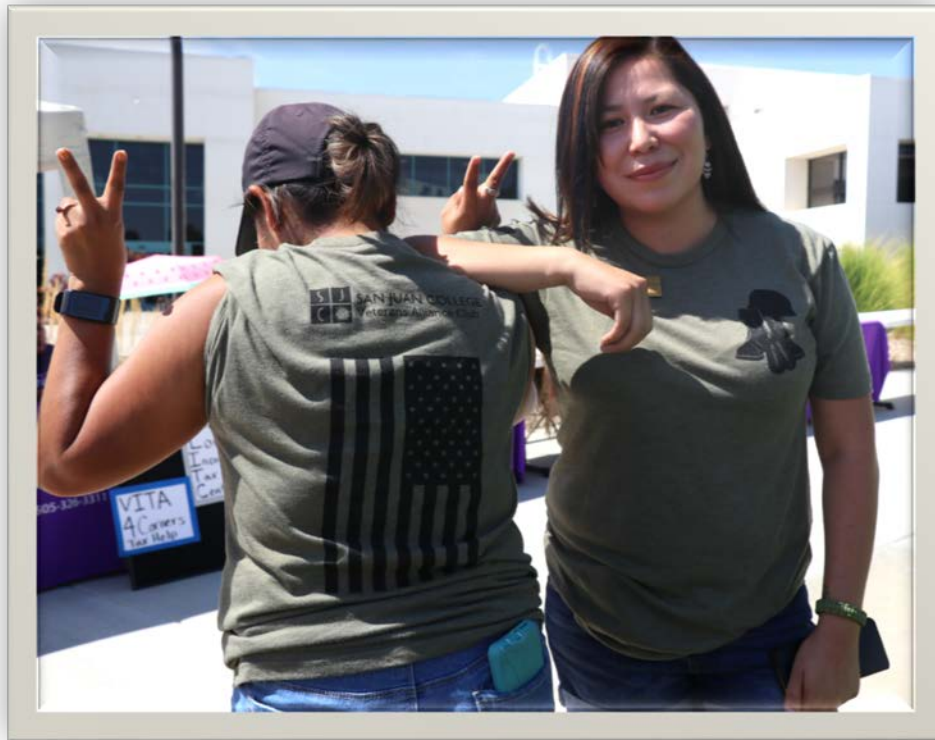


Photo 3: Recognition as VIQ TORY's Military Friendly School Award for 2019

San Juan College Organizational Chart

San Juan County Citizens

College Board

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

President

Dr. Toni Hopper Pendergrass

Executive Vice
President

Edward DesPlas

Vice President of
Learning

Dr. Adrienne
Forgette

Vice President for
Student Services

Dr. Boomer
Appleman

List of Elected Officials, Executive Officers and Staff

Board of Trustees

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

Executive Officers

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

Business Office and Other Professional Staff

Kristie Ellis.....	Controller
Steve Miller.....	Assistant Controller
Jeff Parkes, CPA.....	Assistant Controller
Aurelia Etcitty.....	Senior Accountant
Tanda McCombe.....	Senior Accountant
Carol Carreon	Payroll Director
Corrine Antonson	Senior Accounting Specialist
Lisa Nash.....	Third Party Billing and Student Accounts Supervisor
Blanca Frias.....	Accounts Receivable Supervisor
Caleb Chandler	Accounting Reconciliation Specialist
Juanita Pacheco	Senior Accounting Technician
Paulanna Zamora	Senior Accounting Technician
Berlean Johnson	Senior Accounting Technician
Antonio Sanchez.....	Senior Accounting Technician
Lainna Newman	Senior Accounting Technician
Frank Cole.....	Chief Procurement Officer
Chris Harrelson	Senior Director Physical Plant
Shelley Pickett	Director of Risk Management



Photo by Tony Bennett

**Dr. Toni Hopper Pendergrass,
President**

San Juan College President and Board of Trustees



John Thompson



Dr. Joseph Pope



Byron Manning



Hoskie Benally, Jr.



Evelyn B. Benny



R. Shane Chance



Joe Rasor

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

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

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

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

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

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

Joe Rasor\Member since 2017\Retired Public School Superintendant. Represents district 4.

Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Juan College
New Mexico

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

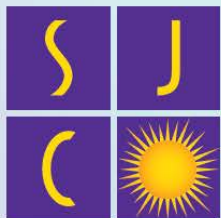
June 30, 2018

Christopher P. Merrill

Executive Director/CEO

Financial Section

Success Matters



SAN JUAN COLLEGE
Success Matters

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Trustees and Management
San Juan College
Farmington, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component units, and the other postemployment benefits trust (OPEB) of San Juan College (the College), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the College's basic financial statements as listed in the table of contents. We also have audited the budgetary comparison schedules presented as supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2019, 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 misstatement, 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 of 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 auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 discretely presented component units, and the OPEB of the College, as of June 30, 2019, 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, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective budgetary comparisons of the College for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 17 through 29, the required pension and OPEB schedules with notes to the required supplementary information on pages 73 through 76 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the College's financial statements that collectively comprise the College's basic financial statements. The introductory section, the statistical 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), and the other supplementary schedules (Schedules of Deposits and Pledged Collateral) 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 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019, 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.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
October 30, 2019

Management's Discussion and Analysis

Introduction

The San Juan College Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019, 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. 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. Responsibility for the completeness and fairness of the information contained in this report resides with College management.

Accessibility of this CAFR

San Juan College (SJC) was founded with the commitment that anyone with a desire to succeed should have access to a quality and affordable education. SJC strives to be a resource to students, employees and all members of the community. The College is committed to ensuring that students with disabilities have access to a variety of educational programs, opportunities, and activities. Our approach is to coordinate services to remove barriers to learning while maintaining the highest level of academic integrity.

Our vision in the Business Office is to prepare and publish this CAFR in a format that is readable by the visually impaired. Utilizing Americans with Disabilities Act (ADA) accessibility guidelines, the document is structured to be portable to most electronic screen readers. This has taken a significant amount of resources, first in becoming familiar with the ADA accessibility requirements and then formatting our report to meet those standards. San Juan College Leadership is pleased to say we have made every effort to structure this CAFR to meet ADA accessibility guidelines.

Financial Highlights

The financial highlights for fiscal year ended June 30, 2019 (FY19) include:

- The College's net position decreased by \$6.3 million for a total net position of \$(19.4) million from \$(13.1) million.
- The decrease in net position was primarily due to the requirement of Government Accounting Standards Board (GASB) Statements No's. 68 and 75 to book the deferred outflows, liabilities, deferred inflows, and expenses from the State of New Mexico (NM) Education Retirement Board (ERB) pension. The overall net change in pension deferred outflows, liability, and deferred inflows was increased \$15.7 million. This was offset by a decrease in other post-employment benefits (OPEB) Retiree Health Trust of \$9.7 million for a combined net increase of \$6.0 million. See Notes 9 and 10 for ERB and OPEB, respectively.
- Before the effect of the GASB 68 and 75 entries which require the College to reflect its share of unfunded liabilities for the state retirement plan and OPEB related to the San Juan College Retiree Healthcare Trust, the College remained stable with a slight decrease in net position of \$0.3 million, from \$(13.1) to \$(13.4) million.
- Total assets increased by \$3.1 million or 2.7%. Current assets increased by \$1.3 million or 4.5% due to an increase in cash and receivables. Non-current assets increased by \$1.9 million or 2.2% due to the net effect of additions to capital assets offset by accumulated depreciation.

- Deferred outflows of resources – pension decreased by \$8.1 million or -21.9% due to recognition of the College’s proportionate share of the decrease in the deferred outflows of the NM Education Retirement Board (ERB) pension change in actuarial assumptions.
- Total liabilities increased by \$2.5 million or 1.6%. Current liabilities increased by \$0.3 million or 3.6%. Non-current liabilities increased by \$2.2 million or 1.5% due to large increases in net pension liability and bonds payable, offset by a substantial decrease in OPEB.
- Net pension liability increased by \$7.7 million or 6.9% as a result of the College recognizing its proportionate share of the increase in the ERB unfunded pension liability. OPEB liability decreased by \$8.6 million or -47.3%, largely due to a change in benefit terms driven by a drop-in projection for premiums on policies provided to plan members. Total bonds and notes payable increased by \$3.4 million or 18%, (see Note 7 for Long Term Liabilities).
- Deferred Inflows of Resources – Pension and OPEB: decreased by \$1.0 million or -12.7%.
- Total Revenues decreased by \$1.1 million or -1.6% primarily due to decrease in other revenues.
- Total Expenses decreased by \$4.4 million or -5.3% primarily as a result of a decrease in OPEB expense. Before recognizing the effects of ERB pension and OPEB expenses, total operating expenses would have been \$6.1 million or -8.0% lower.
- Operating expense excluding ERB pension and OPEB increased FY19 year over year by \$.5 million or .7%. Recognizing the effects of ERB pension and OPEB in FY19 increases operating expense by \$6.1 million or 8.0%.

Overview of the Financial Statements

Financial statements are presented in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB) Statement No. 34 and Statement No. 35. GASB is the authoritative body for establishing Generally Accepted Accounting Principles (GAAP) for state and local governments, including public institutions of higher education. These pronouncements permit public colleges and universities to use the guidance for special-purpose governments, engaged only in business-type activities, in their separately issued financial statements.

While San Juan College uses fund accounting to account for its economic resources, GASB mandates presentation of the College’s financial data as a single program business-type activity to facilitate interpretation by those not familiar with fund accounting. Consistent with GASB No. 34, paragraph 12, assets, liabilities, revenues, expenses, gains, and losses are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, revenues are recorded as earned, and expenses are recorded as the liability is incurred. Generally, GASB No. 35 permits public colleges and universities, in separately issued financial statements, to use the guidance for special-purpose governments engaged only in business-type activities, engaged only in governmental activities, or engaged in both governmental and business-type activities in their separately issued reports. Under No. 35, in its separately issued reports, a public institution is required to include management’s discussion and analysis (MD&A); basic financial statements, as appropriate for the category of special-purpose government reporting selected; notes to the financial statements; and required supplementary information other than MD&A. GASB Statement No. 63 amends Statement No. 34 by providing guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement improved financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

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

local governments for pensions. GASB Statements No. 74 and No. 75 revised standards for measuring and reporting postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

The annual report consists of a series of fund financial statements which are groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. All thirteen of the College funds are combined into a single, aggregated presentation of combining statements. The College has three proprietary or enterprise funds presented as business-type auxiliaries in the government-wide financial statements. These auxiliary funds are the San Juan College Bookstore, the Health and Human Performance Center (HHPC), and Dining Services. The College also has fiduciary funds that are used to account for resources held for the benefit of parties outside the government.



Photo 4: Educational Services Center in the springtime

Basic Financial Statements

The government-wide financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows, which provide information about the activities of the College as a whole and present a long-term view. Fund financial statements also report the operations in more detail by providing information about the most significant funds. The financial statements also include notes that provide selected detailed data. The statements are followed by the “Required Supplementary Information” section that provides schedules and notes related to the pension and OPEB liabilities. The primary focus of the basic financial statement is on the results and activities for FY19. As a reference point, comparative data is presented from the prior fiscal year, FY18 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 FY19. The College has an ending net position of \$(19.4) million in FY19. This statement is classified as current assets, noncurrent assets, and deferred outflows of resources, less current liabilities, noncurrent liabilities, deferred inflows of resources, and net position. Net position is the residual amount of assets and deferred outflows of resources less liabilities and deferred inflows, and is one way to measure financial health. Typically 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 should be considered such as: the effects of GASB Statement No. 68 and 75, changes in student enrollment, projected tax collection trends, debt capacity, and condition of the College’s infrastructure, demographic and economic statistics, and bond ratings. These factors are highlighted in the statistical section of this report. Presented below is the Condensed Comparative Statement of Net Position for the fiscal years ended June 30, 2019, and June 30, 2018.

San Juan College

Figure 1: Condensed Comparative Statement of Net Position - June 30, 2019 and 2018

Description	2019	2018
Assets:		
Current Assets	\$30,143,861	\$28,851,753
Non-Current Assets	5,422,297	5,699,983
Capital Assets, not being depreciated	6,149,753	4,270,235
Capital Assets, net of accumulated depreciation	76,043,070	75,787,807
Total Non-Current Assets	87,615,120	85,758,025
Total Assets	117,758,981	114,609,778
Deferred Outflows of Resources	28,974,622	37,004,423
Total Assets and Deferred Outflows of Resources	<u>\$146,733,603</u>	<u>\$151,614,201</u>
Liabilities:		
Current Liabilities	\$8,763,057	\$8,462,556
Non-Current Liabilities	31,203,221	36,747,809
Net Pension Liability	118,990,603	111,265,821
Total Liabilities	158,956,881	156,476,186
Deferred Inflows of Resources	7,201,189	8,250,671
Total Liabilities and Deferred Inflows of Resources	166,158,070	164,726,857
Net Position		
Net Investment in Capital Assets	61,711,860	63,427,068
Restricted	4,794,183	7,242,865
Unrestricted	(85,930,510)	(83,782,589)
Total Net Position	(19,424,467)	(13,112,656)
Total Liabilities, Deferred Inflows and Net Position	<u>\$146,733,603</u>	<u>\$151,614,201</u>

Assets

Current assets increased by \$1.3 million or 4.5% and non-current assets increased by \$1.9 million or 2.2%. Net capital assets increased by \$2.1 million or 2.7%, due to an increase in capital assets as a result of a joint powers agreement purchase of an education building and land purchase. Total Assets increased by \$3.1 million or 2.7%.

Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets in one period that are applicable to a future reporting period. Deferred outflows decreased by \$8.0 million or -21.7% due the GASB Statement No. 75 requirement of recognizing the College's proportion of a decrease in the deferred outflows of the State of New Mexico ERB pension, which dropped primarily due to a change in actuarial assumptions.

Liabilities

The liabilities section of the Condensed Comparative Statement of Net Position, reflects three broad categories of liabilities: current liabilities, non-current liabilities, and net pension liability. Current liabilities increased by \$0.3 million or 3.6%. Non-current liabilities decreased by \$5.5 million or -15.1% primarily due to a decrease in OPEB liability offset by an increase in bonds and notes payable. Net pension liability increased by \$7.7 million or 6.9% resulting in an overall increase in total liabilities of \$2.5 million or 1.6%. For detailed information see Note 7 for Long-Term Liabilities, Note 9 for Pension, and Note 10 for OPEB.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of resources applicable to a future reporting period.

Deferred inflows of resources decreased slightly by \$1.0 million or -12.7% primarily due to changes OPEB actuarial assumptions and experience. See Note 10 for detailed information on OPEB.

Net Position

The Statement of Net Position reports all of the College's (1) assets and deferred outflows of resources (2) less liabilities and deferred inflows of resources and (3) the residual or net position. Net position is comprised of the following sub-categories: net investment in capital assets, restricted non expendable, restricted expendable and unrestricted. Net investment in capital assets (i.e., land, art and artifacts, buildings, infrastructure, and equipment), less any related outstanding debt (reduced by unspent proceeds) used to acquire those assets decreased by \$1.7 million or -2.7%, due the addition of depreciable assets offset by an increase in accumulated depreciation. Restricted net position represents those resources upon which restrictions have been imposed that limit the purposes for which such resources can be used. Restricted net position decreased by 2.4 million or -33.8% primarily due to funding spent for capital projects. Unrestricted net position accounts for College resources available to fund general operations. Unrestricted net position decreased by \$2.1 million or -2.6% primarily as a result of entries related to pension and OPEB totaling \$6.0 million. Total net position decreased by \$6.3 million or -48.1%.

Capital Assets and Debt Administration

Changes in Net Capital Assets are the result of acquisitions, improvements, deletions and accumulated depreciation and amortization. In accordance with GASB Statements No. 34 and 35, accounting does not record the cost of a capital asset as an expense, instead it 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 in the Statement of Net Position as a contra asset is netted against depreciable capital asset. The amount reflected as the net value of an asset decreases annually until the asset is fully depreciated or removed from service. Capital assets shown in the Statement of Net Position may decrease year over year, even though new assets have been acquired during the fiscal year. Total capital assets increased by \$7.2 million or 3.8%. Non-depreciable capital assets increased by \$1.9 million or 44% largely due to the net change in construction in progress. Depreciable capital assets increased by \$5.3 million or 2.9% largely due to the co-acquisition of a building under a Joint Powers Agreement with Farmington Municipal Schools; San Juan College owns 53% of this co-acquisition and Farmington Municipal Schools owns 47% of the newly acquired property. Net capital assets increased by \$2.1 million or 2.7% from capital asset transactions. Please see Note 4 Capital Assets, for detailed information on capital asset activity. The College's total debt increased by \$3.4 million or 18% from the sale of General Obligation Limited Tax Bonds, Series 2019. Debt related to capital asset activity net of unspent proceeds increased by \$3.8 million or 23.1%. Unspent proceeds decreased by \$0.5 million or -19.6%. See Note 7 for Long-Term Liabilities.

Statement of Revenues, Expenses, and Changes in Net Position

A Condensed Comparative Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations and other changes for the year ended June 30, 2019, and 2018. It distinguishes between operating and non-operating revenues and expenses. Student tuition and certain other revenues are reported net of discounts and allowances. State and local appropriations and federal student aid are reported as non-operating revenues. The net of all categories results in an increase or decrease in net position.

San Juan College

*Figure 2: Condensed Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ending June 30, 2019 and 2018*

Description	2019	2018
Revenues		
Operating Revenues:		
Student Tuition and Fees, net of Scholarship Allowance	\$6,891,777	\$7,278,197
Federal Grants and Contracts	2,408,516	2,475,628
State Grants and Contracts	2,112,954	1,957,371
Non-Governmental Grants and Contracts	1,557,020	1,946,012
Other Operating Revenues	5,348,344	5,288,253
Total Operating Revenues	18,318,611	18,945,461
Operating Expenses:		
Education and General	52,530,087	55,808,695
Operations and Maintenance of Plant	5,835,050	6,131,856
Depreciation Expense	5,629,641	6,010,569
Student Aid	7,248,133	7,530,125
Other Operating Expense	4,248,712	4,450,872
Total Operating Expenses	75,491,623	79,932,117
Operating Profit (Loss)	(57,173,012)	(60,986,656)
Non-Operating Revenues (Expenses)		
State Appropriations	23,438,667	22,982,981
Local Appropriations	17,761,385	17,155,803
Federal Student Aid	9,998,270	10,140,356
Other Non-operating Revenues (Expenses)	(2,003,915)	(1,838,518)
Total Non-Operating Revenues (Expenses)	49,194,407	48,440,622
Income (Loss) before Other Revenue (Expenses)	(7,978,605)	(12,546,034)
Capital Appropriations	1,620,107	2,860,571
Capital Contributions	46,687	153,570
Increase (Decrease) in Net Position	(6,311,811)	(9,531,893)
Net Position - Beginning of Year	(13,112,656)	(2,818,936)
Net Position - Restatement	-	(761,827)
Net Position - Beginning of Year as Restated	(13,112,656)	(3,580,763)
Net Position - End of Year	<u>\$(19,424,467)</u>	<u>\$(13,112,656)</u>

The Governmental Accounting Standards Board (GASB) mandates local and state appropriations and federal student aid are regarded as non-operating revenue because they lack an exchange of services or goods associated with the revenues. The College's Statement of Revenues, Expenses, and Changes in Net Position reports an operating loss of \$57.1 million. This loss includes expenditures against non-operating revenue sources. A more representative view of fiscal effectiveness includes local and state appropriations, and federal student aid which is reflected in the amount reported as income (loss) before other revenue (expenses). San Juan College reported a decrease in net position of \$6.3 million. This decrease is the net effect of recognizing net pension liabilities offset by a decrease in other post-employment benefits. See

Notes 9 and Note 10 respectively. The College’s operating revenue decreased by \$0.6 million or -3.3% as a result of a decrease in enrollment and non-government grants and contracts.

Revenues and Expenses by Classification

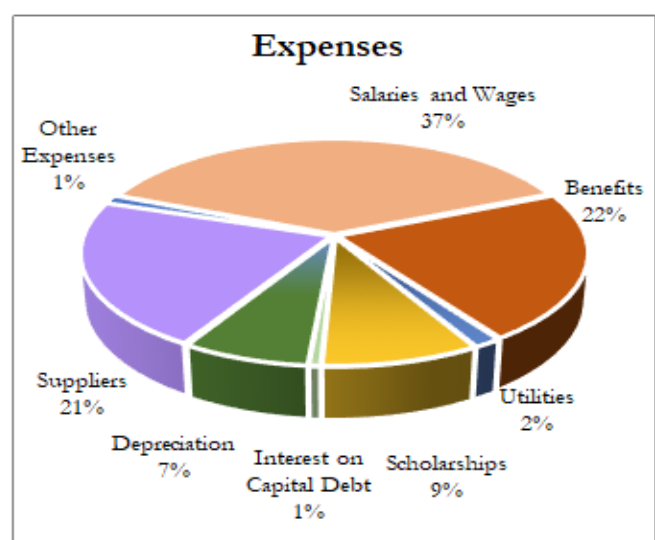
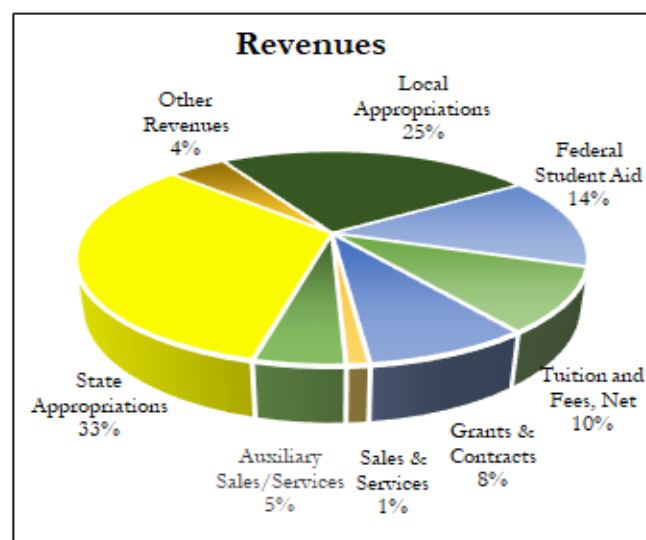
In addition to the functional classification of expenses, it may be helpful to view expenses by their natural classification, in which the expenses are grouped by the type of economic benefit received, and the College’s expenses by amount and percentage.

Revenues are summarized by functional classification. State and local appropriations are 57.5% of total revenues and had a slight increase from \$40.1 million to \$41.2 million. Net tuition and fees decreased by \$0.4 million or -5.3 %. Total revenue decreased by \$1.1 million or -1.6%. The largest decrease in revenue is attributable to other revenue which was offset by reductions in Federal student aid, State appropriations, auxiliaries and services. The College has three auxiliary funds, San Juan College Bookstore, the Health and Human Performance Center (HHPC) and Dining Services.

Expenses are summarized by amount and in the accompanying chart by percent. Salaries and benefits represent 59.2% of total expenses. Salaries and wage expense increased by \$0.3 million or 1.2% due to a state-mandated and partially state-funded 2% wage increase for eligible full time employees Benefits decreased by \$4.7 million or -21.9% which is the combined result of lower healthcare costs and ERB higher pension expense offset by a reduction in OPEB (retiree healthcare) expense. Benefits as a percent of salary and wages decreased from 74.9% to 57.8%. See statistical section for staffing information.

San Juan College
Figure 3: Revenue and Expenses by Functional Classification – June 30, 2019

Functional Classification	Revenue	Functional Classification	Expense
Tuition and Fees, Net	\$6,891,777	Suppliers	\$16,724,061
Grants & Contracts	6,078,490	Other Expenses	839,810
Sales & Services	845,270	Salaries and Wages	29,184,561
Auxiliary Sales/Services	3,346,014	Benefits	16,880,564
State Appropriations	23,438,667	Utilities	1,206,532
Other Revenues	3,243,928	Scholarships	6,952,694
Local Appropriations	17,761,385	Interest on Capital Debt	497,749
Federal Student Aid	9,998,270	Depreciation	5,629,641
	\$71,603,801		\$77,915,612



Statement of Cash Flows

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

A condensed statement of cash flows is presented below. In FY19 cash and cash equivalents beginning balance was \$29.3 million and ending balance was \$29.7 million. Overall cash and cash equivalents increased by \$0.4 million or 1.5%.

San Juan College
Figure 4: Condensed Statement of Cash Flows
For the Year Ended June 30, 2019

SJC Condensed Statement of Cash Flows	Amount
Cash Flows from Operating Activities	\$(46,790,181)
Cash Flows from Noncapital Financing Activities	48,884,565
Cash Flows from Capital and Related Financing Activities	(1,766,969)
Cash Flows from Investing Activities	120,429
Net Increase (Decrease) in Cash and Cash Equivalents	447,844
Cash and Cash Equivalents - Beginning of Year	29,261,115
Cash and Cash Equivalents - End of Year	<u>\$29,708,959</u>

Component Units

Pursuant to GASB Statement No. 14, No. 39, No. 61, and No. 80, *Determining Whether Certain Organizations are Component Units*, San Juan College Foundation (Foundation) and Four Corners Innovations (FCI), Inc. are discretely presented in the College’s financial statements as a component units. The San Juan Education Extension Program, Inc. was established March 30, 2012 through the New Mexico Public Regulation Commission. It now operates as FCI and is a 501(c)(3) corporation organized for charitable, scientific and educational purposes. See Note 1 for additional information.

The San Juan College Foundation (Foundation) was established in 1973 as a not-for-profit, 501(c)(3) corporation to provide resources for various critical needs at the College and within the communities that the College serves. The Foundation exists solely to support San Juan College students, staff and programs through private sector funds. The Foundation ended the fiscal year with total assets of \$26.4 million and a total endowment fund balance of \$15.2 million. During FY19 the Foundation awarded \$1.3 million in student scholarships, faculty and staff awards, programs and college relations. The Foundation has eleven donors who have surpassed \$1 million dollars in cumulative giving; two of which have surpassed \$5 million! Seventy-one donors are in the SJC Foundation Suns Club, which is made up of donors contributing over \$1,000 in annual giving. The Foundation provides our local businesses with a well trained workforce by providing scholarships to hundreds of local students. It provides countless opportunities for professional development for staff through the funding of conference registrations and travel stipends. The Foundation funds four Distinguished Teaching Chairs designed to recognize and advance teaching excellence. The Foundation holds 193 individual endowment funds. The Foundation solicits and accepts in-kind gifts for the Sherman Dugan Museum of Geology and gifts of art to enhance the SJC permanent art collection, as well as equipment used across our campus. The Foundation sponsors Pathways 2.0, the Career Expo supporting every 8th grader in the San Juan County schools, and our campus Maker’s Space, the Big Idea (maker space).

Photo 5: SJC Foundation recognizes excellence among faculty and staff



Economic Outlook

Principal Revenue Sources

In FY19 total revenues decreased by \$1.1 million or -1.6%, and principal revenue sources accounted for 77.8% of total revenues compared to 75.2% in FY18 (see statistical section, principal revenue sources).

Revenue received from principal revenue sources:

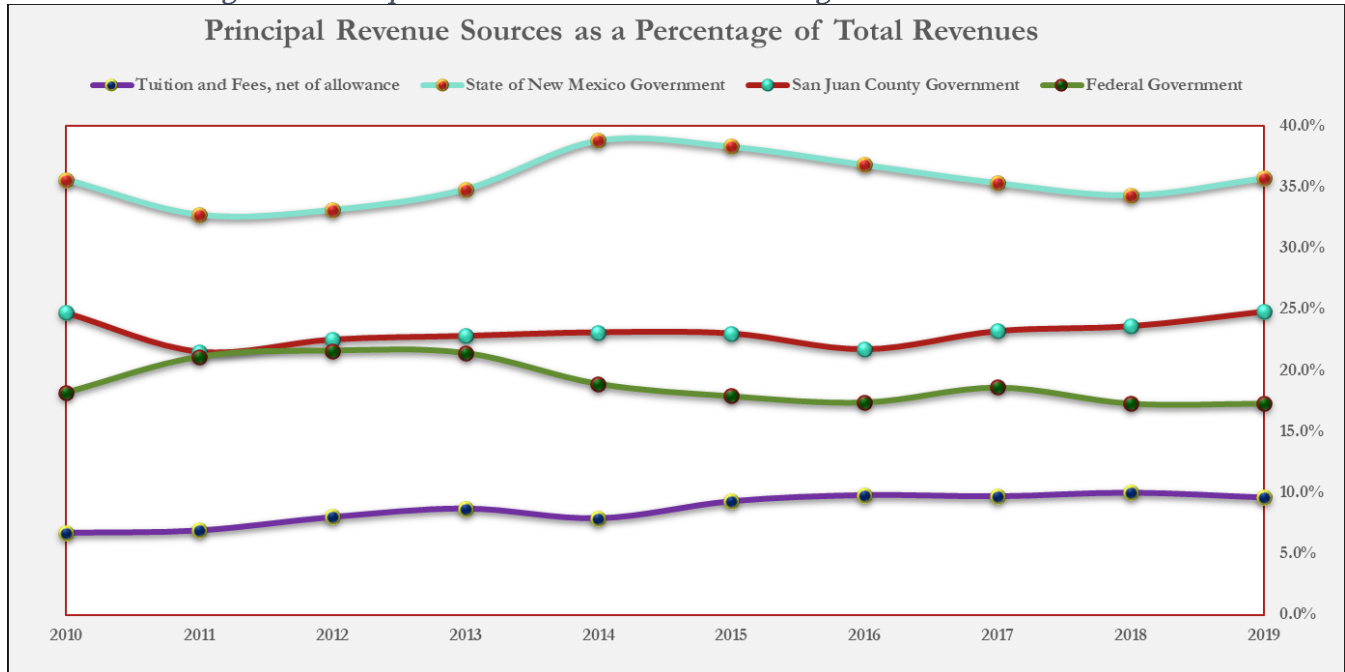
- Tuition and Fees, net of allowance decreased by \$ 0.4 million or -5.4 % (Series 1, chart below)
- State of New Mexico increased by \$0.6 million or 2.5% (Series 2)
- San Juan County, which includes property taxes and production taxes, increased by \$0.6 million or 3.5% (Series 3)
- Federal government decreased by \$0.2 million or -1.7% (Series 4)

San Juan College
Figure 5: Principle Revenue Sources as a Percentage of Total Revenues

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition and Fees, net of allowance	9.6%	10.0%	9.7%	9.8%	9.3%	7.9%	8.7%	8.0%	6.9%	6.7%
State of New Mexico Government	35.7%	34.3%	35.3%	36.8%	38.3%	38.8%	34.8%	33.1%	32.7%	35.6%
San Juan County Government	24.8%	23.6%	23.2%	21.7%	23.0%	23.1%	22.8%	22.5%	21.5%	24.7%
Federal Government	17.3%	17.3%	18.6%	17.4%	17.9%	18.9%	21.4%	21.6%	21.1%	18.2%

San Juan College

Figure 6: Principle Revenue Sources as a Percentage of Total Revenues Chart



State Appropriations

The New Mexico Department of Higher Education is using an outcomes based funding formula for all New Mexico higher education institutions. Included in the current formula are six output measures for community colleges: 1) students completing courses, 2) institutions increasing the number of graduates, 3) institutions increasing science, technology, engineering, health, and mathematics degrees and certificates earned, 4) institutions graduating more at-risk students, 5) students completing 30 credit hours, and 6) Dual Credit enrollment. These output measures can affect up to 10% of the state appropriation. In FY19 the NM State Appropriation was \$23.4 million and in FY20 approved budgeted appropriations is \$25.0 million an increase of \$1.6 million or 6.8%. The State has also granted the College additional appropriations for various programs and projects, for detailed information see Note 5 - Special or Specific State Appropriations.

Local Appropriations

College’s local property and production taxes for unrestricted operations were higher than anticipated in FY19, though are expected to decrease from the amount received of \$17.8, to a budget of \$14.9 million in FY20.

Tuition and Fees

San Juan College’s current general fee rates were approved by the Board starting the fall semester of 2015. Under the schedule, fees increase after 4 credit hours then remains static. The college is monitoring the impact this change is having on part time student enrollment.

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

As an open enrollment institution, all applications for admission are accepted at San Juan College. In FY19 the College enrolled 988 first-time freshmen compared to FY18 when 1,023 first-time freshmen enrolled. Total full-time equivalent students (FTEs) was 3,873, down 5% compared to FY18. FTE students are calculated based on a 15 credit hour load per semester. Students earned 743 Associates degrees, down 10% from FY18 and received a total of 830 certificates, up 1% from FY18.

Principal Employers, Unemployment Rates, and Population

The downturn in the natural gas and oil market, and closure of several units at the San Juan Generating Station have had considerable impact on the local economy as evidenced by demographic indicators. Unemployment has increased significantly, peaking at 10.3% in 2017. Although stabilizing, total county employment has dropped by 2% since 2010. Mining experienced the two largest decrease, although health care and social assistance as well as accommodations and food service experienced increases. San Juan County has traditionally depended heavily on oil and gas, mining and power generation jobs, and with the downturn in the local industry has had an unemployment rate higher than the state at large. In March of 2019, San Juan County's unemployment rates was 6.6%, versus 4.9 % for the State of New Mexico and 4.9% nationally. This has presented both challenges, and opportunity for the college, as the college has seen demand for vocational re-training of laid-off workers in hard-hit sectors.

Budget Process

For the coming fiscal year the College's Board of Trustees adopts the institutional annual operating budget. Per New Mexico Administrative Code 5.3.4.13.B. "Each Institution will submit a draft of the operating budget to the commission's staff by May 1." The commission's staff is the New Mexico Higher Education Department. For the current fiscal year the College is required to submit a final budget adjustment request also by May 1. Budget adjustments address changes in assumptions, allow updates for known outcomes, and focus on future developments. Budgetary comparison demonstrates compliance with the approved budget process. See the Other Supplementary Information section.

The Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Unrestricted and Restricted – All Operations, located in the Other Supplementary Information section indicates the College had a budgetary fund balance increase of \$1.6 million. The Reconciliation of Changes in Fund Balance (Budgetary Basis) to Changes in Net Position (GAAP) basis reflects the ending change in net position of \$6.3 million. For FY19, San Juan College management and the Board of Trustees submitted an original budget to the New Mexico Higher Education Department (NMHED) of \$88.2 million. In FY20 the College submitted an original budget of \$90.4 million, an increase of \$2.2 million over the FY19 original budget. The increase was in unrestricted funds; current funds increased by \$1.4 million and plant funds increased by \$1.0 million. Restricted funds budget decreased by \$0.2 million. The increase in unrestricted funds is primarily due to increased state appropriations and special project funding by the state.

Photo 6: Contributors displaying the GFOA Certificate of Achievement for Excellence in Financial Reporting



Dr. Toni Hooper Pendergrass, President; Edward DesPlas, Executive Vice President; Kristie K. Ellis, Controller; Steve Miller and Jeff Parkes, Assistant Controllers; Tanda McCombe, Senior Accountant, and some of the San Juan College Business Office team who contribute to the Comprehensive Annual Financial Report (CAFR), displaying the Certificate of Achievement for Excellence in Financial Reporting plaque for the fiscal year ended June 30, 2018. Special Thanks to the Marketing Department for graphics and photos.

Photo 7: Proud graduate of San Juan College



Basic Financial Statements

Success Matters



SAN JUAN COLLEGE
Success Matters

Statement of Net Position

San Juan College
Figure 7: Statement of Net Position - June 30, 2019

Description	Primary Institution	Component Units
Assets		
Current Assets		
Cash and Cash Equivalents	\$19,682,969	\$1,140,268
Investments	4,603,693	23,445,188
Accounts Receivable, net	1,403,352	53,565
Due from Other Governments	3,268,253	-
Other Receivables	27,061	-
Inventories	1,000,100	-
Other Assets	158,433	-
Total Current Assets	30,143,861	24,639,021
Non-Current Assets		
Restricted Cash, Cash Equivalents, and Investments	5,422,297	99,114
Capital Assets, not being depreciated	6,149,753	-
Capital Assets, net of accumulated depreciation	76,043,070	2,250,692
Other Assets	-	9,770
Total Non-Current Assets	87,615,120	2,359,576
Total Assets	117,758,981	26,998,597
Deferred Outflows of Resources		
Deferred Outflows - OPEB	208,621	-
Deferred Outflows - Pension ERB	28,766,001	-
Total Deferred Outflows of Resources	28,974,622	-
Total Assets and Deferred Outflows	<u>\$146,733,603</u>	<u>\$26,998,597</u>

San Juan College

Figure 8: Statement of Net Position - June 30, 2019 (continued)

Description	Primary Institution	Component Units
Liabilities		
Current Liabilities		
Accounts Payable	\$2,203,491	\$16,925
Due to San Juan College	-	243,437
Accrued Compensated Absences	178,732	
Accrued Payroll Liabilities	1,492,326	125
Interest Payable	244,864	
Unearned Revenue	2,558,524	
Bonds and Note Payable - Current	1,899,426	
Deposits and Funds Held for Others	185,694	
Total Current Liabilities	8,763,057	260,487
Non-Current Liabilities		
Accrued Compensated Absences	1,168,187	
Net Other Post-Employment Benefits Liability	9,635,776	
Bonds and Note Payable - Non-Current	20,399,258	
Net Pension Liability	118,990,603	
Possible Dreams Deposits	-	98,438
Total Non-Current Liabilities	150,193,824	98,438
Total Liabilities	158,956,881	358,925
Deferred Inflows of Resources		
Deferred Inflows - OPEB	3,839,100	-
Deferred Inflows - Pension ERB	3,362,089	-
Total Deferred Inflows of Resources	7,201,189	-
Total Liabilities and Deferred Inflows of Resources	166,158,070	358,925
Net Position		
Net Investment in Capital Assets	61,711,860	2,250,692
Restricted Non-Expendable		15,243,746
State Endowment	366,038	
Restricted Expendable		1,338,043
Debt Service	3,070,855	
Capital Projects	1,352,124	
Other Restricted Funds	5,166	
Unrestricted	(85,930,510)	7,807,191
Total Net Position	(19,424,467)	26,639,672
Total Liabilities, Deferred Inflows and Net Position	<u>\$146,733,603</u>	<u>\$26,998,597</u>

Statement of Revenues, Expenses, and Changes in Net Position

*Figure 9: San Juan College and Component Units
Statement of Revenues, Expenses, and Changes in Net Position
for Year Ended June 30, 2019*

Description	Primary Institution	Component Units
Revenues		
Operating Revenues:		
Student Tuition and Fees	\$11,352,294	\$-
Less: Scholarship Allowances	(4,460,517)	-
Federal Grants and Contracts	2,408,516	-
State Grants and Contracts	2,112,954	-
Non-Governmental Grants and Contracts	1,557,020	-
Sales and Services	845,270	158,488
Auxiliary Enterprises	3,346,014	-
Other Operating revenues	1,157,060	1,103,492
Total Operating Revenues	18,318,611	1,261,980
Operating Expenses:		
Education and General		
Instruction	31,111,225	-
Academic Support	4,844,394	-
Student Services	7,688,991	-
Institutional Support	7,074,671	-
Operations and Maintenance of Plant	5,835,050	-
Public Service	1,810,806	-
Depreciation Expense	5,629,641	143,878
Student Aid	7,248,133	-
Student Social and Cultural Activities	39,985	-
Auxiliary Enterprises	4,060,253	-
Independent Operations	148,474	-
Other Operating Expense	-	1,902,090
Total Operating Expenses	75,491,623	2,045,968
Operating Profit (Loss)	<u><u>\$(57,173,012)</u></u>	<u><u>\$(783,988)</u></u>

*Figure 10: San Juan College and Component Units
Statement of Revenues, Expenses, and Changes in Net Position
For Year Ended June 30, 2019 (continued)*

Description	Primary Institution	Component Units
Non-Operating Revenues (Expenses)		
State Appropriations	\$23,438,667	\$-
Local Appropriations	17,761,385	-
Federal Student Aid	9,998,270	-
Investment Income (Loss)	41,644	335,145
Interest on Capital Asset-related Debt	(598,597)	-
Gain (Loss) on Disposal of Capital Assets	1,418	-
Other Non-operating Expenses	(1,448,380)	(143,739)
Total Non-Operating Revenues (Expenses)	<u>49,194,407</u>	<u>191,406</u>
Income (Loss) before Other Revenue (Expenses)	(7,978,605)	(592,582)
Capital Appropriations	1,620,107	-
Capital Contributions	46,687	-
Increase (Decrease) in Net Position	<u>(6,311,811)</u>	<u>(592,582)</u>
Net Position, Beginning of Year	<u>(13,112,656)</u>	<u>27,232,254</u>
Net Position - End of Year	<u><u>\$(19,424,467)</u></u>	<u><u>\$26,639,672</u></u>

Statement of Cash Flows

San Juan College

Figure 11: Statement of Cash Flows - For Fiscal Year Ended June 30, 2019

Description	Amount
Cash Flows from Operating Activities	
Tuition and Fees	\$11,191,104
Grants and Contracts	5,885,434
Sales and Services	837,638
Auxiliary Sales and Services	3,712,541
Payments to Suppliers	(10,513,450)
Payments to Employees	(28,799,835)
Payments for Benefits	(10,803,151)
Payments for Utilities	(1,206,532)
Payments for Student Aid	(11,713,869)
Other Receipts	1,525,172
Other Payments	(6,905,233)
Net Cash Provided (used) by Operating Activities	(46,790,181)
Cash Flows from Noncapital Financing Activities	
State Appropriations	23,438,667
Local Appropriations	15,431,732
Federal Student Aid	10,014,166
Net Cash Provided (used) by Noncapital Financing Activities	48,884,565
Cash Flows from Capital and Related Financing Activities	
Interest Payments on Bonds and Notes	(511,433)
Capital Appropriations	707,972
Local Debt Service Levy	2,274,071
Bond Issuance	5,101,816
Principal Payments on Bonds and Notes	(1,622,319)
Purchase of Capital Assets	(7,717,076)
Net Cash Provided (used) by Capital and Related Financing Activities	(1,766,969)
Cash Flows from Investing Activities	
Investment Income	55,947
Investment Unrealized Gain (loss)	64,483
Net Cash Provided (used) by Investing Activities	120,429
Net Increase (decrease) in Cash and Cash Equivalents	447,844
Cash and Cash Equivalents - beginning of year July 1, 2018	29,261,115
Cash and Cash Equivalents - end of year June 30, 2019	\$29,708,959

San Juan College

Figure 12: Statement of Cash Flows - For Fiscal Year Ended June 30, 2019 (continued)

Description	Amount
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating income (loss)	\$(57,173,012)
Adjustments - Reconcile Operating (Loss) to Cash (Used) by Operating Activities	
Depreciation	5,629,641
Changes in Assets, Deferred Outflows, Liabilities & Deferred Inflows:	
Deferred Inflows and Outflows	4,529,073
Accounts Receivable (net)	(147,495)
Inventories	322,877
Accounts Payable	(168,708)
Accrued Payroll and Benefits	(26,884)
Unearned Revenue and Deposits Held in Custody	244,327
Net Cash Provided (used) by Operating Activities	\$(46,790,181)



Photo 8: panoramic view of a packed Graduation Plaza during graduation

SJC Retiree Health Trust Statement of Fiduciary Net Position

San Juan College

Figure 13: Statement of Fiduciary Net Position - OPEB - Retiree Health Trust - June 30, 2019

Description	Amount
Assets:	
Cash and Cash Equivalents	\$1,169,884
Accrued Income	2,187
Mutual Fund- Fixed Income	<u>6,360,969</u>
Total Assets	<u>\$7,533,040</u>
Net Position:	
Net Assets Held in Trust for OPEB	<u>7,533,040</u>
Total Net Position restricted for postemployment benefits other than pensions:	\$7,533,040

SJC Retiree Health Trust Statement of Changes in Fiduciary Net Position

San Juan College

Figure 14: Statement of Changes in Fiduciary Net Position OPEB - Retiree Health Trust - June 30, 2019

Description	Amount
Additions:	
Payroll Withheld, Plan Participants	\$79,409
San Juan College Contributions	1,498,164
Net Investment Income	<u>398,387</u>
Total Additions	1,975,960
Deductions:	
Benefit Payments (net of retiree contributions)	300,052
Administrative Fees	<u>25,233</u>
Total Deductions	325,285
Net increase in Net Position	1,650,675
Net Position, Beginning of year	5,882,365
Net Position, End of year	\$7,533,040

Discretely Presented Component Units Combining Statement of Net Position:

San Juan College

*Figure 15: Discretely Presented Component Units Combining Statement of Net Position -
For Year Ended June 30, 2019*

Description	Foundation	Four Corners Innovations	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$730,125	\$410,143	\$1,140,268
Investments	23,371,461	73,727	23,445,188
Accounts Receivable, net	-	53,565	53,565
Total Current Assets	24,101,586	537,435	24,639,021
Non-Current Assets			
Restricted Cash, Cash Equivalents, and Investments	99,114	-	99,114
Capital Assets, net of accumulated depreciation	2,229,767	20,925	2,250,692
Other Assets	9,770	-	9,770
Total Non-Current Assets	2,338,651	20,925	2,359,576
Total Assets	<u>\$26,440,237</u>	<u>\$558,360</u>	<u>\$26,998,597</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$3,567	\$13,358	\$16,925
Due to San Juan College	243,437	-	243,437
Other Accrued Liabilities	-	125	125
Total Current Liabilities	247,004	13,483	260,487
Non-Current Liabilities			
Possible Dreams Deposits	98,438	-	98,438
Total Non-Current liabilities	98,438	-	98,438
Total Liabilities	345,442	13,483	358,925
Net Position			
Net Investment in Capital Assets	2,229,767	20,925	2,250,692
Restricted Non-Expendable	15,243,746	-	15,243,746
Restricted Expendable	1,338,043	-	1,338,043
Unrestricted	7,283,239	523,952	7,807,191
Total Net Position	26,094,795	544,877	26,639,672
Total Liabilities and Net Position	<u>\$26,440,237</u>	<u>\$558,360</u>	<u>\$26,998,597</u>

Discretely Presented Component Units Combining Statement of Activities

San Juan College

*Figure 16: Discretely Presented Component Units Combining Statement of Activities -
For Year Ended June 30, 2019*

Description	Foundation	Four Corners Innovations	Total
Operating Revenues			
Contributions	\$875,012	\$-	\$875,012
Collectibles and Assets	27,405	-	27,405
Program Income and Fees	-	158,488	158,488
Other	88,385	112,690	201,075
Total Operating Revenues	990,802	271,178	1,261,980
Operating Expenses			
Scholarships	521,016	-	521,016
College Award, Programs and Relations	729,745	-	729,745
General and Administrative	237,801	110,943	348,744
Fund Raising Expenses	161,122	-	161,122
Depreciation	141,470	2,408	143,878
Program Operating Expenses	-	115,314	115,314
Conference Expenses	-	26,149	26,149
Total Operating Expenses	1,791,154	254,814	2,045,968
Operating Profit/(Loss)	(800,352)	16,364	(783,988)
Non-Operating Revenues (Expenses)			
Investment Income	622,322	488	622,810
Net Unrealized Gain (Loss) on Investments	(565,546)	-	(565,546)
Realized Gain on Investments	277,881	-	277,881
Investment Management Fees	(143,739)	-	(143,739)
Total Non-Operating Revenues (Expenses)	190,918	488	191,406
Change in Net Position	(609,434)	16,852	(592,582)
Total Net Position - Beginning of Year	26,704,229	528,025	27,232,254
Total Net Position - End of Year	<u>\$26,094,795</u>	<u>\$544,877</u>	<u>\$26,639,672</u>

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Organization

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

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

Discreetly Presented Component Units

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

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

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

San Juan College Foundation (the “Foundation”) – provides resources for various critical needs at San Juan College and within the communities that the College serves. The mission of the Foundation is to provide private sector resources for the advancement and support of San Juan College. These disbursements are made at the discretion of its independent board of directors, in accordance with donor directions and 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 <https://www.sjcfoundation.org/>.

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

San Juan College's Basis of Presentation and Accounting

The accompanying financial statements of the College include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows, each of which provide a comprehensive, entity-wide perspective of the College. A statement of net position provides information about the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College at the end of the fiscal year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions, or availability of assets to satisfy the College's obligations. A statement of revenues, expenses, and changes in net position provides information about the College's financial activities during the fiscal year. Revenues and expenses are classified as either operating or non-operating, and all changes in net position are reported, including capital additions and additions to endowments. A statement of cash flows provides information about the College's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating, noncapital financing, capital and related financing, or investing activities. Beginning with year ended June 30, 2014, the College presented its annual financial information in a Comprehensive Annual Financial Report (CAFR) format including a statistical section prepared in accordance with GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section an amendment of NCGA Statement 1*.

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

New Standards Adopted

Newly Effective Pronouncements. The primary objective of these statements is to improve accounting and financial reporting. This fiscal year, the following statements went into effect:

Statement No. 83 – Asset Retirement Obligations

Statement No. 84 – Fiduciary Activities

Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.

Statement No. 90 – Majority Equity Interests

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

Cash and Cash Equivalents

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

Investments

The College accounts for its investments stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Any changes in the fair value of investments such as unrealized gains or losses are reported as a component of investment income in the statement of Revenues, Expenses and Changes in Net Position. See Supplementary Information, Schedule of Deposits.

Receivables

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

Inventories

Inventories are generally stated at cost and include items such as bookstore textbooks, dining services food and paper products, and building trades' construction projects. Laboratory supplies, teaching materials and office supplies which are consumed in the teaching and administrative process, are expensed when purchased.

Endowment Spending Policy

During fiscal years 2008 and 2009 the College received an endowment fund appropriation from the State of New Mexico totaling \$360,000 as a match against existing endowment funds held by the College's Foundation, under NM Statute §21-1-27. The endowment funds are invested in certificates of deposits. During FY 2019 the College realized \$2,933 in revenue from the endowment investments and expended \$7,635 in student scholarships. The endowment fund is a component of restricted cash, cash equivalents and investments.

Capital Assets

Capital assets are recorded at acquisition cost. Items donated, including capital assets, works of art, artifacts and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of donation. The capitalization threshold is \$5,000 per Section 12-6-10 New Mexico Statutes Annotated (NMSA) 1978. The College's capitalization policy includes all land, buildings, infrastructure, renovations, equipment, with a unit cost of \$5,000 or more and an estimated useful life of more than one year. Routine repairs are charged to operating expense in the year in which they happen. All works of art, minerals, artifacts and historical treasures are booked at cost, donated or appraised value. Depreciation is calculated using the straight-line method over the estimated useful lives of the asset; generally, thirty years for buildings and infrastructure, twenty-five years for land improvements, five years for library books, and 3-15 years for equipment, furnishings, and software. The College does not depreciate land, works of art, or artifacts because they are considered inexhaustible and are held for exhibition, education, research, and public service.

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

Capital assets of FCI are depreciated using the tax basis.

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that time. The College has \$29.0 million in deferred outflows of resources, primarily pension. See Notes 9 and 10 Pension and OPEB, respectively.

Compensated Absences

Full-time employees, both exempt and non-exempt, accumulate vacation time not to exceed 240 hours at fiscal year-end. Unused compensated absences at year-end are accrued as a liability on the statement of net position and reported as an expense in the statement of revenues, expenses, and changes in net position. Accumulated sick leave lapses when employees leave the employ of the College, and upon separation from service no monetary obligation exists. See Note 7.

Unearned Revenue

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

Pensions

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

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This financial statement element represents acquisitions of net assets by a government that are applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by corresponding deferred inflows of resources. The College has \$7.2 million in deferred inflows. See Notes 9 and 10 Pension ERB and OPEB, respectively.

Net Position

Net investment in capital assets represents the College's total capital assets, net of accumulated depreciation and outstanding debt related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Restricted net position represents those resources upon which restrictions have been imposed that limit the purposes for which such resources can be used. Restricted expendable net position is resources that the College is legally or contractually obligated to spend in accordance with restrictions. Restricted non-expendable net position consists of endowment and similar funds in which third parties have stipulated, as a

condition of the gift instrument, that the principal be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to the principal. Unrestricted net position consists of those operating funds over which the governing board retains full control to use in achieving any of its authorized purposes. When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Elimination Entries

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

Revenues/Expenses

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

Scholarship Allowances

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

Property Taxes

Ad valorem taxes are collected by the San Juan County Treasurer and distributed monthly to the College. Property taxes are the personal obligation of the person owning the property on January 1st of each year, the date at which the property becomes subject to assessment for property taxation purposes. Property taxes are due in two installments. The first half is due on the following November 10th and becomes delinquent on December 11th. The second half is due on April 10th and becomes delinquent on May 11th. The Oil and Gas Bureau of the State of New Mexico Taxation and Revenue Department assesses and collects oil and gas production taxes and oil and gas equipment ad valorem tax. The Oil and Gas Division distributes its collections to the County Treasurer who further distributes the collections to the College. The tax year for oil and gas production taxes begins September 1st and is collected monthly. Equipment taxes are due on November 30th of each year.

Non-Reverting Funds

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

Tax Status

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

The San Juan College Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Four Corners Innovations was granted tax exempt status under Internal Revenue Code Section Code Section 501(c)(3) effective March 30, 2012.

Budgetary Process

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

Use of Estimates

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

Long-term Debt Obligations

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

Joint Powers Agreement – Aztec campus

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

Joint Powers Agreement – 30th Street Education Center

In 2019 the College and the Farmington Municipal School District #5 (FMS) entered into a Joint Powers Agreement to purchase, operate, and co-located in the four-story building at 3401 E 30th Street, formerly known as the ‘Hilcorp Building’. The college owns approximately fifty-three percent of the building, with FMS the remainder. The College will use this building for a combination of instruction and administration,

and will rent some to several other institutions of higher education. The College and FMS will split operational costs.

Other Postemployment Benefit (OPEB) Trust

The pension trust fund accounts for the activities of the San Juan College Retiree Health Trust, which accumulates resources for fully-insured medical, dental, and vision benefits to eligible retirees and their dependents. These benefits are considered Other Post-Employment Benefits (OPEB) under of the Governmental Accounting Standards Board (GASB) statements No. 43 and 45. In FY17 the San Juan College Retiree Health Trust implemented GASB 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*. The College implemented GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. See Note 10.

Note 2 – Cash, Cash Equivalents, and Investments

General

The classification *Cash and Cash Equivalents* includes cash in banks (deposits); cash on hand, petty cash, certificates of deposit and overnight repurchase agreements. At year end, the College’s deposits, cash on hand, and investments total \$29.7 million. Total cash includes restricted cash, cash equivalents and investments of \$5.4 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, 2019. Of the College’s cash, \$1.8 million is unspent bond proceeds, \$1.4 million is from the 2019 General Obligation Bonds, and \$0.4 Million from the 2015 General Obligation Bonds. See Note 7 for further information on the 2019 and 2015 bonds.

Any change in the fair value of investments are reported as cash equivalents.

San Juan College
Figure 17: Cash Reconciliation to Financial Statements - June 30, 2019

Description	Citizens Bank of Farmington	Wells Fargo	Wells Fargo Repo	Wells Fargo Investment	Wells Fargo Flex	Four Corners Community Bank	Total
Total per banks	\$786,389	\$2,934,977	\$21,706,348	\$3,460,000	\$88,243	\$1,354,645	\$30,330,602
Reconciling items:							
Deposits in transit	-	17,368		3,634	-	-	21,002
Outstanding check	-	(623,357)		(10,269)	(973)	-	(634,599)
Other reconciling items	-	16,685		(36,607)	-	-	(19,923)
Subtotal - accounts	<u>\$786,389</u>	<u>\$2,345,673</u>	<u>\$21,706,348</u>	<u>\$3,416,758</u>	<u>\$87,270</u>	<u>\$1,354,645</u>	\$29,697,082
Cash on hand							<u>11,877</u>
Cash and cash equivalents per financial statements							<u>\$29,708,959</u>

Collateralization of Deposits

At June 30, 2019, the recorded value of the College’s cash with financial institutions was \$29.7 million. The balances per bank statements and overnight investment accounts totaled \$ 30.3 million. Of the bank balance, \$5.3 million was covered by federal depository insurance, \$ 24.5 million was covered by collateral

held at the Federal Reserve in the College's name, and \$2.3 million was uninsured and uncollateralized at June 30, 2019. Investments are diversified amongst financial institutions, allowing greater FDIC insurance coverage. Wells Fargo Investment and Four Corners Community Bank accounts place deposits with other institutions, with each providing any applicable federal depository insurance.

San Juan College
Figure 18: Collateralization of Deposits

Balance	Citizens Bank of Farmington	Wells Fargo	Wells Fargo Repo Account	Wells Fargo Investment	Four Corners Community Bank	Total
Deposits at June 30, 2019	\$786,389	\$6,030,796	\$18,698,772	\$3,460,000	\$1,354,645	\$30,330,602
FDIC Insurance	250,000	250,000	-	3,460,000	1,354,645	5,314,645
Uninsured funds	536,389	5,780,796	18,698,772	-	-	25,015,957
Pledged Collateral Required						
102 percent on overnight	-	-	19,072,747	-	-	19,072,747
50 percent on deposits	268,195	2,890,398	-	-	-	3,158,593
Pledged Collateral Required	268,195	2,890,398	19,072,747	-	-	22,231,340
Pledged Collateral at June 30, 2019	1,071,538	3,466,352	19,072,747	-	860,144	24,470,781
Excess (deficiency)	803,343	575,954	-	-	860,144	\$2,239,441
Uninsured amount	536,389	5,780,796	18,698,772	-	-	25,015,957
Pledged Collateral against Uninsured	\$1,071,538	\$3,466,352	\$19,072,748	\$-	\$-	\$23,610,637
Uninsured and Uncollateralized		\$2,314,444				

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

Investments

The College's investments are held in certificates of deposits or bond mutual funds. For FDIC insurance the College invests in some bank brokerage accounts. A listing of the College's investments and the San Juan College Foundation's investments can be found in Schedule 8 located in the Other Information Section of this report. Credit ratings are not available for investments in debt securities other than debt issued by or explicitly guaranteed by the U.S. government, as well as for positions in external investment pools, money market funds, bond mutual funds and other pooled investments of fixed-incomes.

Interest Rate Risk/Market Risk

Interest rate risk (also known as market risk) is the risk that the market value of the portfolio will change over time with the general level of interest rates. "Fixed income securities" (i.e., securities that provide scheduled interest payments on a periodic basis and return principal invested upon maturity) comprise a significant component of the San Juan College Retiree Health Trust (RHT) portfolio and the value of these securities is directly affected by interest rate changes. Risk can be managed using either passive or active portfolio management strategies. Both are utilized in passive portfolio management with a designed fixed income portfolio. It is a goal to achieve the 2.99% return or discount rate calculated in the actuarial report. Interest rate risk is managed either through periodic rebalancing of the portfolio to maintain the risk profile, or by holding investments to maturity, and then reinvesting the proceeds to maintain the risk profile. The figure below indicates the time line for investment maturity rates of the RHT.

San Juan College
Figure 19: Maturity Rates - Retiree Health Trust

Investment Type	Fair Value	Not Subject to Interest Rate Risk			
		<1Yr	1-5 Years	5+ Years	
Money Markets	\$1,169,884	\$1,169,884	\$-	\$-	\$-
Mutual Fund	6,360,969	533,233	657,577	2,786,582	2,383,577
Total Investments	<u>\$7,530,853</u>	<u>\$1,703,117</u>	<u>\$657,577</u>	<u>\$2,786,582</u>	<u>\$2,383,577</u>

The Foundation does not have a policy to limit its exposure to interest rate risk. At June 30, 2019, Foundation's bond mutual funds are subject to interest rate risk; however, they are all unrated. Maturity rates for Foundation investments are below.

Figure 20: San Juan College Foundation Investments

Investment Type	Fair Value	Not Subject to Interest Rate Risk			
		<1Yr	1-5 Yrs	5+Yrs	
CD's and Money Markets	\$299,567	\$299,567	\$-	\$-	\$-
Equities	19,359,262	19,359,262	-	-	-
Fixed Income Securities	3,471,220	3,438,461	12,227	20,532	-
Other Investments	241,412	241,412	-	-	-
Total Investments	<u>\$23,371,461</u>	<u>\$23,338,702</u>	<u>\$12,227</u>	<u>\$20,532</u>	<u>\$-</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. obligations, investments explicitly guaranteed by the U.S. Government are treated as having no credit risk. The Colleges and Foundation investments are currently held in non-debt investments not subject to credit risk. The Retiree Health Trust holds an indirect interest in debt securities held through bond mutual funds, and these are subject to credit risk.

Custodial Deposit and Investment Risk

Custodial credit risk on deposits is the risk that in the event of bank failure, the College's deposits may be lost. The College does not have a deposit policy for custodial credit risk. As of June 30, 2019, the College's bank balance was not subject to custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978).

The Foundation maintains deposits in two financial institutions located in Farmington, New Mexico. All of the Foundation's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts. As of June 30, 2019, the Foundation's uninsured cash deposits totaled \$483,540

The College's deposits are in certificates of deposit \$250,000 or less, or U.S. Government Securities or securities secured by the U.S. Federal Government. Therefore, the college is not subject to custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All custodians of the investments of the Foundations are members of Securities Investor Protection Corporation (SIPC) and the securities are protected up to \$500,000.

Concentration of Credit Risk

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

Fair Value Measurements

Certain of the assets of the College and its component units are measured at fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

Investments that do not have a readily determinable fair value are valued based on cost. Management evaluates the reasonableness of cost. In FY 19, only one investment, held by FCI, falls into Level 3.

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, College's Retiree Health Trust's, and College component unit assets are presented using the fair value hierarchy at fiscal year-end:

San Juan College
Figure 21: Fair Value Measurement

Entity/Description	Level 1	Level 2	Level 3	Total
College				
CDs – unrestricted	\$-	\$4,603,693	\$-	\$4,603,693
CD's - restricted	-	360,000		360,000
College Total		4,963,693	-	4,963,693
Health Care Trust				
Mutual Funds	6,360,959	-	-	6,360,969
Foundation				
CDs/Money Markets	299,567	-	-	299,567
Equities	19,359,262	2,245,024	-	21,604,286
Fixed Income - Gov. & Corp.	1,226,196	-	-	1,226,196
Other/Alternative Investments	241,412	-	-	241,412
Foundation Total	21,126,437	2,245,024	-	23,371,461
FCI				
Equities	-	-	73,727	73,727
Component Units Total	\$21,126,437	\$2,245,024	\$73,727	\$23,445,188

Note 3 – Accounts Receivable, Other Receivables

Accounts Receivable

Accounts Receivable and other receivables are shown net of allowances for doubtful accounts in the Statement of Net Position. Net receivables were \$ 1.4 million. Significant amounts included in the net receivable balance are \$ 3.9 million related to tuition and fees and \$ 2.7 million in allowance for doubtful accounts.

San Juan College
Figure 22: Accounts Receivable

Description	Amount
Accounts Receivable Tuition & Fees	\$3,912,853
Less: Allowance for Doubtful Accounts	(2,661,127)
Accounts Receivable Tuition & Fees, net	1,251,725
Other Third-Party Receivables	151,627
Accounts Receivable, net	<u>\$1,403,352</u>

San Juan College
Figure 23: Other Miscellaneous Receivables

Description	Amount
Other Misc. Receivables	\$27,061
Total Miscellaneous Receivables	<u>\$27,061</u>

Due from Other Governments

Amounts consist of property taxes and unreimbursed federal, state and local grant expenditures. San Juan County (“County”) is responsible for levying and billing for property taxes. The College (through the County) has the right to place a lien on the property for unpaid property taxes, and accordingly no provision for doubtful accounts has been established. At June 30, 2019, government receivables consisted of the following:

*San Juan College
Figure 24: Due from Other Governments*

Description	Amount
Billed Property Taxes	\$879,754
Due from Local Governments	679,075
Due from State Governments	1,065,666
Due from Federal Government	643,759
Total Due from Other Governments	<u>\$3,268,253</u>



Photo 9: Students Graduating with Honors

Note 4 – Capital Assets

San Juan College
Figure 25: College Capital Asset Activity - For the Year Ended June 30, 2019

Item	Balance 6/30/2018	Additions	Transfers / Retirements	Balance 6/30/2019
Capital Assets Not Being Depreciated				
Land	\$2,010,641	\$146,068	\$-	\$2,156,709
Art	1,471,095	1,879	-	1,472,974
Minerals & Artifacts	364,334	26,693	-	391,027
Construction in Progress	424,165	2,010,074	305,196	2,129,043
Total Non-Depreciable Assets	4,270,235	2,184,714	305,196	6,149,753
Depreciable Assets				
Land & Leasehold Improvements	9,061,171	-	-	9,061,171
Infrastructure	16,675,220	-	-	16,675,220
Buildings	140,687,504	4,979,130	-	145,666,634
Equipment and Software	19,075,517	887,839	550,101	19,413,255
Library Books	1,587,458	38,489	20,875	1,605,072
Total Depreciable Capital Assets	187,086,870	5,905,458	570,976	192,421,352
Less: Accumulated Depreciation				
Leasehold Improvements	6,777,769	224,901	-	7,002,670
Infrastructure	11,339,287	504,235	-	11,843,522
Buildings	75,238,258	4,201,556	-	79,439,814
Equipment and Software	16,446,504	669,406	529,547	16,586,363
Library Books	1,497,245	29,543	20,875	1,505,913
Total Accumulated Depreciation	111,299,063	5,629,641	550,442	116,378,282
Depreciable Capital Assets, net	75,787,807	275,817	20,554	76,043,070
Capital Assets, net	<u>\$80,058,042</u>	<u>\$2,460,531</u>	<u>\$325,750</u>	<u>\$82,192,823</u>

Total capital assets increased by \$7.2 million or 3.8%. Net capital assets increased by \$2.1 million or 2.7%. Non-depreciable capital assets increased by \$1.9 million or 44% due to an increase in construction in progress. The College entered into a joint powers agreement (JPA) with the Board of Education of Farmington Municipal School District No. 5, who jointly purchased an educational building and land for \$6 million; the College's portion of the sale was \$3.2 million or 53% as outlined in the JPA. The College paid with proceeds from the general obligation bond - series 2019 (see Note 7 for long-term liabilities) along with \$0.25 million in additional upgrades and another \$0.28 in construction in progress (CIP). A new Fire Tower was completed for \$1.1 million along with fire prop accessories. A CIP and current year project, the South Hutton Street building remodel was completed for \$0.5 million. Unspent proceeds restricted for specific capital projects decreased by \$4.6 million or -19.6%. Capital assets net of related debt decreased by \$1.7 million or -2.7%. See Note 8 for detailed information on unspent debt proceeds.

Component unit capital asset activities for FY 2019 are shown below:

San Juan College
Figure 26: College Component Units - Capital Asset Activity
For the Year Ended June 30, 2019

Unit	Balance 6/30/2018	Additions	Transfers / Retirements	Balance 6/30/2019
San Juan College Foundation				
Capital Assets Not Being Depreciated				
Land	\$1,130,945	\$-	\$-	\$1,130,945
Total Non-Depreciable Assets	1,130,945	-	-	1,130,945
Depreciable Assets				
Buildings	3,786,752		-	3,786,752
Total Depreciable Capital Assets	3,786,752	-	-	3,786,752
Less: Accumulated Depreciation				
Buildings	2,546,460	141,470	-	2,687,930
Total Accumulated Depreciation	2,546,460	141,470	-	2,687,930
Capital Assets, net	\$2,371,237	\$(141,470)	\$-	\$2,229,767
Four Corners Innovations				
Depreciable Assets				
Leasehold Improvements	\$24,299	\$-	\$-	\$24,299
Furniture and Equipment	864		-	864
Total Depreciable Capital Assets	25,163	-	-	25,163
Less: Accumulated Depreciation				
Leasehold Improvements and Equipment	1,830	2,408	-	4,238
Total Accumulated Depreciation	1,830	2,408	-	4,238
Capital Assets, net	\$23,333	\$(2,408)	\$	\$20,925

Note 5 – Special or Specific State Appropriations

The Office of the New Mexico State Auditor requires information on State legislative funding, special funding, severance bond tax appropriations or general obligation bond (GOB) appropriations. Revenue from State appropriations is recognized during the period in which the funds are expended.

The College has received the following state appropriations at the end of FY19:

San Juan College

Figure 27: State Legislative Funding for the Year Ended June 30, 2019

Source	ID	Appr Yr/ Bond Sale Date	Reversion Date	Project	Original Appropriation	Expenditures to Date	Encumbered	Remaining Balances
RPSP	-		-	Dental Hygiene	\$153,700	\$153,700	\$-	\$-
RPSP	-		-	Nursing	198,300	198,300	-	-
SB536/548	Non-Rec	2020	06/30/20	Upgrade Security	300,000	-	-	-
SB536	Non-Rec	2020	06/30/20	Surgical First Asst. Program	150,000	-	-	-
NMHED	Workforce	2019	-	Center for Workforce Dev.	118,067	118,067	-	-
A5112	A5112		06/30/21	Library GO Bond	73,740	44,366	-	29,374
HB2	C5637		06/30/19	Campus Security	115,000	115,000	-	-
STB-2018-A	C2678	06/28/18	06/30/22	Door Lock System	255,854	124,161	131,693	-
GOB-16-018	A5123	08/01/17	06/30/21	Restroom Renovations	2,000,000	1,470,440	513,683	15,877

Note 6 – Unearned Revenue

At June 30, 2019, San Juan College unearned revenue consisted of the following:

San Juan College

Figure 28: Unearned Revenue

Description	Amount
Prepaid Tuition	\$1,408,868
Unearned Grant Revenues	1,143,544
Other	6,112
Total	<u>\$2,558,524</u>

Note 7 – Long-Term Liabilities

The following figures summarize bonds and notes payable transactions.

San Juan College

Figure 29: Summary of Bond and Note Transactions

Bonds & Notes Payable	Balances 6/30/2018	New Issues	Retirements	Balances 6/30/2019	Due Within One Year
2015 Bonds	\$2,675,000	\$-	\$100,000	\$2,575,000	\$100,000
2016 Bonds	8,235,000	-	1,250,000	6,985,000	1,300,000
2019 Bonds	-	4,785,000	-	4,785,000	250,000
Bond Premium	680,483	347,645	103,130	924,998	-
2016 EPC Note	<u>7,301,005</u>	-	<u>272,319</u>	<u>7,028,686</u>	<u>249,426</u>
Total	<u>\$ 18,891,488</u>	<u>\$ 5,132,645</u>	<u>\$ 1,725,449</u>	<u>\$ 22,298,684</u>	<u>\$ 1,899,426</u>

San Juan College
Figure 30: Long-Term Debt - Bonds and Notes Payable

Bonds and Note Payable	Interest Rates	Balance at 6/30/2019
2015 GO Bonds; original amount \$5,000,000; maturing through 8/15/2027	2% to 2.125%	\$2,575,000
2016 GO Bonds; original amount \$9,335,000; maturing through 8/15/2025	2% to 4%	6,985,000
2019 GO Bonds; original amount \$4,785,000; maturing through 8/15/2033	3% to 5%	4,785,000
Total bond principal		14,345,000
2016 Energy Performance Note; original amount \$7,452,566; maturing 10/1/2034	3.11%	7,028,686
Bond Premium - Net		924,998
Total Bonds and Notes Payable		<u>\$22,298,684</u>
Current Portion:		
Current Portion of Bonds Payable:		1,650,000
Current Portion of Notes Payable:		249,426
Total Current Bonds and Notes Payable		<u>1,899,426</u>
Long-term Bonds and Notes Payable		<u>20,399,258</u>
Total Bonds and Notes Payable		<u>\$22,298,684</u>

General Obligation Bonds

The bonds payable are repaid from taxes levied against property within the College district boundaries. The notes payable are collateralized by buildings, land and equipment. The \$7.4 million equipment lease purchase agreement for energy performance upgrades is expected to be offset by savings on utility costs. The figure below shows the annual requirements to retire bonds (excluding premium) and note payable.

None of the bonds agreements contain acceleration or default provisions which would require disclosure under GASB Pronouncement No. 88.

San Juan College
Figure 31: Annual Requirements to Retire Bonds and Notes

Due in Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2020	\$1,899,426	\$671,064	\$2,570,490
2021	1,671,731	591,843	2,263,574
2022	1,720,173	530,122	2,250,295
2023	1,669,798	470,158	2,139,957
2024	1,540,658	419,990	1,960,648
2025 through 2029	6,903,223	1,494,490	8,397,714
2030 through 2035	5,612,822	523,211	6,136,032
2036	355,854	4,156	360,010
Total	<u>\$21,373,686</u>	<u>\$4,705,033</u>	<u>\$26,078,718</u>

New Bond Issue

In January of 2019, The College issued General Obligation Bonds (the “Series 2019 Bonds”) in a principal amount of \$4,785,000. The College was paid a premium on the bonds, boosting the cash proceeds to \$5.1 million. The proceeds of the issue were used to purchase and refurbish the College’s new 30th Street

Education Center building. The Series 2019 Bonds have maturities beginning in August of 2019, with final maturity in August of 2033. Semi-annual interest payments are required beginning in August of 2019. The bonds bear interest at a variety of rates from 3% to 5%, depending on maturity, with the highest rates being those maturing in 2026 and 2027.

Energy Performance Note (EPC)

GASB Statement No. 88, “*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*”, requires that the College provides certain disclosures related to debt. Obligations under the \$7.4 million equipment lease purchase agreement for energy performance upgrades are collateralized by a first lien security interest in the equipment purchased under the agreement. The EPC agreement contains a number of default provisions in which payment of all future interest and principal, known as the rental payments, may be accelerated and become due immediately. Events of default include: failure to make rental payments, failure to observe covenants, or the appointment of a receiver, trustee, custodian or liquidator for substantially all the assets of San Juan College. The most significant covenants relate to SJC properly using, and maintaining the equipment purchased, and not taking any action that would adversely affect the tax-exempt status of the lease-purchase agreement.

Compensated Absences

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

San Juan College
Figure 32: Compensated Absences

Description	Balance 6/30/2018	Deductions	Additions	Balance 6/30/2019	Current Amount
Accrual	\$1,277,885	\$(145,114)	\$122,754	\$1,255,525	\$178,732
Faculty Banked Hours	96,360	(4966)	-	91,394	-
Total	<u>\$1,374,245</u>	<u>\$(150,080)</u>	<u>\$122,754</u>	<u>\$1,346,919</u>	<u>\$178,732</u>

Note 8 – Contingencies and Commitments

Risk Management

The College is exposed to various risks of loss. The College participates in the New Mexico Public Liability and Public Property Funds managed by the New Mexico Risk Management Division.

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

The College has not filed any claims wherein the settlement amount exceeded the insurance coverage during the past five years. However, should a claim be filed by the College which exceeds the insurance coverage, the College would be responsible for a loss in excess of the coverage amounts. As claims are filed, the College and the New Mexico Risk Management Division assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage’s have not changed significantly from prior years and coverages are expected to continue. At June 30, 2019, 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.

The College is currently involved in three lawsuits. Of these lawsuits against the College, none are expected to exceed insurance coverage limits at this time. New Mexico Risk Management Division has not provided information on an entity by entity basis that would allow for reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

Grants

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

Construction Contracts

The College’s outstanding encumbrances for construction and renovation of various facilities as of June 30, 2019 was \$1.8 million.

San Juan College
Figure 33: Future Construction Commitments

Estimated Costs	Sources of Funding	Name	Estimated Completion	Remaining
\$3,000,000	Series 2015 Local GO Bonds	STEM Remodel	Fall 2019	\$85,191
800,000	Series 2015 Local GO Bonds	Hutton St. Remodel	Fall 2019	210,095
1,200,000	Series 2015 Local GO Bonds	Fire Tower	Fall 2019	126,939
4,875,000	State GOB 14-1301	30th Street EC Remodel	Fall 2019	1,395,527
<u>\$9,875,000</u>				<u>\$1,817,752</u>

Operating Leases

The College is obligated under certain lease (rental) agreements which are accounted for as operating leases. The items being leased are primarily copiers and equipment, apartments for short term trades and technical students reimbursed by students. Copiers make up \$0.3 million of the total \$0.4 million total obligation.

Real Property Lease Agreement

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

GASB83-Asset retirement Obligations

The College implemented GASB Statement No. 83 “*Certain Asset Retirement Obligations*” during FY19. The College performed an extensive review of its tangible capital assets, and determined that the college has no tangible assets which would trigger accrual of liability under the provisions of GASB 83.

Note 9 – Pension Plan – Educational Retirement Board

Plan Description

Substantially all of the College's full-time employees participate in a public employee retirement system. New Mexico Educational Retirement Board (ERB) was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico.

The New Mexico legislature has the authority to set or amend contribution rates. The ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained on its website accessed at www.nmerb.org.

Funding Policy

The contribution requirements of plan members and the College are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017 (and thereafter) in most cases employers contributed 13.90% of employees' gross annual salary to the Plan. Effective July 1, 2019, the 13.90 % employer contribution rate increased to 14.25% of employee's gross annual salary to the plan. Currently, lower contributions of 3% are made for employees in the alternative retirement, although effective July 1, 2019 this rate increases to 3.25%. Participating employees earning more than \$20,000 (after July 1, 2019, \$24,000) annually contribute 10.70% of their gross salary. Employees earning \$20,000 (after July 1, 2019, \$24,000) or less contribute 7.90%. Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. In its fiscal year 2018 the plan had 156,789 active, retired, and inactive members. The College's contributions to ERB for the fiscal years ending June 30, 2019, 2018, and 2017, were \$3.9 Million, \$3.9 million, and \$4.0 million respectively, which equal the amount of the required contributions for each fiscal year.

Post-Employment Benefits

A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. For employees hired after July 1, 2019 the multiplier varies depending on years-of-service at retirement, and can be as small as .0135 and as large as .024. 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:

TIER 1: 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.

TIER 2: For members employed on or after July 1, 2010, but prior to July 1, 2013, a member is eligible to retire when the member's age and earned service credit add up to the sum of 80 or more, but if retiring before age 65 benefits are reduced; 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.

TIER 3: For members employed on or after July 1, 2013, but prior to July 1, 2019, just as in Tier 2 a member is eligible to retire when the member's age and earned service credit add up to the sum of 80 or more, but if retiring before age 65 benefits are reduced; 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, though members retiring younger than age 55 face a reduction in benefits.

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. Retirees may elect payment of benefits in the form of a single life annuity; joint 100% survivor's benefit; or joint 50% survivor's benefit.

All retired members and beneficiaries receiving benefits receive an automatic cost-of-living (COLA) adjustment in their benefit commencing on July 1 following the later of: (i) the year a member retires, or (ii) the year in which a member attains age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

If the plan's funded ratio for the next preceding fiscal year is 100%, or greater, Section 22-11-31(C)(1) of the New Mexico Statutes Annotated defines the COLA adjustment factor as $\frac{1}{2}$ of the percentage increase of the consumer price index between the next preceding calendar year and the preceding calendar year. The adjustment factor cannot exceed four percent, nor be less than two percent. However, if the percentage increase of the consumer price index is less than two percent, the adjustment factor will be equal to the percentage increase of the consumer price index. If the plan's funded ratio for the next preceding fiscal year is 90 or less %, (and, at June 30, 2017 the plan's funded ratio is 63.5%), Section 22-11-31(C)(3) indicates that the adjustment factor for all non-disability retirements will be between 80% and 90% of the adjustment factor, depending on the member's years of service credit, disability status, and amount of annuity.

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

At June 30, 2019, the College reported an increase in proportionate share of net pension liability of \$7.7 million or 6.9 % for a total liability of \$ 118.9 million up from \$ 111.3 million. The total ERB pension liability, net pension liability, and sensitivity information were based on an actuarial valuation performed as of June 30, 2017 and rolled-forward to June 30, 2018. This valuation has a measurement date of June 30, 2018. The College's proportion of the net pension liability was based on the projection of the College's long-term share of contributions of the pension plan relative to the projected contributions of all participating entities, actuarially determined. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2018, the College's proportion was 1.00065%

For the year ended June 30, 2019, the College recognized pension expense of \$ 19.6 million. At June 30, 2019, the College reported deferred outflows of resource and deferred inflows of resources related to pensions from the sources listed in the following figure. Subsequent contributions to measurement date were \$3.8 million and reported as deferred outflows of resources related to pensions and they will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

San Juan College

Figure 34: Deferred Inflows and Deferred Outflows of Resources

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions After Measurement Date	\$3,836,496	\$-
Changes in Proportion	55,846	1,097,507
Changes of Assumptions	24,523,401	-
Net Difference Between Projected and Actual Investment Earnings	263,415	-
Difference Between Expected and Actual Experience	86,843	2,264,582
Total	\$28,766,001	\$3,362,089

The \$ 3,836,496 reported as deferred outflows of resources related to pensions resulting from contributions after the measurement date of June 30, 2018, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense in subsequent years, as follows:

San Juan College

Figure 35: Pension Recognition of Deferred Outflows and Inflows of Resources

Year ended June 30,	Amount to be Recognized
2020	\$13,273,479
2021	8,461,021
2022	(170,551)
2023	\$3,467

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial roll-forward valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise noted:

San Juan College

Figure 36: State of New Mexico Educational Retirement Board - Actuarial Assumptions

Item	Assumption
Actuarial Cost Method	– Entry age normal
Inflation	– 2.50%
Salary Increases	– Composed of 2.50% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than ten years of service
Investment Rate of Return	– 7.25%
Single Discount Rate	– 5.69%
Retirement Age	– Experience based table of age and service rates.
Average of Expected Remaining Service Lives	– 3.65 years
Amortization Method	– Level percentage of payroll
Mortality	– Healthy males: RP-2000 Combined Mortality Table with white -collar adjustment, generational mortality improvements with Scale BB. Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012

Actuarial assumptions and methods are set by the ERB Board of Trustees, based upon recommendations made by the plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the

six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%. 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.

Discount Rate

A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This was lower than the 5.9% discount rate used in the prior year. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date. Sensitivity of the College’s proportionate share of the net pension liability to changes in the discount rate are calculated using the discount rate of 5.69%, 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 (4.69%) or 1-percentage-point higher (6.69%) than the current rate:

*San Juan College
Figure 37: Sensitivity Analysis - NPL*

1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
154,642,211	118,900,603	89,901,116

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 the website of the New Mexico Educational Retirement Board, which can be accessed 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, 2019, the College recorded a payable to ERB in the amount of \$ 269,634 for employee contributions withheld in the month of June, 2019, 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, rather than the Educational Retirement Board. The benefit received upon retirement is based on the amount contributed by the employee during their career, subject to any investment gains or losses. If this election is not made at the time of initial hire, the employee remains a member of the ERB defined benefit plan permanently.

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

OPEB Plan Description

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

The College Board of Trustees has the authority to establish and amend benefit provisions of the medical, dental and vision plans and set and amend the investment policy. These benefits are considered Other Postemployment Benefits (OPEB) under Statement No. 74 *“Financial Reporting for Postemployment Benefit Plans Other than Pension Plans”* and Statement No. 75 *“Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”* of the Governmental Accounting Standards Board (GASB).

During the fiscal year ending June 30, 2019 the College had an OPEB report prepared *Roll Forward Actuarial Valuation of Other Postemployment Benefits (as of July 1, 2018)*. The actuarial valuation date of July 1, 2017, is the date when a snap shot of the plans membership and benefit provisions were taken for the valuation. The measurement date is June 30, 2019, the date as of which the net OPEB liability is measured. The purpose of the report was to measure the liabilities and expense figures for the retiree medical benefits, in compliance with GASB Statements No. 74 and No.75, and provide a funding valuation with actuarially determined contributions. The report was prepared in accordance with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board.

Statement No. 75 applies to governmental organizations whose employees are provided with postemployment benefits other than pensions. Employees who elect to participate in the RHT during employment and who are active participants in the College's medical, dental, and/or vision benefit plans at retirement are eligible for participation in the institution's retiree healthcare plans. Additional information regarding the RHT is available in the required supplementary information and the notes to the required supplementary information.

Monthly Contributions

Eligible employees who desire to participate in the retiree healthcare upon their retirement must “opt in” to this benefit and agree to have a certain percent of their payroll withheld each pay period. The San Juan College rate, as established by the College's Board of Trustees, is calculated at an amount not to exceed 75% of the rate imposed by the New Mexico Retiree Health Care Authorities for state retirees participating in the state sponsored health care program for retirees. Currently, the rate is .75% of salary. The Board of Trustees has the right to change this withholding rate at any time and re-set to any level it chooses. For purposes of the valuation, it was assumed that the .75% withholding rate will remain in effect.

Upon retirement, retirees are required to contribute a portion of the premium cost for retiree healthcare for themselves and their dependents. College retirees who retired prior to July 1, 2010 contribute 40% and the College contributes 60% to the cost of retiree healthcare premiums. College retirees who retire after June 30, 2010 are required to contribute 50% of the benefit premium and the College contributes the remaining 50%. Coverage may continue until terminated by the retiree's failure to pay premiums or the retiree's death.

Dependent coverage ceases upon death of the retiree. Medical coverage is available past 65 for retirees, but is secondary to Medicare. See Notes to Required Supplementary Information. A significant assumption used in the actuarial valuation is that the College will continue to fund the Trust close to the amount of the actuarially determined contribution (ADC) which is calculated according to the GASB 45 actuarially required contributions (ARC) rules.

San Juan College

*Figure 38: OPEB Retiree Health Trust Schedule of Changes in Net Liability and Related Ratios
Fiscal Year Ended June 30, 2019*

Description	Amount
Total OPEB Liability	
Service Cost	\$842,836
Interest Cost	763,243
Change in Benefit Terms	(8,061,893)
Difference between Expected and Actual Experience	(511,623)
Changes in Assumptions or Inputs	268,916
Benefit Payments	(300,052)
Total Change	(6,998,573)
Total OPEB Liability - Beginning of Year	24,167,389
Total OPEB Liability - End of Year	17,168,816
Plan Fiduciary Net Position	
Contributions - Employer	1,498,164
Contributions - Employee	79,409
Net Investment Income	398,386
Benefit Payments	(300,052)
Administration Expense	(25,232)
Total Change	1,650,675
Plan Fiduciary Net Position - Beginning of Year	5,882,365
Plan Fiduciary Net Position - End of Year	7,533,040
Net OPEB Liability – Beginning of Year	18,285,024
Net OPEB Liability – End of Year	\$9,635,776
Plan Fiduciary Net Position as % of Total OPEB Liability	43.88%
OPEB Expense/(Credit) – annual –	\$(8,168,247)
Covered Payroll	\$9,687,096
Net OPEB Liability as a Percent of Covered Payroll	99.47%
Money Weighted rate of return	6.12%

San Juan College

Figure 39: OPEB Deferred Outflows and Inflows of Resources - June 30, 2019

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Subsequent Contributions	\$-	\$-
Net Difference Between Projected and Actual Investment Earnings	-	(39,259)
Difference Between Expected and Actual Experience	-	(2,519,019)
Changes of Assumptions	208,621	(1,280,822)
Total	\$208,621	\$(3,839,100)

San Juan College

Figure 40: Recognition of OPEB Deferred Outflows and Inflows of Resources

Year ended June 30th	Amount to be Recognized In OPEB Expense
2020	\$(1,458,590)
2021	(1,458,950)
2022	(648,522)
2023	(64,417)
2024	\$-

Eligible Plan Participants

Effective July 1, 2010 employees wishing to be eligible for participation in the College’s retiree healthcare program upon their retirement must “opt in” to this benefit and agree to have a percentage of their payroll withheld each pay period. All active employees who have “opted in” to this benefit as of the date of this valuation are included in the calculations in this report. **The plan is closed to new entrants**, and no employee hired on or after July 1, 2017 will be eligible to participate.

There were 11 employees who “opted in,” but who are not currently enrolled in a medical, dental, and/or vision plan. For purposes of the valuation, it is assumed they have medical, dental and vision coverage. In addition, all retired employees who are participants in the fully-insured medical, dental and/or vision benefit plans as of the date this valuation was performed are included in the calculations in this report.

In addition to service credit earned while employed by San Juan College, employees are given service credit for employment with other administrative units in New Mexico, (e.g., public schools, universities, junior colleges). It is assumed all employees have an average of one year of service credit prior to their date of employment with San Juan College.

The Employee Retiree Census is as of the Actuarial Valuation date, July 1, 2017. All retirees of the plan are currently receiving benefits and there are no eligible inactive plan members entitled to but not yet receiving benefits payments.

San Juan College

Figure 41: Retiree Health Trust - Employee / Retiree Census - Valuation Date July 1, 2017

Employee/Retirees	Employees / Retirees	Avg. Age as of Valuation Date
Active Employees	205	53
Retirees receiving benefits - Under Age 65	27	61
Retirees receiving benefits - Age 65 & Over	102	72
Total	334	

Actuarial Assumptions

Key Dates:

Valuation date	July 1, 2017
Roll-Forward Valuation date	July 1, 2018
Measurement date	June 30, 2019
Fiscal year end	June 30, 2019

Rates and More:

Inflation	2.2%
Investment rate of return	As of June 30, 2019: 3.71%
	As of June 30, 2018: 3.07%

Medical Trend Rates

The fiscal year 2019 medical trend rate of 1.9% for retirees under age 65 is based on the actual increase in the average 2019 premiums weighted by the enrollment in each plan. The 2019 medical trend rate of (38.7%) for retirees over age 65 is based on the actual 2019 premiums compared to the 2018 premiums. The trend rates for 2020 and beyond are identical to the rates assumed for the July 1, 2017 valuation. The medical trend rates for fiscal years 2020 and 2021 were based on national survey data for similar types of medical plans along with an adjustment to the over 65 medical trends to take into consideration the College's own experience. The medical trend rates for fiscal years 2022 and beyond were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model.

The report used the following healthcare cost trend rate assumptions, applied to all prior periods included in the measurement, unless otherwise specified.

Healthcare cost trend rates:

Medical-Pre65	Year 1: 1.9%
	Years 2-50: 7.5% dropping gradually to 3.8%
Medical-Post65	Year 1: (38.7%) - negative
	Years: 2-50: 5.4% dropping gradually to 3.8%
Dental & Vision	3%

Discount Rate

The discount rate was changed to 3.71%. In the prior year, a discount rate of 3.07% was used. GASB Statements No. 74 and No. 75 require the projected benefit payments to be discounted to their actuarial present value using the single rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt, high-quality municipal bond rate (to the extent that the conditions for use of the long-term expected rate of return are not met). The College made additional benefit payments from

general assets, outside the Trust for the College’s portion of the under age 65 retirees’ medical premium reimbursements. For purposes of the fund projection our actuarial valuation assumes the College will continue to make those payments for the under 65 retirees outside the Trust. With that assumption, the fund is not expected to be depleted. Therefore, the single discount rate used for this valuation was 3.71%, which is the long-term expected rate of return for the Trust.

The long-term rate of return was estimated based on a trust allocation of 15% cash and 85% core bonds and the J. P. Morgan 2019 long-term capital market assumptions, as follows:

San Juan College
Figure 42: Medical Cost Trend Assumptions

Asset Class	Trust Allocation	Assumed Rate of Return (geometric)
Cash	15%	2.00%
Fixed Income	85%	4.00%
Total	100%	3.71%

The municipal bond index rate used in consideration of discount rate is the Fidelity GO AA – 20 year rate:

As of June 20, 2019	3.13%
As of June 30, 2018	3.62%

Mortality

The base table of mortality rates has been changed from the headcount weighted RPH-2014 used prior to the June 30, 2019 valuation, to the headcount-weighted PubT.H-2010, which is the public retirement plan mortality table applicable to teachers and published by the Society of Actuaries in January 2019.

Also, the mortality projection assumption has been updated to Mortality Improvement Scale MP-2018, a table of rates provided by the Society of Actuaries that reflects recent updates in mortality experience.

Salary increase

Salary increase rates based on results of Educational Retirement Board of New Mexico Experience Study, as of June 30, 2016. Selected points are shown below:

San Juan College
Figure 43: Salary increase assumptions

Years of Service	Unisex Salary Increase Rate
1	6.25%
3	5.00%
5	4.25%
8	3.75%
10+	3.25%

Photo 10: Students gather in central plaza at new outdoor seating area



Photo 11: Staff support the KSJE Zero Mile Fun Run

Sensitivity Analysis

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

San Juan College
Figure 44: OPEB Liability Sensitivity Analysis - to Change in Discount Rate

1% Decrease (2.71%)	Discount Rate (3.71%)	1% Increase (4.71%)
\$12,736,947	\$9,635,776	\$7,183,777

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

San Juan College
Figure 45: OPEB Liability Sensitivity Analysis - to Changes in Healthcare Cost Trend Rates

1% Decrease	Healthcare Cost Trend Rates	1% Increase
\$6,945,061	\$9,635,776	\$13,086,877

Major Changes in assumptions and inputs since last valuation

Effective January 1, 2019, the College began to offer a different health insurance plan to retirees over age 65. The premiums for this plan are significantly lower than the prior coverage provided. The effect of this change is a significant reduction in total OPEB liability as of June 30, 2019, which is recognized in a significant negative FY19 OPEB expense.

The base table of mortality rates has been changed from the headcount weighted RPH-2014, to the headcount-weighted PubT.H-2010, which is the public retirement plan mortality table applicable to teachers and is published by the Society of Actuaries in January of 2019. Also, the mortality projection assumption has been updated to Mortality Improvement Scale M P-2018, a table of rates provided by the Society of Actuaries that reflects recent updates in mortality experience.

As discussed below above ‘discount rate’, the discount rate was changed from 3.07% to 3.71%, which results in a reduction to net OPEB liability and FY19 OPEB expense.

The valuation reflects a gain due to favorable experience since actual benefit payments were less than expected during the year ended June 30, 2019. Further, as mentioned above, the valuation adjusts assumed 2019 premiums and claims for pre-65 medical, dental, and vision to reflect the premium rates, which are substantially lower for the health insurance component. This results in reductions to net OPEB liability, and FY19 OPEB expense.

OPEB Investments

The College has chosen a conservative investment strategy. Investments are comprised of bond mutual funds. These fixed income securities provide scheduled interest payments on a periodic basis and return principal invested upon maturity. This fixed income portfolio is evaluated against the Barclays Intermediate Corporate/Government Credit Index, with the goal to achieve a 2.99% return or discount rate. It is managed either through periodic rebalancing of the portfolio to maintain the risk profile, or by holding investments to maturity, and then reinvesting the proceeds to maintain the risk profile. The bond mutual

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

OPEB Investments

San Juan College

Figure 46: OPEB - Retiree Health Trust Investments - June 30, 2019

Weight	Shares / Par	Federal Tax Cost	Fair Value	Asset	Ticker Symbol	Average Effective Duration
15.4%	1,159,138	\$1,159,138	\$1,159,137	FIRST AM GOVT OB FD	FGZXX	-
8.7%	65,758	659,697	657,577	VIRTUS SEIX US GOV S	SIGVX	0.3
8.9%	64,428	662,661	667,478	TIAA CREF SHORT TERM	TISIX	1.8
8.9%	62,990	685,320	672,730	DOUBLELINE TOTAL RET	DBLTX	3.3
9.3%	41,267	685,360	699,880	NUVEEN PREFERRED SEC	NPSRX	4.1
4.5%	29,712	337,931	341,093	TIAA CREF INFLATION	TIIHX	4.9
9.1%	63,417	691,173	688,712	AMERICAN CENTURY DIV	ACBPX	5.6
9.2%	62,274	676,277	689,373	BAIRD AGGREGATE BOND	BAGIX	5.8
9.5%	68,057	689,173	711,873	COLUMBIA CORPORATE I	SRINX	6.9
2.1%	18,646	148,582	156,443	TCW EMERGING MARKETS	TGEIX	7.2
1.8%	12,325	131,384	137,177	PIMCO INTL BD FD US	PFORX	7.6
5.4%	43,266	394,152	405,401	AMERICAN CENTURY HIG	NPHIX	3.4
3.6%	30,878	285,165	268,017	EATON VANCE GLOBAL MACRO ABSOLUTE RETURN FUND	EIGMX	-
3.5%	27,202	262,768	265,216	LOOMIS SAYLES STRATEGIC ALPHA Y	LASYX	-
0.1%	-	\$10,746	10,746	CASH		-
0.0%	-		2,187	ACCRUED INCOME		-
100.0%			\$7,533,040			

Note 11 – Discretely Presented Component Units

San Juan College Foundation and Four Corners Innovations, Inc.

Refer to Note 1 for additional information on the discretely presented component units of San Juan College. The San Juan College Foundation had total contributions of \$0.9 million and provided \$1.3 million in support to the College which included: \$0.5 million in scholarships, \$0.7 million in College awards, programs and relations. Fund raising and general and administrative expense totaled \$0.2 million. Four Corners Innovations had operating revenue of \$0.3 million and operating expense of \$0.3 million.

Summary of Significant Accounting Policies

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

Income Taxes

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

Use of Estimates

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

Contributions

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

Note 12 – Subsequent Events

At the July 2, 2019 Board of Trustees meeting, the Board gave authority to the College President or Executive Vice President to issue an escrow agreement for the purpose of defeasing up to \$1.5 million in aggregate general obligation bond principal. The goal of this authorization is to maintain the College's current debt service property tax rate. The defeasance may be considered a sound and conservative approach in maintaining the College's strong credit rating and positive financial outlook.

Note 13 – Subsequent and New GASB Pronouncements

The GASB has issued the following statements:

In June 2017, GASB Statement No. 87 *Leases* was issued, effective for reporting periods beginning after December 15, 2019. The College is still evaluating how this pronouncement will affect the financial statements.

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

In June 2018, GASB Statement No. 90 *Majority Equity Interests* was issued effective for reporting periods beginning after December 15, 2018. The College is still evaluating how this pronouncement will affect the financial statements.

In May 2011, GASB Statement No. 91 *Conduit Debt Obligations* was issued, effective for reporting periods beginning after December 15, 2020. The College is still evaluating how this pronouncement will affect the financial statements.

Required Supplementary Information

Success Matters



SAN JUAN COLLEGE
Success Matters

Schedule of Proportionate Share of Net Pension Liability – ERB

San Juan College

Schedule 1: Schedule of Proportionate Share of Net Pension Liability

Year Ended June 30	College's Proportion of the Net Pension Liability (NPL)	Proportion Share of the NPL	College's Covered Payroll	College's Proportion of NPL as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	1.03230%	\$66,864,820	\$28,765,915	232%	63.97%
2016	1.03657%	74,598,502	29,127,173	256%	61.58%
2017	1.00118%	111,265,821	29,082,430	383%	52.95%
2018	1.00065%	118,990,603	28,566,393	417%	52.17%
2019	Not available ¹	Not available ¹	\$28,989,754	n/a	Not available ¹

¹ Per GASB Statement No. 68, the College's share of the Net Pension Liability is to be presented as of the measurement date of the calculation of the Net Pension Liability. As discussed in Footnote 9, the measurement date of the most recent actuarial valuation is June 30, 2018 and so that is the most recent data available for Net Pension Liability.

The schedule of proportionate share of net pension liability and the schedule of employer contributions present multi-year trend information for the last 10 fiscal years. Fiscal Year 2015 was the first year of implementation. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

Schedule of San Juan College's Contributions – ERB

San Juan College

Schedule 2: Schedule of San Juan College's Contribution - ERB

Year Ended June 30,	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	College's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$4,048,677	\$4,048,677	\$-	\$28,765,915	13.90%
2016	4,190,420	4,190,420	-	29,127,173	13.90%
2017	3,967,093	3,967,093	-	29,082,430	13.64%
2018	3,888,319	3,888,319	-	28,566,393	13.61%
2019	\$3,934,506	\$3,934,506	-	\$28,989,854	13.57%

San Juan College's contributions as a percent of covered employee payroll for most employees is currently 13.90%, though for a small group of employees in the alternative retirement the contribution rate is 3.0%. Effective July 1, 2019 the statutorily required employer contribution rate increases to 14.15%, with the contribution for those in the alternative retirement rising to 3.25%.

Schedule of Changes in OPEB Liability and Related Ratios

San Juan College
Schedule 3 Schedule of Changes in OPEB Liability and Related Ratios
Fiscal Year ended June 30,

Description	2019	2018	2017
Total OPEB Liability			
Service Cost	\$842,836	\$883,854	\$1,096,626
Interest Cost	763,243	749,825	854,705
Change in Benefit Terms	(8,061,893)	(1,051,647)	-
Difference between Expected and Actual Experience	(511,623)	(3,786,516)	(82,973)
Changes in Assumptions or Inputs	268,916	(1,854,505)	(637,247)
Benefit Payments	(300,052)	(457,784)	(458,719)
Total Change	(6,998,573)	(5,516,773)	772,392
Total OPEB Liability - Beginning of Year	24,167,389	29,684,162	28,911,770
Total OPEB Liability - End of Year	17,168,816	24,167,389	29,684,162
Plan Fiduciary Net Position			
Contributions - Employer	1,498,164	1,165,872	548,496
Contributions - Employee	79,409	86,749	96,422
Net Investment Income	398,386	2,735	90,529
Benefit Payments	(300,052)	(457,784)	(458,719)
Administration Expense	(25,232)	(22,272)	(20,845)
Total Change	1,650,675	775,300	255,883
Plan Fiduciary Net Position - Beginning of Year	5,882,365	5,107,065	4,851,182
Plan Fiduciary Net Position - End of Year	7,533,040	5,882,365	5,107,065
Net OPEB Liability – Beginning of Year	18,285,024	24,577,097	24,060,588
Net OPEB Liability – End of Year	<u>\$9,635,776</u>	<u>\$18,285,024</u>	<u>\$24,577,097</u>
Plan Fiduciary Net Position as % of Total OPEB Liability	43.88%	24.34%	17.20%
Covered Payroll	\$9,687,096	\$10,674,187	\$11,969,825
Net OPEB Liability as a Percent of Covered Payroll	99.47%	171.30%	205.33%
Money Weighted rate of return	6.12%	0.05%	1.83%

The schedule of proportionate share of net OPEB liability and associated ratios presents multi-year trend information for the last 10 fiscal years. Fiscal Year 2017 was the first year of implementation. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

Schedule of Employer Contributions – OPEB

San Juan College

Schedule 4: Schedule of Employer Contributions - OPEB - Fiscal Year ended June 30,

Description	2019	2018	2017
Actuarially Determined Contribution	\$1,063,149	\$1,580,467	\$2,198,485
Contributions - San Juan College	1,498,165	1,165,872	548,496
Contribution Excess (Deficiency)	435,015	\$(414,595)	\$(1,649,989)
Covered Employee Payroll	\$9,687,096	\$10,674,187	\$11,969,825
Contributions as a Percent of Covered Employee Payroll	15.47%	10.92%	4.58%

Photo 12: Ceremonial Dancer leading Color Guard during College Pow-Wow





Photo 13: Fine Arts Gallery features student and faculty work, as well as works by regionally recognized artists

Notes to Required Supplementary Information

Benefit Terms and Assumptions—ERB

Changes of Benefit Terms

The COLA and retirement eligibility benefits changes in recent years are described in the financial statement note disclosure covering the Pension Plan – Educational Retirement Board.

Changes of Assumptions

Any Changes of assumptions used in the actuarial report are described in the financial statement note disclosure covering the Pension Plan – Educational Retirement Board.

Benefit Terms and Assumptions – OPEB – Retiree Health Trust

Changes of Benefit Terms

Recent changes in benefits are described in the financial statement note disclosure covering the Other Post-Employment Benefits (OPEB) – Retiree Health Trust.

Changes of Assumptions

Changes in actuarial assumptions are described in the financial statement note disclosure covering the Other Post-Employment Benefits (OPEB) – Retiree Health Trust.

Other Supplemental Information

Success Matters



SAN JUAN COLLEGE
Success Matters

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

San Juan College

*Schedule 5: Schedule of Revenues, Expenditures and Changes in Net Position -
Budget and Actual - Unrestricted and Restricted - Year Ended June 30, 2019*

Description	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance favorable (unfavorable)
Beginning Budgetary Fund Balance	\$21,454,370	\$27,321,022	\$27,321,022	-
Unrestricted and Restricted Revenues				
State General Fund Appropriations	23,618,724	23,650,640	23,468,142	(182,498)
Federal Revenue Sources	16,355,472	18,592,170	15,201,904	(3,390,266)
Tuition and Fees	11,818,212	11,442,392	11,354,554	(87,838)
Land and Permanent Fund	-	-	-	-
Endowments and Private Gifts	-	-	-	-
Other	35,113,979	43,772,425	40,905,240	(2,867,185)
Total Unrestricted and Restricted Revenues	<u>86,906,387</u>	<u>97,457,627</u>	<u>90,929,840</u>	<u>(6,527,787)</u>
Expenditures:				
Instruction	28,022,976	29,785,622	27,802,502	1,983,120
Academic Support	4,836,555	4,740,119	4,460,431	279,688
Student Services	6,498,435	7,279,501	6,630,022	649,479
Institutional Support	7,793,552	8,264,982	7,333,264	931,718
Operation and Maintenance of Plant	5,458,146	5,872,842	5,518,765	354,078
Student Social and Cultural Activities	2,000	100,750	39,985	60,765
Research	-	-	-	-
Public Service	1,498,732	2,590,037	1,814,498	775,539
Internal Services	5,640,747	5,942,747	5,397,402	545,345
Student Aid, Grants and Stipends	18,150,633	18,245,775	15,908,157	2,337,618
Auxiliary Services	3,829,054	3,829,054	3,558,973	270,081
Intercollegiate Athletics	-	-	-	-
Independent Operations	119,800	289,982	148,474	141,508
Capital Outlay	3,616,813	9,389,271	7,266,434	2,122,837
Renewal and Replacement	550,000	1,999,208	1,439,929	559,280
Retirement of Indebtedness	2,164,583	2,164,583	2,025,370	139,213
Total Unrestricted and Restricted Expenditures	<u>88,182,026</u>	<u>100,494,473</u>	<u>89,344,204</u>	<u>11,150,269</u>
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	(1,275,639)	(3,036,846)	1,585,636	4,622,482
Ending Fund Balance	<u>\$20,178,731</u>	<u>\$24,284,176</u>	<u>\$28,906,658</u>	<u>\$4,622,482</u>
Reconciliation of Change in Fund Balance (Budgetary Basis) to Change in Net Position (GAAP Basis)				
Change in Fund Balance (Budgetary Basis)			\$1,585,636	
Adjustments to reconcile budgetary basis to GAAP basis:				
Depreciation Expense			(5,629,641)	
Non-Cash Expenses: Indirect Cost Recovery and Allowances			1,181,578	
Change in Other Assets			1,014,422	
Change in Capital Assets			2,134,781	
Changes in Deferred Outflows of Resources			(8,029,801)	
Change in Other Liabilities			(2,035)	
Change in Bonds and Notes Payable			3,407,196	
Change in Other Post-Employment Benefits (OPEB) Liability			(8,649,248)	
Change in Net Pension Liability			7,724,782	
Changes in Deferred Inflows of Resources			(1,049,482)	
Change in Net Position (GAAP Basis)			<u>\$ (6,311,811)</u>	

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

San Juan College

*Schedule 6: Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual –
Budget Comparison – Unrestricted – Instruction and General - Year Ended June 30, 2019*

Description	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget Favorable (unfavorable)
Beginning Fund Balance	\$15,573,461	\$18,362,062	\$18,362,062	\$-
Unrestricted Revenues:				
Tuition and Fees	11,818,212	11,442,392	11,352,294	(90,098)
Federal Government Appropriations	-	-	-	-
State Government Appropriations	23,588,724	23,591,791	23,438,667	(153,124)
Local Government Appropriations	14,453,108	14,920,319	15,484,947	564,628
Federal Government Grants and Contracts	-	-	-	-
State Government Grants and Contracts	200,000	200,000	209,209	9,209
Local Government Grants and Contracts	-	-	-	-
Private Gifts, Grants, and Contracts	-	-	-	-
Endowment, Land, and Permanent Fund Income	-	-	-	-
Sales and Services	427,500	591,008	722,689	131,681
Other Sources	960,896	1,001,843	915,477	(86,366)
Total Unrestricted Revenues	51,448,440	51,747,353	52,123,283	375,930
Unrestricted Expenditures:				
Instruction	26,983,422	26,677,207	26,181,063	496,144
Academic Support	4,761,955	4,512,966	4,326,036	186,930
Student Services	4,630,560	4,736,717	4,734,950	1,767
Institutional Support	7,779,499	7,708,308	7,125,637	582,671
Operation and Maintenance of Plant	5,458,146	5,872,842	5,518,765	354,077
Total Unrestricted Expenditures	49,613,582	49,508,040	47,886,451	1,621,589
Net Transfers	1,028,424	2,239,313	4,245,809	2,006,496
Change in Fund Balance (Budgetary Basis)	806,434	-	(8,977)	(8,977)
Ending Fund Balance	\$16,379,895	\$18,362,062	\$18,353,085	\$(8,977)

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

San Juan College

*Schedule 7: Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual –
Restricted – Instruction and General - Year Ended June 30, 2019*

Item	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget Favorable (unfavorable)
Beginning Fund Balance	\$13,294	\$-	\$-	\$-
Restricted Revenues:				
Miscellaneous Fees	-	-	2,260	2,260
State Government Appropriations	30,000	58,849	29,475	(29,374)
Local Government Appropriations	-	-	-	-
Federal Government Contracts/Grants	1,664,696	3,380,313	2,252,234	(1,128,079)
State Government Contracts/Grants	448,035	665,761	548,061	(117,700)
Local Government Contracts/Grants	77,637	2,888	2,888	-
Private Contracts/Grants	763,161	1,776,423	822,618	(953,805)
Sales and services	-	-	-	-
Other	12,553	550,792	207,755	(343,037)
Total Restricted Revenues	2,996,082	6,435,026	3,865,291	(2,569,735)
Restricted Expenditures:				
Instruction	1,039,554	3,108,415	1,621,439	1,486,976
Academic Support	74,600	227,153	134,395	92,758
Student Services	1,867,875	2,542,784	1,895,072	647,712
Institutional Support	14,053	556,674	207,626	349,048
Operation and Maintenance of Plant	-	-	-	-
Total Restricted Expenditures	2,996,082	6,435,026	3,858,532	2,576,494
Net Transfers	-	-	-	-
Change in Fund Balance (Budgetary Basis)	-	-	6,759	6,759
Ending Fund Balance	\$13,294	\$-	\$6,759	\$6,759

Schedule of Collateral Pledged by Depository

San Juan College
Schedule 8: Collateral Pledged by Depository - June 30, 2019

Institution and Security	CUSIP#	Maturity	Fair Value
Citizens Bank			
GNMA	38377XBW1	07/20/41	<u>\$1,071,538</u>
Subtotal			<u>1,071,538</u>
WFB Repurchase			
FNCL	3128MJYT1	8/1/46	19,029,000
Accrued Interest			<u>43,747</u>
Subtotal			<u>19,072,747</u>
Four Corners Community Bank			
Espanola PSD #55 NM UTGO	29662RAU2	09/01/19	499,805
FNMA Remic Trust	3136A1BN4	11/25/29	102,921
City of Gallup, NM UTGO	364028EU0	08/01/20	<u>257,418</u>
Subtotal			<u>860,144</u>
Wells Fargo Investments			
FNMA FNMS	3138ANQQ9	03/01/42	1,325,041
FNMA FNMS	3140F43X2	05/01/31	1,196,412
FNMA FNMS	31418AD96	03/01/42	<u>944,899</u>
Subtotal			<u>3,466,352</u>
Total Pledged Collateral			<u>\$24,470,781</u>

Schedule of Deposits

San Juan College
Schedule 9: Schedule of Deposits & Investments - June 30, 2019

Financial Institution	Account Type	Primary Institution	Foundation	Four Corners Innovations
Citizens Bank	Checking	\$533,498	\$733,540	\$-
Vectra Bank	Checking	-	-	15,564
Vectra Bank	Money Market	-	-	200,575
Wells Fargo	Checking	3,007,576	3,056	109,969
Bank of the Southwest	Checking	-	-	84,035
Wells Fargo Repo Account	Repo Agreement	18,698,772	-	-
Wells Fargo	Checking	2,934,977	621	-
Wells Fargo	Checking	88,243	-	-
Wells Fargo Bank, N.A.	Savings	-	95,458	-
Four Corners Community Bank	Money Market	103,843	-	-
CD-Ally Bank	Certificate of Deposit	250,000	-	-
CD-Barclays BK Delaware	Certificate of Deposit	250,000	-	-
CD-Cape Cod (callable)	Certificate of Deposit	100,000	-	-
CD-Capital One	Certificate of Deposit	250,000	-	-
CD-Capital One Bk	Certificate of Deposit	250,000	-	-
CD-Citi Bank Salt Lake City	Certificate of Deposit	250,000	-	-
CD-Goldman Sachs Bank	Certificate of Deposit	250,000	-	-
CD-INSBANK	Certificate of Deposit	250,000	-	-
CD-Morgan Stanley	Certificate of Deposit	250,000	-	-
CD-Preferred Bank of Los Angeles	Certificate of Deposit	250,000	-	-
CD-Salle Mae Bank - SLC	Certificate of Deposit	180,000	-	-
CD-State Bank of India NY	Certificate of Deposit	180,000	-	-
CD-Summit Community	Certificate of Deposit	250,000	-	-
CD-Synchrony Bk Retail	Certificate of Deposit	250,000	-	-
CD-Zions Bancorp	Certificate of Deposit	250,000	-	-
CD-Citizens Bank	Certificate of Deposit	252,891	-	-
CD-American National Bank and Trust Co.	Certificate of Deposit	235,000	-	-
CD-Atlantic Union Bank	Certificate of Deposit	244,500	-	-
CD-Bank of America, NA	Certificate of Deposit	244,500	-	-
CD-Bank of China	Certificate of Deposit	244,500	-	-
CD-Four Corners Bank	Certificate of Deposit	100,802	-	-
CD-Great Southern Bank	Certificate of Deposit	116,500	-	-
CD-Towne Bank	Certificate of Deposit	65,000	-	-
CD-Four Corners Bank	Certificate of Deposit	-	-	-
Wells Fargo	Precious Metals	-	135,707	-
Citizens Trust and Investment Corp.	CD's & Money Market	-	197,856	-
Citizens Trust and Investment Corp.	Equities	-	6,133,521	-
Citizens Trust and Investment Corp.	Fixed Income - Gov. & Corp.	-	557,712	-
Morgan Stanley	CD's & Money Market	-	207,416	-
Morgan Stanley	Equities	-	4,230,086	-
Morgan Stanley	Fixed Income - Gov. & Corp.	-	668,484	-
New Mexico State Investment Council	Equities	-	8,995,655	-
New Mexico State Investment Council	Fixed Income - Gov. & Corp.	-	2,245,024	-
(Direct Holdings)	Equities	-	-	73,727
Outstanding checks		(634,599)	(3,599)	-
Other reconciling item		(19,923)	-	-
Outstanding deposits		21,002	-	-
Cash on hand		11,877	163	-
Totals		\$29,708,959	\$24,200,700	\$483,870

Statistical Section

Success Matters



SAN JUAN COLLEGE
Success Matters

Photo 14: Student Rush festivities offer fun and information on the abundant on-campus activities

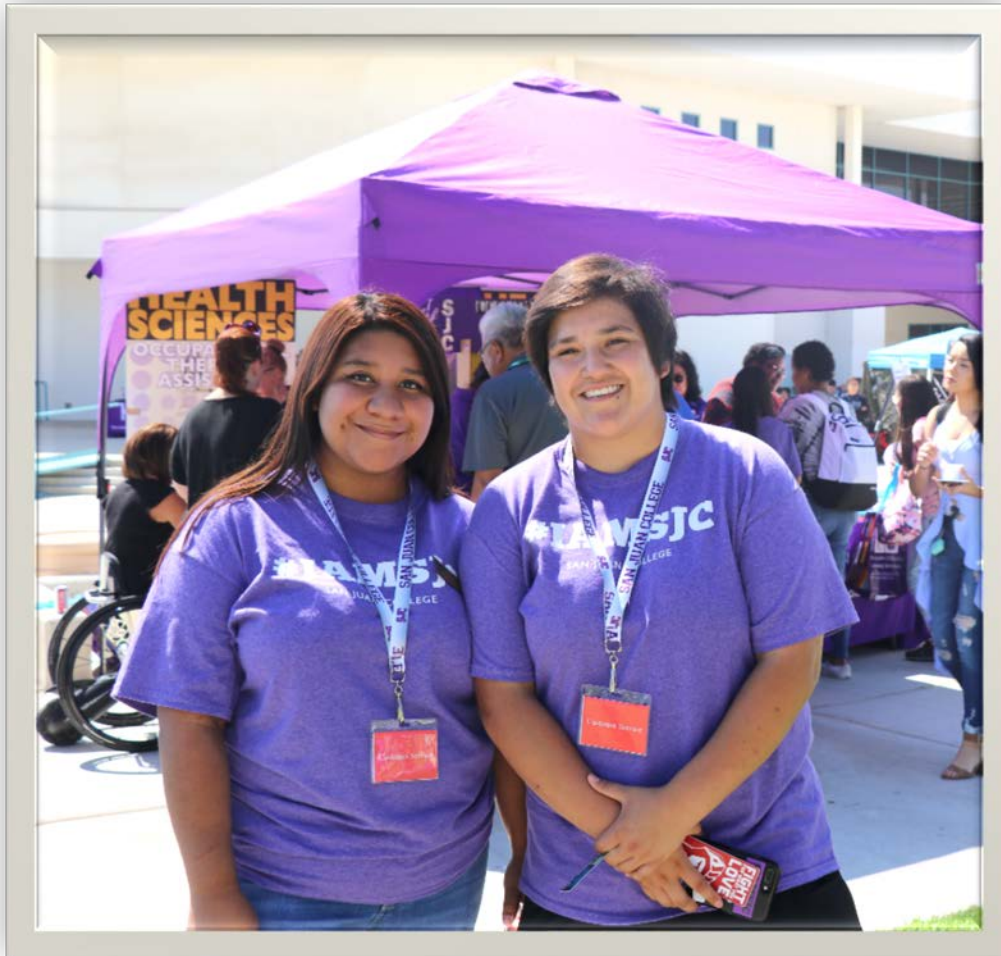


Photo 15: Visiting with student clubs during Student Rush Week



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
Figure 47: Net Position by Component - Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year Ended June 30,	2019	2018	2017 ¹	2016	2015 ¹	2014	2013	2012	2011	2010
Net Investment in capital assets	\$61,712	\$63,427	\$65,459	\$66,146	\$68,731	\$59,477	\$58,690	\$61,407	\$62,430	\$61,303
Restricted, Non-expendable	366	369	370	362	362	362	360	360	360	360
Restricted, Expendable	4,429	6,874	3,748	5,625	3,748	3,247	1,677	2,491	2,419	2,372
Unrestricted	(85,931)	(83,783)	(72,396)	(51,431)	(51,596)	10,247	9,828	8,341	8,698	8,170
Total Net Position	\$(19,424)	\$(13,113)	\$(2,819)	\$20,702	\$21,245	\$73,333	\$70,555	\$72,599	\$73,907	\$72,205
Percentage increase/(decrease):	%	%	%	%	%	%	%	%	%	%
Net Investment in capital assets	(2.7)	(3.1)	(1.0)	(3.8)	15.6	1.3	(4.4)	(1.6)	1.8	(4.7)
Restricted, Non-expendable	(0.8)	(0.3)	2.1	-	-	0.7	-	-	-	-
Restricted, Expendable	(35.6)	83.4	(33.4)	50.1	15.4	93.6	(32.7)	3.0	2.0	7.2
Unrestricted	2.6	15.7	40.8	(0.3)	(603.5)	4.3	17.8	(4.1)	6.5	(1.2)
Total Net Position Percentage Increase	(48.1)	(365.2)	(113.6)	(2.6)	(71.0)	3.9	(2.8)	(1.8)	2.4	(3.9)

¹GASB implementation requiring Unrestricted Net Position restatement

Changes in Net Position

San Juan College
Figure 48: Changes in Net Position - Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Operating Revenues										
Student Tuition and Fees	\$11,352	\$11,724	\$11,837	\$12,058	\$11,619	\$11,082	\$10,868	\$10,231	\$8,903	\$7,170
Less: Scholarship Allowances	(4,461)	(4,446)	(4,783)	(4,787)	(4,676)	(4,953)	(4,528)	(4,443)	(3,835)	(2,733)
Federal Grants and Contracts ²	2,409	2,476	2,637	2,522	2,270	2,093	15,591	15,609	15,553	12,046
State Grants and Contracts	2,113	1,957	2,168	2,189	3,286	5,665	2,122	2,159	2,319	2,066
Non-Governmental Grants and Contracts	1,557	1,946	1,802	2,313	9,500	2,022	1,702	1,783	1,508	1,560
Sales and Services	845	733	699	645	918	837	949	-	-	-
Auxiliary Enterprises	3,346	3,493	4,000	5,171	4,842	4,737	4,731	4,508	4,297	4,086
Other Operating Revenues ³	1,157	1,062	1,019	1,075	701	591	396	1,141	1,137	1,405
Total Operating Revenues	\$18,318	\$18,945	\$19,379	\$21,186	\$28,460	\$22,074	\$31,831	\$30,988	\$29,882	\$25,600
Expenses										
Operating Expenses										
Education and General										
Instruction	\$31,111	\$32,706	\$29,540	\$28,949	\$30,061	\$28,104	\$28,943	\$27,560	\$26,484	\$25,413
Academic Support	4,844	4,991	7,272	4,667	4,655	4,327	3,674	3,687	3,695	3,957
Student Support	7,689	7,933	7,173	7,011	6,957	6,986	6,857	6,648	5,941	5,413
Institutional Support	7,075	8,294	5,438	6,597	6,677	6,512	6,053	5,957	6,620	5,946
Public Service	1,811	6,132	4,570	1,616	1,701	1,723	1,805	2,348	2,167	2,660
Operations and Maintenance of Plant	5,835	1,885	1,649	5,641	5,686	5,536	6,160	6,466	6,810	5,951
Depreciation Expense	5,630	6,011	5,321	5,516	5,176	5,212	5,372	5,473	5,525	5,688
Student Aid	7,248	7,530	8,047	7,810	8,543	9,418	10,723	10,684	10,274	9,037
Student social and Cultural Activities	40	44	43							
Auxiliary Enterprises	4,060	4,250	4,287	5,256	4,456	4,257	4,434	4,308	4,075	3,837
Other Operating Expenses	148	157	141	81	130	133	136	157	141	454
Total Operating Expenses	\$75,491	\$79,933	\$73,481	\$73,144	\$74,042	\$72,208	\$74,157	\$73,288	\$71,732	\$68,356
Operating Income/(Loss)	\$(57,173)	\$(60,988)	\$(54,102)	\$(51,958)	\$(45,582)	\$(50,134)	\$(42,326)	\$(42,300)	\$(41,850)	\$(42,756)

San Juan College
Figure 49: Changes in Net Position - Last Ten Fiscal Years, Continued
(Dollars in Thousands)

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Non-Operating Revenues (Expenses)										
State Appropriations	\$23,439	\$22,983	\$23,459	\$25,072	\$25,170	\$24,329	\$23,200	\$21,828	\$21,827	\$21,497
Local Appropriations	17,761	17,156	16,825	16,080	17,067	17,838	16,588	16,311	15,889	16,337
Federal Student Aid ²	9,998	10,140	10,857	10,385	11,053	12,466	-	-	-	-
Investment Income (Loss)	42	145	32	94	51	73	73	-	-	-
Interest on Capital Asset-related Debt	(599)	(572)	(757)	(611)	(578)	(686)	(733)	-	-	-
Gain (Loss) on Disposal of Capital Assets	1	(19)	57	4	5	(27)	(6)	-	-	-
Other Non-Operating Revenues/Expenditures ³	(1,448)	(1,392)	(2,212)	(1,153)	(527)	(1,494)	986	(402)	(412)	(716)
Total Non-Operating Revenues/Expenditures	\$49,194	\$48,441	\$48,261	\$49,871	\$52,241	\$52,499	\$40,108	\$37,737	\$37,304	\$37,118
Income (Loss) before Other Revenue (Expenses)	(7,979)	(12,547)	(5,841)	(2,087)	6,659	2,365	(2,218)	(4,563)	(4,546)	(5,638)
Capital Appropriations	1,620	2,861	1,853	1,155	49	452	14	3,255	6,248	2,703
Capital Contributions	47	154	33	19	341	-	158	-	-	-
Increase/(Decrease) in Net Position ¹	(6,312)	\$(9,532)	\$(3,955)	\$(913)	\$7,049	\$2,817	\$(2,046)	\$(1,308)	\$1,702	\$(2,935)
Total Revenues	71,226	72,384	72,495	73,995	82,196	77,232	72,850	72,382	73,846	66,137
Total Expenses	77,538	81,916	76,450	74,908	75,147	74,415	74,896	73,690	72,144	69,072
Increase (Decrease) in Net Position ¹	\$(6,312)	\$(9,532)	\$(3,955)	\$(913)	\$7,049	\$2,817	\$(2,046)	\$(1,308)	\$1,702	\$(2,935)

¹ Net Position restatements are not included

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

³ Other Revenue is netted with similar expenditures.

Changes in Net Position Percentages

San Juan College

Figure 50: Changes in Net Position (Expressed as a Percent of Total Revenues) - Last Ten Fiscal Years

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Operating Revenues	%	%	%	%	%	%	%	%	%	%
Student Tuition and Fees	15.9	16.2	16.3	16.3	14.1	14.3	14.9	14.1	12.1	10.8
Less: Scholarship Allowances	(6.3)	(6.1)	(6.6)	(6.5)	(5.7)	(6.4)	(6.2)	(6.1)	(5.2)	(4.1)
Federal Grants and Contracts	3.4	3.4	3.6	3.4	2.8	2.7	21.4	21.6	21.1	18.2
State Grants and Contracts	3.0	2.7	3.0	3.0	4.0	7.3	2.9	3.0	3.1	3.1
Non-Governmental Grants and Contracts	2.2	2.7	2.5	3.1	11.6	2.6	2.3	2.5	2.0	2.4
Sales and Services	1.2	1.0	1.0	0.9	1.1	1.1	1.3	0.0	0.0	0.0
Auxiliary Enterprises	4.7	4.8	5.5	7.0	5.9	6.1	6.5	6.2	5.8	6.2
Other Operating Revenues	1.6	1.5	1.4	1.5	0.9	0.8	0.5	1.6	1.5	2.1
Total Operating Revenues	25.7	26.2	26.7	28.6	34.6	28.6	43.7	42.8	40.5	38.7
Expenses										
Operating Expenses	%	%	%	%	%	%	%	%	%	%
Education and General										
Instruction	43.7	45.2	40.7	39.1	36.6	36.4	39.7	38.1	35.9	38.4
Academic Support	6.8	8.5	6.3	2.2	2.1	2.2	2.5	3.2	2.9	4.0
Student Support	10.8	6.9	10.0	6.3	5.7	5.6	5.0	5.1	5.0	6.0
Institutional Support	9.9	11.0	9.9	9.5	8.5	9.0	9.4	9.2	8.0	8.2
Public Service	2.5	11.5	7.5	8.9	8.1	8.4	8.3	8.2	9.0	9.0
Operations and Maintenance of Plant	8.2	2.6	2.3	7.6	6.9	7.2	8.5	8.9	9.2	9.0
Depreciation Expense	7.9	8.3	7.3	7.5	6.3	6.7	7.4	7.6	7.5	8.6
Student Aid	10.2	10.4	11.1	10.6	10.4	12.2	14.7	14.8	13.9	13.7
Student Social and Cultural Activities	0.1	0.1	0.1							
Auxiliary Enterprises	5.7	5.9	5.9	7.1	5.4	5.5	6.1	6.0	5.5	5.8
Other Operating Expenses	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.7
Total Operating Expenses	106.0	110.4	101.2	98.9	90.2	93.4	101.8	101.3	97.1	103.4
Operating Income/(Loss)	(80.3)	(84.3)	(74.6)	(70.2)	(55.5)	(64.9)	(58.1)	(58.4)	(56.7)	(64.6)

San Juan College

Figure 51: Changes in Net Position (Expressed as a Percent of Total Revenue) - Last Ten Fiscal Years, Continued

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Non-Operating Revenues (Expenses)										
State Appropriations	32.9	31.8	32.4	33.9	30.6	31.5	31.8	30.2	29.6	32.5
Local Appropriations	24.9	23.7	23.2	21.7	20.8	23.1	22.8	22.5	21.5	24.7
Federal Student Aid	14.0	14.0	15.0	14.0	13.4	n/a	n/a	n/a	n/a	n/a
Investment Income (Loss)	0.1	0.2	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Interest in Capital Asset-related Debt	(0.8)	(0.8)	(1.0)	(0.8)	(0.7)	(0.9)	(1.0)	0.0	0.0	0.0
Gain (Loss) on Disposal of Capital Assets	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Operating Revenues/Expenditures	(2.0)	(1.9)	(3.1)	(1.6)	(0.6)	(1.9)	1.4	(0.6)	(0.6)	(1.1)
Total Non-Operating Revenues/Expenditures	69.1	66.9	66.6	67.4	63.6	68.0	55.1	52.1	50.5	56.1
Income (Loss) before Other Revenue (Expenses)	(8.9)	(13.2)	(5.5)	(1.2)	8.6	3.6	(2.8)	(1.8)	2.3	(4.4)
Capital Appropriations	2.3	4.0	2.6	1.6	0.1	0.6	0.0	4.5	8.5	4.1
Capital Contributions	0.1	0.2	0.0	0.0	0.4	0.0	0.2	0.0	0.0	0.0
Increase/(Decrease) in Net Position	(8.9)	(13.2)	(5.5)	(1.2)	8.6	3.6	(2.8)	(1.8)	2.3	(4.4)

Principal Revenue Sources

San Juan College
Figure 52: Principal Revenue Sources, Last Ten Fiscal Years

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015 ¹	2014	2013	2012	2011	2010
Tuition and fees, net of allowance	\$6,891,777	\$7,278,197	\$7,054,445	\$7,271,454	\$6,942,384	\$6,128,481	\$6,340,426	\$5,788,763	\$5,067,933	\$4,437,223
Percent of total revenue	9.6%	10.0%	9.7%	9.8%	9.3%	7.9%	8.7%	8.0%	6.9%	6.7%
Year over year change in percentage	(0.4)	0.3	(0.1)	0.5	1.4	(0.8)	0.7	1.1	0.2	1.8
State of New Mexico Government										
State Appropriations	23,438,667	22,982,981	23,458,630	25,072,455	25,170,340	24,328,639	23,200,388	21,828,449	21,826,889	21,497,122
State Contracts and Grants	2,112,954	1,957,371	2,168,384	2,188,684	3,285,884	5,665,414	2,122,087	2,159,078	2,319,130	2,065,876
State of New Mexico Government	25,551,621	24,940,352	25,627,014	27,261,139	28,456,224	29,994,053	25,322,475	23,987,527	24,146,019	23,562,998
Percent of total revenue	35.7%	34.3%	35.3%	36.8%	38.3%	38.8%	34.8%	33.1%	32.7%	35.6%
Year over year change in percentage	1.4	(1.0)	(1.5)	(1.5)	(0.5)	4.0	1.7	0.4	(2.9)	(0.4)
San Juan County Government										
Local Government Appropriations	17,761,385	17,155,803	16,824,516	16,080,365	17,067,457	17,838,223	16,588,391	16,310,978	15,889,327	16,337,264
Percent of total revenue	24.8%	23.6%	23.2%	21.7%	23.0%	23.1%	22.8%	22.5%	21.5%	24.7%
Year over year change in percentage	1.2	0.4	1.5	(1.3)	(0.1)	0.3	0.3	1.0	(3.2)	(1.4)
Federal Government										
Federal Grants and Contracts	12,406,786	12,615,694	13,494,380	12,906,111	13,323,458	14,558,905	15,591,409	15,608,951	15,552,572	12,046,467
Percent of total revenue	17.3%	17.3%	18.6%	17.4%	17.9%	18.9%	21.4%	21.6%	21.1%	18.2%
Year over year change in percentage	-	(1.3)	1.2	(0.5)	(1.0)	(2.5)	(0.2)	0.5	2.9	7.5
Total from principal revenue sources	55,719,772	54,711,849	55,945,910	56,247,615	58,847,139	62,391,181	57,502,275	55,907,456	55,587,918	51,946,729
Percent of total revenue	77.8%	75.2%	77.2%	76.0%	79.2%	80.8%	78.9%	77.2%	75.3%	78.5%
Year over year change in percentage	2.6	(2.0)	1.2	(3.2)	(1.6)	1.9	1.7	1.9	(3.2)	5.7
Total Revenue	\$71,603,801	\$72,738,154	\$72,495,265	\$73,994,952	\$74,275,210	\$77,230,665	\$72,851,786	\$72,383,410	\$73,846,662	\$66,138,963

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

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property

San Juan College

Figure 53: Assessed and Estimated Values of Taxable Property - Ten Fiscal Years, Part 1

Fiscal Year Ended June 30	Real Property Residential	Real Property Non-Residential	Personal Property Non-Agricultural	Personal Property Agricultural	Personal Property Other	Total Residential Direct Tax Rate	Total Non-Residential Direct Tax Rate	Estimated Actual Value	Taxable Assessed Value as a Percentage of Actual Value
2010	\$ 1,125,171,877	\$ 1,525,345,849	\$ 148,215,906	\$ 914,022	\$ 1,277,581	6.312	8.500	\$ 14,431,146,216	33.3%
2011	1,253,385,595	1,792,552,839	123,120,649	**	1,434,122	6.425	8.500	11,257,530,483	33.3%
2012	1,299,127,218	1,838,867,739	104,958,212	**	1,461,342	6.267	8.500	11,980,826,874	33.3%
2013	1,348,827,263	1,813,146,844	112,925,580	**	1,529,616	6.326	8.500	12,203,758,967	33.3%
2014	1,390,807,512	1,779,807,201	109,034,725	**	1,504,476	6.310	8.500	10,971,381,967	33.3%
2015	1,431,570,366	1,882,146,032	107,914,020	**	2,378,336	6.231	8.500	11,110,391,526	33.3%
2016	1,466,073,002	1,977,212,412	110,908,455	**	2,292,185	6.231	8.500	11,926,487,916	33.3%
2017	1,503,122,233	1,924,928,853	110,703,969	**	2,006,808	6.529	8.500	10,912,865,090	33.3%
2018	1,533,485,335	2,003,428,848	108,437,576	**	1,675,392	6.545	8.500	10,631,761,823	33.3%
2019	\$ 1,542,141,280	\$ 1,990,648,176	\$ 85,135,266	**	\$ 1,545,738	6.700	8.500	\$ 10,915,340,048	33.3%

San Juan College

Figure 54: Assessed and Estimated Values of Taxable Property - Ten Fiscal Years, Part 2

Fiscal Year Ended June 30	Oil & Gas Production	Oil & Gas Equipment	Less Tax-Exempt Property	Adjustment for Protested Taxes	Total Taxable Assessed Value
2010	\$1,756,139,463	\$352,424,291	\$142,548,947	\$38,631,648	\$4,805,571,690
2011	800,662,132	157,091,104	301,183,891	(78,304,899)	3,748,757,651
2012	927,738,572	188,409,438	334,701,265	(36,245,907)	3,989,615,349
2013	973,295,757	191,541,251	357,476,422	(19,938,153)	4,063,851,736
2014	617,524,176	122,603,907	408,637,923	40,826,121	3,653,470,195
2015	688,792,987	138,372,909	408,727,625	(142,686,647)	3,699,760,378
2016	809,315,876	161,542,839	411,393,777	(144,430,516)	3,971,520,476
2017	418,398,768	83,657,942	422,186,450	13,351,952	3,633,984,075
2018	350,503,791	71,659,291	428,361,202	(100,452,344)	3,540,376,687
2019	\$458,556,436	\$106,741,785	\$440,536,288	\$(109,424,157)	\$3,634,808,236

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

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

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

Principal Property Taxpayers

San Juan College
Figure 55: San Juan County, NM Principal Property Taxpayers

Taxpayer	2019 Taxable Assessed Value	2019 Rank	2019 Percentage of Total Taxable Assessed Value	2010 Taxable Assessed Value	2010 Rank	2010 Percentage of Total Taxable Assessed Value
Arizona Public Service Co.	\$124,234,767	1	3.4%	\$251,185,618	4	5.2%
Public Service Co. of New Mexico	71,686,346	2	2.0%	462,165,417	1	9.6%
Harvest Four Corners LLC	24,597,732	3				
Enterprise Field Service LLC	21,544,615	4	0.6%	212,261,437	6	0.0442
El Paso Natural Gas Co	11,522,651	5	0.3%	125,609,489	9	2.6%
Salt River Project AG IMP and Power District	10,780,645	6	0.3%			
Farmington, City of	10,347,426	7	0.3%			
Hilcorp San Juan LP	10,155,119	8	0.3%			
Mid-America Pipeline Co LLC	8,649,049	9	0.2%			
Cortez Pipeline Co.	6,607,667	10	0.2%			
BHP World Mineral				290,800,296	2	6.1%
San Juan Coal				263,483,149	3	5.5%
Tucson Electric Power				162,992,291	7	3.4%
Southern California Edison				155,080,817	8	3.2%
Williams Field Services				219,785,459	5	4.6%
Transwestern Pipeline Co				114,568,678	10	2.4%
Total Principal Taxpayers	\$300,126,017			\$2,257,932,651		
Total Percentage Principal Taxpayers			7.6%			40.0%
Total Taxable Assessed Value	\$3,634,808,236			\$4,805,571,690		

Source: San Juan County Finance Department

Property Tax Levies and Collections

San Juan College
Figure 56: Property Tax Levies and Collections - Last Ten Fiscal Years

Fiscal Year	Taxes Levied for Fiscal Year	Adjustments	Total Adjusted Levy	Amount Collected within FY of Levy	Percentage of Original Levy Collected	Collections in Subsequent Years	Amount Collected to Date	Percentage of Adjusted Levy
2010	\$62,560,289	\$1,821,811	\$64,382,100	\$61,868,631	98.89%	\$2,507,887	\$64,376,518	99.99%
2011	66,583,480	1,160,163	67,743,643	64,766,432	97.27%	2,964,923	67,731,355	99.98%
2012	68,420,052	514,138	68,934,190	66,897,199	97.77%	2,031,031	68,928,230	99.99%
2013	69,282,296	1,136,074	70,418,370	68,049,597	98.22%	2,358,652	70,408,249	99.99%
2014	71,655,257	1,719,774	73,375,031	70,753,818	98.74%	2,597,048	73,350,866	99.97%
2015	68,749,770	2,172,147	70,921,917	68,545,196	99.70%	2,319,558	70,864,754	99.92%
2016	73,993,688	1,531,722	75,525,409	72,269,305	97.67%	2,944,900	75,214,205	99.59%
2017	79,091,914	(248,701)	78,843,213	76,104,786	96.22%	2,349,010	78,453,796	99.51%
2018	78,294,097	1,762,903	80,056,999	77,869,742	99.46%	1,175,199	79,044,941	98.74%
2019	\$79,278,051	\$2,273,525	\$81,551,576	\$78,256,697	98.71%	-	\$78,256,697	95.96%

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

San Juan County Residential Property Tax Rates

San Juan College
Figure 57: Residential Property Tax Rates

District/Component	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Direct Rate										
Operating Millage	6.700	6.545	6.529	6.231	6.231	6.310	6.326	6.267	6.425	6.312
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	6.700	6.545	6.529	6.231	6.231	6.310	6.326	6.267	6.425	6.312
Overlapping Rates										
City of Bloomfield										
Operating Millage	4.841	4.727	4.713	4.762	4.804	4.882	4.906	4.881	5.017	4.938
Debt Service Millage	0.807	0.900	0.872	0.971	1.191	2.094	2.099	2.254	2.180	2.137
Total City Millage	5.648	5.627	5.585	5.733	5.995	6.976	7.005	7.135	7.197	7.075
City of Aztec										
Operating Millage	4.475	4.391	4.385	4.444	4.481	4.571	4.587	4.555	4.663	4.570
Debt Service Millage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total City Millage	4.475	4.391	4.385	4.444	4.481	4.571	4.587	4.555	4.663	4.570
City of Farmington										
Operating Millage	1.425	1.394	1.392	1.410	1.407	1.426	1.431	1.419	1.457	1.438
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	1.425	1.394	1.392	1.410	1.407	1.426	1.431	1.419	1.457	1.438
Aztec Schools										
Operating Millage	2.132	2.085	2.082	2.107	2.122	2.149	2.149	2.131	2.185	2.133
Debt Service Millage	10.192	10.227	10.764	8.393	6.676	8.448	6.517	4.567	4.640	5.497
Total School Millage	12.324	12.312	12.846	10.500	8.798	10.597	8.666	6.698	6.825	7.630
Bloomfield Schools										
Operating Millage	2.301	2.255	2.243	2.261	2.274	2.298	2.155	2.135	2.192	2.149
Debt Service Millage	9.79	8.95	8.999	8.367	7.337	9.005	6.752	6.246	5.386	5.794
Total School Millage	12.091	11.205	11.242	10.628	9.611	11.303	8.907	8.381	7.578	7.943
Farmington Schools										
Operating Millage	2.327	2.276	2.27	2.297	2.290	3.986	4.552	4.644	4.608	4.706
Debt Service Millage	7.446	7.447	7.421	7.439	7.431	5.76	5.199	4.976	5.065	4.938
Total School Millage	9.773	9.723	9.691	9.736	9.721	9.746	9.751	9.620	9.673	9.644
Consolidated Schools										
Operating Millage	2.500	2.487	2.5	2.312	2.309	2.332	2.258	2.245	2.304	2.244
Debt Service Millage	6.816	6.823	6.821	6.818	6.818	6.818	6.828	6.837	6.840	6.773
Total School Millage	9.316	9.310	9.321	9.130	9.127	9.150	9.086	9.082	9.144	9.017
San Juan College										
Operating Millage	3.392	3.314	3.263	3.114	3.114	3.154	3.162	3.133	3.212	3.156
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	3.992	3.914	3.863	3.714	3.714	3.754	3.582	3.733	3.812	3.756
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	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.362	1.530	1.150
Total School Millage	1.360	1.360	1.360	1.360	1.360	1.360	1.360	1.362	1.530	1.150

Source: San Juan County Finance Department, * Updated information

Academic Year Tuition and Required Fees

San Juan College

Figure 58: Annual Tuition and Required Fees - Ten Fiscal Years

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition¹										
Resident Tuition per Credit Hour	\$49	\$46	\$46	\$46	\$41	\$41	\$41	\$41	\$37	\$37
Resident 30 Credit Hour Charges – cap ⁴	n/a	1,380	1,380	1,380	1,230	1,230	1,230	1,230	1,110	1,110
Non Resident Tuition per Credit Hour	155	146	146	146	123	105	105	105	91	91
Non Resident 30 Credit Hour Charges – cap ⁴	n/a	4,380	4,380	4,380	3,690	3,150	3,150	3,150	2,730	2,730
Foreign Student Tuition - per Semester	-	-	-	-	3,000	-	-	-	-	-
Foreign Student Tuition - per Credit Hour	155	146	146	146	-	105	105	105	91	91
Senior Citizens 6 or Fewer Credit Hours /credit hour	5	5	5	5	5	5	5	5	5	5
General Fees²										
Resident Fees per Credit Hour ³	\$-	\$-	\$-	\$-	\$-	\$15	\$13	\$6	\$6	\$6
4 or fewer credit hours	78	78	78	78	78	-	-	-	-	-
More than 4 credit hours	185	185	185	185	155	-	-	-	-	-
Resident Maximum Charge	185	185	185	185	155	266	230	108	108	108
Non Resident Fees per Credit Hour ³	-	-	-	-	-	26	21	10	6	6
4 or fewer credit hours	138	138	138	138	138	-	-	-	-	-
More than 4 credit hours	305	305	305	305	275	-	-	-	-	-
Non Resident Maximum Charge	-	-	-	-	-	464	374	180	108	108
Foreign Student per Credit Hour/Degree Seeking	305	305	305	305	-	200	200	200	200	200
Foreign Student per Credit Hour/Non Degree Seeking	-	-	-	-	-	26	21	10	6	6

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

²SJC did not start charging fees until FY10

³SJC changed to a flat fee schedule in FY15

⁴SJC no longer has a cap on tuition

Debt Capacity

Long-term Debt Outstanding

San Juan College
Figure 59: Long-term Bonds and Notes - Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Bonds Payable	\$14,345	\$10,910	\$12,110	\$12,575	\$10,941	\$13,591	\$14,779	\$16,859	\$18,544	\$20,593
Unamortized Premium	925	680	748	248	239	275	311	348	385	421
Net Long-term Bonds	15,270	11,590	12,858	12,823	11,180	13,866	15,090	17,207	18,929	21,014
Notes Payable	7,029	7,301	7,530	224	362	491	614	731	838	941
Total Debt	\$22,299	\$18,891	\$20,388	\$13,047	\$11,542	\$14,357	\$15,704	\$17,938	\$19,767	\$21,955
San Juan County Population ¹	125,043	126,902	127,973	128,125	128,261	129,094	129,748	129,694	130,022	130,045
Debt per Capita	\$149	\$149	\$159	\$102	\$90	\$111	\$121	\$138	\$152	\$169

¹ U.S. Census Bureau's most recent mid-year population estimates as of July 1 of the Fiscal year, obtained October 2019

San Juan College
Figure 60: Total Debt Outstanding
(Dollars in Thousands)

Total Debt Outstanding	Amount
Bonds	
2015 Bonds	\$2,575
2016 Bonds	6,985
2019 Bonds	4,785
Bond Premiums	925
Total Bonds Payable	15,270
Notes	
2016 Energy Performance Note	7,029
Total Notes Payable	7,029
Total Outstanding Debt	\$22,299

Bond Debt Capacity

San Juan College
Figure 61: Bond Debt Capacity - Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assessed Valuation ¹	3,634,808	3,540,377	3,633,984	3,971,520	3,699,760	3,653,470	4,063,852	3,989,615	3,748,758	4,805,572
Ratio of Limitation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Constitutional Debt Limitation	109,044	106,211	109,020	119,146	110,993	109,604	121,916	119,688	112,463	144,167
Outstanding Bond Debt ²	14,345	10,910	12,110	12,575	10,941	13,591	14,779	16,859	18,544	20,593
Available Bond Debt Capacity	94,699	95,301	96,910	106,571	100,052	96,013	107,137	102,829	93,919	123,574
% Bonded to Capacity	13.2%	10.3%	11.1%	10.6%	9.9%	12.4%	12.1%	14.1%	16.5%	14.3%

¹From assessed property valuation table in revenue capacity portion of this statistical data section. Current year's number is preliminary per Assessors. Calculation of assessed value revised to more closely reflect Assessors calculation which includes oil and gas, less exempt property and protests.

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

Demographic and Economic Information and Statistics

San Juan College

Figure 62: Demographic and Economic Statistics - Ten Fiscal Years

Year	Population ¹	Per Capita Personal Income ²	Median Age ¹	School Enrollment ⁴	Unemployment Rate ³
2010	130,045	30,241	36.7	23,022	10.1%
2011	130,205	32,861	33.1	23,028	8.3%
2012	129,649	32,806	33.4	23,737	7.3%
2013	129,677	33,742	33.6	23,910	7.6%
2014	129,324	35,483	34.0	20,876	7.4%
2015	128,958	37,682	34.3	21,355	7.7%
2016	128,125	38,007	34.6	24,545	8.1%
2017	127,772	33,751	35.0	21,558	10.3%
2018	126,926	NA ⁵	35.4	23,819	5.7%
2019	125,043	NA ⁵	34.6	23,702	6.6%

Sources:

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

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

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

⁴ New Mexico Public Education Department.

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

Principal Employers

San Juan College
Figure 63: Principal Employers by Industry - Ten Years

Employer	Year 2019 Employees ¹	Year 2019 Rank	Percentage of Total County Employment	Ranking Directional Change	Year 2010 Employees ¹	Year 2010 Rank	Percentage of Total County Employment
Health Care and Social Assistance	6,554	1	14.2%	↑(+1)	5,590	2	11.0%
Retail Trade	5,295	2	11.4%	↓(-1)	5,861	1	11.5%
Mining (including gas & oil production)	4,599	3	9.9%	→(-)	5,288	3	10.4%
Accommodation and Food Services	4,456	4	9.6%	↑(+1)	3,913	5	7.7%
Construction	3,509	5	7.6%	↓(-1)	3,887	4	7.6%
Wholesale Trade	1,666	6	3.6%	→(-)	1,610	6	3.2%
Transportation and Warehousing	1,266	7	2.7%	↑(+2)	1,085	9	2.1%
Manufacturing	1,226	8	2.6%	↓(-1)	1,683	7	3.3%
Other Services Exc. Public Administration	1,107	9	2.4%	↑(+1)	1,017	10	2.0%
Administrative and Waste Services	1,078	10	2.3%	↓(-2)	1,089	8	2.1%
Total County Employment	46,301		66.3%		50,973		60.9%

Source:

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

First quarter of 2019 and 2010 Quarterly Census of Employment and Wages, Multiple Industries data for San Juan County, aggregate of all types of ownership.

¹Employment data is the average employment for the first quarter, ending in March 2019 and March 2010

Operating Information

Full-Time Equivalent Employees by Function

San Juan College
Figure 64: Faculty and Staff - Ten Fiscal Years

Fall Employment of Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FACULTY										
Full-time ¹	146	153	156	168	169	161	160	152	144	145
Part-time ¹	80	90	95	90	64	101	82	99	95	100
Total Faculty	234	243	251	258	233	262	242	251	239	245
STAFF										
Full-time ¹	330	348	341	330	358	378	384	384	367	358
Part-time ¹	55	62	66	71	51	40	46	47	51	49
Total Staff	385	410	407	401	409	418	430	431	418	407
Total Faculty and Staff	619	653	658	659	642	680	672	682	657	652

Source: San Juan College Institutional Research Department, IPEDS

¹ Full Time Equivalent (FTE)

Capital Assets: Facilities

San Juan College
Figure 65: Capital Assets, Number of Facilities - Ten Fiscal Years

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Academic/Support Facilities										
Main Campus	15	15	15	15	15	14	14	14	14	14
30 th Street Education Center	1	-	-	-	-	-	-	-	-	-
San Juan College West- Kirtland, NM	3	3	3	3	3	3	3	3	3	3
San Juan College East - Aztec, NM	1	1	1	1	1	1	1	1	1	1
CDL Training - Hutton Ave.	2	2	1	1	1	1	1	1	1	1
Total	22	21	20	20	20	19	19	19	19	19
Total Buildings Square Footage	1,099,706	933,801	921,510	921,510	921,510	856,528	856,528	856,528	856,528	856,528
Number of Parking Lots	23	20	20	20	20	19	19	19	19	18
Total Parking Spaces	3102	2845	2835	2835	2835	2563	2563	2563	2563	2225
Total ADA Parking Spaces	128	116	115	115	115	107	107	107	107	97

¹ The increase in facilities, sq. footage, and parking spaces is almost entirely due to the purchase of the 30th Street Education Center.
Note: Rented facilities, sq. footage, and parking spaces are not included in the calculation.

Admissions, Enrollment and Degrees Earned

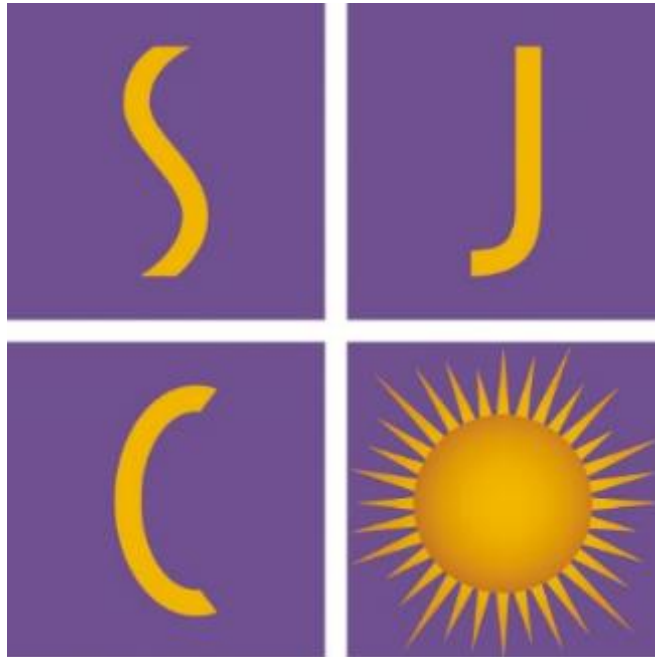
San Juan College

Figure 66: Admissions, Enrollment, and Degrees Earned (Fall Enrollment)

Fall Enrollment of Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ADMISSIONS - FRESHMEN										
Applications	2,263	2,982	2,956	2,065	2,542	3,412	3,012	3,334	3,113	2,583
Accepted	2,263	2,982	2,956	2,065	2,542	3,412	3,012	3,334	3,113	2,583
Enrolled	988	1,023	1,111	692	1,013	1,082	1,013	937	1,215	1,078
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	43.7%	33.5%	37.6%	33.5%	39.9%	31.7%	33.6%	28.1%	39.0%	41.7%
ENROLLMENT										
Student FTE	3,873	4,083	4,392	4,409	4,619	5,333	5,464	5,499	5,404	5,321
Student Headcount	7,052	7,363	7,768	7,718	9,906	8,938	9,463	9,470	8,975	8,990
DEGREES/CERTIFICATES EARNED										
Associates	743	826	834	708	656	617	654	640	506	472
Certificates	830	822	1,095	1,350	812	670	601	468	342	310

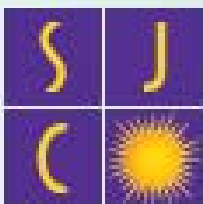
Student information based on fall enrollment of the fiscal year and Degree information includes all graduates during the fiscal year.

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

Brian S. Colón, Esq
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Trustees and Management
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 discretely presented component units, and the other postemployment benefits trust fund of San Juan College (the College), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and related budgetary comparisons of the College presented as supplementary information, and have issued our report thereon dated October 30, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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 did not disclose 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 in the accompanying schedule of Section 12-6-5 NMSA 1978 finding as item 2019-003.

College's Responses to Findings

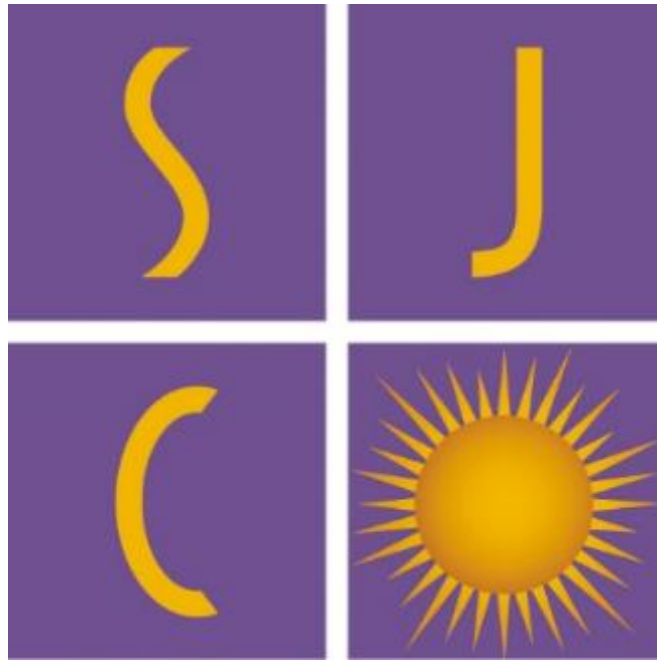
The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on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

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
October 30, 2019



Single Audit Section

Success Matters



SAN JUAN COLLEGE
Success Matters

Schedule of Expenditures of Federal Awards (SEFA)

San Juan College

Figure 67: Schedule of Expenditures of Federal Awards - For Year Ended June 30, 2019

Federal Grantor	Pass Through Grantor	Program	Subtotal / Cluster	Federal CFDA #	Grant Number	Federal Expenditures
<u>Department of Defense:</u>						
	<i>National Security Administration</i>	GenCyber Camp		12.903	H98230-18-1-0108	46,726
	<i>Defense Intelligence Agency/ University of New Mexico</i>	IC CAE Critical Care Technology Studies		12.598	688127-873G	10,092
Total Department of Defense						\$56,818
<u>National Science Foundation:</u>						
	<i>University of Colorado Boulder</i>	CU Digitization TCN		47.074	1555733	65,647
	<i>New Mexico State University</i>	Four Corners Noyce Scholars		47.076	1758371	39,725
Total National Science Foundation						\$105,372
<u>Department of Education:</u>						
		TRIO SSS-EDGE		84.042A	P042A151504	253,364
		TRIO SSS-STEM		84.042A	P042A151482	245,823
			Sub-Total Trio Cluster			499,187
	<i>New Mexico Public Education Department</i>	Guided Pathways to Success		84.382C	P382C160010	384,314
		Perkins -Digital Media Arts		84.048A	V048A180031-18A	20,522
		Perkins -IT Cyber Security		84.048A	V048A180031-18A	49,142
		Perkins - Welding		84.048A	V048A180031-18A	78,210
		Perkins - Career Education		84.048A	V048A180031-18A	162,129
		Perkins - Nursing		84.048A	V048A180031-18A	12,839
		Perkins - Drafting		84.048A	V048A180031-18A	47,516
		Perkins - Early Childhood Ed		84.048A	V048A180031-18A	23,743
		Perkins - Redistribution		84.048A	V048A170031-17A	43,496
			Subtotal			437,597

San Juan College

Figure 68: Schedule of Expenditures of Federal Awards - For Year Ended June 30, 2019 (Continued)

Federal Grantor	Pass Through Grantor	Program	Subtotal / Cluster	Federal CFDA #	Grant Number	Federal Expenditures
<u>Department of Education</u>						
<u>(Continued)</u>						
	<i>New Mexico Higher Education Department</i>	Adult Basic Education		84.002	V002A180032	158,947
		Federal Pell Grant		84.063	P063P061828	9,598,270
		Direct Student Loans Supplemental Education Opportunity Grant		84.268	P268K131828	2,795,118
		Federal Work-Study Program (CWS)		84.007	P007A066227	200,000
				84.033	P033A066227	200,000
			Subtotal-Student Financial Assistance Cluster			\$12,793,388
Total Department of Education						\$14,273,433
<u>Department of Health and Human Services:</u>						
	<i>New Mexico State University</i>	INBRE		93.859	Q01680	68,274
		INBRE		93.859	Q02070	19,042
		Bridges to Baccalaureate		93.859	Q02044	2,644
			Subtotal			\$89,960
	<i>New Mexico Human Services Department</i>	UNM PFS OSAP - Community		93.243	PFS2015	83,588
	<i>University of New Mexico</i>	Success in Nursing SNACC		93.970	3RBH9	25,573
Total Department of Health and Human Services:						\$199,121
<u>Department of Agriculture</u>						
	<i>State of New Mexico CYFD</i>	CFDC Child & Adult Care Food Program Rural Business Development		10.558	201919N109946	50,052
				10.351	36-023-732625409	36,615
Total Department of Agriculture:						\$86,667

San Juan College

Figure 69: Schedule of Expenditures of Federal Awards - For Year Ended June 30, 2019 (Continued)

Federal Grantor	Pass Through Grantor	Program	Subtotal / Cluster	Federal CFDA #	Grant Number	Federal Expenditures
<u>Department of Commerce:</u>						
		Four Corners POWER Initiative		11.307	08-11-05081	390,444
		Harvest University Center		11.303	ED18AUS3030032	28,599
Total Department of Commerce:						\$419,043
<u>Small Business Administration:</u>						
	<i>Santa Fe Community College</i>	Small Business Development Center		59.037	SBAHQ-18-B-0044	\$2,197
<u>Department of the Treasury</u>						
		Volunteer Income Tax Assistance (VITA)		21.009	17VITA0264	2
		Volunteer Income Tax Assistance (VITA)		21.009	19VITA0269	16,727
		Low Income Tax Clinic (LITC)		21.008	19-LITC0446-01-00	22,091
Total Department of the Treasury						\$38,820
<u>Housing and Urban Development:</u>						
	<i>City of Farmington</i>	Farmington Daycare Assistance (CDBG)		14.228	18-126826D	\$2,975
<u>Department of Labor:</u>						
	<i>Santa Fe Community College</i>	DOL-TAACCT		17.282	TC-26486-14-60-A-35	\$17,458
Grand Total						\$15,201,904

Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Reconciliation of SEFA to Financial Statements

San Juan College
Figure 70: SEFA Reconciliation to General Ledger Expense –
For the Year Ended June 30, 2019

Item	Amount
Total Expense	\$77,915,612
Total Federal Expense	(15,201,904)
Total Non-Federal Expenses	\$62,713,708
Expense Reconciliation	
Total General Ledger (GL) Expenses	\$77,915,612
Less:	
Federal Pass-Through	(1,030,537)
Direct Award	(1,377,979)
Student Aid	(9,998,270)
Direct Student Loans	(2,795,118)
Total Federal Expense	(15,201,904)
Total Non-Federal Expense	\$62,713,708

Note 2 – Basis of Presentation

The accompanying Schedule of Expenditures includes all federal grants to the College which had activity during FY19. It was prepared on the accrual basis of accounting except \$0.2 million in capital purchases was included to reflect total federal expenditures. Revenues are recorded for financial reporting when the College has met the qualifications for the respective grant. Therefore, some amounts presented in this Schedule may differ from amounts presented in the financial statements. The information presented is in accordance with the requirements of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200).

Note 3 – Loans Outstanding

The College is not a direct participant in federally funded student loan programs that requires tracking the outstanding balances of student loans. However, individually the College can access the National Student Loan Data System (nslds.ed.gov) when determining eligibility. Federal Direct Loans (CFDA No. 84.268) advances to students in FY19 totaled \$2.8 million.

Note 4 – Indirect Cost Rate

The College has an indirect cost rate of 40% but, on some awards indirect cost was limited to the 10% de minimis rate and less on a few awards. The rate is subject to statutory or administrative limitations and apply to a given grant or contract only to the extent that funds are available.

Note 5 – Federally Funded Insurance

The College has no federally funded insurance.

Note 6 – Catalog of Federal Domestic Assistance (CFDA)

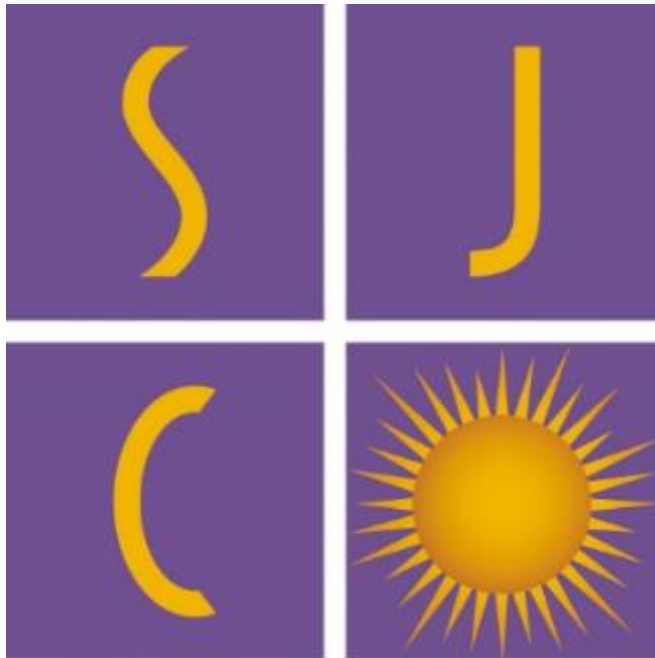
Program titles and CFDA numbers were obtained from the federal or pass-through grantors or the CFDA database, which contains information about a program’s authorization, fiscal details, guidelines, eligibility requirements, program contracts, application and award process. Each Federal program has a CFDA

number assigned. Closely related programs are grouped into a cluster that share common compliance requirements. The Student Financial Aid Cluster is considered a Major Type A program (\$750,000 or greater in expenditures) for the 2019 audit. Further information is located at the US General Services Administration website, which can be accessed at: <https://www.cfda.gov/>

Note 7 – Awards by Federal Agency

San Juan College
Figure 71: Awards by Federal Agency -
For the Year ended June 30, 2019

Total Awards by Federal Agency	Amount
Department of Defense	\$56,818
National Science Foundation	105,372
Department of Education	14,273,433
Department of Health and Human Services	199,121
Department of Agriculture	86,667
Department of Commerce	419,043
Small Business Administration	2,197
Department of the Treasury	38,820
Department of Housing and Urban Development	2,975
Department of Labor	17,458
Total Federal Awards	<u>\$15,201,904</u>
Major Federal Program	Amount
Federal Student Financial Aid Cluster	\$12,793,388



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

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Brian S. Colón, Esq
New Mexico State Auditor
U.S. Office of Management and Budget
Board of Trustees and Management
San Juan College
Farmington, New Mexico

Report on Compliance for Each Major Federal Program

We have audited San Juan College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2019. 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 each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

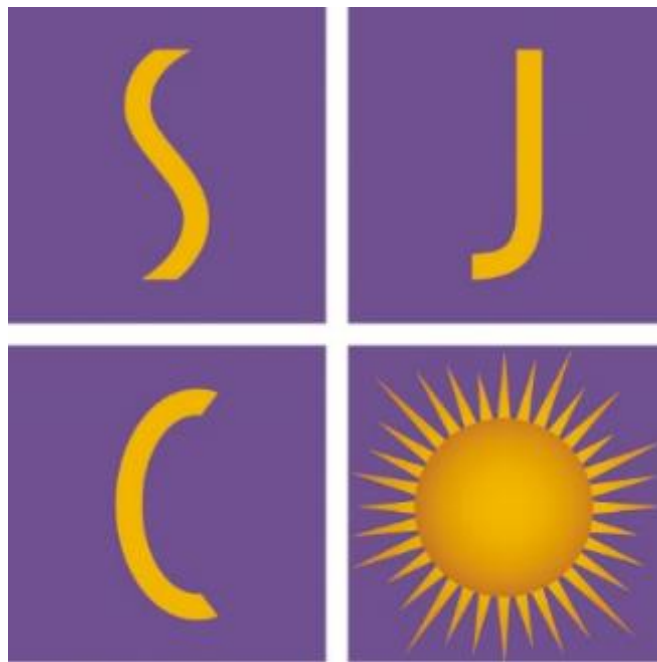
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-002, that we consider to be a significant deficiency.

San Juan College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. San Juan College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Cordova CPAs LLC
Albuquerque, New Mexico
October 30, 2019



Schedule of Findings and Questioned Costs

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**SAN JUAN COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I - 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 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? | Yes |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes |

4. Identification of major programs:

<u>CFDA</u> <u>Number</u>	<u>Federal Program</u>
84.063, 84.007, 84.033, 84.268	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 |

SAN JUAN COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 Material Adjustments by Auditor and Deficiencies in Financial Close and Reporting (Significant Deficiency) (Component Unit – FCI) (Repeated and Modified from FS 2018-003 Material Adjustments by Auditor - (Significant Deficiency) (Component Unit – FCI)

Condition: During the financial close, we noted two transaction cycles that were not properly adjusted to fairly present account balances. The first area we noted surrounds the investments in a private company that are not valued at fair market value in accordance with generally accepted accounting principles. The investment was not adjusted for at year end and, in addition, it doesn't appear that there are internal controls over this transaction cycle to ensure that there is supporting evidence obtained to properly perform an analysis on the determination of fair market value. The second area is the evaluation of collectability of receivables. We noted several old outstanding balances that do not appear to be collected and had not yet been collected as of the date of our report. These required significant adjustments to fairly state FCI's financial statement balances.

Management has made positive progress from the prior year as the accounts reported in the prior year finding were reconciled and adjusted at year end. The accounts above are additional account balances that should be included in the financial close process.

Criteria: According to AU-C 325, what the auditor does is independent of the client's internal control over financial reporting, and, therefore, the auditor cannot be a compensating control for the client. Recording the adjustments is considered a significant process that the client needs to maintain. In addition, the Committee of Sponsoring Organizations (COSO) COSO Internal Control – Integrated Framework (2013), 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, which includes the implementation of internal controls with financial close functions to produce accurate and timely financial information in accordance with generally accepted accounting principles.

Effect: FCI's internal control procedures did not identify and adjust for the necessary corrections to the account balances for these transactions, and if were not identified and/or corrected by the auditor, could have resulted in misstatements to the financial statements. An adjustment was made to record a \$50,000 allowance for uncollectible accounts, however, the amount to adjust to the fair market value of the investments was not determined.

Cause: FCI's year-end financial close did not consist of adjusting for any evaluation of collectability and fair value of investments. Management was not aware of the fair market value reporting requirements and had not properly accounted for the collectability of old outstanding receivables as part of the financial close process.

Auditors' Recommendations: We recommend that FCI perform a thorough year end analysis on all account balances prior to closing out the fiscal year to ensure all required adjustments are reflected for year-end reporting. This should include reporting all investments at fair market value which should be adjusted (at a minimum) as of year-end. In addition, we recommend that a formal investment policy be adopted to ensure this valuation process is adhered to. Also, we recommend that receivables that are recorded be properly monitored and if they become in a state that appears will not be collected that these be properly allowed for. FCI should adopt an accounting policy for valuing receivables to ensure these are reported at net realizable value. This would include periodically evaluating the allowance to ensure it reflects the policy and fairly presents accounts receivable.

Agency Response: Management will develop a policy to govern financial valuation of investment assets.

- This policy will guide determining fair-market values of investments at year-end.
- The policy will include booking any year-end adjustments required by accounting standards.

Management and the Board of Directors already monitor the accounts receivable aging on a monthly basis, with delinquent accounts being contacted for payment. Management will develop a policy to govern valuing of these accounts receivable at year-end.

- The policy will guide determining fair-market value of receivables.
- The policy will cover the year-end estimation of an allowance for uncollectible accounts receivable. This estimate will incorporate the organization's, (or other organizations in the industry) historical experience with collectability.
- Management will also initiate last ditch-collections procedures against significantly delinquent accounts, including the consideration of legal action.

The contact person responsible for monitoring and maintaining corrective procedures are the Chief Executive Officer and the External Accountant. The San Juan College Controller will engage with FCI to ensure the deficiencies have been properly and timely addressed by FCI. A review cycle will be established as part of the corrections to prevent the development of future issues.

**SAN JUAN COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION III – FEDERAL AWARD FINDINGS

2019-002 - Notification of Disbursements of Loan Funds (Noncompliance and Significant Deficiency)

Federal program information:

Funding agency:	U.S. Department of Education
Title:	Student Financial Assistance Cluster
CFDA number:	84.007, 84.033, 84.063, & 84.268
Award year:	July 1, 2018 to June 30, 2019
Compliance Requirement:	Special Tests and Provisions

Condition: In our testwork over the disbursements of federal loans to or on behalf of students, we noted 14 out of 25 students tested that did not receive their notification letter within the required 30-day period before or after the date of disbursement.

Criteria: According to 34 CFR 668.165, Institutions that implement an affirmative confirmation process must make a notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student’s account at the institution with Direct Loan or TEACH grants.

Questioned Costs: None

Cause: The College attempted to get ahead on their workload and send out many of the notification letters early in the summer for both the fall and spring semesters.

Effect: The College is out of compliance with the notification requirements set for Direct Student Loans.

Auditor’s Recommendations: We recommend that the College adjust their process(es) over the timing of notifications with regards to the disbursements of student loans to ensure all notification letters for loan disbursements are sent either 30 days before or 30 days after the disbursement of funds.

Agency Response: Effective with the 2019-2020 academic year, the Financial Aid Office has revised its notification process for loan notification procedures under 34 CFR 668.165 to insure that the required notification is being sent by email on the date the disbursement happens. The contact person responsible for monitoring and maintaining corrective procedures is the Senior Director of Financial Aid and the Vice President of Student Services.

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS

2019-003 Deficiency in the Implementation of the Accounts Payable Transaction Cycle (Other Matter)

Condition: During our audit, we noted a payment for services that was issued to the wrong vendor in the amount of \$1,078.75. The documentation at the beginning of accounts payable transaction cycle was completed incorrectly and was not discovered during the execution and review of the transaction throughout the process.

Criteria: The Committee of Sponsoring Organizations (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. The risk assessment, control activities, and information and communication elements were not present during the execution of the mentioned transaction.

Effect: A payment for services rendered for the College was issued to the wrong vendor. In addition, there is a risk that the College’s funds are paid out and will not be recovered in the event these types of errors are not captured and remedied during the reviews that are in place during the transaction cycle.

Cause: There was an administrative oversight while completing the purchase request and the entire transaction listed the wrong vendor information which was never seen or discovered during the processing and review of this voucher.

Auditors’ Recommendation: We recommend that the supporting documents for all vouchers are properly reviewed, as designed by the current internal control structure, and a reminder to all business office staff be communicated the importance of their role during the execution of each transaction.

**SAN JUAN COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Agency Response: We have reviewed our current internal controls structure with staff involved in disbursement processing and approval. We will re-emphasize our process to make sure that all components of a payment are appropriate and in accord with vendor information and disbursement approvals. To ensure that only valid and authorized purchases are recorded and paid, a review of the disbursement supporting documentation including vendor verification will be required prior to payment authorization. The contact person responsible for monitoring and maintaining corrective procedures is an Assistant Controller and the Controller.

SECTION V. PRIOR YEAR AUDIT FINDINGS

FS 2018-001 Financial Close and Reporting (Significant Deficiency) – Resolved

NM 2018-001 Budgetary Controls (Other Noncompliance) - Resolved

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

FS 2018-003 Material Adjustments by Auditor - (Significant Deficiency) (Component Unit – FCI) – Repeated and Modified as 2019-001

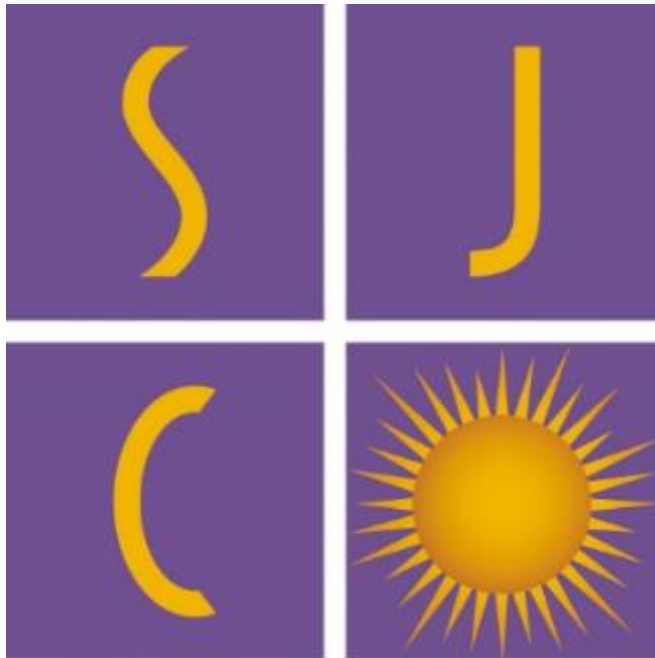
Corrective Action Plan



Finding 2019-003: Loan notification not consistent within the 30 day time frame

Effective with the 2019-2020 academic year, the Financial Aid Office has revised its notification process for loan notification procedures under 34 CFR 668.165 to insure that the required notification is being sent by email on the date the disbursement happens.

- As loan funds are transmitted to the Business Office for application to student account or disbursement, contemporaneous notification to student is being sent. This will meet the requirement that notification to student occur no earlier than 30 days before, and no later than 30 days after crediting the student's account with direct loan.
- The contact person responsible for monitoring and maintaining corrective procedures is the Senior Director of Financial Aid and the Vice President of Student Services.



Other Required Disclosures

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Other Required Disclosures

The financial statements were prepared by San Juan College

Exit Conference:

The contents of this report were discussed on October 24, 2019.

The following individuals were in attendance:

Cordova CPAs, LLC

Robert Cordova, Principal

San Juan College

Joe Rasor, Board Trustee

Dr. Toni Pendergrass, President

Edward DesPlas, Executive Vice President

Kerri Langoni, Associate Vice President, H.R & Legal Activities

Dr. Adrienne Forgette, Vice President for Learning

Dr. Boomer Appleman, Vice President for Student Services

Kristie K. Ellis, Controller

Steve Miller, Assistant Controller

Jeff Parkes, Assistant Controller

San Juan College Foundation

Dr. Toni Pendergrass, Board Member

Danny Beyhan, Board Member, Past President of the Board

Gayle Dean, Executive Director

Lowell Parrish, SJC Foundation Accountant

Four Corners Innovations

Cliff Horace, President of the Board

Dr. Toni Pendergrass, Board Member

Alicia Corbell, CEO FCI



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