



San Juan County
2023
in Review

The main title of the report is centered on the page. It consists of the words "San Juan County" in a white, italicized serif font, followed by the year "2023" in a large, bold, white sans-serif font, and finally "in Review" in a white, italicized serif font.

Popular Annual Financial Report
July 1, 2022 to June 30, 2023

The subtitle of the report is located in a dark blue rectangular box at the bottom left. It contains the text "Popular Annual Financial Report" and "July 1, 2022 to June 30, 2023" in a white, italicized serif font.

WELCOME!

Welcome to San Juan County!

We are thrilled to present our financial review of the 2023 fiscal year, from July 1, 2022 to June 30, 2023! This guide provides a look at how San Juan County balances the money collected with the cost of services provided. The information presented within this booklet comes from the audited Annual Comprehensive Financial Report (ACFR) issued by San Juan County. If you are interested in additional detailed financial information on the 2023 ACFR, please visit our website to download a full copy:

SJCounty.net/ACFR

The ACFR additionally presents details on the County's two separate legal entities, which the County acts as fiscal agent. The San Juan County Communications Authority (911 call center) and San Juan Water Commission are not presented within this 2023 financial review of the County.

The County operates under the Commission, County Manager form of government. Policy making and legislative authority are entrusted in the elected County Commission consisting of the Commission Chairman and four members serving five total districts. The County Commission is responsible for, among other things, passing ordinances, adopting the annual budget, appointing committees, serving as the Board of Finance and hiring the County Manager. The County Manager is responsible for carrying out the policies and ordinances of the County Commission and overseeing the day-to-day operations of the County, coordinating with the Commission, Department Administrators as well as the other County Elected Officials (Sheriff, Clerk, Assessor, Treasurer, and Probate Judge). All County Elected Officials are elected on a staggering basis to serve four-year terms. As of June 30, 2023, San Juan County had 576 employees.

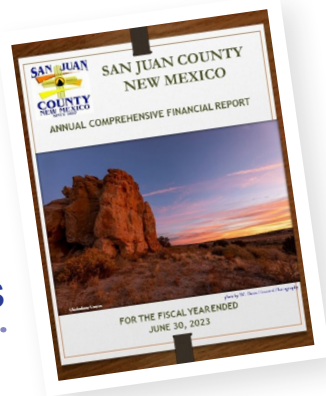


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BUILDING A STRONGER COMMUNITY

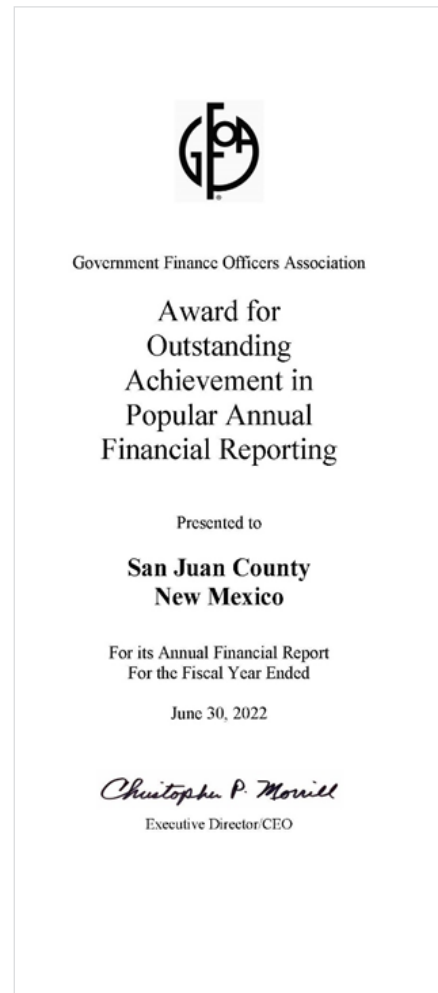
Profile of San Juan County

San Juan County, NM was incorporated in 1887 with Aztec, NM appointed as the county seat. The County is located in the Northwest corner of New Mexico in an area known as the “Four Corners” describing where the four states of New Mexico, Arizona, Colorado, and Utah meet. The County has a land area of approximately 5,535 square miles. The United States Census Bureau’s 2020 census report reflected San Juan County’s population was 121,661, and as of the most recent data available from the US Census, the population as of July 2022 fell to 120,418. The land ownership is distributed as follows: Private ownership 7%, Federal Government 25%, Navajo and Ute Mountain Reservations 65%, and State Government 3%.

San Juan County received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the 4th year in a row. This award represents a significant achievement by San Juan County. In order to be eligible for the PAFR award, a government must also submit its annual comprehensive financial report to GFOA’s Certificate of Achievement for Excellence in Financial Reporting Program and receive the Certificate for the current fiscal year.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such an Annual Comprehensive Financial 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 Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement Program’s requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.



Economics

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The County is the retail hub for the four corners area serving an estimated consumer population of 300,000. The area continues to draw consumers from New Mexico, Utah, Colorado, and Arizona. San Juan County, with the help of Four Corners Economic Development, has also been promoting the areas local attractions to boost tourism, industry development, and relocation for those who are looking to retire in an area that offers a variety of outdoor activities.

The County's economy is diversified by the numerous outdoor recreational activities and national parks, all within a day's drive. Four Corners Economic Development's data shows that there is one world-class fly-fishing area, five world heritage sites, seven world class ski resorts, 47 Native American pueblos and tribes, and 57 national parks, monuments, and recreation areas. Farmington also hosts the annual Connie Mack World Series.



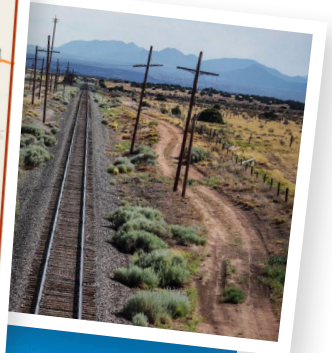
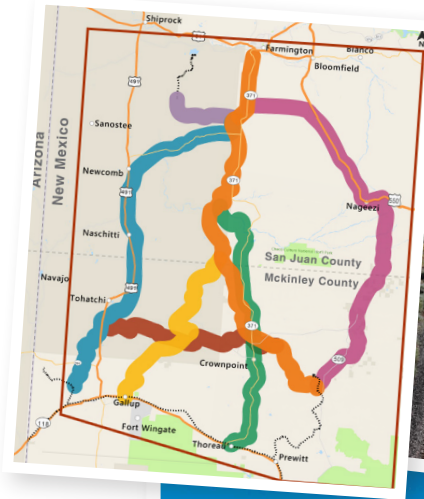
The City of Farmington and Enchant Energy were working together to transition San Juan Generating Station into a carbon capture plant. Unfortunately, Farmington and Enchant Energy were never able to work out a transfer agreement with the other owners of San Juan Generating Station. The City of Farmington announced in December 2022 that they would

be ending the pursuit of the power plant. The Public Service Company of NM submitted plans to San Juan County to demolish the San Juan Generating Station on December 28, 2022. This move, which was required by a county ordinance, comes after the City of Farmington officially announced in December that it was ending the bid to keep the power plant open with carbon capture technology. In order to provide replacement power after the closing of San Juan Generating Station, D. E. Shaw Renewable Investments (DESRI), in partnership with Public Service Company of New Mexico, recently celebrated the groundbreaking of the San Juan 1 project. The project is a 200-MW solar, and 100-MW battery storage facility located within the County.

The event was attended by local stakeholders as well as leadership from the three companies, the United States Department of Energy, the Navajo Nation, San Juan County, the Cities of Kirtland and Farmington, and the State of New Mexico. The groundbreaking commemorated San Juan 1's contribution to New Mexico's energy transition and commitment to investing in the Four Corners region, while also expressing gratitude to the community's history of energy production and powering the Southwest. The San Juan 1 project has 20-year power purchase agreements with PNM and is currently being constructed by SOLV Energy. The facility is expected to begin commercial operations toward the middle of 2024.



The County applied for and was subsequently awarded \$2 million of federal funding to study a freight line extension from the I-40 rail corridor to San Juan County. The study has been ongoing for two years and has spent \$947,834 to date. Monthly meetings are held to discuss the project and to keep it on track. The grant will expire in October 2024. Currently, Farmington, NM is the largest city in the U.S. without freight rail. Having rail within the region would exponentially increase the areas commercial potential.



In an effort to diversify the local economy, the County completed a major renovation on the Totah Theater located in Farmington, NM in 2022. Additionally, the film backlot was completed in August 2023. The backlot consists of a series of onsite buildings that could pass for a small Middle Eastern, Native American, or Mexican village. The total cost for this project is approximately \$250,000. The ribbon cutting on the new backlot was held on November 2, 2023.



This fiscal year saw a large boom in oil and gas production, with revenue collections 349% over what was budgeted. This revenue source is volatile and the County uses the cash collected for one-time projects versus using it for general recurring operations.



The County's Assets:

What the County has available to provide services

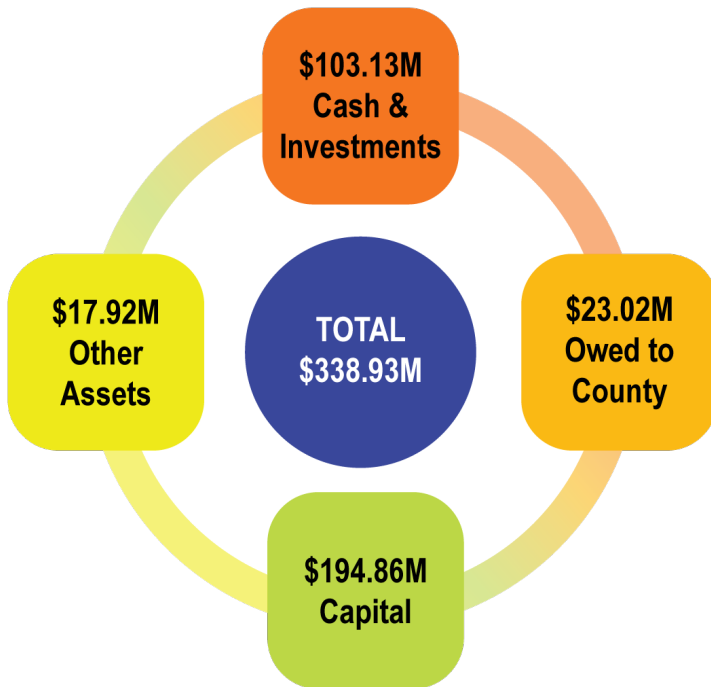
Assets are items that the County has acquired that can be used to provide services to the citizens of the County. Some assets are available for immediate use, while others are used in the long-term. Those long-term assets are generally in the form of roads, bridges, buildings and other physical equipment owned by the County and are referred to as capital.

In preparation of the Annual Comprehensive Financial Report, the County's assets were valued at \$338.93 million as of June 30, 2023.

57% of assets were in the form of capital including: \$82.49 million in buildings & improvements, \$69.51 million in roads, bridges and other infrastructure, \$18.79 million in equipment and \$24.07 million of other assets.

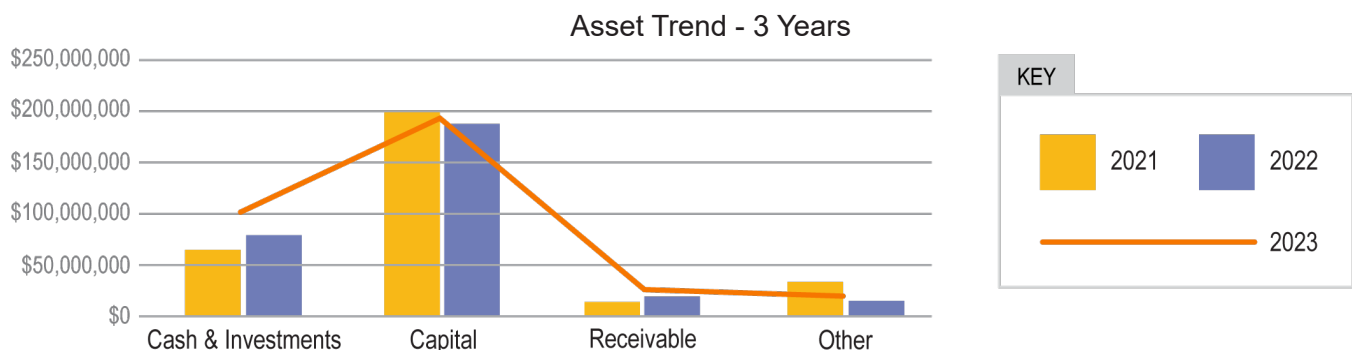
30% were related to the County's cash and investments on hand. These assets are kept for budgeted services and for other specially identified projects which cannot immediately be used. \$6.6 million of that balance is held in reserve as required by the State of New Mexico.

7% or \$23.02 million in money owed to the County is primarily related to property and sales tax owed to the County.



How have the County's assets trended in three years?

Capital continued to be the largest asset held by the County in the last three years. The change each year is primarily due to the County depreciating (accounting term for recognizing use of the asset in dollars) the assets over time. Cash and investments increased by \$19.56 million over 2022's cash and investments. This is primarily due to an uptick in gross receipts tax revenue, oil and gas revenue, state grants, and federal grants, including COVID related grants.



The County's Liabilities:

The obligations the County has accumulated to provide services

Liabilities are commitments the County has made to be paid within the next month to several years. It can range from the monies owed to vendors for providing goods and services to the County, payroll and other payroll related benefits to be paid to County employees, loans and bonds, County retirement/healthcare obligations, state and federal grants received in advance of meeting the obligations of the grant. At June 30, 2023, the County had a total of \$160.59 million in liabilities outstanding.

**\$29.46M in Loans
and Bonds**

Represents the amount of debt the County incurred as a result of receiving lump sums of money to allow for larger capital projects including the construction/renovation of buildings and high dollar emergency service equipment.

**\$4.57M Due to
Employees**

\$3.65 million of this balance relates to the vacation, sick, and compensation time each employee would be paid should they terminate employment with the County

**\$5.29M Due
to Vendors**

The County incurs additional outside cost when providing services to the County Citizens. Those costs are incurred from vendors providing goods or services to the County

**\$27.72M in
Other Liabilities**

The largest portion of this balance is due to the County receiving money that cannot be spent until certain requirements have been met. At year end, these requirements were in progress but not fully completed.

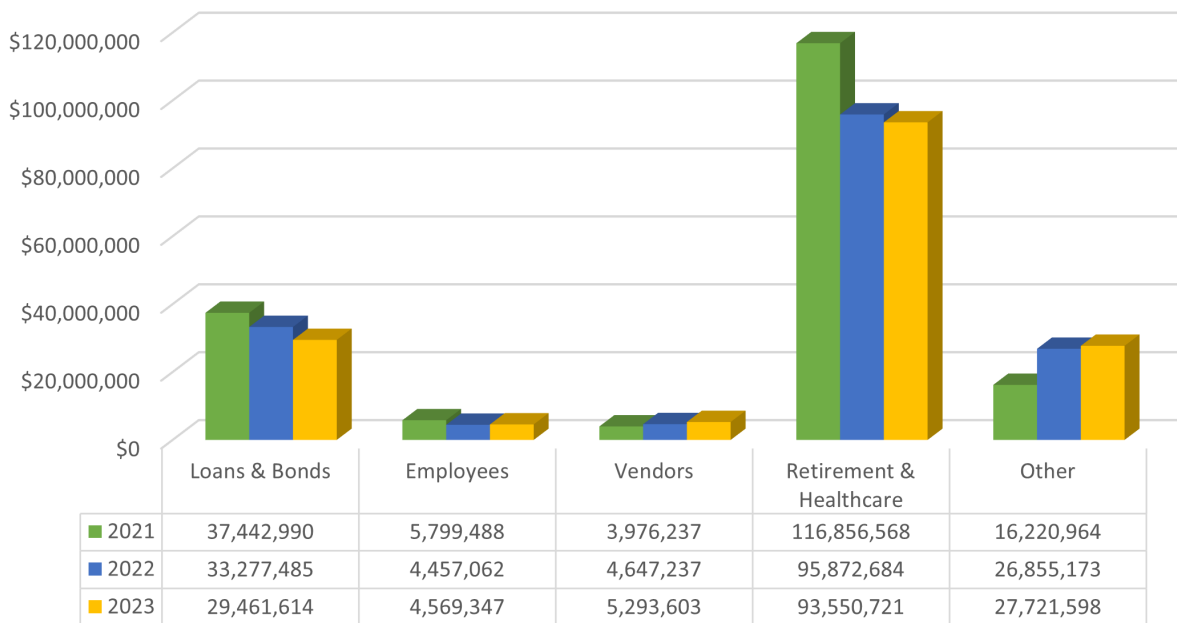
**\$93.55M Retiree
and Healthcare**

National reporting standards require the County to identify their portion of the amount in which liabilities exceed assets for the employees retirement pension (PERA) and retirement healthcare (NMRHCA). Currently, the County has no obligation to pay this amount but has to report its allocated share.

How have the County's liabilities trended in three years?

In the past three years, the County has paid down a total of \$7.98 million of loans and bonds payable. The County will continue to see the balance decline as there are no immediate plans for additional debt funding for capital projects. The County recently implemented a 30 year capital plan to ensure all capital needs are met and will be funded through grants or existing cash flow. The retirement and healthcare obligations have decreased by \$23.3 million between 2021 and 2023. These liabilities represent the County's share of the obligation to cover retirement costs of its employees through the Public Employees Retirement Association (PERA) as well as healthcare costs of its retiree's through the New Mexico Retiree Healthcare Association (NMRHCA). While the County is obligated to show these liabilities for reporting purposes it only has a legal obligation to pay the employer contribution per pay period under the rates set by New Mexico state law.

Liability Trend
Three year comparison



How Do We Get Money to Provide Services to You?

Sales Tax Highlights

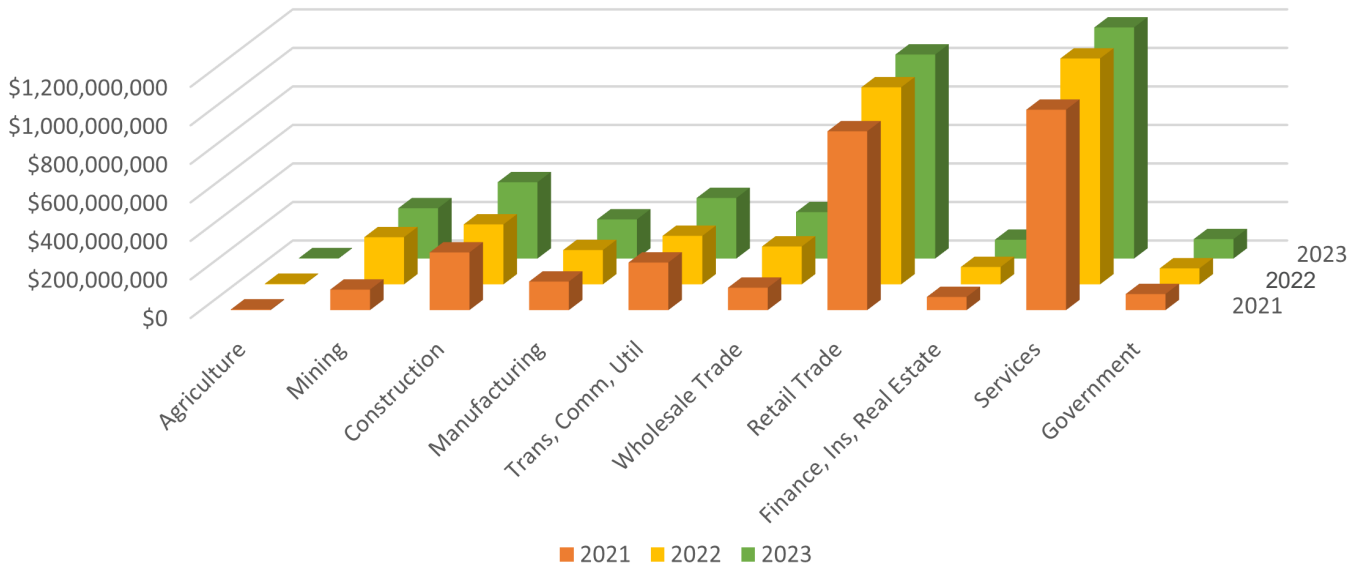
San Juan County is unique in that monies collected from sales tax exceeds property tax. The State of New Mexico compiles all sales tax collected within the County by industry. This data helps reflect how the various industries are performing in the County. The graph below depicts a three-year trend showing that the retail trade has slightly increased within the County.

Sales tax revenue in 2023 was **56.9%** of total tax collected within the County.

The County collected a total of **\$57.9 million** in sales tax from **\$3.89 billion** of taxable sales within the County.



Taxable Sales Revenue by Industry

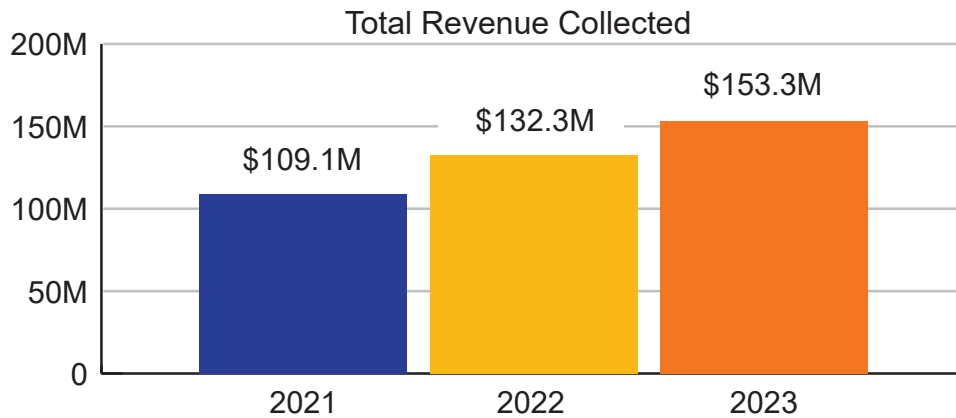
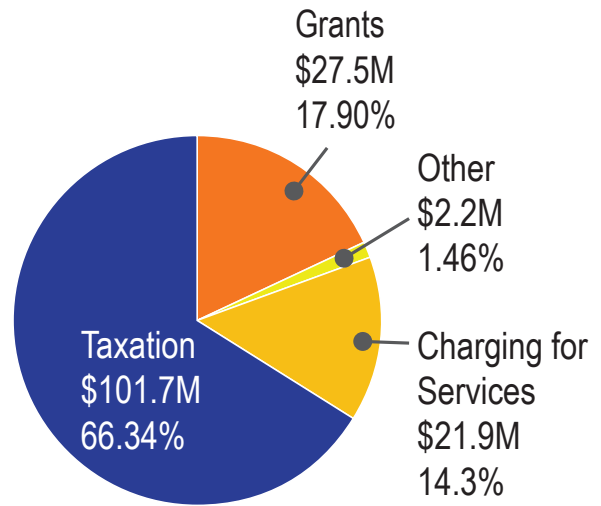
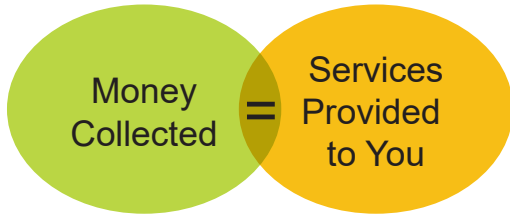


Property Tax Highlights

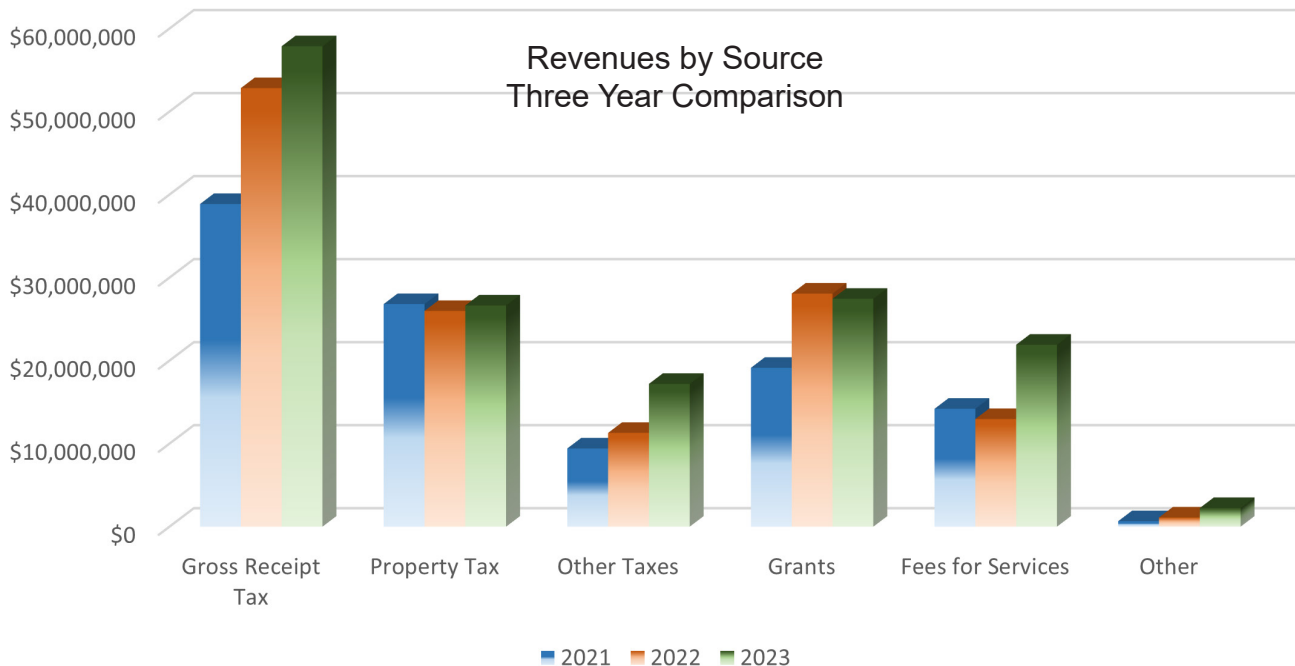
Your property tax bill includes a combination of the State, cities, school districts, college and County tax rates which collectively make one annual tax bill. The County charges the collective amount, collects and remits those taxes to the related entities. San Juan County's property tax rate is charged at a rate of \$8.5 for every \$1,000 of taxable value. This means the County would receive \$425 on a property whose total value is \$150,000 (\$50,000 taxable). **The County remains the second lowest in property tax in 33 Counties!** The County received a total of \$26.6 million for its share of property tax revenue in 2023.



In the fiscal year, the County collected a total of \$153,340,426. Money from taxation, which included property, sales, oil & gas, franchise, gas/MVD and other taxation, was responsible for bringing the majority of the money collected to fund County operations in 2023.



The three-year comparison, above, shows the County collections have gradually increased from 2021 to 2023. This is primarily a result of increased sales tax revenue, oil & gas tax revenue, and an increase in revenues received for services. The money collected in 2023 was very positive and utilized to continue to provide services to you.



How Does the Money Collected Serve the Community?

The County offers a full range of services, including fire protection through 27 volunteer fire stations, 28 paid fire/administrative staff and 158 volunteer firefighters, protection of its citizens through the sheriff's department, emergency management, road maintenance and construction, waste transfer stations, parks and facilities, adult and juvenile correction facilities, DWI/AXIS facility, building permits, addressing, subdivisions, property assessments, elections, recording of marriage licenses, titles, etc., billing and collection of property taxes, investments and an affordable housing program.

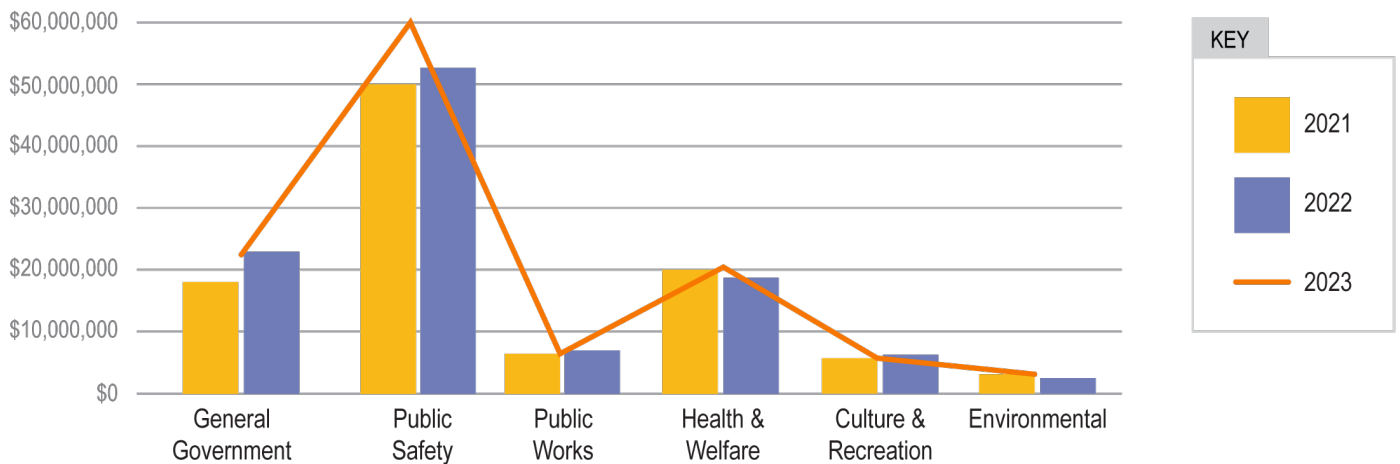
The County collected \$153.34 million this year to spend on these services, which can be classified into six total categories:

General Government \$22.5M 19%	<ul style="list-style-type: none">• Operations Support
Public Safety \$60.3M 51%	<ul style="list-style-type: none">• Law enforcement (Sheriff), fire prevention, EMS, Criminal Justice• Adult & juvenile corrections and alternative sentencing• Building inspection/community development• Emergency management and Safety
Public Works \$6.2M 5%	<ul style="list-style-type: none">• Road maintenance• Bridge maintenance• Seasonal road safety and clean up
Health & Welfare \$20.7M 17%	<ul style="list-style-type: none">• Mental Wellness• Housing assistance to low income families• Local support to government and not-for-profit organizations• Operation of County health plan
Culture & Recreation \$7.2M 6%	<ul style="list-style-type: none">• Parks and facilities maintenance• Riverview Golf Course• McGee Park Fairgrounds
Environmental \$2.7M 2%	<ul style="list-style-type: none">• Operation of trash disposal transfer stations

Of the \$119.6 million spent in the 2023 fiscal year, 51% of that total provided public safety services including \$21.5M to operate the adult, juvenile and DWI facilities, and \$17.9M to operate the San Juan County Sheriff's Office and County Fire Department. Of the 17% spent on health and welfare, \$8.8M covered the cost of the County's internally funded employee insurance plan, \$6.5M covered the cost of providing healthcare assistance and \$1.5M in housing assistance payments to low-income families. The total cost of \$22.5M in general government covers a large span of costs to operate the County through a total of 18 support departments. Additionally, \$1.4M of that amount covers the interest incurred on the \$27.6M in debt outstanding at the end of the 2023 fiscal year.

The graph below shows a three-year comparison of San Juan County's expenditures, by function. San Juan County's expenditures have been relatively consistent; averaging \$111.4 million from 2021 to 2023. Public Safety expenditures increased by \$7.6M or 14%. The three detention centers continue to see a rise in medical and food costs which negatively impact the overall expenditures for public safety. Health and Welfare expenses increased by \$2.0M. The County's self-insured health plan experienced increased health claims which lead to the decision to move to the State health plan in 2024.

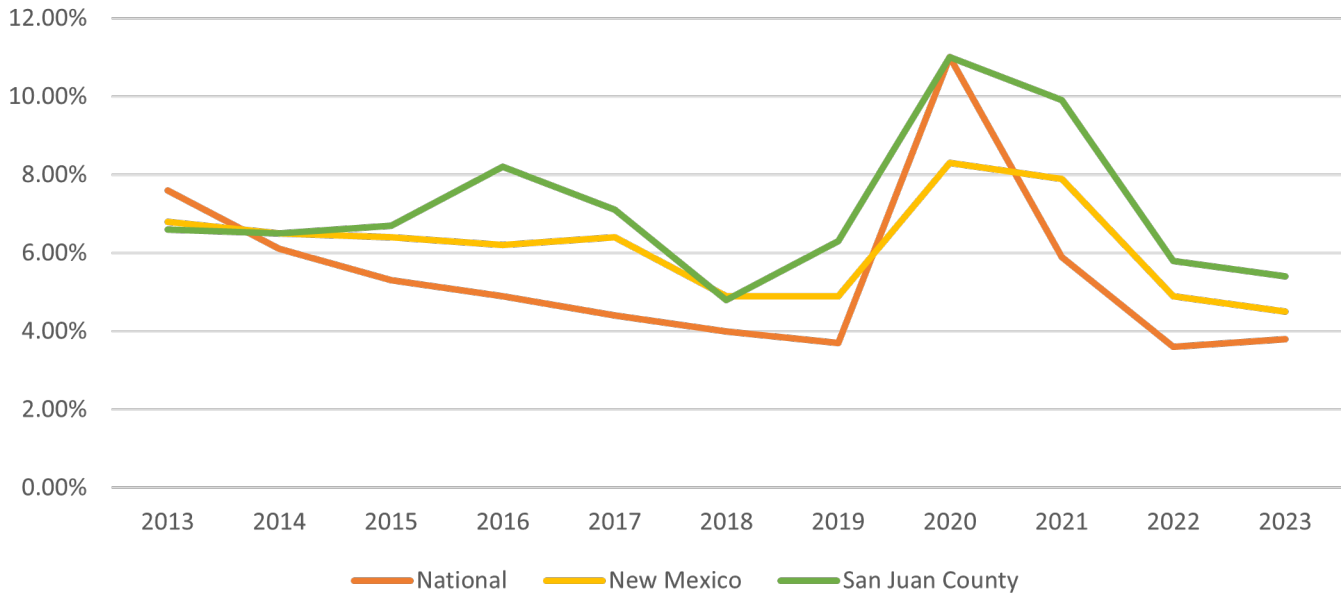
Expenditures by Function
Three Year Comparison



Demographics

The Farmington Metropolitan Statistical Areas (MSA) (San Juan County) total nonfarm employment was up 1,100 jobs, or 2.6%. The private sector increased 3.2%, mainly in goods producing industries. The public sector was unchanged from the previous year's levels in total and in each of the three subsectors. San Juan County had an unemployment rate of 5.4% in June 2023 which is an increase of 1.6% from the 3.8% rate reported in May 2023. New Mexico's unemployment rate was 4.5% in June 2023 which is an increase from 3.4% in May 2023. The national unemployment rate in June 2023 was 3.8% which is an increase of 0.4% from May 2023 rate of 3.4%.

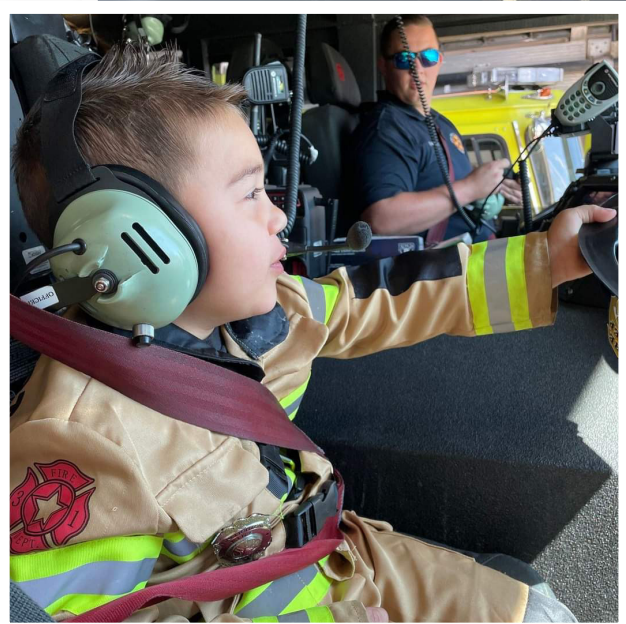
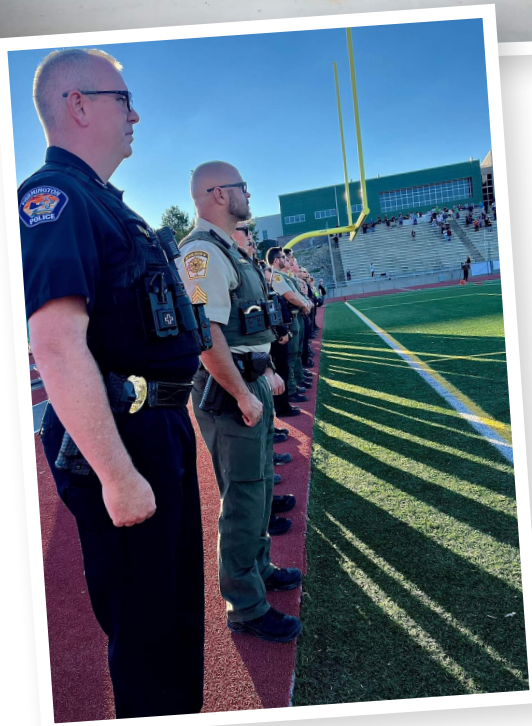
Unemployment Rate

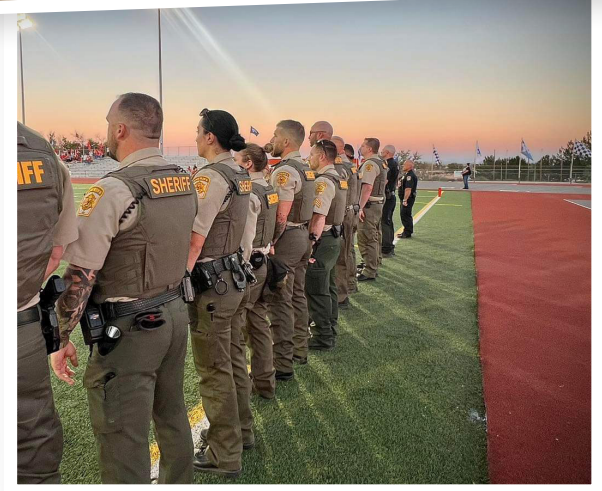


San Juan County Quick Facts

Age (2022)		Households	
Under 5 years	5.6%	Persons per household (2018-2022)	2.92
5yrs – 17yrs	19.5%	Median household income (2018-2022)	\$50,734
18yrs – 64yrs	58.2%	Per capita personal income (2018-2022)	\$25,008
65 & older	16.7%	Person below poverty level (2018-2022)	24.3%
Median age (2022)	37.7		
Housing			
Housing units (2022)	48,198		
Homeownership rate (2018-2022)	70.4%		
Median value of owner occupied (2018-2022)	\$170,700		
Source: US Census Bureau, State of New Mexico Department of Labor, San Juan Economic Development Service, National Center for Education Statistics			

San Juan County Photo Album







BUILDING A STRONGER COMMUNITY

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