SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

WEED, CALIFORNIA

AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2018

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2018

OTHER INDEPENDENT AUDITORS' REPORTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Siskiyou Joint Community College District
Weed, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Siskiyou Joint Community College District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Siskiyou Joint Community College District's basic financial statements 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

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 and the fiduciary activities of Siskiyou Joint Community College District as of June 30, 2018, and the respective changes in its 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.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 18 to the financial statements, the District implemented the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This Statement replaces the requirements of GASB Statements No. 45, "Accounting and Reporting for Employers Post-Employment Benefits Other than Pensions", as amended, and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

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 4 to 13 and the Required Supplementary Information as noted in the table of contents on pages 51 to 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Siskiyou Joint Community College District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the District Organizational Structure, Combining Balance Sheet by Fund and Combining Statement of Revenues, Expenses, and Change in Fund Equity have 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 expenditure of federal awards and other supplementary information as listed in the table of contents, except for the District Organizational Structure, Combining Balance Sheet by Fund and Combining Statement of Revenues, Expenses, and Change in Fund Equity – District Funds Included in the Reporting Entity and Combining Statement of Revenues, Expenses, and Change in Net Position – District Funds Included in the Reporting Entity, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The District Organizational Structure, Combining Balance Sheet – District Funds Included in the Reporting Entity and Combining Statement of Revenues, Expenses, and Change in Fund Equity – District Funds Included in the Reporting Entity 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 December 6, 2018 on our consideration of Siskiyou Joint Community College District'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 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 Siskiyou Joint Community College District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 6, 2018

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

MANAGEMENT'S DISCUSSION AND ANALYSIS

ADMINISTRATIVE SERVICES

USING THIS ANNUAL REPORT

As required by Governmental Accounting Standards Board (GASB) accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The Statement of Net Position presents the assets, liabilities, and net position of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to the accounting basis used by most private-sector institutions. Net position – the difference between assets and liabilities – are one way to measure the financial health of the District. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities, which are supported mainly by State apportionment, property taxes, and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets by $5.9 million in 2017-18 and in 2016-17, assets exceeded liabilities by $3.5 million.

- At the close of the 2018 and 2017 fiscal years, the balance designated for economic uncertainties and the undesignated fund balance for the General Fund exceeded the State Chancellor's Office guideline of 5% of the General Fund expenses.

- Resident Full-Time Equivalent Students (FTES) for 2017-18 and 2016-17 were 2,454 and 2,501, respectively. Through various programs like the Siskiyou Promise, REG 365 and the Career Pathways Trust Grant, the District is looking to increase its base enrollments while being more efficient through consolidated class offerings and managed class sizes.

- For the 2018 and 2017 fiscal years, total student financial aid offered to qualifying students throughout the District exceeded $5.23 million and $5.26 million, respectively, and is provided through grants and loans from the federal government, State Chancellor's Office, and local funding.

FINANCIAL HIGHLIGHTS, continued

- Cost of employee benefits has stabilized for 2017-18 and 2016-17 under the contract with California Valued Trust (CVT) for health and prescription coverage. This has also allowed the District to fully fund its Annual Required Contribution (ARC) for its retiree health benefit liability for both years and start to pay down its liability for past service credit of those retirees for 2017-18.

- The District continues to make its scheduled payments on the Dorm Revenue Bond and its capital leases. With the District's commitment to revitalize the District-wide software system, it will most likely be necessary to incur additional debt to completely fund the two to three-year project.

The following analysis provides an overview of the District's financial activities. The analysis includes a comparison of current to prior year activity.

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets and liabilities using the full accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. Net position, the difference between assets and liabilities, are one way to measure the financial health of the District.

	2018	2017	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 8,943,915	$ 11,230,931	$ (2,287,016)
Non-current assets	48,817,599	49,566,397	(748,798)
Deferred outflows of resources	6,373,411	3,952,478	2,420,933
Total Assets and Deferred Outflows of Resources	64,134,925	64,749,806	(614,881)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	7,815,080	9,041,737	(1,226,657)
Non-current liabilities	55,892,058	48,255,790	7,636,268
Deferred inflows of resources	721,235	410,667	310,568
Total Liabilities and Deferred Inflows of Resources	64,428,373	57,708,194	6,720,179
NET POSITION			
Invested in capital assets, net of related debt	10,731,384	12,173,053	(1,441,669)
Restricted	5,503,556	5,144,526	359,030
Unrestricted	(16,528,388)	(10,275,967)	(6,252,421)
Total Net Position	$ (293,448)	$ 7,041,612	$ (7,335,060)

This schedule has been prepared from the District's Statement of Net Position (page 14), which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated, and long-term liabilities are recorded.

Cash and short-term investments consist primarily of funds held in the Siskiyou County Treasury and U.S. Bank. The changes in the cash position are explained in the Statement of Cash Flows (pages 16 and 17).

Non-current liabilities consist of the Series 2014 General Obligation Refunding Bonds, lease purchase agreement, compensated absences, net pension liability and net OPEB liability. The current portion represents the amount of principal to be paid within the next year.

OPERATING RESULTS

	2018	2017	Change
OPERATING REVENUES			
Tuition and fees (net)	$ 2,671,666	$ 2,558,861	$ 112,805
Grants and contracts	4,740,350	5,006,699	(266,349)
Auxiliary enterprise sales, net	1,157,354	1,160,197	(2,843)
Total Operating Revenues	8,569,370	8,725,757	(156,387)
OPERATING EXPENSES			
Salaries and benefits	20,440,134	17,868,852	2,571,282
Supplies, materials, and other operating expenses	10,877,138	11,565,176	(688,038)
Financial aid expenses	5,231,785	5,262,083	$ (30,298)
Depreciation	1,839,585	1,783,182	56,403
Total Operating Expenses	38,388,642	36,479,293	1,909,349
Operating Loss	(29,819,272)	(27,753,536)	(2,065,736)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	10,594,215	11,206,378	(612,163)
Education protection account revenues, noncapital	2,527,741	2,604,991	(77,250)
Local property taxes, noncapital	3,937,315	3,879,624	57,691
State taxes and other revenues, noncapital	3,625,884	3,936,714	(310,830)
Financial aid revenues	4,843,365	5,313,844	(470,479)
Investment income	217,104	137,239	79,865
Interest expense	(1,622,897)	(1,873,630)	250,733
Other non-operating revenues	231,945	143,223	88,722
Total Non-Operating Revenues (Expenses)	24,354,672	25,348,383	(993,711)
OTHER REVENUES (EXPENSES)			
State apportionments, capital	154,938	522,869	(367,931)
Local property taxes and revenues, capital	1,709,707	1,674,876	34,831
Gain (loss) on disposal of asset	(132,193)	-	(132,193)
Change in Net Position	$ (3,732,148)	$ (207,408)	$ (3,524,740)

This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position (page 15).

Auxiliary revenues consist of bookstore and cafeteria sales and charges. Room and board for the students are not part of auxiliary revenue but are included in tuition and fees under operating revenues. These operations are intended to be self-supporting through student related activities.

Grant and contract revenues relate to specific federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

OPERATING RESULTS, continued

For 2018 and 2017, the District is recording the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to the financial statements as Note 4.

The primary operating receipts are student tuition and fees and federal, state, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

While state apportionment and property taxes are the primary source of noncapital related revenue, the adoption of changes to GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the District's programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and any potential need for external financing. This schedule is prepared from the Statement of Cash Flows presented on pages 16 and 17.

	2018	2017	Change
CASH PROVIDED BY (USED IN)			
Operating activities	$ (28,662,430)	$ (24,866,646)	$ (3,795,784)
Noncapital financing activities	25,760,465	27,089,424	(1,328,959)
Capital financing activities	(568,732)	2,666,491	(3,235,223)
Investing activities	217,104	137,242	79,862
Net Increase (Decrease) in Cash and Cash Equivalents	$ (3,253,593)	$ 5,026,511	$ (8,280,104)

The primary operating receipts are student tuition and fees, and federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

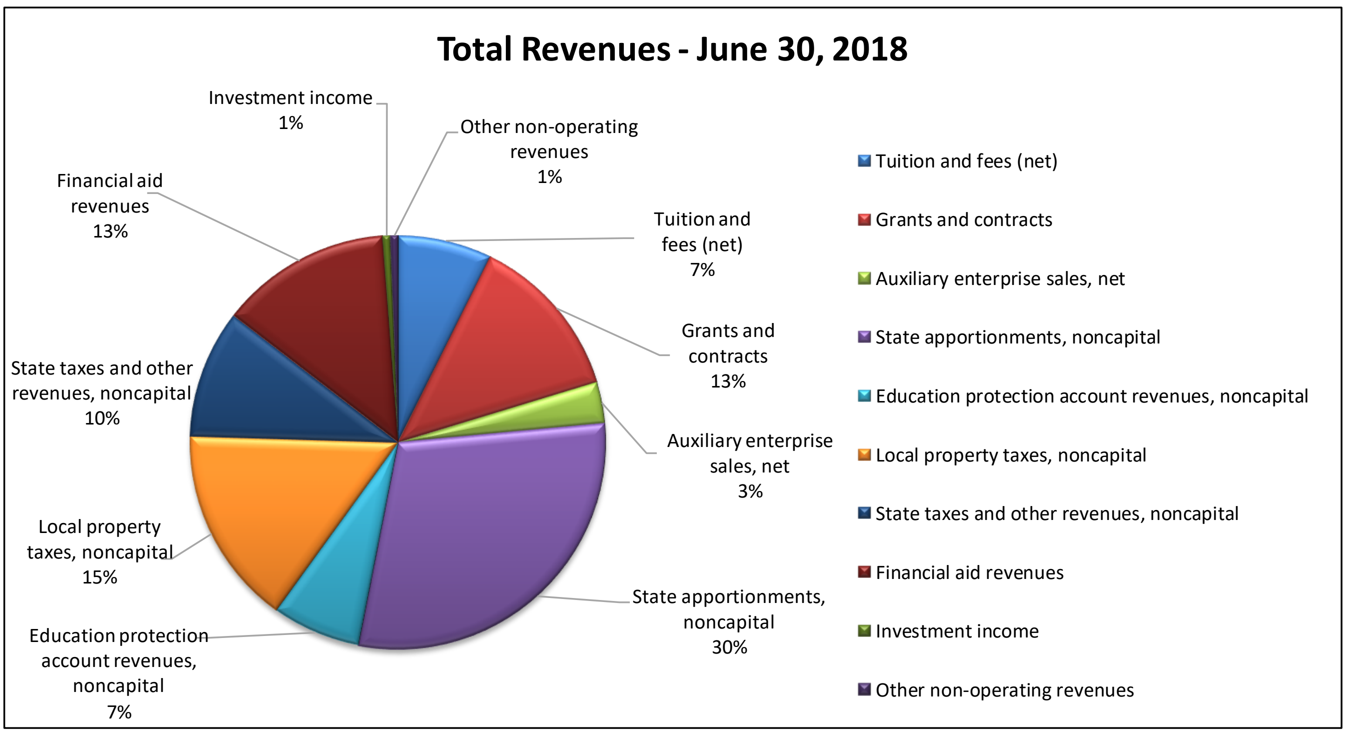
While State apportionment and property taxes are the primary source of non-capital related revenue, the GASB accounting standards require that this source of revenue is shown as non-operating revenue as it comes from the general resources of the State and not from the primary users of College programs and services (students). The District depends on this funding as the primary source of funds to continue the current level of operations.

REVENUES

The District's major sources of revenues include State aid, property taxes, and grants and contracts. The primary basis of the apportionment component is the calculation of full-time equivalent students (FTES).

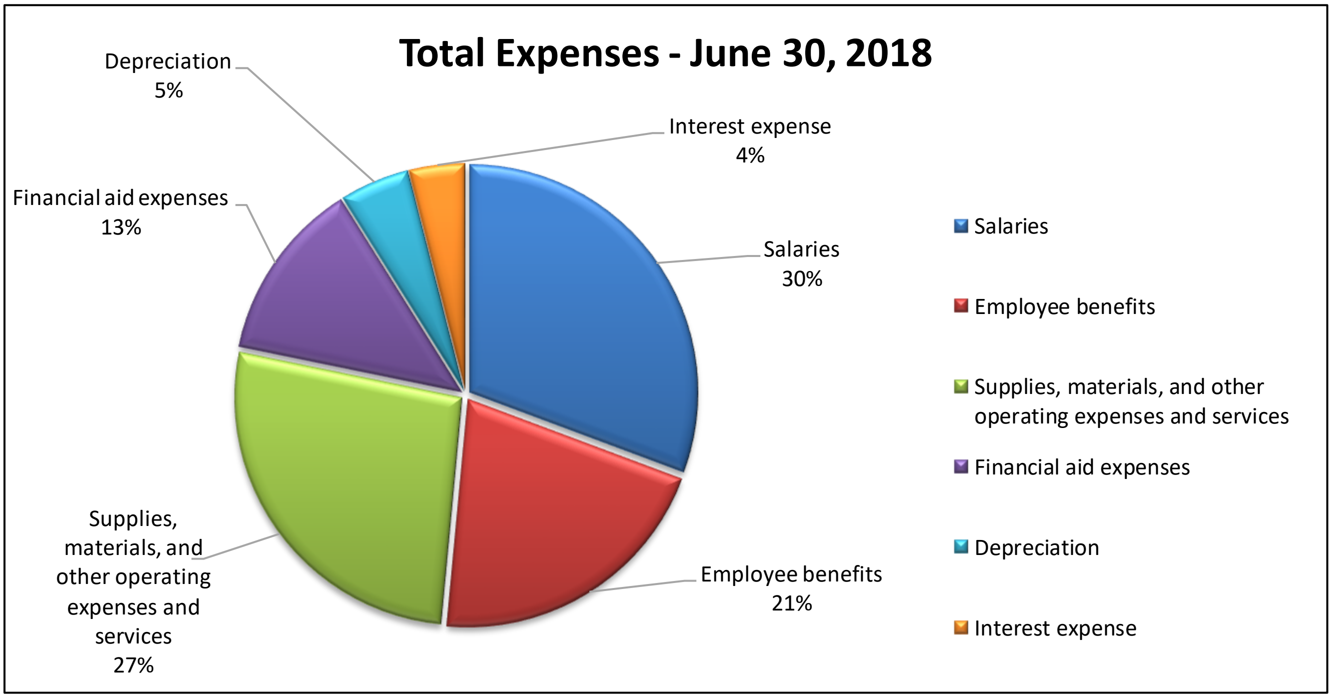
Of the revenue sources, State apportionment, property taxes, and enrollment fees are District General Revenues and commonly referred to as the "base revenue" to which adjustments for COLA, program improvement, growth, restoration, and any applicable deficit factor is applied. Adjustments to the "base revenue" are typically calculated twice each fiscal year and distributed through the First Principal Apportionment Statement (P1) in mid-February and the Second Principal Apportionment Statement (P2) in early June of each fiscal year.

In fiscal years 2018 and 2017, the District's actual unrestricted General Fund revenues totaled $20,171,205 and $20,972,482, respectively. Total revenues for the District by major category are as follows:



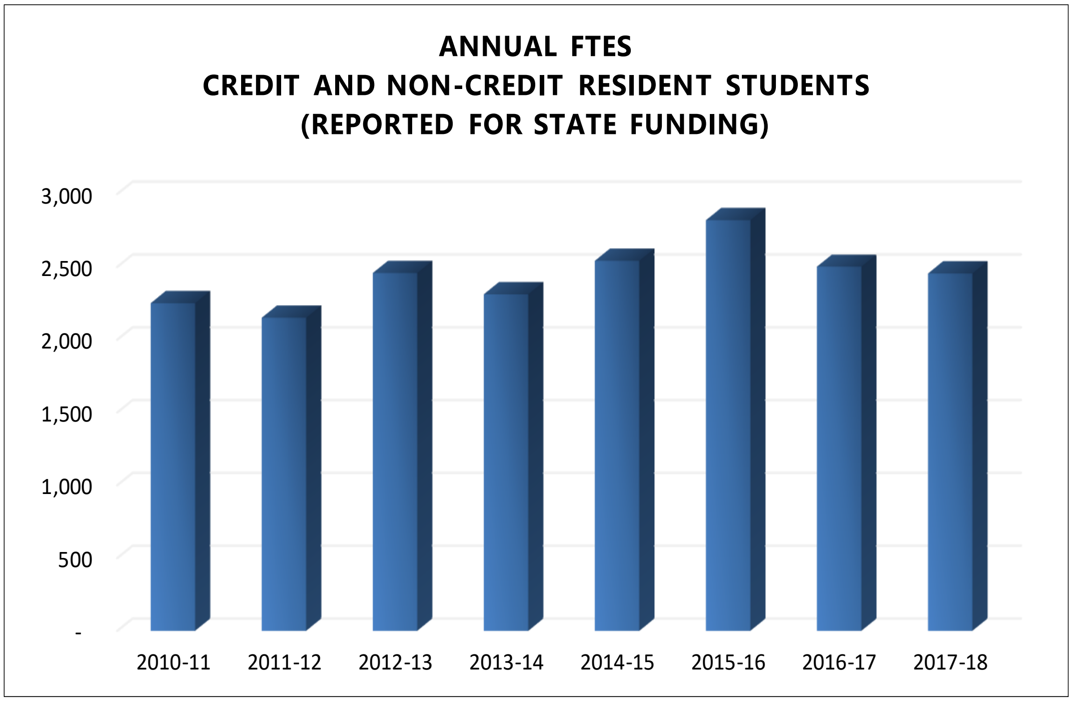
EXPENSES

The District expenses in the unrestricted General Fund were to provide classroom instruction, counseling and student support services, physical plant related activities, administration, and general support services. For the fiscal years ended June 30, 2018 and 2017, the expenses totaled $20,456,733 and $20,887,145, respectively. Total expense for the District by major category are as follows:



FULL-TIME EQUIVALENT STUDENTS (FTES)

The District's primary funding source is from apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). See the below chart for a historical perspective on the changes in FTES over the past 8 fiscal years.



COLLEGE OF THE SISKIYOUS AUXILIARY FOUNDATION

The Auxiliary Foundation was established as a 501(c)(3) non-profit charitable organization in 1992 to provide a vehicle for financial support from the community and beyond. It supports the mission and values of College of the Siskiyous by fostering community relationships and raising funds to enhance exceptional learning environments. This is accomplished through fundraising events, soliciting donations and contributions, and dispensing funds to support the College of the Siskiyous students and programs.

Throughout the year the Foundation conducts or assists campus personnel in a variety of friend-raising and fund-raising activities including the Campus Employee Campaign, Annual Giving Campaign, Scholarship Fundraising Dinner, Golf Tournament, and Country Christmas Holiday Craft Fair. Additionally, the Foundation serves as fiscal sponsor for numerous campus clubs, manages the Scholarship program, and coordinates and funds the campus Mini-Grant Program.

The Foundation manages fiscal sponsorships that generate income for the Foundation, including the Eagle's Nest Resale shop. The Eagle's Nest shop has a paid manager and is staffed by numerous volunteers and student employees at its downtown Weed location. The shop provides a training site for students and helps to meet the retail needs of Weed and its surrounding community.

The Foundation manages approximately 35 endowed scholarships valued at over $1.0 million, as well as the Rural Health Sciences Institute (RHSI) Program endowment, valued at over $1.8 million. The RHSI endowment was funded through a variety of sources: a 2006 Title III federal grant; funds contributed by local foundations; and COS Foundation fundraising activities from individuals and businesses. The endowment helps support the annual technology and maintenance needs of the RHSI and since 2013 has provided $255,093 in total funding.

ECONOMIC FACTORS AFFECTING THE SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

The economic position of College of the Siskiyous is closely tied to the state of California as State apportionments and property taxes allocated to the District represent approximately 82% of the total unrestricted resources of revenues received by the District. The state of California has been experiencing modest growth, but is expected to slow a bit in the next year. The system was allocated 1.02% growth for 2017-18.

For 2018-19, there Chancellor's Office has instituted a new funding formula that not only accounts for full-time equivalent students (FTES), but is also calculated on need-based factors and program completion rates. Additional funding is provided based on a point system for economic need and numerous program completion factors. The changes in funding will have varying effects on districts system-wide and the District is developing ways to monitor its funding stream based on the new methodology. There are hold harmless provisions built into the funding formula to protect districts as the new formula is fully implemented over the next few years.

ECONOMIC FACTORS AFFECTING THE SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT, continued

We recognize that as programs and facilities are added, financial responsibilities also increase. We also understand that state funding may not completely meet these added responsibilities. In support of the District's mission, the College's Auxiliary Foundation has provided consistent support of District programs and needs through the Rural Health Sciences Institute endowment established under the Title III grant a number of years ago. One-half of the net earnings produced by the endowment each year may be used to support facility and program needs of the Rural Health Sciences Institute. Since 2013, the endowment has contributed $255,093 in support of the District programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact the District at: Siskiyou Joint Community College District, 800 College Ave., Weed, CA 96094 or visit the District's website at http://www.siskiyous.edu/.

FINANCIAL SECTION

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	District	Foundation
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,618,382	$ 177,657
Accounts receivable, net	2,400,275	228,690
Inventory	153,540	-
Due from Foundation	88,499	-
Prepaid expenditures and other assets	683,219	2,000
Total Current Assets	8,943,915	408,347
Noncurrent Assets:		
Restricted cash and cash equivalents	9,234,547	-
Investments	-	3,398,855
Capital assets, net	39,583,052	-
Total Noncurrent Assets	48,817,599	3,398,855
TOTAL ASSETS	57,761,514	3,807,202
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	571,787	-
Deferred outflows - pensions	5,801,624	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 64,134,925	$ 3,807,202
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$ 3,641,370	$ 13,578
Unearned revenue	2,808,723	-
Due to District	-	88,499
Amounts held for others	158,895	-
Compensated absences, current portion	305,903	-
Long-term debt, current portion	900,189	-
Total Current Liabilities	7,815,080	102,077
Noncurrent Liabilities:		
Compensated absences	101,968	-
Net OPEB liability	5,447,057	-
Net pension liability	18,043,865	-
Long-term debt, non-current portion	32,299,168	-
Total Noncurrent Liabilities	55,892,058	-
TOTAL LIABILITIES	63,707,138	102,077
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	721,235	-
NET POSITION		
Net investment in capital assets	10,731,384	-
Restricted for:		
Debt service	5,068,536	-
Capital projects	435,020	-
Nonexpendable	-	592,842
Expendable	-	2,577,168
Unrestricted	(16,528,388)	535,115
TOTAL NET POSITION	(293,448)	3,705,125
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 64,134,925	$ 3,807,202

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	District	Foundation
OPERATING REVENUES		
Tuition and fees (gross)	$ 3,669,475	$ 202,396
Less: Scholarship discounts and allowances	(997,809)	-
Net tuition and fees	2,671,666	202,396
Grants and contracts, noncapital:		
Federal	776,910	-
State	3,654,469	-
Local	308,971	50,717
Auxiliary enterprise sales, net	1,157,354	-
TOTAL OPERATING REVENUES	8,569,370	253,113
OPERATING EXPENSES		
Salaries	12,234,657	77,950
Employee benefits	8,205,477	31,361
Supplies, materials, and other operating expenses and services	10,877,138	313,831
Financial aid expenses	5,231,785	-
Depreciation	1,839,585	-
TOTAL OPERATING EXPENSES	38,388,642	423,142
OPERATING INCOME (LOSS)	(29,819,272)	(170,029)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	10,594,215	-
Education protection account revenues, noncapital	2,527,741	-
Local property taxes, noncapital	3,937,315	-
State taxes and other revenues, noncapital	3,625,884	-
Financial aid revenues	4,843,365	-
Investment income	217,104	214,596
Interest expense	(1,622,897)	-
Other non-operating revenues	231,945	75
TOTAL NON-OPERATING REVENUES (EXPENSES)	24,354,672	214,671
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(5,464,600)	44,642
State apportionments, capital	154,938	-
Local property taxes and revenues, capital	1,709,707	-
Gain (loss) on disposal of capital assets	(132,193)	-
INCREASE (DECREASE) IN NET POSITION	(3,732,148)	44,642
NET POSITION -- BEGINNING OF YEAR	7,041,612	3,660,483
PRIOR YEAR ADJUSTMENT (SEE NOTE 20)	(3,602,912)	-
NET POSITION -- END OF YEAR	$ (293,448)	$ 3,705,125

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	District	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 2,671,666	$ 202,396
Grants and contracts	3,612,462	50,717
Payments to or on behalf of employees	(18,975,790)	(109,311)
Payments to vendors for supplies and services	(10,333,314)	(560,866)
Payment to students	(6,794,808)	-
Other receipts	1,157,354	33,005
Net Cash Used by Operating Activities	(28,662,430)	(384,059)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	10,594,215	-
Education protection account revenue	2,527,741	-
Grants and contracts, non-capital	4,843,365	-
Property taxes	3,937,315	-
State taxes and other revenues	3,625,884	-
Other non-operating	231,945	75
Net Cash Provided by Non-capital Financing Activities	25,760,465	75
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,587,805)	-
State revenue, capital projects	154,938	-
Local revenue, capital	1,709,707	-
Principal paid on capital debt	(670,746)	-
Interest paid on capital debt	(174,826)	-
Net Cash Provided by Capital Financing Activities	(568,732)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	217,104	269,895
Net Cash Provided by Investing Activities	217,104	269,895
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(3,253,593)	(114,089)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	18,106,522	291,746
CASH & CASH EQUIVALENTS, END OF YEAR	$ 14,852,929	$ 177,657

	District	Foundation
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (29,819,272)	$ (170,029)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	1,839,585	-
Changes in Assets and Liabilities:		
Receivables, net	(565,154)	(218,214)
Inventory	53,904	-
Prepaid items	(57,497)	1,500
Due from Foundation/District	(33,005)	33,005
Deferred outflows of resources	(2,468,253)	-
Accounts payable and accrued liabilities	(1,025,157)	(30,321)
Deferred revenue	(1,259,971)	-
Amounts held for others	17,304	-
Compensated absences	12,474	-
Net OPEB liability	333,156	-
Net pension liability	3,998,888	-
Deferred inflows of resources	310,568	-
Total Adjustments	1,156,842	(214,030)
Net Cash Flows From Operating Activities	$ (28,662,430)	$ (384,059)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition of the Reporting Entity

Siskiyou Joint Community College District (the District) is a community college governed by an elected seven-member Board of Trustees. The District provides educational services to the local residents of the surrounding area. The District consists of one community college located in Weed, California, and a satellite campus in Yreka, California.

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by, or dependent on, the District's executive and legislative branches. Control by, or dependence on, the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

As a result, the financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The District identified the College of the Siskiyous Foundation (the Foundation) as its only potential component unit. The District and the Foundation have financial and operational relationships that meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion of the Foundation as a component unit of the District. Accordingly, the financial activities of the Foundation as a component unit have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Foundation as the component unit that satisfies the GASB:

> *Accountability*: The District is able to impose its will upon the Foundation. The Foundation provides specific financial benefits, or imposes specific financial burdens, on the District.
>
> *Scope of Public Service*: The Foundation is a nonprofit public benefit corporation incorporated under the laws of the state of California. The Foundation was formed to promote and assist the educational services of the District.
>
> *Discrete Presentation*: For financial presentation purposes, the Foundation's financial activities have been discretely presented with the financial activities of the District.

Basis of Presentation and Accounting – The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the *California Community Colleges Budget and Accounting Manual*.

Cash, Cash Equivalents and Investments – The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, provides that amounts held in external investment pools be reported at fair value. However, cash in the County Treasury is recorded at the value of the pool shares held, which approximates the fair value of the underlying cash and investments of the pool.

Restricted Cash and Cash Equivalents – Restricted cash and cash equivalents include amounts restricted for the repayment of debt, for use in the acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the *California Community Colleges Budget and Accounting Manual*.

Accounts Receivable – Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the state of California. Accounts receivable also include amounts due from the federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenses made pursuant to the District's grants and contracts. The District utilizes the allowance method with respect to its accounts receivable based on all accounts receivable with an age greater than four years old in combination with historical collection information. The allowance was estimated at $6,694 for the year ended June 30, 2018.

Inventory and Prepaids – Inventory consists primarily of bookstore merchandise including, but not limited to, books, instructional materials, and sundry items held for resale to students and staff of the District. Inventory is valued at average cost, which approximates market, using the purchase method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets – Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Where historical cost is not available, estimated historical cost is based on replacement cost reduced for inflation. Capitalized equipment includes all items with a unit cost of $5,000 or more, and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year the expense was incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets; generally, 25 to 50 years for buildings, 20 years for land improvements, and 5 to 15 years for equipment and vehicles.

Fair Value Measurements – The District categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) which will only be recognized as an outflow of resources (expense/expenditures) in the future. District contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between District contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

The District also has a deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Advances from Grantors and Students – Advances include amounts received for tuition, fees, and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Advances also include amounts received from grant and contract sponsors that have not yet been earned.

Amounts Held for Others – Amounts held for others represents funds held by the District for the Associated Students Trust Fund, Scholarship and Loan Trust Fund, and other agency funds.

Compensated Absences – Accumulated and vested unpaid employee vacation benefits are recognized as liabilities of the District as the benefits are earned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Liabilities – Bond premiums are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed in the year incurred. Amortization of bond premiums was $79,799 for the year ended June 30, 2018.

Pensions – Deferred outflows of resources/deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from STRP's and CalPERS's fiduciary net position have been determined on the same basis as they are reported by California State Teachers' Retirement System (CalSTRS) and CalPERS for purposes of measuring the net pension liability. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable with the benefit terms. Investments are reported at fair value.

Net Position – The District's net position is classified as follows:

> *Net Investment in Capital Assets*: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
>
> *Restricted Net Position – Nonexpendable*: Consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expended or added to the principal depending on donor stipulations.
>
> *Restricted Net Position – Expendable:* Restricted expendable net position represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.
>
> *Unrestricted Net Position:* Unrestricted net position represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenues – The District has classified its revenues as either operating or nonoperating, according to the following criteria:

> *Operating Revenues*: Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; and (3) some federal, state, and local grants contracts and federal appropriations.
>
> *Nonoperating Revenues*: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Statement No. 34, *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments,* such as state appropriations, financial aid, and investment income.

Scholarship Discounts and Allowances – Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf.

State Apportionment – Certain current-year apportionments from the State are based on various financial and statistical information of the previous year, as well as state budgets and other factors outside the District's control. In February, subsequent to the year end, the State performs a recalculation based on actual financial and statistical information for the year just completed. The District's policy is to estimate the recalculation correction to apportionment, if any, based on factors they can reasonably determine such as local property tax revenue received and changes in full time equivalent students. Any additional corrections determined by the State are recorded in the year computed by the State.

Property Taxes – Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent if paid after December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Siskiyou (the County) bills and collects the taxes for the District.

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 amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Budgets and Budgetary Accounting – By state law, the District's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves subsequent revisions to the budget after year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

On-Behalf Payments – GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance,* requires that direct on-behalf payments for fringe benefits and salaries made by an entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenses by the employer government. The state of California makes direct on-behalf payments for retirement benefits to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community college districts in California. The amount reported in the basic financial statements as of June 30, 2018, was $375,231.

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION

Organization – The purpose of the Foundation is to accumulate funds to award scholarships to assist students while attending the District, and for designated projects. A substantial portion of the Foundation's revenue is from community donations.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

> *Unrestricted*: Net assets that are not subject to donor-imposed stipulations.
>
> *Restricted – Expendable*: (Temporary restricted net assets) Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
>
> *Restricted – Nonexpendable*: (Permanently restricted net assets) Net assets that are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents – For purpose of the statement of cash flows, the Foundation considers all short-term securities purchased with a maturity of three months or less to be cash equivalents.

Investments – Investments are recorded at fair value based on quoted market values. The art collection and gem investments held by the Foundation are carried at the appraised value at the time of donation and reduced for any permanent declines in market value.

Fair Value Measurements – The Foundation accounts for certain assets and liabilities in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value under generally accepted accounting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based upon the following:

Level 1: Quoted market prices for identical instruments traded in active exchange markets.

Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3: Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management's judgment and estimation, which may be significant.

Endowment Investment and Spending Policies – The Foundation's endowment consists of approximately 40 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net position associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net position (nonexpendable net position): (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as temporarily restricted net position (expendable net position) until those amounts are appropriated for spending by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the institution and the endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investment Return Objectives, Risk Parameters, and Strategies: The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% to 7% of the Foundation's scholarship endowments, while growing the funds, if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of 4% to 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Foundation has a policy of appropriating for distribution each year 4% to 7% of its endowment fund's fair market value as of the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal annual rate, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Contributions – Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are due in the next year are recorded at their net realizable value. Unconditional promises to give that are due in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Recognition of Donor-Restricted Contributions – Donor-restricted support is reported as an increase in temporarily or permanently restricted net position depending on the nature of the restriction. When a restriction expires, temporarily restricted net position is reclassified to unrestricted net position. However, contributions that are restricted by the donor are reported as increases in unrestricted net position if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Donated Services – Donated services are recognized as contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-605, *Not-for-Profit Entities – Revenue Recognition*, if the services: (a) create or enhance nonfinancial assets, or (b) require specialized skills, performed by people with those skills, and would otherwise be purchased by the Foundation.

The Foundation receives donated administrative services from the District. The value of these services was estimated at $81,220 for the year ended June 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Volunteers also provided their time and performed a variety of tasks that assisted the Foundation with the thrift shop and other program services. These services did not meet the above requirement for recognition in these financial statements and, accordingly, have not been valued or recorded.

Income Taxes – The Foundation operates under Section 501(c)(3) of the *Internal Revenue Code* and 23701(d) of the *California Revenue and Taxation Code* and is exempt from federal and state income taxes. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

FASB ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in the Foundation's financial statements in accordance with FASB ASC 740, and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. FASB ASC 740-10 also provides guidance on derecognition and measurement of a tax position taken, or expected to be taken, in a tax return. The Foundation files income tax returns in the U.S. federal jurisdiction, and the state of California.

The Foundation's federal income tax returns for tax years 2013 and beyond remain subject to examination by the Internal Revenue Service. The Foundation's California income tax returns for tax years 2012 and beyond remain subject to examination by the Franchise Tax Board.

The Foundation did not have unrecognized tax benefits as of June 30, 2018, and does not expect this to change significantly over the next 12 months. In connection with the adoption of FASB ASC 740-10, the Foundation will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of June 30, 2018, the Foundation did not accrue interest or penalties related to uncertain tax positions.

NOTE 2 - CASH AND INVESTMENTS

The following is a summary of cash and investments:

	District	Foundation
Cash and cash equivalents - current	$ 5,618,382	$ 177,657
Restricted cash and cash equivalents - noncurrent	9,234,547	-
Investments	-	3,398,855
Total Deposits and Investments	$ 14,852,929	$ 3,576,512

NOTE 2 - CASH AND INVESTMENTS, continued

DEPOSITS

The carrying amount of the District's and Foundation's deposits is summarized as follows:

	District	Foundation
Cash in county treasury	$ 13,985,074	$ 177,457
Cash in banks	863,920	-
Cash on hand	3,935	200
Totals	$ 14,852,929	$ 177,657

As provided for by *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Siskiyou County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment account's weighted average maturity was 2.06 years at June 30, 2018. As of June 30, 2018, the fair value of the County pool was 98.31% of the carrying value and is deemed to not represent a material difference. The pooled treasury has regulatory oversight by the Siskiyou County Treasury Oversight Committee in accordance with *California Government Code* requirements. The District is considered to be an involuntary participant in the external investment pool. Copies of the County's audited financial statements can be obtained from the Siskiyou County Auditor-Controller's Office, 311 Fourth Street, Yreka, California 96097.

Investments

Under provision of the District's investment policy, and in accordance with Sections 53601 and 53602 of the *California Government Code*, the District may invest in the following types of investments:

- State of California issues
- Local Agency Investment Fund (state pool) deposits
- County Treasurer
- U.S. Treasury Bonds with less than a five-year maturity
- Time Certificates of Deposit limited to $100,000 per financial institution (institution must be insured by FSLIC and/or FDIC, licensed by the state of California and/or the federal government, and located within the state of California)

The investment policy of the Foundation allows for investment in a variety of mutual funds and debt securities. As it relates to the gem and art collection, the Foundation intends to retain these as investments and sell the items on an as-needed basis.

NOTE 2 - CASH AND INVESTMENTS, continued

Investments consisted of the following:

	District	Foundation
Mutual funds and debt securities	$ -	$ 3,366,320
Art and gems	-	32,535
Totals	$ -	$ 3,398,855

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. *California Government Code*, Section 53601, limits investments to maturities of five years. The District and Foundation investment policies are to hold investments to call or maturity to further mitigate interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally recognized organizations. The District and Foundation investment policies address credit risk by limiting their investment types as noted above to investments authorized by *California Government Code*. The investment in the county investment pool is unrated.

Concentration of Credit Risk

Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The District and Foundation investment policies allow investments in a single issuer greater than 5%.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer), the District's deposits may not be redeemed. For deposits, the *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. For investments, the District and Foundation do not have policies to address this risk.

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, $250,000 of the bank balances (per institution) at June 30, 2018, are insured.

NOTE 2 - CASH AND INVESTMENTS, continued

Fair Value Measurements

The District's investment in the County treasurer's investment pool is measured at fair value. At June 30, 2018, the County treasurer's pool of $13,749,226 is valued using quoted prices for similar instruments in active market and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	District	Foundation
Federal	$ 402,163	$ -
State	763,666	-
Local	1,115,358	227,779
Auxiliary enterprise sales and charges - net	51,944	-
Investment income	67,144	911
Totals	$ 2,400,275	$ 228,690

NOTE 4 - CAPITAL ASSETS

Capital asset activity consists of the following:

	Beginning Balance July 1, 2017	Additions	Deductions	Ending Balance June 30, 2018
Capital assets not being depreciated				
Land	$ 199,350	$ -	$ -	$ 199,350
Construction in progress	496,205	243,853	333,981	406,077
Total capital assets not being depreciated	695,555	243,853	333,981	605,427
Capital assets being depreciated				
Building improvements	11,438,823	952,420	-	12,391,243
Buildings	40,059,548	(14,152)	-	40,045,396
Vehicles	401,106	-	-	401,106
Equipment	6,888,136	607,472	-	7,495,608
Total capital assets being depreciated	58,787,613	1,545,740	-	60,333,353
Total capital assets	59,483,168	1,789,593	333,981	60,938,780
Less: accumulated depreciation	19,516,143	1,839,585	-	21,355,728
Net Capital Assets	$ 39,967,025	$ (49,992)	$ 333,981	$ 39,583,052

Depreciation expense for the year was $1,839,585

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable consisted of the following:

	District	Foundation
Accrued payroll and related liabilities	$ 277,327	$ 3,419
Interest payable	722,570	-
Other	2,641,473	10,159
Totals	$ 3,641,370	$ 13,578

NOTE 6 - LONG TERM LIABILITIES

The long-term liabilities activity is as follows:

	Balance July 1, 2017	Restatement	Restated Balance July 1, 2017	Additions/ Accretions	Reductions	Balance June 30, 2018	Current Portion
Long-Term Debt							
General obligation bonds:							
Dormitory revenue	$ 13,000	$ -	$ 13,000	$ -	$ 13,000	$ -	$ -
Measure A:							
Series A	1,665,000	-	1,665,000	-	400,000	1,265,000	465,000
Series B and C	13,812,348	-	13,812,348	678,181	85,000	14,405,529	85,000
Series A Refunding	12,515,000	-	12,515,000	-	35,000	12,480,000	40,000
Premiums on general obligation bonds	1,128,627	-	1,128,627	-	79,799	1,048,828	79,799
Science building equipment	57,947	-	57,947	-	57,947	-	-
Lease purchase agreement	4,000,000	-	4,000,000	-	-	4,000,000	230,390
Total long-term debt	33,191,922	-	33,191,922	678,181	670,746	33,199,357	900,189
Other long-term liabilities:							
Compensated absences	395,397	-	395,397	12,474	-	407,871	305,903
Net pension liability	14,044,977	-	14,044,977	3,998,888	-	18,043,865	-
Net OPEB liability	1,510,989	3,602,912	5,113,901	333,156	-	5,447,057	-
Total other long-term liabilities	15,951,363	3,602,912	19,554,275	4,344,518	-	23,898,793	305,903
Total long-term liabilities	$ 49,143,285	$ 3,602,912	$ 52,746,197	$ 5,022,699	$ 670,746	$ 57,098,150	$ 1,206,092

The Dormitory Revenue Bonds were issued in 1968 in the amount of $336,000 for the construction of two, two-story dormitories. The bonds are secured by a first lien on, and pledge of, the net revenues to be derived from the operation and ownership of the Juniper and Ponderosa dormitories. The bonds mature through 2018 and accrue interest at 3%. The final payment of $13,000 matured on April 1, 2018.

The 2005 General Obligation Bonds, Series A, were issued in May 2006 in the original amount of $14,997,976, and include both current-interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization, and renovation of the District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. The bonds were partially refinanced and the remaining bonds mature in 2020. The interest rate ranges from 4% to 5%.

NOTE 6 - LONG TERM LIABILITIES, continued

Debt service requirements to maturity – The 2005 Series A General Obligation Bonds matures through August 1, 2020 as follows:

Fiscal Year	Principal	Interest	Total
2019	$ 465,000	$ 54,829	$ 519,829
2020	535,000	35,066	570,066
2021	265,000	11,660	276,660
Total	$ 1,265,000	$ 101,555	$ 1,366,555

The 2005 General Obligation Bonds, Series B and C, were issued in April 2008 in the original amount of $9,998,688 and include both current-interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. The Final maturity of all bonds is in August 2047. The interest rate ranges from 3% to 6%.

Debt service requirements to maturity – The 2005 Series B and C General Obligation Bonds matures through August 1, 2047 as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2019	$ 85,000	$ 165,625	$ -	$ 250,625
2020	85,000	162,225	-	247,225
2021	85,000	158,825	-	243,825
2022	85,000	155,319	-	240,319
2023	80,000	151,600	-	231,600
2024-2028	345,000	702,500	-	1,047,500
2029-2033	643,788	638,500	3,461,212	4,743,500
2034-2038	1,971,473	632,500	9,413,527	12,017,500
2039-2043	4,161,143	126,500	9,918,857	14,206,500
2044-2048	1,787,284	-	15,002,716	16,790,000
Accreted Interest	5,076,841	-	(5,076,841)	-
Total	$ 14,405,529	$ 2,893,594	$ 32,719,471	$ 50,018,594

The 2014 General Obligation Refunding Bonds were issued in September 2014 in the original amount of $12,740,000 and includes serial bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is in August 2030. The interest rate ranges from 2% to 5%.

NOTE 6 - LONG TERM LIABILITIES, continued

Debt service requirements to maturity – The 2014 General Obligation Refunding Bonds matures through August 1, 2030 as follows:

Fiscal Year	Principal	Interest	Total
2019	$ 40,000	$ 459,000	$ 499,000
2020	40,000	457,400	497,400
2021	385,000	455,800	840,800
2022	730,000	440,400	1,170,400
2023	820,000	411,200	1,231,200
2024-2028	5,655,000	1,441,225	7,096,225
2029-2031	4,810,000	313,075	5,123,075
Total	$ 12,480,000	$ 3,978,100	$ 16,458,100

The District leases equipment and other capital assets at a cost of $5,090,514 under agreements which provide for title to pass upon expiration of the lease period. The amount of interest costs incurred during the year ended June 30, 2018, was $88,810, all of which was charged to expenses. Amortization under capital leases has been included with depreciation expense in the statement of revenue, expenses, and changes in net position.

Future minimum lease payments for capital leases are as follows:

Fiscal Year	Lease Payments
2019	$ 356,956
2020	356,956
2021	356,956
2022	356,956
2023	356,956
2024-2028	1,784,777
2029-2032	1,427,823
Total	4,997,380
Less: Amount representing interest	997,380
Present Value of Net Minimum Lease Payments	$ 4,000,000

NOTE 7 - NET PENSION LIABILITY

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are member of the California State Teachers' Retirement System (CalSTRS), and Classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 8,797,789	$ 2,558,276	$ 630,449	$ 1,141,252
CalPERS	9,246,076	3,243,348	90,786	2,268,609
Total	$ 18,043,865	$ 5,801,624	$ 721,235	$ 3,409,861

Pension Plans – California Public Employees' Retirement System (CalPERS)

General Information about the Pension Plan

Plan Description – Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 7 - NET PENSION LIABILITY, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

General Information about the Pension Plan, continued

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	13.89%	13.89%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $843,895.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $9,246,076. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.039 percent and 0.034 percent, resulting in a net increase in the proportionate share of 0.005 percent.

NOTE 7 - NET PENSION LIABILITY, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS, continued

For the year ended June 30, 2018, the District recognized pension expense of $2,268,609. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferrd Inflows of Rsources
Difference between projected and actual earnings on plan investments	$ 33,325	$ -
Differences between expected and actual experience	303,863	-
Changes in assumptions	1,338,992	90,786
Net changes in proportionate share of net pension liability	723,273	-
District contributions subsequent to the measurement date	843,895	-
Total	$ 3,243,348	$ 90,786

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	$ 872,887
2019	770,514
2020	700,084
2021	(34,816)
Total	$ 2,308,669

Actuarial assumptions. For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 and the June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997, through June 30, 2011
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

NOTE 7 - NET PENSION LIABILITY, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10*	Real Return Years 11+**
Global Equity	47%	4.90%	5.38%
Global Debt Securities	19%	0.80%	2.27%
Inflation Assets	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	100%		

*An expected inflation of 2.5% used for this period
**An expected inflation of 3.0% used for this period

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

NOTE 7 - NET PENSION LIABILITY, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 13,603,941	$ 9,246,076	$ 5,630,862

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS CAFR at https://www.calpers.ca.gov.

Pension Plans – California State Teachers' Retirement System (CalSTRS)

General Information about the Pension Plan

Plan Description – The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided - The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

NOTE 7 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

General Information about the Pension Plan, continued

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provision and benefits in effect as June 30, 2018 are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

Contributions - Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $724,763.

On-Behalf Payments - The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately $375,231 to CalSTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	8,797,789
State's proportionate share of the net pension liability associated with the District		5,204,740
Total	$	14,002,529

NOTE 7 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS, continued

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was 0.010 percent and 0.009 percent, resulting in a net increase in the proportionate share of 0.001 percent.

For the year ended June 30, 2018, the District recognized pension expense of $1,141,252. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 451,067
Differences between expected and actual experience	32,535	153,297
Changes in assumptions	1,629,852	-
Net changes in proportionate share of net pension liability	171,126	26,085
District contributions subsequent to the measurement date	724,763	-
Total	$ 2,558,276	$ 630,449

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	$ 153,522
2019	153,522
2020	290,721
2021	72,054
2022	256,187
Thereafter	277,065
Total	$ 1,203,071

NOTE 7 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

Actuarial Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board.

Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table**:**

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Absolute Return/Risk Mitigation Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

NOTE 7 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

Discount rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10% percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 12,917,947	$ 8,797,789	$ 5,454,001

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS CAFR at http://www.calstrs.com/comprehensive-annual-financial-report.

NOTE 8 – STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expense disallowance under terms of the grants, management believes that any required reimbursements will not be material.

NOTE 9 – RISK MANAGEMENT

The District is a member of the Northern California Community Colleges Self-Insurance Authority (the Authority). The Authority is a member of the Statewide Association of Community Colleges Joint Powers Authority (SWACC). The Authority provides for a risk-sharing plan whereby the member districts share in the claims costs as well as the administrative costs of providing property and liability coverages. Financial statements are available from the Authority upon request.

NOTE 9 – RISK MANAGEMENT, continued

Coverage includes property, liability, and workers' compensation insurance. Liability losses in excess of the District's $1,000 retention amount are covered through the SWACC up to $25,000,000 per occurrence. Property losses in excess of the District's $1,000 retention amount are covered up to the District's total insurable values. Workers' compensation losses are fully insured. There has been no significant reduction in any of the insurance coverages from the prior year. Settled claims resulting from these programs have not exceeded insurance coverage in any of the past three fiscal years.

The District is fully insured for its medical and prescription insurance coverage for all eligible employees through California Valued Trust. Employees can select from a number of plans to best fit their needs.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Siskiyou Joint Community College District Post-Retirement Health Benefits Plan (the Plan) is a single-employer OPEB plan administered by the District. All full-time employees with 20 or more years of service are eligible to receive District-paid medical benefits from the date of retirement for the remainder of their lives according to the following criteria:

1. Administrators, academic, and administrative support management employees hired prior to July 1, 1992, and

2. Classified employees hired prior to December 1, 1992.

Board members elected between January 1, 1981, and January 1, 1995, with 20 or more years of service are eligible to receive District-paid medical benefits from the date of retirement for the remainder of their lives.

The District pays 100% of the eligible retirees' medical plan premiums.

The following is a description of the current retiree benefit plan:

	Faculty	Classified	Administrators and Board	Confidential and Supervisors
Benefit types provided	Medical only	Medical only	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime	Lifetime	Lifetime
Required Service	20 years	20 years	20 years	20 years
Minimum Age	55	55	55	55
Dependent Coverage	No	No	No	No
College Contribution %	100%	100%	100%	100%
College Cap	None	None	None	None

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS, continued

Funding Policy

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. Additionally, the District has established an irrevocable trust (the "Trust") with U.S. Bank through the Retiree Health Benefit Program Joint Powers Authority to prefund a portion of the retiree health benefit costs. For the year ended June 30, 2018, the District contributed $699,055 to the Plan.

Employees Covered by Benefit Term

The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	66
Active Employees	17
	83

Contributions to Trust

Eligible employees are not permitted to make contributions to the Trust. The Plan administrator (CalPERS) shall, on behalf of the employer (District), make all contribution to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the total OPEB obligation over a period not to exceed 30 years. The District has a net OPEB liability of $5,447,057 as of June 30, 2018.

OPEB Plan Investments

The plan discount rate of 6.0% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
U.S. Large Cap	60%	7.80%
U.S. Small Cap	15%	7.80%
Long-Term Corporate Bonds	20%	5.30%
Short-Term Gov't Fixed	5%	3.25%
Total	100%	

Rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Geometric means were used.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS, continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	6.00%
Discount rate	6.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance July 1, 2016	$ 7,141,829	$ 1,328,873	$ 5,812,956
Changes for the year:			
Service cost	45,966	-	45,966
Interest	416,229	-	416,229
Employer contributions	-	699,055	(699,055)
Employee contributions	-	-	-
Net investment income	-	129,539	(129,539)
Administrative expense	-	(500)	500
Benefit payments	(454,055)	(454,055)	-
Net change	8,140	374,039	(365,899)
Balance June 30, 2017	$ 7,149,969	$ 1,702,912	$ 5,447,057

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability as June 30, 2018 was 23.8%.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS, continued

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability calculated using the discount rate of 6.00 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.00 percent) and 1 percent higher (7.00 percent):

	Discount Rate 1% Lower (5.00%)	Current Discount Rate (6.00%)	Discount Rate 1% Higher (7.00%)
Net OPEB liability	$ 6,162,403	$ 5,447,057	$ 4,836,180

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Healthcare Cost Trend Rates 1% Lower (3.00%)	Healthcare Cost Trend Rates Current Rate (4.00%)	Healthcare Cost Trend Rates 1% Higher (5.00%)
Net OPEB liability	$ 4,828,010	$ 5,447,057	$ 6,151,937

NOTE 11 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS – FOUNDATION

Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the beneficiaries' use, subject to donor-imposed restrictions. Assets held in charitable remainder trusts are reported at fair value in the Foundation's statement of financial position. Changes in fair value of charitable remainder trusts are reflected as changes in temporarily restricted net assets in the Foundation's statement of activities.

The Foundation has been named as the irrevocable remainder beneficiary of two charitable remainder trusts (the trusts are administered by a third party). At June 30, 2018, the present value of the future benefits was calculated using a discount rate of 2.0%, estimated rate of return of 2.0%, and applicable mortality tables. Assets held in all charitable remainder trusts at June 30, 2018, totaled $252,826 and are reported at fair value in the Foundation's statement of financial position.

NOTE 12 – INVESTMENT INCOME – FOUNDATION

A summary of return investments consisted of the following:

Interest and dividends	$	76,547
Change in value of charitable remainder trusts		8,791
Net realized and unrealized gain		129,258
Total Investment Income (Expense)	$	214,596

NOTE 13 – SPECIAL EVENTS – FOUNDATION

The following is a summary of special events:

	Dinner Auction	Golf Tournament	Craft Fair	Total
Gross revenue	$ 15,018	$ -	$ 5,930	$ 20,948
Expenses	3,670	-	1,220	4,890
Totals	$ 11,348	$ -	$ 4,710	$ 16,058

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS – FOUNDATION

Temporarily restricted net assets is available for the following purpose:

Scholarships	$	526,038
Title III		1,819,158
Beneficial interest in charitable remainder trusts		119,251
Mercy medical		112,721
Total	$	2,577,168

NOTE 15 – PERMANENTLY RESTRICTED NET ASSETS – FOUNDATION

Permanently restricted net assets is invested for the following purpose:

Scholarships	$	595,252

NOTE 16 – ENDOWMENTS – FOUNDATION

Endowment composition by type of fund is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Asset
Donor Restricted Endowment Funds				
Scholarships	$ 28,574	$ 526,038	$ 595,252	$ 1,149,864
Title III	-	1,819,159	-	1,819,159
Mercy medical	-	112,721	-	112,721
Total Endowment Funds	$ 28,574	$ 2,457,918	$ 595,252	$ 3,081,744
Endowment Assets- Beginning of Year	$ 34,074	$ 2,333,133	$ 592,842	$ 2,960,049
Contributions	500	-	2,410	2,910
Investment income	-	75,820	-	75,820
Net unrealized gain	-	139,303	-	139,303
Amounts appropriated for expenditures	(6,000)	(90,338)	-	(96,338)
Endowment Assets - End of Year	$ 28,574	$ 2,457,918	$ 595,252	$ 3,081,744

Donor-restricted scholarship endowment funds consist of permanently restricted contributions received for various scholarship programs. Earnings on these endowments are used for the payment of scholarships under the various programs. Donor-restricted Title III endowment funds are federal grant receipts (and matching contributions) which are to be held for a period of 20 years. Earnings on these funds are to be spent on maintenance of the Rural Health Science Institute. At the end of the 20-year period, the grant proceeds and matching contributions are available to be used to pay various Rural Health Science Institute related expenses.

NOTE 17 – FAIR VALUE MEASUREMENTS – FOUNDATION

Fair values of assets measured on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Debt and Fixed Income Securities:				
Corporate debt securities	$ 457,340	$ -	$ -	$ 457,340
Cash	64,192	-	-	64,192
Municipal bond debt	299,769	-	-	299,769
Total Debt and Fixed Income Securities	821,301	-	-	-
Mutual Funds:				
Fixed income bonds	303,887	-	-	303,887
Growth and income funds	2,241,132	-	-	2,241,132
Total Mutual Funds	2,545,019	-	-	2,545,019
Beneficiary interest in charitable remainder trust	-	-	119,251	119,251
Total	3,366,320	-	119,251	2,664,270

NOTE 17 – FAIR VALUE MEASUREMENTS – FOUNDATION, continued

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Beginning of Year - July 1, 2017	$	244,035
Total gains or losses (realized/unrealized)		8,791
Purchases, issuance, and settlements		-
Transfers in and/or out of Level 3		-
End of Year - June 30, 2018	$	252,826

NOTE 18 – IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Change in Accounting Principles

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. GASB Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The Statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 75 for the year ended June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments.

NOTE 18 – IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS, continued

New Accounting Pronouncements, continued

Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged; however, no such asset retirement obligations are known at this time.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged. This statement is not expected to have a significant effect on the district financial reporting.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The District is in the process of determining the effect on the financial reporting.

Foundation

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Not-for-Profit Entities*. This amendment will improve the current net asset classification requirements and the information presented in financial statements and notes regarding not-for-profit entities liquidity, financial performance, and cash flows. The Statement is effective for periods beginning after December 15, 2017. The Foundation has not yet determined the impact on the financial statements.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

NOTE 20 – PRIOR PERIOD ADJUSTMENT

The beginning net position decreased by $3,602,912. This was due to adjustments made to bring on the net OPEB liabilities following the District's implementation of GASB Statements No. 75 during the year ended June 30, 2018. See Note 18, Impact of Recently Issued Accounting Principles, Change in Accounting Principles for further details on the implementation of GASB Statements No. 75.

NOTE 21 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2018 through December 6, 2018, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

		2018
Total OPEB liability		
Service cost	$	45,966
Interest on Total OPEB Liability		416,229
Actual investment income		-
Administrative expense		-
Benefit payments		(454,055)
Net change in total OPEB liability		8,140
Total OPEB liability, beginning of year		7,141,829
Total OPEB liability, end of year (a)	$	7,149,969
Plan fiduciary net position		
Employer contributions	$	699,055
Employee contributions		-
Net investment income		129,539
Administrative expense		(500)
Benefit payments		(454,055)
Change in plan fiduciary net position		374,039
Fiduciary trust net position, beginning of year		1,328,873
Fiduciary trust net position, end of year (b)	$	1,702,912
Net OPEB liability(asset), ending (a) - (b)	$	5,447,057
Covered payroll	$	1,285,309
Plan fiduciary net position as a percentage of the total OPEB liability(asset)		23.82%
Net OPEB liability(asset) as a percentage of covered payroll		423.79%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Actuarially determined contribution	$ 472,217
Contributions in relations to the actuarially determined contribution	699,055
Contribution deficiency (excess)	$ (226,838)
Covered-employee payroll	$ 1,285,309
Contribution as a percentage of covered-employee payroll	36.74%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

CalSTRS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.010%	0.009%	0.010%	0.010%
District's proportionate share of the net pension liability	$ 8,797,789	$ 7,333,140	$ 6,014,982	$ 5,440,880
State's proportionate share of the net pension liability associated with the District	5,204,740	4,175,241	2,328,939	2,200,153
Total	$ 14,002,529	$ 11,508,381	$ 8,343,921	$ 7,641,033
District's covered-employee payroll	$ 5,022,613	$ 5,052,496	$ 4,619,680	$ 4,660,169
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	175%	145%	130%	117%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

CalPERS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.039%	0.034%	0.032%	0.029%
District's proportionate share of the net pension liability	$ 9,246,076	$ 6,711,837	$ 5,141,432	$ 3,256,519
District's covered-employee payroll	$ 6,075,558	$ 4,920,598	$ 4,075,007	$ 3,575,983
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	152%	136%	126%	91%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2018

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 724,763	$ 635,604	$ 494,082	$ 413,219
District's contributions in relation to the statutorily required contribution	724,763	635,604	494,082	413,219
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 5,022,613	$ 5,052,496	$ 4,619,680	$ 4,660,169
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.70%	8.87%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 843,895	$ 683,471	$ 482,754	$ 420,932
District's contributions in relation to the statutorily required contribution	843,895	683,471	482,754	420,932
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,075,558	$ 4,920,598	$ 4,075,007	$ 3,575,983
District's contributions as a percentage of covered-employee payroll	13.89%	13.89%	11.85%	11.77%

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in Net OPEB Liability and Related Ratios

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Contributions - OPEB

The Schedule of the District's Contributions is presented to illustrate the District's actuarial determined contributions relating to the net OPEB liability There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Contributions - Pensions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions

The discount rate for CalPERS was 7.65% as of June 30, 2017 and 7.15% as of June 30, 2018. The discount rate for CalSTRS was 7.60% as of June 30, 2017 and 7.10% as of June 30, 2018. The change in discount rate increased the total net pension liability for each plan.

SUPPLEMENTARY INFORMATION

The District, a political subdivision of the state of California, was established on May 17, 1957. Its territories encompass portions of Siskiyou and Shasta Counties. There were no changes in boundaries during the fiscal year ended June 30, 2018.

The District provides higher education instruction for the first and second years of college education and vocational training.

GOVERNING BOARD

NAME	OFFICE	Area	TERM EXPIRES
Ms. Carol Cupp	President	III	December 2018
Mr. Alan Dyar	Vice President	VII	December 2020
Mrs. Penny Heilman	Member	I	December 2018
Mr. Jim Hardy	Member	II	December 2018
Mr. Barry Ohlund	Member	IV	December 2020
Ms. Kathleen Koon	Member	V	December 2020
Mr. Greg Hanna	Member	Vi	December 2020

DISTRICT ADMINISTRATION

Dr. Stephen Schoonmaker
Superintendent/President

Darlene Melby
Vice President, Administrative Services

Melissa Green
Vice President, Student Services

Dr. Todd Scott
Vice President, Instruction

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
RUS - Distance Learning Grant	10.855	*	$ 36,486
Passed through State of California Nutrition Services Division			
Summer Food Service Program for Children	10.559	04131-SFSP-4	5,319
Passed through Siskiyou County Department of Education			
National Forest - Dependent Rural Communities	10.670	10044	11,265
Total U.S. Department of Agriculture			53,070
U.S. DEPARTMENT OF EDUCATION			
HIGHER EDUCATION ACT			
TRIO - Student Support Services	84.042	*	241,424
TRIO - Upward Bound Program	84.047A	*	336,599
Total Higher Education Act			578,023
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplement Education Opportunity Grant (FSEOG)	84.007	*	44,000
Federal Direct Student Loans	84.268	*	1,783,453
Federal Work Study Program (FWS)	84.033	*	40,375
Federal Pell Grants (PELL)	84.063	*	2,968,675
Total Student Financial Assistance Cluster			4,836,503
CAREER AND TECHNICAL EDUCATION ACT			
Passed through State Departent of Education			
Basic Grants to States	84.048	13-112-110	99,256
Total U.S. Department of Education			5,513,782
Total Federal Expenditures			$ 5,566,852

*Pass-Through number is either not available or not applicable

See accompanying notes to the supplementary information

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Received	Accounts Receivable	Deferred Income	Total Revenues	Program Expenditures
Basic Skills	$ 100,000	$ 162,270	$ (172,927)	$ 435,197	$ 435,197
California Career Pathways Trust	-	-	(1,337,692)	1,337,692	1,337,692
CalWorks	69,658	-	16,641	53,017	53,017
CARE	68,984	-	15,287	53,697	53,697
CTE Adult Education	900,917	-	54,166	846,751	846,751
CTE - Strong Workforce	480,836	19,832	175,470	325,198	325,198
DSP&S	292,692	-	-	292,692	292,692
E.O.P.S	412,864	-	-	412,864	412,864
Enrollment Growth & Retention	97,000	-	-	97,000	97,000
IEPI-Institutional Effectiveness	-	-	(109,365)	109,365	109,365
Instructional Equipment	103,386	-	(34,887)	138,273	138,273
SFAA	129,138	-	-	129,138	129,138
SSSP	465,398	-	(4,704)	470,102	470,102
Student Equity	277,705	-	46,460	231,245	231,245
All other categorical	307,763	222,227	85,007	444,983	444,983
Total	$ 3,706,341	$ 404,329	$ (1,266,544)	$ 5,377,214	$ 5,377,214

See accompanying notes to the supplementary information

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	110.10	-	110.10
2. Credit	187.60	-	187.60
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	8.74	-	8.74
2. Credit	89.26	-	89.26
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	645.77	-	645.77
(b) Daily Census Contact Hours	251.70	-	251.70
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	554.73	-	554.73
(b) Credit	223.15	-	223.15
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	276.33	-	276.33
(b) Daily Census Contact Hours	106.53	-	106.53
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	2,453.91	-	2,453.91
Supplemental Information (subset of above information)			
E. In-service Training Courses	60.51	-	60.51
F. Basic Skills Courses and Immigrant Education			
1. Credit	43.53	-	43.53
2. Noncredit	593.30	-	593.30
Total Basic Skills FTES	636.83	-	636.83

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018	General Fund	Bond Interest and Redemption Fund	Measure A Interest and Redemption Fund	Cafeteria Fund	Dormitory Revenue Fund	Dormitory Repair and Replacement Fund	Capital Outlay Fund
Annual Financial and Budget Report (CCFS-311)							
Fund Balance	$ 2,829,555	$ 29,492	$ 5,039,044	$ (140,023)	$ 299,396	$ 28,264	$ 1,099,021
Adjustments and reclassifications increasing (decreasing) the fund balance:							
Agency accounts not included in CCFS-311	-	-	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-	-	-
Net Adjustments and Reclassifications	-	-	-	-	-	-	-
Audited Financial Statements Fund Balance	$ 2,829,555	$ 29,492	$ 5,039,044	$ (140,023)	$ 299,396	$ 28,264	$ 1,099,021

June 30, 2018 (continued)	Revenue Bond Construction Fund	Bookstore Fund	Student Financial Aid Trust Fund	Associated Students Trust Fund	Scholarship and Loan Trust Fund	Other Agency Funds	Total
Annual Financial and Budget Report (CCFS-311)							
Fund Balance	$ 3,111,901	$ (17,852)	$ 13,246	$ 50,231	$ 25,316	$ -	$ 12,367,591
Adjustments and reclassifications increasing (decreasing) the fund balance:							
Agency accounts not included in CCFS-311	-	-	-	-	-	83,348	83,348
Reclassification of amounts held for others	-	-	-	(50,231)	(25,316)	(83,348)	(158,895)
Net Adjustments and Reclassifications	-	-	-	(50,231)	(25,316)	-	(75,547)
Audited Financial Statements Fund Balance	$ 3,111,901	$ (17,852)	$ 13,246	$ -	$ -	$ -	$ 12,292,044

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 2,803,724	$ -	$ 2,803,724	$ 2,851,892	$ -	$ 2,851,892
Other	1300	1,710,134	-	1,710,134	1,710,134	-	1,710,134
Total Instructional Salaries		4,513,858	-	4,513,858	4,562,026	-	4,562,026
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	971,963	-	971,963
Other	1400	-	-	-	57,964	-	57,964
Total Non-Instructional Salaries		-	-	-	1,029,927	-	1,029,927
Total Academic Salaries		4,513,858	-	4,513,858	5,591,953	-	5,591,953
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	3,036,012	-	3,036,012
Other	2300	-	-	-	141,901	-	141,901
Total Non-Instructional Salaries		-	-	-	3,177,913	-	3,177,913
Instructional Aides							
Regular Status	2200	354,793	-	354,793	354,793	-	354,793
Other	2400	402,541	-	402,541	402,541	-	402,541
Total Instructional Aides		757,334	-	757,334	757,334	-	757,334
Total Classsified Salaries		757,334	-	757,334	3,935,247	-	3,935,247
Employee Benefits	3000	1,558,668	-	1,558,668	4,168,857	-	4,168,857
Supplies and Materials	4000	-	-	-	218,741	-	218,741
Other Operating Expenses	5000	2,340,901	-	2,340,901	5,067,177	-	5,067,177
Equipment Replacement	6420	-	-	-	1,115	-	1,115
Total Expenditures Prior to Exclusions		9,170,761	-	9,170,761	18,983,090	-	18,983,090
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	271,033	-	271,033	271,033	-	271,033
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	2,150	-	2,150
Student Transportation	6491	-	-	-	196,472	-	196,472
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	254,731	-	254,731
Object to Exclude							
Rents and Leases	5060	-	-	-	183,468	-	183,468
Lottery Expenditures							
Academic Salaries	1000	-	-	-	109,119	-	109,119
Classified Salaries	2000	-	-	-	46,821	-	46,821
Employee Benefits	3000	-	-	-	58,775	-	58,775
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	198,419	-	198,419
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ 271,033	$ -	$ 271,033	$ 1,320,988	$ -	$ 1,320,988
Total for ECS 84362, 50% Law		$ 8,899,728	$ -	$ 8,899,728	$ 17,662,102	$ -	$ 17,662,102
Percent of CEE (Instructional Salary Cost/Total CEE)		50.39%	0.00%	50.39%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 8,831,051	$ -	$ 8,831,051

See accompanying notes to the supplementary information

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

EPA Revenue	$ 2,527,741

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 2,375,455	$ 152,286	$ -	$ 2,527,741
Total		$ 2,375,455	$ 152,286	$ -	$ 2,527,741

See accompanying notes to the supplementary information

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET – DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund	Measure A Interest and Redemption Fund	Cafeteria Fund	Dormitory Revenue Fund	Dormitory Repair and Replacement Fund	Capital Outlay Fund	Balance Forward
ASSETS								
Cash and equivalents	$ 4,275,400	$ 20,500	$ 5,438,145	$ 14,251	$ 846,567	$ 25,160	$ 610,705	$ 11,230,728
Accounts receivable	1,916,816	88	24,413	177,298	131,208	110	10,353	2,260,286
Inventory	-	-	-	9,433	-	-	-	9,433
Prepaid assets	593,325	-	-	-	-	-	-	593,325
Due from other funds	2,373,388	8,904	-	-	-	2,994	598,403	2,983,689
Total Assets	$ 9,158,929	$ 29,492	$ 5,462,558	$ 200,982	$ 977,775	$ 28,264	$ 1,219,461	$ 17,077,461
LIABILITIES								
Accounts payable	$ 2,314,903	$ -	$ 356,046	$ 12,009	$ 7,140	$ -	$ 110,856	$ 2,800,954
Deferred revenue	2,741,244	-	-	4,426	-	-	236	2,745,906
Amounts held for others	-	-	-	-	-	-	-	-
Due to other funds	1,273,227	-	67,468	324,570	671,239	-	9,348	2,345,852
Total Liabilities	6,329,374	-	423,514	341,005	678,379	-	120,440	7,892,712
FUND EQUITY								
Fund balance	2,829,555	29,492	5,039,044	(140,023)	299,396	28,264	1,099,021	9,184,749
Total Fund Equity	2,829,555	29,492	5,039,044	(140,023)	299,396	28,264	1,099,021	9,184,749
Total Liabilities and Fund Equity	$ 9,158,929	$ 29,492	$ 5,462,558	$ 200,982	$ 977,775	$ 28,264	$ 1,219,461	$ 17,077,461

See accompanying notes to the supplementary information

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET – DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY
FOR THE YEAR ENDED JUNE 30, 2018

	Balance Brought Forward	Revenue Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Student Financial Aid Trust Fund	Associated Students Trust Fund	Scholarship and Loan Trust Fund	Other Agency Funds	Total
ASSETS									
Cash and equivalents	$ 11,230,728	$ 3,165,197	$ 124,401	$ -	$ 188,103	$ 48,896	$ 43,532	$ 52,072	$ 14,852,929
Accounts receivable	2,260,286	13,856	51,944	-	41,802	19,682	1,943	10,762	2,400,275
Inventory	9,433	-	144,107	-	-	-	-	-	153,540
Prepaid assets	593,325	-	-	-	88,628	-	-	1,266	683,219
Due from other funds	2,983,689	-	-	-	-	512	1,804	48,683	3,034,688
Total Assets	$ 17,077,461	$ 3,179,053	$ 320,452	$ -	$ 318,533	$ 69,090	$ 47,279	$ 112,783	$ 21,124,651
LIABILITIES									
Accounts payable	$ 2,800,954	$ 52,445	$ 9,024	$ -	$ 52,712	$ 358	$ -	$ 3,307	$ 2,918,800
Deferred revenue	2,745,906	-	-	-	38,954	1,213	-	22,650	2,808,723
Amounts held for others	-	-	-	-	-	50,231	25,316	83,348	158,895
Due to other funds	2,345,852	14,707	329,280	-	213,621	17,288	21,963	3,478	2,946,189
Total Liabilities	7,892,712	67,152	338,304	-	305,287	69,090	47,279	112,783	8,832,607
FUND EQUITY									
Fund balance	9,184,749	3,111,901	(17,852)	-	13,246	-	-	-	12,292,044
Total Fund Equity	9,184,749	3,111,901	(17,852)	-	13,246	-	-	-	12,292,044
Total Liabilities and Fund Equity	$ 17,077,461	$ 3,179,053	$ 320,452	$ -	$ 318,533	$ 69,090	$ 47,279	$ 112,783	$ 21,124,651

See accompanying notes to the supplementary information

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY – DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund	Measure A Interest and Redemption Fund	Cafeteria Fund	Dormitory Revenue Fund	Dormitory Repair and Replacement Fund	Capital Outlay Fund	Balance Forward
OPERATING REVENUES								
Net tuition and fees	$ 2,125,299	$ -	$ -	$ 20,054	$ 526,313	$ -	$ -	$ 2,671,666
Grants and Contracts, noncapital								
Federal	776,910	-	-	-	-	-	-	776,910
State	3,500,104	-	-	-	-	-	-	3,500,104
Local	117,556	-	-	40,042	123,135	-	28,238	308,971
Auxiliary enterprise sales, net	-	-	-	683,724	-	-	-	683,724
Total Operating Revenues	6,519,869	-	-	743,820	649,448	-	28,238	7,941,375
OPERATING EXPENDITURES								
Salaries	11,630,175	-	-	276,401	180,910	-	-	12,087,486
Employee benefits	5,119,195	-	-	129,890	98,030	-	-	5,347,115
Supplies, materials, and other operating expenses and services	9,797,295	-	3,740	667,149	150,024	-	751,241	11,369,449
Financial aid expenses	-	-	-	-	-	-	-	-
Total Operating Expenses	26,546,665	-	3,740	1,073,440	428,964	-	751,241	28,804,050
Operating Income (Loss)	(20,026,796)	-	(3,740)	(329,620)	220,484	-	(723,003)	(20,862,675)
NONOPERATING REVENUES (EXPENDITURES)								
State apportionments, noncapital	10,594,215	-	-	-	-	-	-	10,594,215
Education protection account revenues, noncapital	2,527,741	-	-	-	-	-	-	2,527,741
Local property taxes, noncapital	3,937,315	-	-	-	-	-	-	3,937,315
State taxes and other revenues, noncapital	2,671,731	-	23,699	-	-	-	-	2,695,430
Financial aid revenues	3,855	-	-	-	-	-	-	3,855
Investment income	81,898	319	68,649	11	8,660	321	11,862	171,720
Interest expense	-	(89,451)	(690,179)	-	-	-	-	(779,630)
Transfer from Trust Fund	-	-	-	-	-	-	-	-
Other non-operating revenues	34,648	-	-	6,977	7,208	-	55,791	104,624
State apportionments, capital	-	-	-	-	-	-	62,364	62,364
Local property taxes and revenues, capital	-	-	1,709,707	-	-	-	-	1,709,707
Total Nonoperating Revenues (Expenditures)	19,851,403	(89,132)	1,111,876	6,988	15,868	321	130,017	21,027,341
OTHER FINANCING SOURCES (USES)								
Operating transfer in	47,649	160,400	-	150,000	-	4,000	7,693	369,742
Operating transfer out	(156,597)	-	-	-	(167,390)	-	-	(323,987)
Proceeds from long-term debt	-	-	-	-	-	-	-	
Debt service	-	(70,947)	(520,000)	-	-	-	-	(590,947)
Total Other Financing Sources (Uses)	(108,948)	89,453	(520,000)	150,000	(167,390)	4,000	7,693	(545,192)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(284,341)	321	588,136	(172,632)	68,962	4,321	(585,293)	(380,526)
FUND EQUITY -- BEGINNING OF YEAR	3,113,896	29,171	4,450,908	32,609	230,434	23,943	1,684,314	9,565,275
FUND EQUITY -- END OF YEAR	$ 2,829,555	$ 29,492	$ 5,039,044	$ (140,023)	$ 299,396	$ 28,264	$ 1,099,021	$ 9,184,749

See accompanying notes to the supplementary information

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY – DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY
FOR THE YEAR ENDED JUNE 30, 2018

	Balance Brought Forward	Revenue Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Student Financial Aid Trust Fund	Associated Students Trust Fund	Scholarship and Loan Trust Fund	Other Agency Funds	Total
OPERATING REVENUES									
Net tuition and fees	$ 2,671,666	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,671,666
Grants and Contracts, noncapital									
Federal	776,910	-	-	-	-	-	-	-	776,910
State	3,500,104	-	-	-	154,365	-	-	-	3,654,469
Local	308,971	-	-	-	-	-	-	-	308,971
Auxiliary enterprise sales and charges	683,724	-	473,630	-	-	-	-	-	1,157,354
Total Operating Revenues	7,941,375	-	473,630	-	154,365	-	-	-	8,569,370
OPERATING EXPENDITURES									
Salaries	12,087,486	-	96,089	-	38,608	-	-	-	12,222,183
Employee benefits	5,347,115	-	33,074	-	1,767	-	-	-	5,381,956
Supplies, materials, and other operating expenses and services	11,369,449	727,050	366,570	-	1,874	-	-	-	12,464,943
Financial aid expenses	-	-	-	-	5,231,785	-	-	-	5,231,785
Total Operating Expenses	28,804,050	727,050	495,733	-	5,274,034	-	-	-	35,300,867
Operating Income (Loss)	(20,862,675)	(727,050)	(22,103)	-	(5,119,669)	-	-	-	(26,731,497)
NONOPERATING REVENUES (EXPENDITURES)									
State apportionments, noncapital	10,594,215	-	-	-	-	-	-	-	10,594,215
Education protection account revenues, noncapital	2,527,741	-	-	-	-	-	-	-	2,527,741
Local property taxes, noncapital	3,937,315	-	-	-	-	-	-	-	3,937,315
State taxes and other revenues, noncapital	2,695,430	-	-	-	281,292	-	-	-	2,976,722
Financial aid expenses	3,855	-	-	-	4,839,510	-	-	-	4,843,365
Investment income	171,720	45,348	16	-	20	-	-	-	217,104
Interest expense	(779,630)	-	-	-	-	-	-	-	(779,630)
Transfer from Trust Fund	-	-	-	-	-	-	-	-	-
Other non-operating revenues	104,624	-	-	-	-	-	-	-	104,624
State apportionments, capital	62,364	92,574	-	-	-	-	-	-	154,938
Local property taxes and revenues, capital	1,709,707	-	-	-	-	-	-	-	1,709,707
Total Nonoperating Revenues (Expenditures)	21,027,341	137,922	16	-	5,120,822	-	-	-	26,286,101
OTHER FINANCING SOURCES (USES)									
Operating transfer in	369,742	-	-	-	1,767	-	-	-	371,509
Operating transfer out	(323,987)	-	-	-	-	-	-	-	(323,987)
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-
Debt service	(590,947)	-	-	-	-	-	-	-	(590,947)
Total Other Financing Sources (Uses)	(545,192)	-	-	-	1,767	-	-	-	(543,425)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(380,526)	(589,128)	(22,087)	-	2,920	-	-	-	(988,821)
FUND EQUITY -- BEGINNING OF YEAR	9,565,275	3,701,029	4,235	-	10,326	-	-	-	13,280,865
FUND EQUITY -- END OF YEAR	$ 9,184,749	$ 3,111,901	$ (17,852)	$ -	$ 13,246	$ -	$ -	$ -	$ 12,292,044

See accompanying notes to the supplementary information

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Total Fund Equity - District Funds Included in the Reporting Entity		$ 12,292,044
Assets recorded within the statements of net position not included in the District fund financial statements:		
Nondepreciable capital assets	$ 605,427	
Depreciable capital assets	60,333,353	
Accumulated depreciation	(21,355,728)	39,583,052
Unmatured Interest		(722,570)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred loss on refunding		571,787
Deferred outflows from pensions		5,801,624
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Compensated absences		(407,871)
Net pension liability		(18,043,865)
Net OPEB obligation		(5,447,057)
Long-term debt		(33,199,357)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows from pensions		(721,235)
Total Net Position Reported Within the Statements of Net Position		$ (293,448)

See accompanying notes to the supplementary information

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Change in Fund Equity - District Funds Included in the Reporting Entity in the Reporting Entity	$	(988,821)
Compensated absence expense not reported within the GASB 35 Statements		(12,474)
Depreciation expense reported within the GASB 35 Statements		(1,839,585)
Accretion of general obligation bonds reported within the GASB 35 Statements		(678,181)
Accrued interest reported within the GASB 35 Statements		(117,766)
Amortization of bond premiums reported within the GASB 35 Statements		79,799
Amortization of deferred loss on refunding		(47,320)
Capital outlay expense not reported within the GASB 35 Statements		1,587,805
Loss on disposal of capital assets not reported within the GASB 35 Statements		(132,193)
Pension expense reported within the GASB 35 Statements		(1,841,203)
Other postemployment benefits expense reported within the GASB 35 Statements		(333,156)
Principal payments on debt not reported within the GASB 35 Statements		590,947
Change in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position	$	(3,732,148)

See accompanying notes to the supplementary information

NOTE 1 - PURPOSE OF SCHEDULES

District Organizational Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

Schedule of Expenditures of Federal Awards

This schedule includes the federal activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Expenses reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Revenues and Expenditures of State Awards

The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the CCFS-311 to the audited financial statements.

Reconciliation of ECS 84362 (50 Percent Law) Calculation

This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

NOTE 1 - PURPOSE OF SCHEDULES, continued

Details of the Education Protection Account

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

Combining Balance Sheet - District Funds Included in the Reporting Entity

This schedule provides a balance sheet detail of all District funds included in the government-wide financial reporting entity.

Combining Statement of Revenues, Expenses, and Changes in Fund Equity - District Funds Included in the Reporting Entity

This schedule provides revenues, expenditures, and changes in fund equity detail for all District funds included in the government-wide financial reporting entity.

Reconciliation of Fund Equity to Net Position and Reconciliation of Change in Fund Equity to Change in Net Position

These schedules provide the information necessary to reconcile the supplemental combining financial schedules to the audited financial statements.

NOTE 2 - COMBINING FINANCIAL STATEMENT SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying combining balance sheet – District funds included in the reporting entity, and the combining statement of revenues, expenditures/expenses, and changes in fund equity – are presented on the modified accrual basis of accounting with the exception of the Self-Insurance Fund, which is presented on the accrual basis of accounting consistent with the preparation in the entity-wide financial statements.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable” and “available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Property taxes, franchise taxes, licenses, interest revenue, and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

NOTE 2 - COMBINING FINANCIAL STATEMENT SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The District reports advances of revenues on its combining balance sheet. Advances of revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Advances of revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for advances of revenue is removed and revenue is recognized.

OTHER INDEPENDENT AUDITORS' REPORTS

INDEPENDENT AUDITORS' 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*

The Board of Trustees
Siskiyou Joint Community College District
Weed, California

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 Siskiyou Joint Community College District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Siskiyou Joint Community College District's basic financial statements, and have issued our report thereon dated December 6, 2018.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 18 to the financial statements, in 2018, the Districted adopted new accounting guidance, GASB Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Siskiyou Joint Community College District 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 Siskiyou Joint Community College District internal control. Accordingly, we do not express an opinion on the effectiveness of the Siskiyou Joint Community College District'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.

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. Control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Siskiyou Joint Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 to 2018-002.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 6, 2018

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Trustees
Siskiyou Joint Community College District
Weed, California

Report on Compliance for Each Major Federal Program

We have audited Siskiyou Joint Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Siskiyou Joint Community College District's major federal programs for the year ended June 30, 2018. Siskiyou Joint Community College District's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Siskiyou Joint Community College District'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 Siskiyou Joint Community College District 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 Siskiyou Joint Community College District compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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, 2018

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

Report on Internal Control Over Compliance

Management of Siskiyou Joint Community College District 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 Siskiyou Joint Community College District'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 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 Siskiyou Joint Community College District's internal control over compliance.

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

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

Purpose of This Report

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 6, 2018

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Siskiyou Joint Community College District
Weed, California

Report on State Compliance

We have audited Siskiyou Joint Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2017-18*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Siskiyou Joint Community College District's compliance with the 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 *California Community Colleges Contracted District Audit Manual (CDAM) 2017-18*, issued by the California Community Colleges Chancellor's Office. Those standards 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 the state programs noted below. An audit includes examining, on a test basis, evidence about Siskiyou Joint Community College District'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 with the requirements referred to above. However, our audit does not provide a legal determination of Siskiyou Joint Community College District's compliance with those requirements.

Basis for Modified Opinion

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding the State General Apportionment Funding System 2018-001 and annual Certification of CCFS-311 2018-002. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to the program.

Modified Opinion

In our opinion, except for the noncompliance described in the Basis for Modified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Unmodified Opinion for Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2018, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Audit Findings and Questioned Costs.

Other Matters

In connection with the audit referred to above, we selected and tested transactions and records to determine Siskiyou Joint Community College District's compliance with the state laws and regulations applicable to the following items:

Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Instructional Service Agreements/Contracts
Section 424 – State General Apportionment Funding System
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment of K-12 Students in Community College Credit Courses
Section 428 – Student Equity
Section 429 – Student Success and Support Program (SSSP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 435 – Open Enrollment
Section 439 – Proposition 39 Clean Energy
Section 440 – Intersession Extension Program
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 479 – To Be Arranged Hours (TBA)
Section 490 – Proposition 1D State Bond Funded Projects
Section 491 – Proposition 55 Education Protection Account Funds

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2017-18*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 6, 2018

Member of AICPA

5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com

CalCPA

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditors' Results

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033 84.063, 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for State programs:	Modified

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings or questioned costs identified during 2017-18.

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported under Uniform Guidance.

There were no federal award findings or questioned costs identified during 2017-18.

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING #2018-001 – STATE COMPLIANCE (STATE GENERAL APPORTIONMENT FUNDING SYSTEM)

Criteria
The total student contact hours reported for each class under the actual hours of attendance procedure should be the sum of the individual attendance hours total for each student in the class as reported by the instructor (5 CCR 58003.1(d) and 5 CCR 58003.1(g)).

Condition
During our testing of state general apportionment funding system, we noted that 1 out of 40 courses tested did not properly total the number of hours of attendance. Therefore, the hours certified by the instructor did not agree to the roster. The identified course was an actual-hours-of-attendance census-type course where the District relies upon instructor certified rosters as the basis for supporting hours claimed.

Questioned Costs
We identified two courses with roster support that did not agree to hours claimed on the CCFS-320. We extrapolated the net overstatement for our audit testing of 3 hours to be a 0.062% error rate which equated to 0.57 non-credit actual hours FTES. Based upon funding of $3,097.40 total questioned costs equal $1,777.60.

Cause
Clerical error as instructor left the District prior to submission of the support for hours noted above.

Effect
Non-compliance with state general apportionment funding requirements.

Recommendation
We recommend that the District reconcile actual hours reported to the hours supported by physical instructor rosters.

District Response
The District agrees with the finding and believes this to be an isolated incident. The District has implemented new internal review procedures to ensure any variances are identified and detected prior to submission.

FINDING #2018-002 – STATE COMPLIANCE (ANNUAL CCFS-311 REPORTING)

Criteria
The California Community Colleges Chancellor's Office requires that each community college district report the financial activity of the General Fund on a quarterly basis via the CCFS-311Q report and the districts' total revenues and expenditures for the fiscal year via the CCFS-311 by October 10 of each year. This report is also required to include the adopted budget for the subsequent fiscal year.

Condition
In our testing of the District annual CCFS-311 for the fiscal year 2017-18, we noted that the certification and filing did not occur by October 10, 2018.

Questioned Costs
No questioned costs noted.

Effect
Noncompliance with submission requirements for the annual CCFS-311.

Cause
The annual CCFS-311 report was certified to the State Chancellor's Office after October 10, 2018.

Recommendation
We recommend that in accordance with the instructions of the State Chancellor's Office for the Annual Financial and Budget Report requirements, the annual activity of all funds of the District be made available to the public on or before September 30 of each year and be submitted to the Chancellor's Office no later than October 10 of each year.

District Response
Due to a number of internal delays, the 2017-18 final CCFS-311 report was completed and certified with the State Chancellor's office on October 18, 2018, after the due date. The District recently filled a full-time position that had been vacant since February 1, 2018, and will establish a schedule to ensure future reports will be completed and certified by the established reporting date.

FINDING #2017-001 – FEDERAL COMPLIANCE (STUDENT FINANCIAL ASSISTANCE CLUSTER – ELIGIBILITY)

Criteria
Institutions must report student payment data within 30 days after the school makes a payment, or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (34 CFR section 690.83(b) and Federal Register).

Condition
During our testing of federal Pell grant awards, we noted that 4 out of 25 students tested indicated different transaction numbers when comparing the common origination and disbursement (COD) system to the instructional student information record (ISIR).

Questioned Costs
No questioned costs noted.

Cause
The District did not have proper controls in place to review and report the ISIR changes to the COD system. This was due to timing differences related to prior audit year-end field work in 2015-16, which did not allow management to put the new control into effect under the second half of 2016-17.

Effect
Inaccuracies of student information in COD increases the risk that students may not receive the correct amount of financial aid award to which they are entitled, and the level of Pell authorization for an institution is affect by the accuracy with which the Pell information is reported in the COD system. A difference in the transaction numbers in the COD system and the ISIR indicates that changes were made on the ISIR. Such changes may affect the student's eligibility to receive student financial aid awards or change the amounts awarded.

Recommendation
We recommend that the District monitor changes in the ISIR and reconcile to the COD system to be sure there are no changes affecting the student's eligibility or award amounts. The District should continue its efforts to ensure that information provided through the COD system is complete and accurate.

District Response
This finding is a result of the timing of prior year finding 2016-003 which was discovered after July 1, 2016. Since the issue was discovered in the fall of 2016, it has again been identified as a finding for 2016-17. The District agrees, found these students with inconsistencies regarding transaction paid in our records compared to COD. Upon further review all these students, all these students were correctly paid. Transactions were received after payment because ISIR record was not locked in Banner. No change to EFC's and none of the students were selected for verification. This has subsequently been corrected. Additionally, the District has filled the financial aid position in which the staff member has received training which has resulted in a more thorough review and reconciliation of the ISIR and COD systems.

Current Status
Fully implemented.

FINDING #2017-002 – STATE COMPLIANCE (STATE GENERAL APPORTIONMENT FUNDING SYSTEM)

Criteria
The total student contact hours reported for each class under the actual hours of attendance procedure should be the sum of the individual attendance hours total for each student in the class as reported by the instructor (5 CCR 58003.1(d) and 5 CCR 58003.1(g)).

Condition
During our testing of state general apportionment funding system, we noted that 1 out of 40 courses tested did not properly report the number of hours as certified by the instructor roster. The identified course was an actual-hours-of-attendance census-type course where the District relies upon instructor certified rosters as the basis for supporting hours claimed.

Questioned Costs
We identified one course without roster support for 1,523 hours out of 22,336 hours tested. We calculate this as a 6.82% error rate which equated to 34.75 non-credit actual hours FTES. Based upon funding of $3009.19 total questioned costs equal $104,563.

Cause
Clerical error as instructor left the District prior to submission of the support for hours noted above.

Effect
Non-compliance with state general apportionment funding requirements.

Recommendation
We recommend that the District reconcile actual hours reported to the hours supported by physical instructor rosters. In addition, per discussion with District management, we will perform expanded testing of 2016-17 actual hours courses in January 2018 to determine the exact figure of non-supported courses. This revised opinion on expanded actual hours testing will be provided to the State Chancellors Office, and will be the basis for final questioned costs.

District Response
The District agrees with the finding, but believes this to be an isolated incident. The District has arranged with the audit team to perform expanded testing of 2016-17 actual hours courses in January 2018 to determine the exact figure of non-supported courses. The District will work with the Instruction Office to develop a process for verification of positive attendance hours.

Current Status
See Finding 2018-001.

FINDING #2017-003 – STATE COMPLIANCE (ANNUAL CCFS-311 REPORTING)

Criteria
The California Community Colleges Chancellor's Office requires that each community college district report the financial activity of the General Fund on a quarterly basis via the CCFS-311Q report and the districts' total revenues and expenditures for the fiscal year via the CCFS-311 by October 10 of each year. This report is also required to include the adopted budget for the subsequent fiscal year.

Condition
In our testing of the District annual CCFS-311 for the fiscal year 2016-17, we noted that the certification and filing did not occur by October 10, 2017.

Questioned Costs
No questioned costs noted.

Effect
Noncompliance with submission requirements for the annual CCFS-311.

Cause
The annual CCFS-311 report was certified to the State Chancellor's Office after October 10, 2017.

Recommendation
We recommend that in accordance with the instructions of the State Chancellor's Office for the Annual Financial and Budget Report requirements, the annual activity of all funds of the District be made available to the public on or before September 30 of each year and be submitted to the Chancellor's Office no later than October 10 of each year.

District Response
Due to a number of internal delays, the 2016-17 final CCFS-311 report was completed and certified with the State Chancellor's office on October 17, 2017, after the due date. The District will establish a schedule to ensure future reports will be completed and certified by the established reporting date.

Current Status
See Finding 2018-002.