

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

**Weed, California**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITORS' REPORTS

**June 30, 2014**



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I S O M

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College District*

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## **INDEPENDENT AUDITORS' REPORT**

To 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 discretely presented component unit of Siskiyou Joint Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the District as of June 30, 2014, and the changes in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **INDEPENDENT AUDITORS' REPORT**

Continued

### ***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 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed as supplementary information in the table of contents and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2015, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KCoe Team, LLP

January 8, 2015  
Redding, California

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information)**



**Administrative Services**

**530-938-5220**

**SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

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***USING THIS ANNUAL REPORT***

As required by 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 assets of the District exceeded its liabilities by \$15.1 million in 2013-14 and \$15.6 million in 2012-13.
- At the close of the 2013 and 2014 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 five percent of the General Fund expenditures.
- Full-Time Equivalent Students (FTES) for 2013-14 and 2012-13 were 2,310 and 2,457, respectively.
- For the 2014 and 2013 fiscal years, total student financial aid offered to qualifying students throughout the District exceeded \$6.8 million and \$7.8 million, respectively, and is provided through grants and loans from the Federal government, State Chancellor's Office, and local funding.
- Cost of employee benefits has decreased for 2013-14 due to the shift from being self-insured to contracting with California Valued Trust (CVT) for health and prescription coverage.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2014

*Siskiyou Joint Community  
College District*

- The District continues to make its scheduled payments on the Dorm Revenue Bond and its capital equipment leases. The District issued Bond Anticipation Notes (BAN) in February 2010 to finance the completion of the Rural Health Sciences Institute. The District paid off the 2010 BAN, including principal and interest, in the amount of \$1,225,000 in December 2013.
- The occupancy rate for our lodges exceeded 75 percent for 2013-14, and the District continues to add new program activities to more fully engage students.

Condensed district-wide financial information is as follows:

**NET POSITION AS OF JUNE 30**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets		
Cash, investments, and short-term receivables	\$ 1,595,410	\$ 4,759,889
Inventory and other assets	<u>3,846,827</u>	<u>5,956,507</u>
Total Current Assets	<u>5,442,237</u>	<u>10,716,396</u>
Non-Current Assets		
Restricted cash and investments	4,506,683	1,697,432
Capital assets, net of depreciation	40,520,875	41,733,189
Non-depreciable capital assets	<u>393,541</u>	<u>223,139</u>
Total Non-Current Assets	<u>45,421,099</u>	<u>43,653,760</u>
Total Assets	<u>\$ 50,863,336</u>	<u>\$ 54,370,156</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,886,220	\$ 2,315,884
Deferred revenue	1,089,912	1,411,712
Short-term debt – TRAN	1,630,000	2,775,000
Long-term liabilities – current portion	<u>636,589</u>	<u>1,775,256</u>
Total Current Liabilities	<u>5,242,721</u>	<u>8,277,852</u>
Non-Current Liabilities		
Long-term liabilities	<u>30,509,973</u>	<u>30,445,312</u>
Total Liabilities	<u>35,752,694</u>	<u>38,723,164</u>
<b>NET POSITION</b>		
Net investment in capital assets	13,790,360	12,101,319
Nonexpendable	2,963,936	2,512,511
Expendable	<u>(1,643,654)</u>	<u>1,033,162</u>
Total Net Position	<u>15,110,642</u>	<u>15,646,992</u>
Total Liabilities and Net Position	<u>\$ 50,863,336</u>	<u>\$ 54,370,156</u>



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2014

*Siskiyou Joint Community  
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This schedule has been prepared from the District's Statement of Net Position (page 16), which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

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 18 and 19).

Long-term liabilities consist of the 2005 General Obligation Bonds, the 2010 Bond Anticipation Notes, and the Dorm Revenue Bond. A Capital Lease arrangement for several copiers was entered into in 2011-12. In addition, the District obtained an interim note in 2012-13 for the financing of the new Science Building. The current portion represents the amount of principal to be paid within the next year.

**OPERATING RESULTS  
FOR THE YEAR ENDED JUNE 30**

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship discount and allowance	\$ 2,925,842	\$ 2,703,320
Grants and contracts	3,141,125	2,873,957
Auxiliary services	<u>535,191</u>	<u>580,390</u>
Total Operating Revenues	<u>6,602,158</u>	<u>6,157,667</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	12,963,325	15,236,997
Supplies and maintenance	6,746,464	5,154,665
Depreciation	<u>1,623,210</u>	<u>1,590,011</u>
Total Operating Expenses	<u>21,332,999</u>	<u>21,981,673</u>
<b>OPERATING LOSS</b>	<u>(14,730,841)</u>	<u>(15,824,006)</u>
<b>NON-OPERATING REVENUE</b>		
State apportionments	5,909,663	5,871,447
EPA Apportionment	2,188,607	2,257,916
Property taxes	4,948,332	4,883,999
Other state revenue	2,748,593	2,661,859
Financial aid revenues	6,730,194	7,688,801
Financial aid expenses	(6,893,463)	(7,881,162)
Interest expense (net)	(1,587,259)	(1,525,779)
Other non-operating revenues and transfers	<u>67,212</u>	<u>99,353</u>
Total Non-Operating Revenues	<u>14,111,879</u>	<u>14,056,434</u>
<b>OTHER REVENUES</b>		
State revenues, capital	<u>82,612</u>	<u>779,612</u>
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ (536,350)</u>	<u>\$ (987,960)</u>

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2014

*Siskiyou Joint Community  
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This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position (page 17).

Auxiliary revenue consists of bookstore and cafeteria sales and charges. Room and board for the students is not part of auxiliary revenue, but is 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.

For 2014 and 2013, 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.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30**

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 18 and 19.

	<u>2014</u>	<u>2013</u>
CASH PROVIDED BY (USED) IN		
Operating activities	\$ (13,211,779)	\$ (14,214,061)
Noncapital financing activities	15,616,935	13,206,660
Capital financing activities	(2,794,411)	3,513,820
Investing activities	<u>34,027</u>	<u>22,839</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ <u><u>(355,228)</u></u>	\$ <u><u>2,529,258</u></u>

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 the Colleges' programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

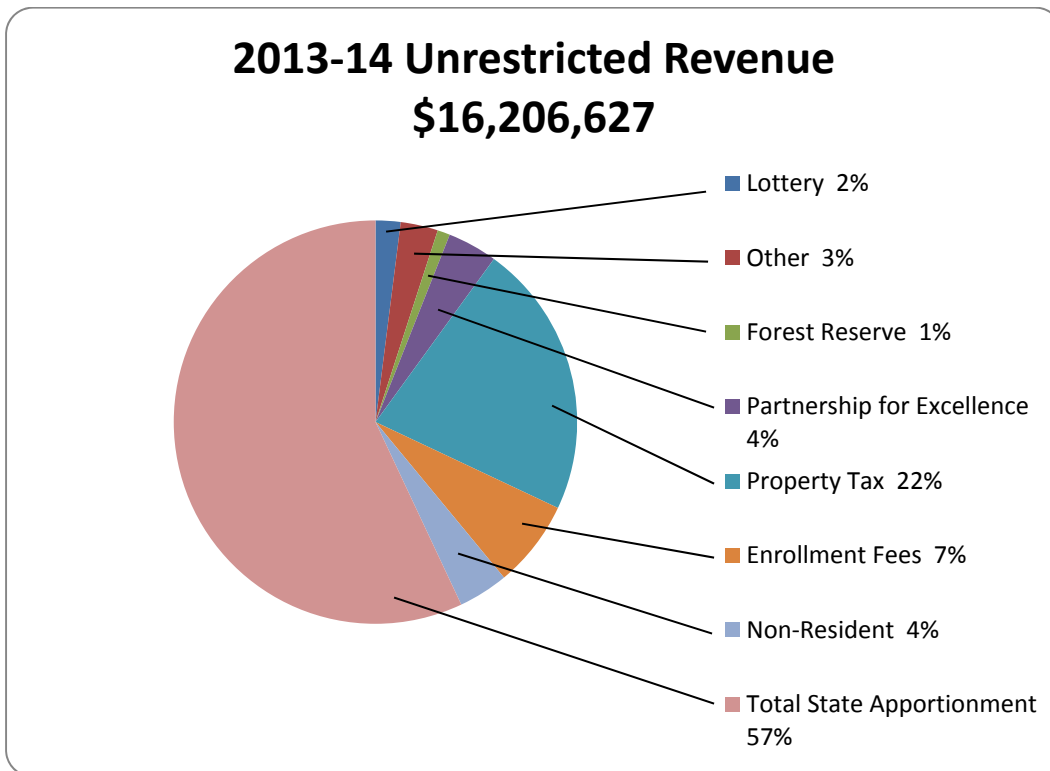
**UNRESTRICTED GENERAL FUND SELECTED FINANCIAL INFORMATION**

**Revenues**

The District's major sources of unrestricted revenues include State apportionment, property taxes, Partnership for Excellence funds, enrollment, and lottery. The primary basis of the apportionment component is the calculation of full-time equivalent students (FTES).

Of the revenue sources, State apportionment, property tax, and enrollment fees are commonly referred to as District General Revenues and form 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 Principle Apportionment Statement (P1) in mid-February and the Second Principle Apportionment Statement (P2) in early June of each fiscal year.

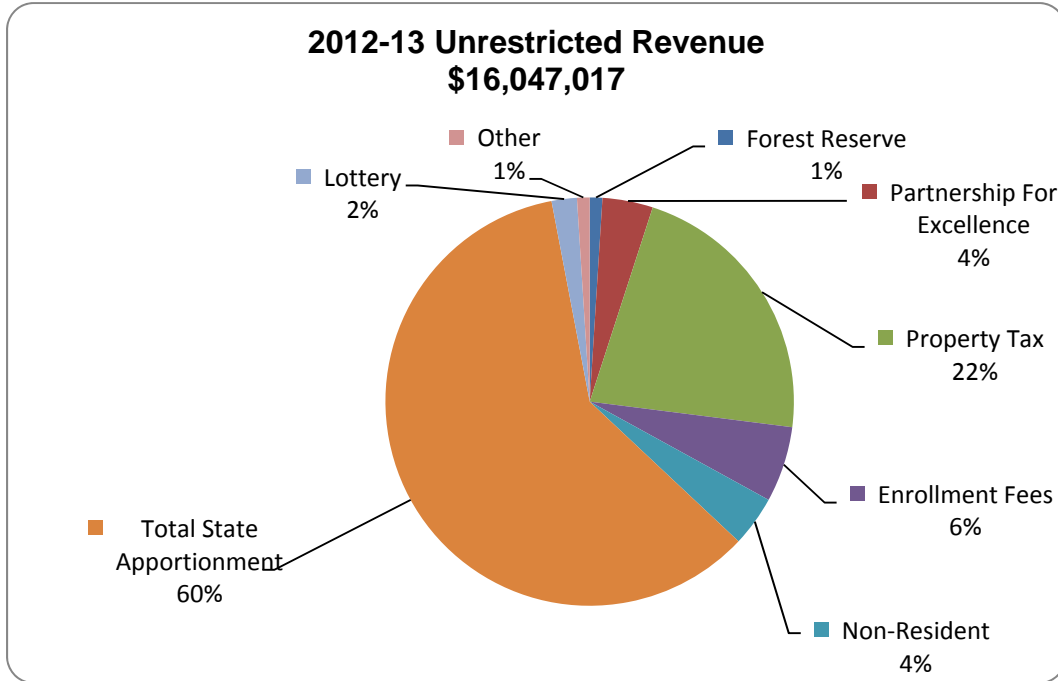
In fiscal years 2014 and 2013, the District's actual unrestricted General Fund revenues totaled \$16,206,627 and \$16,047,017, respectively.



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2014

*Siskiyou Joint Community  
College District*



	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>
General Apportionment	\$ 6,349,127	\$ 6,243,893
Education Protection Account	2,188,607	2,257,916
Restoration/Decline	<u>655,500</u>	<u>1,015,731</u>
Subtotal General Apportionment	<u>9,193,234</u>	<u>9,517,540</u>
Property Taxes	3,485,983	3,500,351
Enrollment Fees	<u>1,207,082</u>	<u>983,241</u>
Total Apportionment Revenues	<u>13,886,299</u>	<u>14,001,132</u>
Partnership for Excellence	675,000	675,000
Lottery	373,671	252,721
Nonresident Tuition	694,390	673,701
Part-time Faculty Compensation	51,209	51,209
Forest Reserve	143,362	161,095
Transfers	54,215	29,400
Other *	<u>328,481</u>	<u>202,759</u>
Total Other Revenue	<u>2,320,328</u>	<u>2,045,885</u>
Total Unrestricted General Fund Revenue	<u>\$ 16,206,627</u>	<u>\$ 16,047,017</u>

\*Includes community service fees, material and activity fees, indirect program fees, and miscellaneous.

Part-time faculty funding, specific for the improvement of part-time salaries and benefits, was \$51,209 for both 2013-14 and 2012-13. With only 1.57% COLA adjustment added to the base funding level, any annual incremental cost increases associated with the funding, specifically negotiated wage rates for years of service and fringe benefits costs which continue to rise each fiscal year, effectively negate any COLA increases.

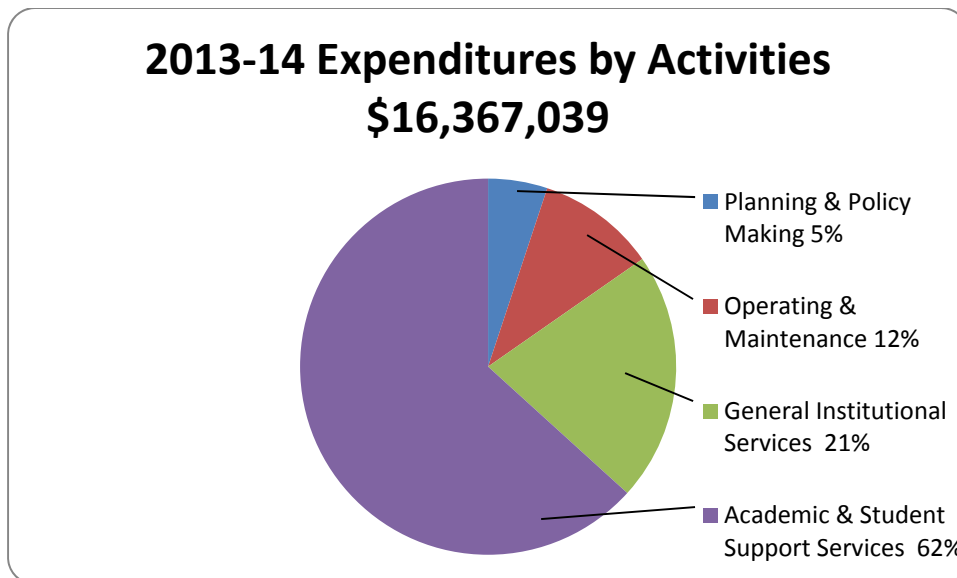
**Expenditures**

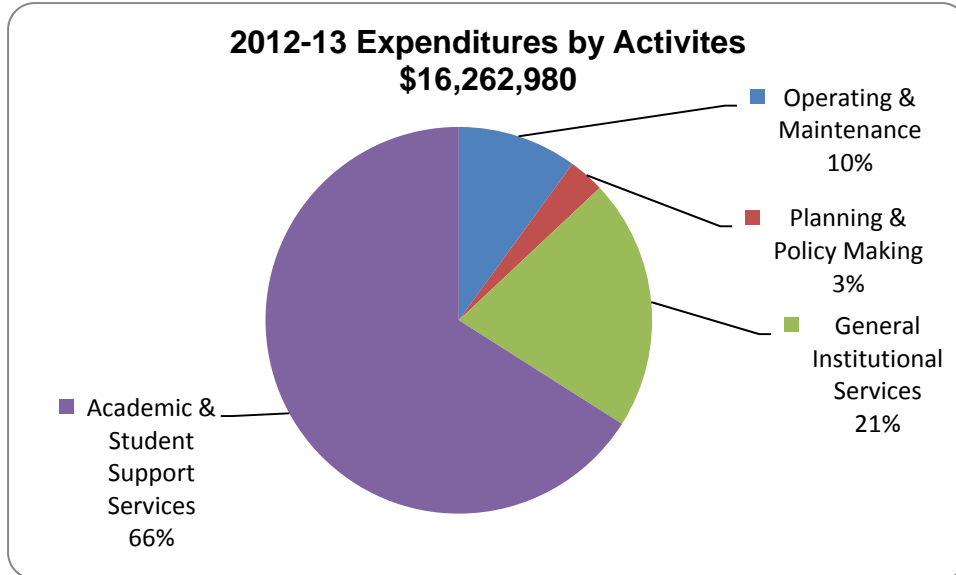
The District expenditures in the unrestricted General Fund were to provide classroom instruction, counseling and student support services, physical plant related activities, administration, and general support services. For the fiscal years ending June 30, 2014 and 2013, the expenditures totaled \$16,367,039 and \$16,262,980, respectively.

**Expenditure by Activity**

Expenditures by activity represent the District's expenditures by *category* regrouped by program activity. Academic and Student support services includes the costs for instructional and student support activities. General institutional services include Business and Administrative services, Human Resource, Information Technology, Collective Bargaining, Police, Duplicating, Insurance, and Retiree Health care costs. Operating and Maintenance is buildings and grounds. Planning and Policy Making includes the Chancellor's Office, Research and Planning, Government Relations, Public Information, and Development.

The pie chart, "*Expenditures by Activities*," summarizes program outlays under this definition for the 2013-14 and 2012-13 periods.





**Expenditure Comparison by Category**

The District reports expenditures by object code category in accordance with California State Chancellor's Office guidelines as follows:

	Fiscal Year 2014	Fiscal Year 2013
Academic Salaries	\$ 5,544,504	\$ 7,094,749
Classified Salaries	2,521,072	2,453,133
Benefits	<u>3,051,034</u>	<u>3,369,528</u>
Subtotal Salaries and Benefits	<u>11,116,610</u>	<u>12,917,410</u>
Books and Supplies	241,910	273,550
Services and Operating Expenses	3,980,565	2,217,744
Capital Outlay	158,926	144,866
Other Outgo	<u>869,028</u>	<u>709,410</u>
Subtotal	<u>5,250,429</u>	<u>3,345,570</u>
Total Expenditures	<u>\$ 16,367,039</u>	<u>\$ 16,262,980</u>

- Net expenditures for academic salaries decreased from 2013 to 2014 from a number of retirements in the Spring of 2013 and filling those positions with part time faculty. The classified salaries include the standard step and column increases for the ASM and Classified groups offset by vacant or partially vacant positions for 2013-14.

**MANAGEMENT’S DISCUSSION  
AND ANALYSIS**

June 30, 2014

*Siskiyou Joint Community  
College District*

- A shift from self-insurance to CVT which included a hard cap on health benefit costs created a decrease in fringe benefit costs from 2013 to 2014. In addition, the decrease includes savings from the associated health benefit packages that were not expensed for vacant or partially vacant positions for 2013-14.
- Expenditures for services and other operating expenditures increased by approximately 18 percent from 2013 to 2014 primarily from increased legal expenses, utility and maintenance costs. The District is expecting continuing increases in utilities in future years.
- Expenditures in “Other Outgo” include transfers to the Capital Outlay Fund (41) for scheduled maintenance and additional one-time improvement projects as well as transfers to the Debt Service Fund (21) for the existing loan and lease payments. The increase is due to the interim financing to complete the Science Building project.

**Net Position and Net Position Classifications**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>
Net Investment in Capital Assets	\$ 13,790,360	\$ 12,101,319
Nonexpendable	2,963,936	2,512,511
Expendable	<u>(1,643,654)</u>	<u>1,033,162</u>
Ending Net Position	<u>\$ 15,110,642</u>	<u>\$ 15,646,992</u>

**COLLEGE OF THE SISKIYOU'S 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 Siskiyou's 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 Siskiyou's 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 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 Performing Arts Series and the campus Mini-Grant Program.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2014

*Siskiyou Joint Community  
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The Foundation manages fiscal sponsorships that generate income for the Foundation including a grant through the California Department of Social Services' Office of Child Abuse Prevention (known as the Matrix Outcome Module—MOM Grant), and COS Extension (Community Education) course offerings as well as two resale stores in the Eagle's Nest and Vintage Nest shops. The Eagle's Nest and Vintage Nest Shops have a paid manager and are staffed by numerous volunteers and student employees at its downtown Weed locations. The Shops provide a training site for students and helps to meet the retail needs of Weed. The MOM grant provides grant staffing while the Foundation provides financial oversight and employee supervision, receiving \$30,000 to \$35,000 annually in indirect fund support. COS Extension program duties are the responsibility of the Foundation Executive Director, and generates approximately \$10,000 annually.

The Foundation manages approximately 35 endowed scholarships valued at over \$1.0 million, as well as the Rural Health Sciences Institute Program endowment, valued at \$1.5 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 has provided \$29,400 for 2012-13, \$54,215 for 2013-14, and \$61,231 for 2014-15.

### **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 83 percent of the total unrestricted resources of revenues received by the District. The District experienced a decrease in student enrollment and the State's apportionment has been limited due to the workload reduction measures limiting growth apportionment.

While the State of California is experiencing a modest recovery, most additional funding to the Community Colleges is based on growth of FTES. The District is currently in restoration, but is looking at managing course offerings that will be the least disruptive to our students, and is also continuing to pursue cost saving measures to achieve efficiencies.

Under current California law, the State of California is prohibited from disbursing any funds to the community colleges until the State budget is passed. At the beginning of each fiscal year, the District will need to rely on its reserves and annual participation in the CCCFA TRAN program to ensure that it can continue to operate each summer until a State budget is ratified. When Prop 30 passage in November 2012 saved the California community college system from severe cuts, it created additional apportionment deferrals throughout the year. For the 2013-14 fiscal year, the Prop 30 funding was distributed on a quarterly basis, which helped ease the cash flow burden of the District. The District joined with many other community colleges and the California Community College League mid-year TRAN program during 2013-14 to secure the necessary funds to meet its on-going obligations through the deferral periods. With the passage of the 2014-15 budget, most of the deferrals have been removed so the California Community College League mid-year TRAN program has been discontinued.



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2014

*Siskiyou Joint Community  
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The College recognizes that as programs and facilities are added, financial responsibilities also increase. We also understand that state funding may not completely meet these added responsibilities. As a result, the College's Auxiliary Foundation has developed an endowment fund for the Rural Health Sciences Institute. In October of 2006, the College received a federal Title III grant. One part of that grant came in the form of a challenge grant for this endowment. The Title III grant provided \$370,000 over a five-year period that was matched dollar for dollar with new funds raised after October 1, 2006. 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. The College of the Siskiyous' Auxiliary Foundation has successfully met the requirements of the match for the first five years and continues in its support of the Title III grant as well as serving the College and the community through various programs and events. The first contribution of this endowment was included in the District's 2012-13 budget in the amount of \$29,400. The second endowment contribution of \$54,215 was made to the 2013-14 budget.

**FINANCIAL SECTION**

# STATEMENT OF NET POSITION

*Siskiyou Joint Community  
College District*

June 30, 2014	<b>District</b>	<b>Foundation</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,524,121	\$ 298,701
Restricted cash and cash equivalents	71,289	-
Accounts receivable - net	3,528,210	63,935
Due from Foundation	106,787	-
Inventory and prepaids	211,830	3,491
<b>Total Current Assets</b>	<b>5,442,237</b>	<b>366,127</b>
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	4,506,683	-
Investments	-	3,001,819
Beneficial interest in remainder trusts	-	321,097
Depreciable capital assets - net	40,520,875	-
Nondepreciable capital assets	393,541	-
<b>Total Noncurrent Assets</b>	<b>45,421,099</b>	<b>3,322,916</b>
<b>Total Assets</b>	<b>\$ 50,863,336</b>	<b>\$ 3,689,043</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	1,773,786	29,601
Advances from grantors and students	1,089,912	45,066
Due to District	-	106,787
Amounts held for others	95,345	-
Estimated liability for claims and claims adjustment expense	17,089	-
Compensated absences - current portion	204,131	-
Short-term debt	1,630,000	-
Long-term debt - current portion	432,458	-
<b>Total Current Liabilities</b>	<b>5,242,721</b>	<b>181,454</b>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences - noncurrent portion	68,043	-
Other postemployment benefits obligation	1,974,152	-
Long-term debt - noncurrent portion	28,467,778	-
<b>Total Noncurrent Liabilities</b>	<b>30,509,973</b>	<b>-</b>
<b>Total Liabilities</b>	<b>35,752,694</b>	<b>181,454</b>
<b>NET POSITION</b>		
Net investment in capital assets	13,790,360	-
Restricted:		
Nonexpendable	-	232,564
Expendable	2,963,936	2,699,213
Unrestricted	(1,643,654)	575,812
<b>Total Net Position</b>	<b>15,110,642</b>	<b>3,507,589</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 50,863,336</b>	<b>\$ 3,689,043</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN  
NET POSITION**

*Siskiyou Joint Community  
College District*

Year Ended June 30, 2014	<b>District</b>	<b>Foundation</b>
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 4,375,135	\$ 223,264
Less: Scholarship discounts and allowances	1,449,293	-
<b>Tuition and Fees - Net</b>	<b>2,925,842</b>	<b>223,264</b>
Grants and contracts - noncapital:		
Federal	822,489	345,933
State	1,810,606	-
Local	508,030	-
Auxiliary enterprise sales and charges	535,191	-
<b>Total Operating Revenues</b>	<b>6,602,158</b>	<b>569,197</b>
<b>OPERATING EXPENSES</b>		
Salaries	9,242,379	79,484
Employee benefits	3,720,946	24,593
Supplies, materials, and other operating expenditures and services	5,651,746	539,726
Payments to students	99,225	28,025
Utilities	995,493	-
Depreciation	1,623,210	-
<b>Total Operating Expenses</b>	<b>21,332,999</b>	<b>671,828</b>
<b>Operating Loss</b>	<b>(14,730,841)</b>	<b>(102,631)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionment - noncapital	5,909,663	-
Education protection account revenue - noncapital	2,188,607	-
Local property taxes - noncapital	3,361,588	-
State taxes and other revenues - noncapital	2,712,057	-
Investment income - noncapital	36,536	449,662
Financial aid revenues - federal	6,518,990	-
Financial aid revenues - state	211,204	-
Financial aid expenses	(6,893,463)	-
Other nonoperating revenues	67,212	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>14,112,394</b>	<b>449,662</b>
<b>Income (Loss) Before Other Revenues and Expenses</b>	<b>(618,447)</b>	<b>347,031</b>
<b>OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>		
State revenue - capital	82,612	-
Local property taxes and revenues - capital	1,586,744	-
Interest expense - capital asset	(1,587,259)	-
<b>Total Other Revenues, Expenses, Gains, or Losses</b>	<b>82,097</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(536,350)</b>	<b>347,031</b>
<b>Net Position - Beginning of Year</b>	<b>15,646,992</b>	<b>3,160,558</b>
<b>Net Position - End of Year</b>	<b>\$ 15,110,642</b>	<b>\$ 3,507,589</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF CASH FLOWS**

*Siskiyou Joint Community*

*College District*

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Year Ended June 30, 2014	<b>District</b>	<b>Foundation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 3,000,810	\$ 222,258
Federal grants and contracts	904,529	438,180
State grants and contracts	1,965,946	-
Local grants and contracts	478,566	45,066
Payments to/on behalf of employees	(9,269,244)	(79,484)
Payments for benefits	(3,883,216)	(24,593)
Payments to suppliers	(5,817,340)	(555,123)
Payments for utilities	(995,493)	-
Auxiliary enterprise sales and charges	516,161	-
Other receipts (payments)	(112,498)	(9,348)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(13,211,779)</b>	<b>36,956</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionment - noncapital	7,471,382	-
Education protection account revenue - noncapital	2,188,607	-
Local property taxes - noncapital	3,361,588	-
State taxes and other revenues - noncapital	2,760,232	-
Financial aid receipts - federal	6,518,990	-
Financial aid receipts - state	211,204	-
Financial aid disbursements	(6,893,463)	-
Other receipts	(1,605)	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>15,616,935</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State revenue - capital	82,612	-
Local property taxes - capital	1,586,744	-
Proceeds of debt issued	968,013	-
Purchases of capital assets	(581,298)	-
Interest on capital debt	(971,646)	-
Principal paid on capital debt	(3,878,836)	-
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(2,794,411)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	-	(176,383)
Proceeds from sale of investments	-	122,367
Interest on investments	34,027	117,589
<b>Cash Provided by Investing Activities</b>	<b>34,027</b>	<b>63,573</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(355,228)</b>	<b>100,529</b>
<b>Cash and Cash Equivalents Balance - Beginning of Year</b>	<b>6,457,321</b>	<b>198,172</b>
<b>Cash and Cash Equivalents Balance - End of Year</b>	<b>\$ 6,102,093</b>	<b>\$ 298,701</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF CASH FLOWS**

*Siskiyou Joint Community*

*College District*

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Year Ended June 30, 2014

	<b>District</b>	<b>Foundation</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	\$ 1,524,121	\$ 298,701
Restricted cash and cash equivalents - current	71,289	-
Restricted cash and cash equivalents - noncurrent	4,506,683	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 6,102,093</b>	<b>\$ 298,701</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (14,730,841)	\$ (102,631)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	1,623,210	-
Changes in:		
Accounts receivables - net	289,386	91,241
Due from Foundation/District	(18,677)	18,677
Inventory and prepaids	4,135	(340)
Accounts payable	(187,595)	(15,057)
Advances from grantors and students	(25,532)	45,066
Amounts held for others	5,404	-
Estimated liability for claims and claims adjustment expense	(247,473)	-
Compensated absences	(8,999)	-
Other postemployment benefits obligation	85,203	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (13,211,779)</b>	<b>\$ 36,956</b>

*The accompanying notes are an integral part of these financial statements.*

**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 financial statement presentation required by GASB Statement Nos. 34, 35, 37, 38, and 39 provides a comprehensive, entity-wide perspective of the District's overall financial position, results of operations and cash flows, and replaces the fund-group perspective previously required.

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.

**NOTES TO THE FINANCIAL  
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College District*

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 expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

Exceptions to the accrual basis of accounting are as follows:

In accordance with industry standards provided by the California Community Colleges Chancellor's Office, summer session tuition and fees received before year end are recorded as deferred revenue as of June 30 with the revenue being reported in the fiscal year in which the program is predominately conducted. Summer session expenditures through June 30 are recorded as prepaid expenses.

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

***Cash and Cash Equivalents*** For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the county treasurer's investment pool are considered 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 government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District utilizes the allowance method with respect to its accounts receivable based on all student accounts receivable with an age greater than four years old in combination with historical collection information. The allowance was estimated at \$335,425 for the year ended June 30, 2014.

***Inventory and Prepays*** 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 in which the expense was incurred.

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.

**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.

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 and discounts 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 or discount. Bond issuance costs are expensed in the year incurred. Amortization of bond premium and discount costs was \$46,374 for the year ended June 30, 2014.

**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. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component net investment in 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 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.

**NOTES TO THE FINANCIAL  
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*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.

**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, 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 FTES. Any additional corrections determined by the State are recorded in the year computed by the State.

**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.

**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.

***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.

***On-Behalf Payments*** GASB Statement 24 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 expenditures 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 payment amounts have not been reported in the basic financial statements as management believes they are immaterial to the financial statements taken as a whole.

#### **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, as 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.

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 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 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 expenditure 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.

*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 4-7% of the Foundation's Scholarship Endowments, while growing the funds, if possible. Therefore, the Foundation expects its endowment assets, overtime, to produce an average rate of return of 4-7% 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 4-7% of its endowment fund's fair market value as of the calendar year-end proceeding 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 due in the next year are recorded at their net realizable value. Unconditional promises to give 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.

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June 30, 2014

*Siskiyou Joint Community  
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**Donated Services** Donated services are recognized as contributions in accordance with FASB ASC Subtopic 958-605, *Not-for-Profit Entities – Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are 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 \$168,203 for the year ended June 30, 2014.

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 2010 and beyond remain subject to examination by the Internal Revenue Service. The Foundation's California income tax returns for tax years 2009 and beyond remain subject to examination by the Franchise Tax Board.

The Foundation did not have unrecognized tax benefits as of June 30, 2014, 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, 2014, the Foundation did not accrue interest or penalties related to uncertain tax positions.

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**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2014:

	<b>District</b>	<b>Foundation</b>
Cash and cash equivalents - current	\$ 1,524,121	\$ 298,701
Restricted cash and cash equivalents - current	71,289	-
Restricted cash and cash equivalents - noncurrent	4,506,683	-
Investments	-	3,001,819
<b>Total Cash and Cash Equivalents and Investments</b>	<b>\$ 6,102,093</b>	<b>\$ 3,300,520</b>

**Deposits**

At June 30, 2014, the carrying amount of the District's and Foundation's deposits is summarized as follows:

	<b>District</b>	<b>Foundation</b>
Cash in county treasury	\$ 4,789,305	\$ 297,901
Cash in banks	1,309,903	-
Cash on hand	2,885	800
<b>Total</b>	<b>\$ 6,102,093</b>	<b>\$ 298,701</b>

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 maturities was 3.75 years at June 30, 2014. As of June 30, 2014, the fair value of the County pool is 99.7% of the carrying value and is deemed to not represent a material difference. The pooled treasury has regulatory oversight from 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 4<sup>th</sup> Street, Yreka, California 96097.

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 a District's deposits by pledging first trust deed mortgage notes having a value of 150% of a District's total deposits.

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, 2014, are insured.

**NOTES TO THE FINANCIAL STATEMENTS**

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*Siskiyou Joint Community College District*

**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.

As of June 30, 2014, the investments consisted of:

	<b>District</b>	<b>Foundation</b>
Mutual funds and debt securities	\$ -	\$ 2,969,284
Art and gems	-	32,535
<b>Total Investments</b>	<b>\$ -</b>	<b>\$ 3,001,819</b>

**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’s 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’s 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's 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) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party. 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.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2014:

	<b>District</b>	<b>Foundation</b>
Tuition and fees	\$ 1,281,100	\$ -
Less: Allowance for doubtful accounts	335,425	-
<b>Tuition and Fees - Net</b>	945,675	-
Federal grants and contracts	219,758	-
State grants and contracts	73,975	61,320
Local grants and contracts	57,515	-
Auxiliary enterprise sales and charges	267,076	-
State taxes and other revenues	218,680	2,615
State apportionment	1,737,468	-
Investment income - noncapital	8,063	-
<b>Total</b>	<b>\$ 3,528,210</b>	<b>\$ 63,935</b>

**NOTES TO THE FINANCIAL STATEMENTS**

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*Siskiyou Joint Community College District*

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, is as follows:

	<u>Balance July 1, 2013</u>	<u>Additions/ Transfers</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<b>NONDEPRECIATED CAPITAL ASSETS</b>				
Land	\$ 199,350	\$ -	\$ -	\$ 199,350
Construction in progress	23,789	170,402	-	194,191
<b>Total Nondepreciated Capital Assets</b>	<u>\$ 223,139</u>	<u>\$ 170,402</u>	<u>\$ -</u>	<u>\$ 393,541</u>
<b>DEPRECIATED CAPITAL ASSETS</b>				
Land improvements	\$ 9,956,382	\$ 236,328	\$ 16,800	\$ 10,175,910
Buildings	40,045,396	-	-	40,045,396
Vehicles	260,881	-	-	260,881
Equipment	4,233,233	174,568	-	4,407,801
<b>Total Depreciated Capital Assets</b>	54,495,892	410,896	16,800	54,889,988
Less: Accumulated depreciation	12,762,703	1,623,210	16,800	14,369,113
<b>Total Depreciated Capital Assets - Net</b>	<u>\$ 41,733,189</u>	<u>\$ (1,212,314)</u>	<u>\$ -</u>	<u>\$ 40,520,875</u>

**5. ACCOUNTS PAYABLE**

Accounts payable at June 30, 2014, consisted of the following:

	<u>District</u>	<u>Foundation</u>
Accrued payroll and related liabilities	\$ 319,502	\$ -
Interest payable	356,047	-
Other	1,098,237	29,601
<b>Total</b>	<u>\$ 1,773,786</u>	<u>\$ 29,601</u>

**6. SHORT-TERM DEBT**

The District participated in the California Community College Financing Authority 2013 and 2014 Tax and Revenue Anticipation Bond programs, depositing the proceeds (to the extent of participation) in its general fund. Short-term debt is necessary for the District to maintain proper working cash levels. The debt remaining at the end of the year is from the mid-year Tax Revenue Anticipation Note due on December 23, 2014. The interest rate on the debt balance is 2.0%.

Short-term debt activity for the year ended June 30, 2014, was as follows:

	<u>Balance June 30, 2013</u>	<u>Drawn</u>	<u>Repaid</u>	<u>Balance June 30, 2014</u>
California Community College Financing Authority 2013 Tax and Revenue Anticipation Bonds	\$ 2,775,000	\$ -	\$ 2,775,000	\$ -
College Financing Authority 2014 Tax and Revenue Anticipation Bonds	\$ -	\$ 1,630,000	\$ -	\$ 1,630,000

**7. LONG-TERM LIABILITIES**

The long-term liability activity for the year ended June 30, 2014, is as follows:

	<b>Beginning Balance</b>	<b>Additions/ Accretions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Long-term debt:					
General obligation bonds:					
Dormitory revenue	\$ 59,000	\$ -	\$ 11,000	\$ 48,000	\$ 11,000
Measure A - Series A	15,135,185	69,415	220,000	14,984,600	103,802
Measure A - Series B and C	12,673,076	527,514	80,000	13,120,590	80,000
Bond anticipation note	1,206,315	27,167	1,233,482	-	-
Science building equipment lease	935,808	-	211,009	724,799	216,549
Copier leases	41,062	-	18,815	22,247	21,107
<b>Total Long-Term Debt</b>	<b>30,050,446</b>	<b>624,096</b>	<b>1,774,306</b>	<b>28,900,236</b>	<b>432,458</b>
Other long-term liabilities:					
Compensated absences	281,173	292,051	301,050	272,174	204,131
Other postemployment benefits	1,888,949	85,203	-	1,974,152	-
<b>Total</b>	<b>\$ 32,220,568</b>	<b>\$ 1,001,350</b>	<b>\$ 2,075,356</b>	<b>\$ 31,146,562</b>	<b>\$ 636,589</b>

The Dormitory Revenue Bonds were issued in 1968 in the amount of \$336,000 for the construction of a two-story dormitory. 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%.

\$ 48,000

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. Final maturity of all bonds is 2030. The interest rate ranges from 4% to 5%.

14,654,405

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 the District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is 2044. The interest rate ranges from 3% to 6%.

12,558,439

**Balance Forward**

\$ 27,260,844

**NOTES TO THE FINANCIAL  
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<b>Balance Brought Forward</b>	\$ 27,260,844
Capital lease with Office Equipment Leasing entered into in July 2010 in the original amount of \$81,868. The borrowed funds were for the purpose of purchasing copier equipment. Payments in the amount of \$1,800 are due monthly, including interest at 11.5%. The lease matures in June 2015.	20,318
Capital lease with Office Equipment Leasing entered into in September 2011 in the original amount of \$3,644. The borrowed funds were for the purpose of purchasing copier equipment. Payments in the amount of \$83 are due monthly, including interest at 12.82%. The lease matures in September 2016.	1,929
Capital lease with Bank of America Leasing entered into in September 2012 in the original amount of \$1,090,514. The borrowed funds were for the purpose of purchasing equipment for the Science building. Payments in the amount of \$19,399 are due monthly, including interest at 2.59%. The lease matures in September 2017.	724,799
Premium on 2005 General Obligation Bonds (Series A)	330,195
Premium on 2005 General Obligation Bonds (Series B and C)	<u>562,151</u>
<b>Long-Term Debt - Net</b>	28,900,236
Less: Current portion	<u>432,458</u>
<b>Total Long-Term Debt - Noncurrent Portion</b>	<u>\$ 28,467,778</u>

**Accretion**

The 2005 General Obligation Bonds (Series A, B, and C) and the bond anticipation note have been increased to include accretion of the capital appreciation bonds. Annual accretion is recognized as interest expense in the statement of activities.

**Interest Expense**

During the year, interest expense on debt excluding capital leases totaled \$1,587,259.

**NOTES TO THE FINANCIAL  
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The annual debt service requirements to maturity on the bond and notes payable are as follows:

Year Ending June 30	Bonds and Notes Payable			Bond	Total
	Principal	Interest	Total	Premium	
2015	\$ 194,802	\$ 1,004,220	\$ 1,199,022	\$ 37,893	\$ 1,236,915
2016	203,069	1,038,734	1,241,803	37,893	1,279,696
2017	205,104	1,078,152	1,283,256	37,893	1,321,149
2018	498,000	818,996	1,316,996	37,893	1,354,889
2019	3,500,000	3,696,609	7,196,609	189,465	7,386,074
2020-2024	5,810,000	2,654,581	8,464,581	189,465	8,654,046
2025-2029	5,523,788	5,454,753	10,978,541	146,051	11,124,592
2030-2034	1,971,473	9,080,155	11,051,628	73,150	11,124,778
2035-2039	4,161,143	11,361,131	15,522,274	73,150	15,595,424
2040-2044	1,787,285	13,623,692	15,410,977	69,493	15,480,470
<b>Total</b>	<b>\$ 23,854,664</b>	<b>\$ 49,811,023</b>	<b>73,665,687</b>	<b>892,346</b>	<b>74,558,033</b>
Less: Interest (excluding accretion of \$3,406,180)			46,404,843	-	46,404,843
<b>Principal - Net</b>			<b>\$ 27,260,844</b>	<b>\$ 892,346</b>	<b>\$ 28,153,190</b>

**Capital Lease Obligations**

The District leases equipment at a cost of \$1,172,382, with related accumulated depreciation of \$73,868, under agreements which provide for title to pass upon expiration of the lease period. The amount of interest cost incurred during the year ended June 30, 2014, was \$25,563, all of which was charged to expenses. Amortization expense under capital leases has been included with depreciation expense in the statement of revenue, expenses, and changes in net position. Future minimum lease payments are as follows:

Year Ending June 30	Lease Payments
2015	\$ 254,377
2016	233,782
2017	233,038
2018	58,198
<b>Total</b>	<b>779,395</b>
Less: Amount representing interest	32,349
<b>Present Value of Net Minimum Lease Payments</b>	<b>\$ 747,046</b>

**8. EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under cost-sharing, multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing, multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, Sacramento, California 95605.

**Funding Policy**

Active plan members are required to contribute 8.0% of their gross salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal years ended June 30, 2014, 2013, and 2012 was 8.25% of annual payroll. State statutes establish the contribution requirements of the plan members. The District's contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$382,016, \$413,749, and \$451,804, respectively, and equaled 100% of the required contributions each year.

**California Public Employees' Retirement System (CalPERS)**

**Plan Description**

The District contributes to the California School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing, multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from CalPERS, 400 Q Street, Sacramento, California 95811.

**Funding Policy**

Active plan members are required to contribute 6.0% or 7.0% (based on date of hire) of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2014, 2013, and 2012 was 11.417%, 11.417%, and 10.923%, respectively, of annual payroll. State statutes establish the contribution requirements of the plan members. The District's contributions to CalPERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$353,735, \$341,903, and \$394,818, respectively, and equaled 100% of the required contributions each year.

**9. 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 expenditure disallowance under terms of the grants, management believes that any required reimbursements will not be material.

**10. 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 each Authority upon request.

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. In November 2009, the District dropped its independent membership in the Schools Excess Liability Fund (SELF) in order to obtain seamless liability coverage through the SWACC. 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 prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

The District has a self-insured health insurance plan, which covers all eligible employees. Annual expenses in excess of the District's self-insured retention of \$100,000 per employee up to \$1,900,000 per employee are covered by excess insurance through a stop loss carrier. Subsequent to fiscal year end, the District became fully insured for its medical and prescription plans.

**11. OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)**

**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. Administrators, academic, and administrative support management employees hired prior to July 1, 1992, classified employees hired prior to December 1, 1992, and Board members elected between January 1, 1981, and January 1, 1995, may receive benefits from age 55 to age 65. The District pays 100% of the eligible retirees' medical plan premiums. Before receiving benefits, academic, administrative support management, and classified employees must have ten years of service with the District. Board members must serve a minimum of 12 years with the District. All employees and board members 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.

As of June 30, 2014, the District has 25 active employees who are eligible for post-retirement health benefits, and 66 retirees who receive post-retirement health benefits.

**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 Union Bank of California 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, 2014, the District contributed \$391,031 to the Plan.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (UAAL) or funding costs over a period of 30 years. The following table shows the components of the District's annual OPEB cost, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan for the year ended June 30, 2014:

Annual required contribution (ARC)	\$ 560,529
Adjustment to ARC	(188,188)
Interest on net OPEB obligation	<u>103,893</u>
<b>Annual OPEB Cost</b>	476,234
Contributions	<u>(391,031)</u>
<b>Change in Net OPEB Obligation</b>	85,203
<b>Net OPEB Obligation - Beginning of Year</b>	<u>1,888,949</u>
<b>Net OPEB Obligation - End of Year</b>	<u><u>\$ 1,974,152</u></u>



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The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2012, 2013, and 2014 is as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation (Deferred Charge)
June 30, 2012	\$ 932,845	\$ 383,275	41%	\$ 1,566,105
June 30, 2013	\$ 927,027	\$ 604,183	65%	\$ 1,888,949
June 30, 2014	\$ 476,234	\$ 391,031	82%	\$ 1,974,152

**Funded Status and Funding Progress**

The funded status of the Plan as of the actuarial valuation dates below, was as follows:

	December 1, 2013
Actuarial accrued liability (AAL)	\$ 7,238,350
Actuarial value of plan assets	718,136
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>\$ 6,520,214</b>
Funded ratio (actuarial value of plan assets/AAL)	9.92%
Covered payroll (active members)	\$ 1,447,042
<b>UAAL as a Percentage of Covered Payroll</b>	<b>450.59%</b>

During the year ended June 30, 2009, the District set aside \$1,052,325 in an external trust fund established through the Community College League of California Retiree Health Benefit Program. The fair value of the trust fund was \$875,532 at June 30, 2014.

**Actuarial Methods and Assumptions**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 1, 2013, actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 5.5% discount rate based on the assumption that a substantial portion of the ARC is funded. A 2.75% price inflation and a 2.75% wage inflation assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized over a 30-year period using the flat dollar amount method. The actuarial value of assets was determined using a 5-year smoothing formula subject to a 20% corridor around market value.

## **12. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. This statement will improve accounting and financial reporting by state and local governments for defined benefit pensions and defined contribution pensions. The statement will also improve information provided by state and local governmental employers about financial support for pensions that are provided by other entities. The District's management has not yet determined the impact that implementation of these standards, which is required on July 1, 2014, will have on the District's financial statements, if any.

## **13. SUBSEQUENT EVENT**

On September 25, 2014, the District issued \$12,740,000 in General Obligation Refunding Bonds to refinance the General Obligation Bonds Measure A, Series A, B, and C. Interest will be payable semiannually on February 1<sup>st</sup> and August 1<sup>st</sup> commencing on February 1, 2015. The General Obligation Refunding Bonds were issued at coupon rates ranging from 2.00% to 5.00%. The bonds will mature, subject to the redemption provisions, from August 1, 2015 to August 1, 2030. The issuance is projected to result in a present value savings to the taxpayers of \$1,078,323.

## **14. BENEFICIAL INTEREST IN 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, 2014, the present value of the future benefits was calculated using a discount rate of 2.2%, estimated rate of return of 2.2%, and applicable mortality tables.

Assets held in all charitable remainder trusts at June 30, 2014, totaled \$321,097, and are reported at fair value in the Foundation's statement of financial position.

**15. INVESTMENT INCOME – FOUNDATION**

A summary of return on investments consisted of the following for the year ended June 30, 2014:

Interest and dividends	\$ 117,588
Change in value of CRAT	11,985
Net realized and unrealized gain	320,089
<b>Total Investment Income</b>	<b>\$ 449,662</b>

**16. SPECIAL EVENTS – FOUNDATION**

The following is a summary of special events:

Year Ended June 30, 2014	Dinner Auction	Golf Tournament	Craft Fair	Total
Gross revenue	\$ 10,696	\$ 400	\$ 4,242	\$ 15,338
Expenses	3,581	-	1,206	4,787
<b>Total</b>	<b>\$ 7,115</b>	<b>\$ 400</b>	<b>\$ 3,036</b>	<b>\$ 10,551</b>

**17. TEMPORARILY RESTRICTED NET ASSETS - FOUNDATION**

Temporarily restricted net assets is available for the following purposes:

Scholarships	\$ 578,779
Title III	1,614,740
Beneficial interest in remainder trusts	321,097
Other programs	(7,853)
<b>Total</b>	<b>\$ 2,506,763</b>

**18. PERMANENTLY RESTRICTED NET ASSETS – FOUNDATION**

Permanently restricted net assets is invested for the following purposes:

Scholarships	\$ 575,852
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**19. ENDOWMENTS – FOUNDATION**

Endowment composition by type of fund as of June 30, 2014, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Unrestricted</u>	<u>Permanently Unrestricted</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds:				
Scholarships	\$ 21,006	\$ 578,779	\$ 575,852	\$ 1,175,637
Title III	-	1,614,740	-	1,614,740
<b>Total Endowment Funds</b>	<u>\$ 21,006</u>	<u>\$ 2,193,519</u>	<u>\$ 575,852</u>	<u>\$ 2,790,377</u>
Endowment assets - beginning of year	\$ 16,793	\$ 1,872,880	\$ 551,592	\$ 2,441,265
Contributions	7,213	1,250	24,260	32,723
Investment income	-	203,497	-	203,497
Net appreciation	-	190,508	-	190,508
Amounts appropriated for expenditure	(3,000)	(74,616)	-	(77,616)
<b>Endowment Assets - End of Year</b>	<u>\$ 21,006</u>	<u>\$ 2,193,519</u>	<u>\$ 575,852</u>	<u>\$ 2,790,377</u>

**20. ENDOWMENTS – FOUNDATION**

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 expenditures.

**21. FAIR VALUE MEASUREMENTS – FOUNDATION**

Fair values of assets measured on a recurring basis at June 30, 2014, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds and debt securities	\$ 2,969,284	\$ 2,969,284	\$ -	\$ -
Beneficial interest in CRAT	321,097	-	-	321,097
<b>Total</b>	<u>\$ 3,290,381</u>	<u>\$ 2,969,284</u>	<u>\$ -</u>	<u>\$ 321,097</u>

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2014

*Siskiyou Joint Community  
College District*

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

<b>Beginning of Year - July 1, 2013</b>	\$ 309,112
Total gains or losses (realized/unrealized)	11,985
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	-
<b>End of Year - June 30, 2014</b>	\$ 321,097

**SUPPLEMENTARY INFORMATION SECTION**

## **ORGANIZATION STRUCTURE**

June 30, 2014

*Siskiyou Joint Community  
College District*

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, 2014.

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

### **GOVERNING BOARD**

<b>Name</b>	<b>Office</b>	<b>Area</b>	<b>Term Expires</b>
Mr. Barry Ohlund	President	IV	2016
Mr. Greg Hanna	Vice President	VI	2016
Mrs. Penny Heilman	Member	I	2014
Mr. Jim Hardy	Member	II	2014
Ms. Carol Cupp	Member	III	2014
Mr. Robert Rice	Member	V	2016
Mr. Alan Dyar	Member	VII	2014

### **ADMINISTRATION**

Dr. Robert Frost, Ph.D.  
Interim Superintendent/President

Dr. Gregory South  
Interim Vice President, Student Learning

Mr. Scotty Thomason  
Interim Vice President, Administrative and Information Services

**SCHEDULE OF WORKLOAD  
MEASURES FOR STATE GENERAL  
APPORTIONMENT**

*Siskiyou Joint Community  
College District*

June 30, 2014

The full-time equivalent resident students (FTES) eligible for 2013-14 state apportionment reported to the Chancellor's Office for the year ended June 30, 2014, are summarized below:

	<b>Reported Data</b>
<b>SUMMER INTERSESSION (Summer 2013 only)</b>	
Noncredit	49.76
Credit	161.20
<b>SUMMER INTERSESSION (Summer 2014 - Prior to July 1, 2014)</b>	
Noncredit	29.10
Credit	3.21
<b>PRIMARY TERMS (Exclusive of Summer Intersession)</b>	
<b>Census Procedure Courses</b>	
Weekly census contact hours	802.71
Daily census contact hours	308.14
<b>Actual Hours of Attendance Procedure Courses</b>	
Noncredit	252.84
Credit	302.80
<b>Alternative Attendance Accounting Procedure</b>	
Weekly census procedure courses	278.60
Daily census procedure courses	122.57
<b>Total FTES</b>	<b>2,310.93</b>
<b>SUPPLEMENTARY INFORMATION (Subset of above information)</b>	
In-Service training courses (FTES)	63.43
<b>BASIC SKILLS COURSES AND IMMIGRANT EDUCATION</b>	
Noncredit	305.79
Credit	115.70
<b>CDCP NONCREDIT FTES</b>	<b>67.90</b>

*See the accompanying notes to the supplementary information.*



**SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**

June 30, 2014

*Siskiyou Joint Community  
College District*

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass Through/ Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>FEDERAL AWARDS</b>			
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Education Opportunity Grants		84.007	\$ 50,400
Federal Direct Student Loans		84.268	2,867,060
Federal Work-Study Program		84.033	48,680
Federal Pell Grant Program		84.063	3,562,211
<b>Total Student Financial Assistance Cluster</b>			<u>6,528,351</u>
TRIO Cluster			
Student Support Services		84.042	213,452
Upward Bound		84.047	317,685
<b>Total TRIO Cluster</b>			<u>531,137</u>
<b>Total Direct U.S. Department of Education Awards</b>			
Passed Through State Department of Education Career and Technical Education - Basic Grants to States	13-112-110	84.048	143,100
<b>Total Passed Through State Department of Education</b>			<u>143,100</u>
<b>Total U.S. Department of Education</b>			<u>7,202,588</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Siskiyou County Department of Education			
National Forest - Dependent Rural Communities	10044	10.670	143,362
<b>Total U.S. Department of Agriculture</b>			<u>143,362</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 7,345,950</u>

*See the accompanying notes to the supplementary information.*

**SCHEDULE OF EXPENDITURES OF  
STATE AWARDS**

June 30, 2014

*Siskiyou Joint Community  
College District*

	<b>Cash Received</b>	<b>Accounts Receivable</b>	<b>Deferred Income</b>	<b>Total</b>	<b>Program Expenditures</b>
Basic skills	\$ 90,000	\$ -	\$ 3,741	\$ 93,741	\$ 93,741
C.A.R.E	42,234	-	(36,696)	5,538	5,538
CalWORKS	40,616	-	(12,791)	27,825	27,825
CTE Collaborative	43,601	-	507,468	551,069	551,069
DSP&S	217,885	-	(3,793)	214,092	214,092
E.O.P.S	329,021	-	(66,981)	262,040	262,040
Instructional equipment	150,017	-	(26,094)	123,923	123,923
Matriculation	134,177	-	(76,511)	57,666	57,666
Nursing enrollment and growth	250,820	(29,820)	-	221,000	221,000
Responsive training	148,306	(148,568)	-	(262)	(262)
SFAA	141,281	-	-	141,281	141,281
All other categorical	214,317	19,996	8,314	242,627	242,627
<b>Total State Programs</b>	<b>\$ 1,802,275</b>	<b>\$ (158,392)</b>	<b>\$ 296,657</b>	<b>\$ 1,940,540</b>	<b>\$ 1,940,540</b>

*See the accompanying notes to the supplementary information.*

**RECONCILIATION OF ANNUAL  
FINANCIAL AND BUDGET REPORT  
(FORM CCFS-311) WITH AUDITED  
FINANCIAL STATEMENTS**

June 30, 2014

	<b>General Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Measure A Interest and Redemption Fund</b>	<b>Cafeteria Fund</b>	<b>Balance Forward</b>
<b>June 30, 2014, Annual Financial and Budget Report (CCFS-311) Fund Balances</b>	\$ 916,675	\$ 47,567	\$ 2,900,780	\$ 67,450	\$ 3,932,472
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	227	-	-	-	227
Audit adjustments	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-
Rounding	-	-	-	1	1
<b>Net Adjustments and Reclassifications</b>	<b>227</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>228</b>
<b>June 30, 2014, Audited Financial Statement Fund Balances</b>	<b>\$ 916,902</b>	<b>\$ 47,567</b>	<b>\$ 2,900,780</b>	<b>\$ 67,451</b>	<b>\$ 3,932,700</b>

*See the accompanying notes to the supplementary information.*

	<b>Balance Brought Forward</b>	<b>Dormitory Revenue Fund</b>	<b>Dormitory Repair and Replacement Fund</b>	<b>Capital Outlay Fund</b>	<b>Balance Forward</b>
<b>June 30, 2014, Annual Financial and Budget Report (CCFS-311) Fund Balances</b>	\$ 3,932,472	\$ 22,998	\$ 14,020	\$ 913,410	\$ 4,882,900
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	227	-	-	792	1,019
Audit adjustments	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-
Rounding	1	1	-	-	2
<b>Net Adjustments and Reclassifications</b>	<b>228</b>	<b>1</b>	<b>-</b>	<b>792</b>	<b>1,021</b>
<b>June 30, 2014, Audited Financial Statement Fund Balances</b>	<b>\$ 3,932,700</b>	<b>\$ 22,999</b>	<b>\$ 14,020</b>	<b>\$ 914,202</b>	<b>\$ 4,883,921</b>

*See the accompanying notes to the supplementary information.*

**RECONCILIATION OF ANNUAL  
FINANCIAL AND BUDGET REPORT  
(FORM CCFS-311) WITH AUDITED  
FINANCIAL STATEMENTS**

June 30, 2014

	<b>Balance Brought Forward</b>	<b>Bond Construction Fund</b>	<b>Bookstore Fund</b>	<b>Self- Insurance Fund</b>	<b>Balance Forward</b>
<b>June 30, 2014, Annual Financial and Budget Report (CCFS-311) Fund Balances</b>	\$ 4,882,900	\$ 49	\$ 4,060	\$ 1,335,663	\$ 6,222,672
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	1,019	-	-	(875,530)	(874,511)
Audit adjustments	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-
Rounding	2	-	-	-	2
<b>Net Adjustments and Reclassifications</b>	<b>1,021</b>	<b>-</b>	<b>-</b>	<b>(875,530)</b>	<b>(874,509)</b>
<b>June 30, 2014, Audited Financial Statement Fund Balances</b>	<b>\$ 4,883,921</b>	<b>\$ 49</b>	<b>\$ 4,060</b>	<b>\$ 460,133</b>	<b>\$ 5,348,163</b>

*See the accompanying notes to the supplementary information.*

	<b>Balance Brought Forward</b>	<b>Associated Students Trust Fund</b>	<b>Student Financial Aid Trust Fund</b>	<b>Scholarship and Loan Trust Fund</b>	<b>Balance Forward</b>
<b>June 30, 2014, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 6,222,672	\$ 18,461	\$ -	\$ 25,316	\$ 6,266,449
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	(874,511)	-	(5,375)	-	(879,886)
Audit adjustments	-	-	-	-	-
Reclassification of amounts held for others	-	(18,461)	-	(25,316)	(43,777)
Rounding	2	-	-	-	2
<b>Net Adjustments and Reclassifications</b>	<b>(874,509)</b>	<b>(18,461)</b>	<b>(5,375)</b>	<b>(25,316)</b>	<b>(923,661)</b>
<b>June 30, 2014, Audited Financial Statement Fund Balances</b>	<b>\$ 5,348,163</b>	<b>\$ -</b>	<b>\$ (5,375)</b>	<b>\$ -</b>	<b>\$ 5,342,788</b>

*See the accompanying notes to the supplementary information.*

**RECONCILIATION OF ANNUAL  
FINANCIAL AND BUDGET REPORT  
(FORM CCFS-311) WITH AUDITED  
FINANCIAL STATEMENTS**

June 30, 2014

*Siskiyou Joint Community*

*College District*

Page 3 of 3

	<b>Balance Brought Forward</b>	<b>Other Agency Funds</b>	<b>Total District Funds</b>
<b>June 30, 2014, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	<u>\$ 6,266,449</u>	<u>\$ (5,377)</u>	<u>\$ 6,261,072</u>
Adjustment and reclassifications increasing (decreasing) the fund balance:			
District identified adjustments	(879,886)	-	(879,886)
Audit adjustments	-	-	-
Reclassification of amounts held for others	(43,777)	5,377	(38,400)
Rounding	<u>2</u>	<u>-</u>	<u>2</u>
<b>Net Adjustments and Reclassifications</b>	<u>(923,661)</u>	<u>5,377</u>	<u>(918,284)</u>
<b>June 30, 2014, Audited Financial Statement Fund Balances</b>	<u>\$ 5,342,788</u>	<u>\$ -</u>	<u>\$ 5,342,788</u>

*See the accompanying notes to the supplementary information.*

**RECONCILIATION OF 50% LAW CALCULATION**

June 30, 2014

*Siskiyou Joint Community*

*College District*

Page 1 of 2

	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b>ACADEMIC SALARIES</b>							
INSTRUCTIONAL SALARIES							
Contract or regular	1100	\$ 2,435,960	\$ -	\$ 2,435,960	\$ 2,435,960	\$ -	\$ 2,435,960
Other	1300	2,000,110	-	2,000,110	2,000,110	-	2,000,110
<b>Total Instructional Salaries</b>		<u>4,436,070</u>	<u>-</u>	<u>4,436,070</u>	<u>4,436,070</u>	<u>-</u>	<u>4,436,070</u>
NON-INSTRUCTIONAL SALARIES							
Contract or regular	1200	-	-	-	835,195	-	835,195
Other	1400	-	-	-	118,001	-	118,001
<b>Total Non-Instructional Salaries</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>953,196</u>	<u>-</u>	<u>953,196</u>
<b>Total Academic Salaries</b>		<u>4,436,070</u>	<u>-</u>	<u>4,436,070</u>	<u>5,389,266</u>	<u>-</u>	<u>5,389,266</u>
<b>CLASSIFIED SALARIES</b>							
NON-INSTRUCTIONAL SALARIES							
Regular status	2100	-	-	-	1,883,442	-	1,883,442
Other	2300	-	-	-	150,053	-	150,053
<b>Total Non-Instructional Salaries</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,033,495</u>	<u>-</u>	<u>2,033,495</u>
INSTRUCTIONAL AIDES							
Regular status	2200	129,322	-	129,322	156,473	-	156,473
Other	2400	203,925	-	203,925	204,389	-	204,389
<b>Total Instructional Aides</b>		<u>333,247</u>	<u>-</u>	<u>333,247</u>	<u>360,862</u>	<u>-</u>	<u>360,862</u>
<b>Total Classified Salaries</b>		<u>333,247</u>	<u>-</u>	<u>333,247</u>	<u>2,394,357</u>	<u>-</u>	<u>2,394,357</u>
OTHER							
Employee benefits	3000	1,212,022	-	1,212,022	2,950,765	-	2,950,765
Supplies and materials	4000	-	-	-	241,910	-	241,910
Other operating expenses	5000	1,243,086	-	1,243,086	3,964,969	-	3,964,969
Equipment replacement	6420	-	-	-	7,002	-	7,002
<b>Total Other</b>		<u>2,455,108</u>	<u>-</u>	<u>2,455,108</u>	<u>7,164,646</u>	<u>-</u>	<u>7,164,646</u>
<b>Total Expenditures Prior to Exclusions</b>		<u>\$ 7,224,425</u>	<u>\$ -</u>	<u>\$ 7,224,425</u>	<u>\$ 14,948,269</u>	<u>\$ -</u>	<u>\$ 14,948,269</u>

See the accompanying notes to the supplementary information.

**RECONCILIATION OF 50% LAW CALCULATION**

June 30, 2014

*Siskiyou Joint Community*

*College District*

Page 2 of 2

	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b>EXCLUSIONS</b>							
<b>ACTIVITIES TO EXCLUDE</b>							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	87,899	-	87,899
Student Transportation	6491	-	-	-	154,455	-	154,455
Non-instructional Staff Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
<b>Subtotal</b>		-	-	-	242,354	-	242,354
<b>OBJECTS TO EXCLUDE</b>							
Rents and leases	5060	-	-	-	43,644	-	43,644
Lottery expenditures							
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	69,421	-	69,421
Employee benefits	3000	-	-	-	62,249	-	62,249
<b>Subtotal</b>		-	-	-	175,314	-	175,314
Supplies and materials:	4000						
Software	4100	-	-	-	-	-	-
Books, magazines, and periodicals	4200	-	-	-	13,838	-	13,838
Instructional supplies and materials	4300	-	-	-	-	-	-
Non-instructional supplies and materials	4400	-	-	-	-	-	-
<b>Subtotal</b>		-	-	-	13,838	-	13,838
Other operating expenses and services	5000	-	-	-	227,879	-	227,879
Capital outlay:	6000						
Library books	6300	-	-	-	-	-	-
Equipment - additional	6410	-	-	-	284	-	284
Equipment - replacement	6420	-	-	-	-	-	-
<b>Total Capital Outlay</b>		-	-	-	284	-	284
Other outgo	7000	-	-	-	-	-	-
<b>Total Exclusions</b>		-	-	-	659,669	-	659,669
<b>Total for ECS 84362 - 50% Law</b>		\$ 7,224,425	\$ -	\$ 7,224,425	\$ 14,288,600	\$ -	\$ 14,288,600
<b>Percentage of CEE (Instructional Salary Cost/Total CEE)</b>		50.56%	0.00%	50.56%			
<b>50% of Current Expense of Education</b>					\$ 7,144,300	\$ -	\$ 7,144,300

See the accompanying notes to the supplementary information.

**RECONCILIATION OF EDUCATION  
PROTECTION ACCOUNT  
EXPENDITURES**

*Siskiyou Joint Community  
College District*

June 30, 2014

	<b>Object Code</b>	<b>Salaries and Benefits (1000-3000)</b>	<b>Operating Expenses (4000-5000)</b>	<b>Capital Outlay (6000)</b>	<b>Total</b>
<b>EPA Proceeds</b>	8630				\$ 2,188,607
<b>Activity Classification:</b>					
Instructional activities	0100-5900	\$ 1,427,667	\$ 364,927	\$ -	1,792,594
Other support activities:					
Student Counseling and Guidance	6200-6320	259,595	17,193	-	276,788
Other Student Services	6460-6480	119,185	40	-	119,225
<b>Total Expenditures for EPA</b>		<u>\$ 1,806,447</u>	<u>\$ 382,160</u>	<u>\$ -</u>	<u>2,188,607</u>
<b>Total Revenue Less Expenditures</b>					<u>\$ -</u>

*See the accompanying notes to the other supplementary information.*



**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

*Siskiyou Joint Community  
College District  
Page 1 of 5*

June 30, 2014	<b>General Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Measure A Interest and Redemption Fund</b>	<b>Cafeteria Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,328,888	\$ 1,321	\$ 3,320,101	\$ 43,412	\$ 4,693,722
Accounts receivable - net	3,116,993	29	4,193	87,937	3,209,152
Due from other funds	191,237	48,017	-	-	239,254
Due from Foundation	104,404	-	-	-	104,404
Inventory and prepaids	66,235	-	-	-	66,235
<b>Total Assets</b>	<b>\$ 4,807,757</b>	<b>\$ 49,367</b>	<b>\$ 3,324,294</b>	<b>\$ 131,349</b>	<b>\$ 8,312,767</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,283,867	\$ 1,800	\$ 356,047	\$ 3,536	\$ 1,645,250
Advances from grantors and students	976,988	-	-	-	976,988
Due to other funds	-	-	67,467	60,362	127,829
Amounts held for others	-	-	-	-	-
Short-term debt	1,630,000	-	-	-	1,630,000
Estimated liability for claims and claims adjustment expense	-	-	-	-	-
<b>Total Liabilities</b>	<b>3,890,855</b>	<b>1,800</b>	<b>423,514</b>	<b>63,898</b>	<b>4,380,067</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	-	-	-	-	-
Fund balances:					
Reserved for debt service	-	47,567	2,900,780	-	2,948,347
Reserved for capital outlay	-	-	-	-	-
Unreserved:					
Undesignated	916,902	-	-	67,451	984,353
<b>Total Fund Equity (Deficit)</b>	<b>916,902</b>	<b>47,567</b>	<b>2,900,780</b>	<b>67,451</b>	<b>3,932,700</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 4,807,757</b>	<b>\$ 49,367</b>	<b>\$ 3,324,294</b>	<b>\$ 131,349</b>	<b>\$ 8,312,767</b>

*See the accompanying notes to the supplementary information.*

**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

*Siskiyou Joint Community  
College District*  
Page 2 of 5

June 30, 2014	<b>Balance Brought Forward</b>	<b>Dormitory Revenue Fund</b>	<b>Dormitory Repair and Replacement Fund</b>	<b>Capital Outlay Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,693,722	\$ 93,317	\$ 27,003	\$ 686,287	\$ 5,500,329
Accounts receivable - net	3,209,152	72,088	29	36,978	3,318,247
Due from other funds	239,254	-	-	217,411	456,665
Due from Foundation	104,404	-	-	-	104,404
Inventory and prepaids	66,235	-	-	-	66,235
<b>Total Assets</b>	<b>\$ 8,312,767</b>	<b>\$ 165,405</b>	<b>\$ 27,032</b>	<b>\$ 940,676</b>	<b>\$ 9,445,880</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,645,250	\$ 2,952	\$ -	\$ 26,474	\$ 1,674,676
Advances from grantors and students	976,988	-	-	-	976,988
Due to other funds	127,829	139,454	13,012	-	280,295
Amounts held for others	-	-	-	-	-
Short-term debt	1,630,000	-	-	-	1,630,000
Estimated liability for claims and claims adjustment expense	-	-	-	-	-
<b>Total Liabilities</b>	<b>4,380,067</b>	<b>142,406</b>	<b>13,012</b>	<b>26,474</b>	<b>4,561,959</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	-	-	-	-	-
Fund balances:					
Reserved for debt service	2,948,347	-	-	-	2,948,347
Reserved for capital outlay	-	-	14,020	725,729	739,749
Unreserved:					
Undesignated	984,353	22,999	-	188,473	1,195,825
<b>Total Fund Equity (Deficit)</b>	<b>3,932,700</b>	<b>22,999</b>	<b>14,020</b>	<b>914,202</b>	<b>4,883,921</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 8,312,767</b>	<b>\$ 165,405</b>	<b>\$ 27,032</b>	<b>\$ 940,676</b>	<b>\$ 9,445,880</b>

*See the accompanying notes to the supplementary information.*

**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

*Siskiyou Joint Community  
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June 30, 2014	<b>Balance Brought Forward</b>	<b>Bond Construction Fund</b>	<b>Bookstore Fund</b>	<b>Self- Insurance Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,500,329	\$ 292	\$ 212,204	\$ 41,868	\$ 5,754,693
Accounts receivable - net	3,318,247	49	107,178	5,791	3,431,265
Due from other funds	456,665	-	-	440,974	897,639
Due from Foundation	104,404	-	-	-	104,404
Inventory and prepaids	66,235	-	145,595	-	211,830
<b>Total Assets</b>	<b>\$ 9,445,880</b>	<b>\$ 341</b>	<b>\$ 464,977</b>	<b>\$ 488,633</b>	<b>\$ 10,399,831</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,674,676	\$ -	\$ 4,564	\$ 11,411	\$ 1,690,651
Advances from grantors and students	976,988	-	-	-	976,988
Due to other funds	280,295	292	456,353	-	736,940
Amounts held for others	-	-	-	-	-
Short-term debt	1,630,000	-	-	-	1,630,000
Estimated liability for claims and claims adjustment expense	-	-	-	17,089	17,089
<b>Total Liabilities</b>	<b>4,561,959</b>	<b>292</b>	<b>460,917</b>	<b>28,500</b>	<b>5,051,668</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	-	-	4,060	460,133	464,193
Fund balances:					
Reserved for debt service	2,948,347	-	-	-	2,948,347
Reserved for capital outlay	739,749	49	-	-	739,798
Unreserved:					
Undesignated	1,195,825	-	-	-	1,195,825
<b>Total Fund Equity (Deficit)</b>	<b>4,883,921</b>	<b>49</b>	<b>4,060</b>	<b>460,133</b>	<b>5,348,163</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 9,445,880</b>	<b>\$ 341</b>	<b>\$ 464,977</b>	<b>\$ 488,633</b>	<b>\$ 10,399,831</b>

*See the accompanying notes to the supplementary information.*

**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

*Siskiyou Joint Community  
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June 30, 2014	<b>Balance Brought Forward</b>	<b>Associated Students Trust Fund</b>	<b>Student Financial Aid Trust Fund</b>	<b>Scholarship and Loan Trust Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,754,693	\$ 8,023	\$ 282,425	\$ 31,625	\$ 6,076,766
Accounts receivable - net	3,431,265	15,711	74,872	1,943	3,523,791
Due from other funds	897,639	1,429	-	(8,252)	890,816
Due from Foundation	104,404	-	-	-	104,404
Inventory and prepaids	211,830	-	-	-	211,830
<b>Total Assets</b>	<b>\$ 10,399,831</b>	<b>\$ 25,163</b>	<b>\$ 357,297</b>	<b>\$ 25,316</b>	<b>\$ 10,807,607</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,690,651	\$ -	\$ 81,744	\$ -	\$ 1,772,395
Advances from grantors and students	976,988	6,700	106,224	-	1,089,912
Due to other funds	736,940	-	174,704	-	911,644
Amounts held for others	-	18,463	-	25,316	43,779
Short-term debt	1,630,000	-	-	-	1,630,000
Estimated liability for claims and claims adjustment expense	17,089	-	-	-	17,089
<b>Total Liabilities</b>	<b>5,051,668</b>	<b>25,163</b>	<b>362,672</b>	<b>25,316</b>	<b>5,464,819</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	464,193	-	-	-	464,193
Fund balances:					
Reserved for debt service	2,948,347	-	-	-	2,948,347
Reserved for capital outlay	739,798	-	-	-	739,798
Unreserved:					
Undesignated	1,195,825	-	(5,375)	-	1,190,450
<b>Total Fund Equity (Deficit)</b>	<b>5,348,163</b>	<b>-</b>	<b>(5,375)</b>	<b>-</b>	<b>5,342,788</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 10,399,831</b>	<b>\$ 25,163</b>	<b>\$ 357,297</b>	<b>\$ 25,316</b>	<b>\$ 10,807,607</b>

*See the accompanying notes to the supplementary information.*

**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

*Siskiyou Joint Community  
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June 30, 2014	<b>Balance Brought Forward</b>	<b>Other Agency Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,076,766	\$ 25,327	\$ 6,102,093
Accounts receivable - net	3,523,791	4,419	3,528,210
Due from other funds	890,816	23,211	914,027
Due from Foundation	104,404	-	104,404
Inventory and prepaids	211,830	-	211,830
<b>Total Assets</b>	<b>\$ 10,807,607</b>	<b>\$ 52,957</b>	<b>\$ 10,860,564</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,772,395	\$ 1,391	\$ 1,773,786
Advances from grantors and students	1,089,912	-	1,089,912
Due to other funds	911,644	-	911,644
Amounts held for others	43,779	51,566	95,345
Short-term debt	1,630,000	-	1,630,000
Estimated liability for claims and claims adjustment expense	17,089	-	17,089
<b>Total Liabilities</b>	<b>5,464,819</b>	<b>52,957</b>	<b>5,517,776</b>
<b>FUND EQUITY</b>			
Retained earnings (deficit)	464,193	-	464,193
Fund balances:			
Reserved for debt service	2,948,347	-	2,948,347
Reserved for capital outlay	739,798	-	739,798
Unreserved:			
Undesignated	1,190,450	-	1,190,450
<b>Total Fund Equity (Deficit)</b>	<b>5,342,788</b>	<b>-</b>	<b>5,342,788</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 10,807,607</b>	<b>\$ 52,957</b>	<b>\$ 10,860,564</b>

*See the accompanying notes to the supplementary information.*

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES/EXPENSES, AND CHANGES  
IN FUND EQUITY – DISTRICT FUNDS  
INCLUDED IN THE REPORTING ENTITY**

*Siskiyou Joint Community  
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Year Ended June 30, 2014	General Fund	Bond Interest and Redemption Fund	Measure A Interest and Redemption Fund	Cafeteria Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 3,419,240	\$ -	\$ -	\$ 459,396	\$ 3,878,636
Less: Scholarship discount and allowance	1,449,293	-	-	-	1,449,293
<b>Net Tuition and Fees</b>	1,969,947	-	-	459,396	2,429,343
Grants and contracts - noncapital:					
Federal	822,489	-	-	-	822,489
State	1,350,071	-	-	-	1,350,071
Local	194,810	-	-	17,851	212,661
Auxiliary enterprise sales and charges	-	-	-	-	-
<b>Total Operating Revenues</b>	4,337,317	-	-	477,247	4,814,564
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	8,914,277	-	-	7,116	8,921,393
Employee benefits	3,404,426	-	-	1,981	3,406,407
Supplies, materials, and other expenditures/ expenses and services	4,085,979	-	2,640	535,928	4,624,547
Payments to students	99,225	-	-	-	99,225
Capital outlay	562,932	-	-	9,645	572,577
Utilities	924,493	-	-	20,000	944,493
<b>Total Operating Expenditures/Expenses</b>	17,991,332	-	2,640	574,670	18,568,642
<b>Operating Income (Loss)</b>	(13,654,015)	-	(2,640)	(97,423)	(13,754,078)
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	5,909,663	-	-	-	5,909,663
Education protection account revenues - noncapital	2,188,607	-	-	-	2,188,607
Local property taxes - noncapital	3,361,588	-	-	-	3,361,588
State taxes and other revenues - noncapital	2,686,672	-	25,385	-	2,712,057
Investment income - noncapital	18,136	233	14,419	-	32,788
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid expenses	-	-	-	-	-
Other nonoperating revenues	67,212	-	-	-	67,212
Debt service	(100,633)	(268,155)	(1,143,681)	-	(1,512,469)
<b>Total Nonoperating Revenues (Expenditures)</b>	14,131,245	(267,922)	(1,103,877)	-	12,759,446
<b>Income (Loss) Before Other Revenues and Expenditures</b>	477,230	(267,922)	(1,106,517)	(97,423)	(994,632)
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	-	-	-	-	-
Local property taxes and revenues - capital	-	-	1,586,744	-	1,586,744
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	477,230	(267,922)	480,227	(97,423)	592,112
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	103,583	260,344	-	4,568	368,495
Operating transfers out	(762,227)	-	-	-	(762,227)
<b>Total Other Financing Sources (Uses)</b>	(658,644)	260,344	-	4,568	(393,732)
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	(181,414)	(7,578)	480,227	(92,855)	198,380
<b>Fund Equity - Beginning of Year</b>	1,098,316	55,145	2,420,553	160,306	3,734,320
<b>Fund Equity - End of Year</b>	\$ 916,902	\$ 47,567	\$ 2,900,780	\$ 67,451	\$ 3,932,700

*See the accompanying notes to the supplementary information.*

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES/EXPENSES, AND CHANGES  
IN FUND EQUITY – DISTRICT FUNDS  
INCLUDED IN THE REPORTING ENTITY**

*Siskiyou Joint Community  
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Year Ended June 30, 2014	<b>Balance Brought Forward</b>	<b>Dormitory Revenue Fund</b>	<b>Dormitory Repair and Replacement Fund</b>	<b>Capital Outlay Fund</b>	<b>Balance Forward</b>
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 3,878,636	\$ 496,499	\$ -	\$ -	\$ 4,375,135
Less: Scholarship discount and allowance	1,449,293	-	-	-	1,449,293
<b>Net Tuition and Fees</b>	<b>2,429,343</b>	<b>496,499</b>	<b>-</b>	<b>-</b>	<b>2,925,842</b>
Grants and contracts - noncapital:					
Federal	822,489	-	-	-	822,489
State	1,350,071	-	-	109,705	1,459,776
Local	212,661	6,975	-	288,022	507,658
Auxiliary enterprise sales and charges	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>4,814,564</b>	<b>503,474</b>	<b>-</b>	<b>397,727</b>	<b>5,715,765</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	8,921,393	160,580	-	-	9,081,973
Employee benefits	3,406,407	87,249	-	-	3,493,656
Supplies, materials, and other expenditures/ expenses and services	4,624,547	184,798	-	212,728	5,022,073
Payments to students	99,225	-	-	-	99,225
Capital outlay	572,577	4,315	-	159,396	736,288
Utilities	944,493	41,000	-	-	985,493
<b>Total Operating Expenditures/Expenses</b>	<b>18,568,642</b>	<b>477,942</b>	<b>-</b>	<b>372,124</b>	<b>19,418,708</b>
<b>Operating Income (Loss)</b>	<b>(13,754,078)</b>	<b>25,532</b>	<b>-</b>	<b>25,603</b>	<b>(13,702,943)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	5,909,663	-	-	-	5,909,663
Education protection account revenues - noncapital	2,188,607	-	-	-	2,188,607
Local property taxes - noncapital	3,361,588	-	-	-	3,361,588
State taxes and other revenues - noncapital	2,712,057	-	-	-	2,712,057
Investment income - noncapital	32,788	808	130	2,757	36,483
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid expenses	-	-	-	-	-
Other nonoperating revenues	67,212	-	-	-	67,212
Debt service	(1,512,469)	-	-	(1,225,000)	(2,737,469)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>12,759,446</b>	<b>808</b>	<b>130</b>	<b>(1,222,243)</b>	<b>11,538,141</b>
<b>Income (Loss) Before Other Revenues and     Expenditures</b>	<b>(994,632)</b>	<b>26,340</b>	<b>130</b>	<b>(1,196,640)</b>	<b>(2,164,802)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	-	-	-	82,612	82,612
Local property taxes and revenues - capital	1,586,744	-	-	-	1,586,744
<b>Excess of Revenues Over (Under)     Expenditures/Expenses</b>	<b>592,112</b>	<b>26,340</b>	<b>130</b>	<b>(1,114,028)</b>	<b>(495,446)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	368,495	68,894	4,000	478,803	920,192
Operating transfers out	(762,227)	(16,770)	-	(104,586)	(883,583)
<b>Total Other Financing Sources (Uses)</b>	<b>(393,732)</b>	<b>52,124</b>	<b>4,000</b>	<b>374,217</b>	<b>36,609</b>
<b>Excess of Revenues and Other Financing Sources     Over (Under) Expenditures/Expenses and     Other Financing Uses</b>	<b>198,380</b>	<b>78,464</b>	<b>4,130</b>	<b>(739,811)</b>	<b>(458,837)</b>
<b>Fund Equity - Beginning of Year</b>	<b>3,734,320</b>	<b>(55,465)</b>	<b>9,890</b>	<b>1,654,013</b>	<b>5,342,758</b>
<b>Fund Equity - End of Year</b>	<b>\$ 3,932,700</b>	<b>\$ 22,999</b>	<b>\$ 14,020</b>	<b>\$ 914,202</b>	<b>\$ 4,883,921</b>

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES/EXPENSES, AND CHANGES  
IN FUND EQUITY – DISTRICT FUNDS  
INCLUDED IN THE REPORTING ENTITY**

*Siskiyou Joint Community  
College District  
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Year Ended June 30, 2014	<b>Balance Brought Forward</b>	<b>Bond Construction Fund</b>	<b>Bookstore Fund</b>	<b>Self- Insurance Fund</b>	<b>Balance Forward</b>
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 4,375,135	\$ -	\$ -	\$ -	\$ 4,375,135
Less: Scholarship discount and allowance	1,449,293	-	-	-	1,449,293
<b>Net Tuition and Fees</b>	<b>2,925,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,925,842</b>
Grants and contracts - noncapital:					
Federal	822,489	-	-	-	822,489
State	1,459,776	82,850	-	-	1,542,626
Local	507,658	-	372	2,574,904	3,082,934
Auxiliary enterprise sales and charges	-	-	535,191	-	535,191
<b>Total Operating Revenues</b>	<b>5,715,765</b>	<b>82,850</b>	<b>535,563</b>	<b>2,574,904</b>	<b>8,909,082</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	9,081,973	-	73,049	-	9,155,022
Employee benefits	3,493,656	-	35,100	2,670,182	6,198,938
Supplies, materials, and other expenditures/ expenses and services	5,022,073	-	412,666	24,050	5,458,789
Payments to students	99,225	-	-	-	99,225
Capital outlay	736,288	88,061	2,414	-	826,763
Utilities	985,493	-	10,000	-	995,493
<b>Total Operating Expenditures/Expenses</b>	<b>19,418,708</b>	<b>88,061</b>	<b>533,229</b>	<b>2,694,232</b>	<b>22,734,230</b>
<b>Operating Income (Loss)</b>	<b>(13,702,943)</b>	<b>(5,211)</b>	<b>2,334</b>	<b>(119,328)</b>	<b>(13,825,148)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	5,909,663	-	-	-	5,909,663
Education protection account revenues - noncapital	2,188,607	-	-	-	2,188,607
Local property taxes - noncapital	3,361,588	-	-	-	3,361,588
State taxes and other revenues - noncapital	2,712,057	-	-	-	2,712,057
Investment income - noncapital	36,483	53	-	-	36,536
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid expenses	-	-	-	-	-
Other nonoperating revenues	67,212	-	-	-	67,212
Debt service	(2,737,469)	-	-	-	(2,737,469)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>11,538,141</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>11,538,194</b>
<b>Income (Loss) Before Other Revenues and     Expenditures</b>	<b>(2,164,802)</b>	<b>(5,158)</b>	<b>2,334</b>	<b>(119,328)</b>	<b>(2,286,954)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	82,612	-	-	-	82,612
Local property taxes and revenues - capital	1,586,744	-	-	-	1,586,744
<b>Excess of Revenues Over (Under)     Expenditures/Expenses</b>	<b>(495,446)</b>	<b>(5,158)</b>	<b>2,334</b>	<b>(119,328)</b>	<b>(617,598)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	920,192	5,211	-	-	925,403
Operating transfers out	(883,583)	(18)	-	-	(883,601)
<b>Total Other Financing Sources (Uses)</b>	<b>36,609</b>	<b>5,193</b>	<b>-</b>	<b>-</b>	<b>41,802</b>
<b>Excess of Revenues and Other Financing Sources     Over (Under) Expenditures/Expenses and     Other Financing Uses</b>	<b>(458,837)</b>	<b>35</b>	<b>2,334</b>	<b>(119,328)</b>	<b>(575,796)</b>
<b>Fund Equity - Beginning of Year</b>	<b>5,342,758</b>	<b>14</b>	<b>1,726</b>	<b>579,461</b>	<b>5,923,959</b>
<b>Fund Equity - End of Year</b>	<b>\$ 4,883,921</b>	<b>\$ 49</b>	<b>\$ 4,060</b>	<b>\$ 460,133</b>	<b>\$ 5,348,163</b>

See the accompanying notes to the supplementary information.



**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES/EXPENSES, AND CHANGES  
IN FUND EQUITY – DISTRICT FUNDS  
INCLUDED IN THE REPORTING ENTITY**

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Year Ended June 30, 2014	<b>Balance Brought Forward</b>	<b>Associated Students Trust Fund</b>	<b>Student Financial Aid Trust Fund</b>	<b>Scholarship and Loan Trust Fund</b>	<b>Balance Forward</b>
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 4,375,135	\$ -	\$ -	\$ -	\$ 4,375,135
Less: Scholarship discount and allowance	1,449,293	-	-	-	1,449,293
<b>Net Tuition and Fees</b>	<b>2,925,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,925,842</b>
Grants and contracts - noncapital:					
Federal	822,489	-	-	-	822,489
State	1,542,626	-	267,980	-	1,810,606
Local	3,082,934	-	-	-	3,082,934
Auxiliary enterprise sales and charges	535,191	-	-	-	535,191
<b>Total Operating Revenues</b>	<b>8,909,082</b>	<b>-</b>	<b>267,980</b>	<b>-</b>	<b>9,177,062</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	9,155,022	-	87,438	-	9,242,460
Employee benefits	6,198,938	-	20,627	-	6,219,565
Supplies, materials, and other expenditures/ expenses and services	5,458,789	-	2,183	-	5,460,972
Payments to students	99,225	-	-	-	99,225
Capital outlay	826,763	-	737	-	827,500
Utilities	995,493	-	-	-	995,493
<b>Total Operating Expenditures/Expenses</b>	<b>22,734,230</b>	<b>-</b>	<b>110,985</b>	<b>-</b>	<b>22,845,215</b>
<b>Operating Income (Loss)</b>	<b>(13,825,148)</b>	<b>-</b>	<b>156,995</b>	<b>-</b>	<b>(13,668,153)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	5,909,663	-	-	-	5,909,663
Education protection account revenues - noncapital	2,188,607	-	-	-	2,188,607
Local property taxes - noncapital	3,361,588	-	-	-	3,361,588
State taxes and other revenues - noncapital	2,712,057	-	-	-	2,712,057
Investment income - noncapital	36,536	-	-	-	36,536
Financial aid revenues - federal	-	-	6,518,990	-	6,518,990
Financial aid revenues - state	-	-	211,204	-	211,204
Financial aid expenses	-	-	(6,893,463)	-	(6,893,463)
Other nonoperating revenues	67,212	-	-	-	67,212
Debt service	(2,737,469)	-	-	-	(2,737,469)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>11,538,194</b>	<b>-</b>	<b>(163,269)</b>	<b>-</b>	<b>11,374,925</b>
<b>Income (Loss) Before Other Revenues and Expenditures</b>	<b>(2,286,954)</b>	<b>-</b>	<b>(6,274)</b>	<b>-</b>	<b>(2,293,228)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	82,612	-	-	-	82,612
Local property taxes and revenues - capital	1,586,744	-	-	-	1,586,744
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	<b>(617,598)</b>	<b>-</b>	<b>(6,274)</b>	<b>-</b>	<b>(623,872)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	925,403	-	13,626	-	939,029
Operating transfers out	(883,601)	-	-	-	(883,601)
<b>Total Other Financing Sources (Uses)</b>	<b>41,802</b>	<b>-</b>	<b>13,626</b>	<b>-</b>	<b>55,428</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>(575,796)</b>	<b>-</b>	<b>7,352</b>	<b>-</b>	<b>(568,444)</b>
<b>Fund Equity - Beginning of Year</b>	<b>5,923,959</b>	<b>-</b>	<b>(12,727)</b>	<b>-</b>	<b>5,911,232</b>
<b>Fund Equity - End of Year</b>	<b>\$ 5,348,163</b>	<b>\$ -</b>	<b>\$ (5,375)</b>	<b>\$ -</b>	<b>\$ 5,342,788</b>

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES/EXPENSES, AND CHANGES  
IN FUND EQUITY – DISTRICT FUNDS  
INCLUDED IN THE REPORTING ENTITY**

*Siskiyou Joint Community  
College District  
Page 5 of 5*

Year Ended June 30, 2014	<b>Balance Brought Forward</b>	<b>Other Agency Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 4,375,135	\$ -	\$ 4,375,135
Less: Scholarship discount and allowance	1,449,293	-	1,449,293
<b>Net Tuition and Fees</b>	<b>2,925,842</b>	<b>-</b>	<b>2,925,842</b>
Grants and contracts - noncapital:			
Federal	822,489	-	822,489
State	1,810,606	-	1,810,606
Local	3,082,934	-	3,082,934
Auxiliary enterprise sales and charges	535,191	-	535,191
<b>Total Operating Revenues</b>	<b>9,177,062</b>	<b>-</b>	<b>9,177,062</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>			
Salaries	9,242,460	-	9,242,460
Employee benefits	6,219,565	-	6,219,565
Supplies, materials, and other expenditures/ expenses and services	5,460,972	-	5,460,972
Payments to students	99,225	-	99,225
Capital outlay	827,500	-	827,500
Utilities	995,493	-	995,493
<b>Total Operating Expenditures/Expenses</b>	<b>22,845,215</b>	<b>-</b>	<b>22,845,215</b>
<b>Operating Income (Loss)</b>	<b>(13,668,153)</b>	<b>-</b>	<b>(13,668,153)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>			
State apportionments - noncapital	5,909,663	-	5,909,663
Education protection account revenues - noncapital	2,188,607	-	2,188,607
Local property taxes - noncapital	3,361,588	-	3,361,588
State taxes and other revenues - noncapital	2,712,057	-	2,712,057
Investment income - noncapital	36,536	-	36,536
Financial aid revenues - federal	6,518,990	-	6,518,990
Financial aid revenues - state	211,204	-	211,204
Financial aid expenses	(6,893,463)	-	(6,893,463)
Other nonoperating revenues	67,212	-	67,212
Debt service	(2,737,469)	-	(2,737,469)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>11,374,925</b>	<b>-</b>	<b>11,374,925</b>
<b>Income (Loss) Before Other Revenues and Expenditures</b>	<b>(2,293,228)</b>	<b>-</b>	<b>(2,293,228)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>			
State revenue - capital	82,612	-	82,612
Local property taxes and revenues - capital	1,586,744	-	1,586,744
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(623,872)</b>	<b>-</b>	<b>(623,872)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	939,029	-	939,029
Operating transfers out	(883,601)	-	(883,601)
<b>Total Other Financing Sources (Uses)</b>	<b>55,428</b>	<b>-</b>	<b>55,428</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>(568,444)</b>	<b>-</b>	<b>(568,444)</b>
<b>Fund Equity - Beginning of Year</b>	<b>5,911,232</b>	<b>-</b>	<b>5,911,232</b>
<b>Fund Equity - End of Year</b>	<b>\$ 5,342,788</b>	<b>\$ -</b>	<b>\$ 5,342,788</b>

See the accompanying notes to the supplementary information.

**RECONCILIATION OF FUND EQUITY  
TO NET POSITION**

June 30, 2014

*Siskiyou Joint Community  
College District*

<b>Total Fund Equity - District Funds Included in the Reporting Entity</b>		<b>\$ 5,342,788</b>
Assets recorded within the statement of net position not included in the District fund financial statements:		
Nondepreciable capital assets		393,541
Depreciable capital assets	\$ 54,889,988	
Accumulated depreciation	<u>(14,369,113)</u>	40,520,875
Liabilities recorded within the statement of net position not recorded in the District fund financial statements:		
Compensated absences		(272,174)
Long-term debt		(28,900,236)
Other postemployment benefit asset (obligation)		<u>(1,974,152)</u>
<b>Net Assets Reported Within the Statement of Net Position</b>		<b>\$ 15,110,642</b>

*See the accompanying notes to the supplementary information.*

**RECONCILIATION OF CHANGE IN  
FUND EQUITY TO CHANGE IN NET  
POSITION**

*Siskiyou Joint Community  
College District*

June 30, 2014

<b>Change in Fund Equity - District Funds Included in the Reporting Entity</b>	<b>\$ (568,444)</b>
Compensated absence expense not reported within the GASB 35 Statements	8,999
Depreciation expense reported within the GASB 35 Statements	(1,623,210)
Accretion of general obligation bonds reported within the GASB 35 Statements	(435,743)
Amortization of bond premiums reported within the GASB 35 Statements	46,374
Capital outlay expense not reported within the GASB 35 Statements	581,298
Other postemployment benefits expense reported within the GASB 35 Statements	(85,203)
Principal payments on debt not reported within the GASB 35 Statements	<u>1,539,579</u>
<b>Change in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position</b>	<b><u>\$ (536,350)</u></b>

*See the accompanying notes to the supplementary information.*

**1. PURPOSE OF SCHEDULES**

**Schedule of Workload Measures for State General Apportionment**

The schedule of workload measures for state general apportionment annualized attendance as of June 30, 2014, represents the basis of apportionment of the District's annual source of funding.

**Schedules of Expenditures of Federal and State Awards**

The audit of the District for the year ended June 30, 2014, was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with OMB A-133 and state requirements, the schedule of expenditures of federal awards and schedule of expenditures of state awards were prepared for the District.

The schedules have been prepared on the accrual basis of accounting.

**Reconciliation of Annual Financial and Budget Report (Form CCFS-311) With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds as reported on the Form CCFS-311 to the District accounting records.

**Reconciliation of 50% Law Calculation**

This schedule provides the information necessary to reconcile the 50% law calculation as reported on the Form CCFS-311 to the audited financial statements.

**Reconciliation of Education Protection Account Expenditures**

This schedule provides the information necessary to reconcile the Education Protection Account Expenditures reported on the Form CCFS-311 to the audited financial statements.

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

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

**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 – District funds included in the reporting entity 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.

**NOTES TO THE SUPPLEMENTARY  
INFORMATION**

June 30, 2014

*Siskiyou Joint Community  
College District*

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.

The District reports advances of revenue on its combining balance sheet. Advances of revenues arise when potential revenue does 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 REPORTS SECTION**

**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**

To the Board of Trustees  
Siskiyou Joint Community College District  
Weed, California

We have audited, 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, the financial statements of the business-type activities and the discretely presented component unit of Siskiyou Joint Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting 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.

***Compliance and Other Matters***

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



**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**

Continued

**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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KCoe Jam, LLP

January 8, 2015  
Redding, California

**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To 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 (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 for each major federal program. However, our audit does not provide a legal determination on the District's 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, 2014.

**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Continued

**Report on Internal Control Over Compliance**

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KCee Team, LLP

January 8, 2015  
Redding, California

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Trustees  
Siskiyou Joint Community College District  
Weed, California

### **Compliance**

We have audited the Siskiyou Joint Community College District's (the District) compliance with the types of state compliance requirements described in the *California Community Colleges Contracted District Audit Manual 2013-14*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2014. The applicable state compliance requirements are identified in the table below.

### ***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of the District's management.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on District's compliance with the state laws and regulations based on our audit.

We conducted our audit 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 2013-14*, published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2013-14*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination of the District's compliance with those requirements.

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Continued

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SALARIES OF CLASSROOM INSTRUCTORS: 50 PERCENT LAW  
APPORTIONMENT FOR INSTRUCTIONAL SERVICE AGREEMENTS/CONTRACTS  
STATE GENERAL APPORTIONMENT FUNDING SYSTEM  
RESIDENCY DETERMINATION FOR CREDIT COURSES  
STUDENTS ACTIVELY ENROLLED  
CONCURRENT ENROLLMENT OF K-12 STUDENTS IN COMMUNITY COLLEGE CREDIT COURSES  
SCHEDULED MAINTENANCE PROGRAM  
GANN LIMIT CALCULATION  
OPEN ENROLLMENT  
STUDENT FEES - HEALTH FEES AND USE OF HEALTH FEES  
PROPOSITION 39 CLEAN ENERGY  
EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (EOPS) AND  
COOPERATIVE AGENCIES RESOURCES FOR EDUCATION (CARE)  
DISABLED STUDENT PROGRAMS AND SERVICES (DSPTS)  
TO BE ARRANGED HOURS (TBA)  
PROPOSITION 1D STATE BOND FUNDED PROJECTS  
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT FUNDS

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### *Opinion*

In our opinion, except as described in the accompanying schedule of findings and questioned costs as item 2014-001 through 2014-003, the District complied, in all material respects, with the state laws and regulations referred to above that are applicable to the District for the year ended June 30, 2014.

### **The District's Response to Findings**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of compliance, and the results of that testing based on the *California Community Colleges Contracted District Audit Manual 2013-14*. Accordingly, this report is not suitable for any other purpose.

*KCoe Team, LLP*

January 8, 2015  
Redding, California

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION**

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**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 reported
Noncompliance 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 reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	No
Identification of major programs:	
CFDA No. 84.007	Student Financial Assistance Cluster
CFDA No. 84.033	Student Financial Assistance Cluster
CFDA No. 84.063	Student Financial Assistance Cluster
CFDA No. 84.268	Student Financial Assistance Cluster
Threshold for distinguishing types A and B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**STATE AWARDS**

Compliance 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

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**SECTION II FINDINGS  
FINANCIAL STATEMENT AUDIT**

None.



**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**SECTION III FINDINGS  
FEDERAL AWARDS AUDIT**

None.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**SECTION IV FINDINGS  
STATE AWARDS AUDIT**

**STATE COMPLIANCE (General Apportionment)**

(2014-001)

**Significant Deficiency**

**Condition**

The District claimed apportionment for two classes that were cancelled.

**Criteria**

The Student Attendance Account Manual (SAAM) sets forth guidelines on the calculation of contact hours for apportionment attendance reporting.

**Effect**

This noncompliance issue resulted in an overstatement of 0.72 FTES. As all cancelled classes were tested, there is no extrapolation of this error necessary.

***Recommendation***

We recommend that the District make appropriate changes to their Banner software so that classes cancelled prior to census date are not claimed for apportionment.

***Response***

The District has revised its cancelled class process and is in the process of updating its database system to insure that this does not happen again.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (General Apportionment)**

(2014-002)

**Significant Deficiency**

**Condition**

For one of the fifty-three courses sampled, the District claimed seven students for a course when they should have claimed thirteen causing an underreporting of contact hours and FTES. The error was caused by the database system not recognizing all students enrolled in a course.

**Criteria**

For districts that have converted to online or electronic submission of census or positive attendance class rosters, it is important to confirm that sound security and accountability measures have been integrated into those processes (e.g., password based, internal controls, regular quality reviews of output data, and secure retention of records, either physical or electronic, that document each transaction). The burden is on the district to develop a system and related procedures that are consistent with applicable CCR, title 5 requirements, including those provided by Sections 58000, 58004, and 58030.

**Effect**

The District erroneously underreported 105 contact hours or .20 FTES due to the unclaimed students. The extrapolation of this error to the entire population resulted in 5.97 FTES under reported.

***Recommendation***

We recommend that the District implement a reconciliation process of census rosters to the 320 course detail report in order to ensure all students attending a course are captured in the database system and are reflected correctly on the CCFS 320.

***Response***

The District has formed a team to review the 320 data and has started performing a “code trace” looking at each line of the Banner code related to the 320 report. When completed, the District will provide this information in a service request to the Banner software support team for corrective action. The goal is to have this corrected by the January 15, 2015, first period reporting deadline. Additionally, the District will implement a reconciliation process of comparing final rosters to the 320 detail report in order to ensure all students attending a course are captured in the database system and are reflected correctly in the CCFS 320.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (General Apportionment)**

(2014-003)

**Significant Deficiency**

**Condition**

For one of the fifty-three classes sampled, the District counted three students for apportionment that dropped the course prior to census date.

**Criteria**

CCR title 5, section 58003.1 and 58004 state that as of the last day of business that precedes the census day, any student who has

- a) been identified as a no show,
- b) officially withdrawn from the course, or
- c) been dropped from the course

shall not be considered actively enrolled in the course.

**Effect**

The District erroneously reported 157.5 contact hours or .3 FTES for the dropped student. Upon review of the census rosters for all census courses, it was determined that 13 courses had incorrectly reported FTES. A total of 2,030 contact hours or 2.17 FTES were over stated.

***Recommendation***

We recommend that the District review their procedures in place for processing student drops to ensure that all drops are reflected correctly on the CCFS 320.

***Response***

The District is implementing a “triple check” process whereby the employee responsible for census drops will initiate the drop and at the end of each day a second employee will review the drops and at the end of the semester, when instructors submit their back up, Enrollment Services will do a final check.

**CORRECTIVE ACTION PLAN**

June 30, 2014

*Siskiyou Joint Community  
College District*

Not applicable: there are no current-year findings related to federal awards.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**FEDERAL AWARD PROGRAM (STUDENT FINANCIAL CLUSTER)  
CFDA Nos. 84.007, 84.268, 84.033, and 84.063  
(2013-001)**

**Significant Deficiency**

**Condition**

During our audit of the prior year, we noted Direct Loan School Account Statement (SAS) monthly data file reports were not being reconciled with the District's internal financial records on a timely basis. Currently, the District is performing this task on a quarterly basis.

**Criteria**

Under Direct Loan programs, Districts are required to report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) through the COD system within 30 days of disbursement. The COD provides Districts with a School Account Statement (SAS) data file monthly and Districts are required to reconcile the SAS report to their internal financial records.

**Effect**

As the District did not perform SAS reconciliations on a monthly basis, the District is at risk of disbursing incorrect loan amounts to potentially ineligible students based on status changes or errors. Additionally, disbursement amounts indicated on the District's financial records might not match amounts indicated on the COD system.

***Recommendation***

We recommended that the District perform SAS reconciliations on a monthly basis.

***Current Status***

During our audit of the current year, it was noted that the Direct Loan School Account Statement (SAS) monthly data file reports were being reconciled with the District's internal financial records on a timely basis.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (General Apportionment)**

(2013-002)

**Significant Deficiency**

**Condition**

During our audit of the prior year, we noted the District claimed apportionment for eleven classes that were cancelled.

**Criteria**

The Student Attendance Account Manual (SAAM) sets forth guidelines on the calculation of contact hours for apportionment attendance reporting.

**Effect**

This noncompliance issue resulted in an overstatement of 2.05 FTES. As all cancelled classes were tested, there is no extrapolation of this error necessary.

***Recommendation***

We recommended that the District make appropriate changes to their Banner software so that classes cancelled prior to census date are not claimed for apportionment.

***Current Status***

See current year finding 2014-001.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2014

*Siskiyou Joint Community  
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**STATE COMPLIANCE (To Be Arranged (TBA))**

(2013-003)

**Significant Deficiency**

**Condition**

During our audit of the prior year, we noted two courses during our TBA testing that were accounted for under the weekly census method that were video conferencing courses that should have been accounted for under that alternative weekly attendance method.

**Criteria**

The Student Attendance Accounting Manual (SAAM) sets forth guidelines on the calculation of contact hours for apportionment attendance reporting. The California Education code requires that the students have regular contact with the instructor for the same length of time each scheduled day or week of the class to use the daily or weekly census method of attendance accounting.

**Effect**

The two courses noted above claimed apportionment for weekly census contact hours when they should have claimed apportionment under the alternative attendance weekly census method. The net result of using the incorrect census method was an understatement of .4 FTES. As we tested all TBA courses, there is no extrapolation of this error necessary.

***Recommendation***

We recommended that the District review all videoconferencing courses to ensure they are being reported under the correct census method.

***Current Status***

During our audit of the current year, we noted that no TBA courses were accounted for under the weekly census method.



**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2014

*Siskiyou Joint Community  
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**STATE COMPLIANCE (Salaries of Classroom Instructors)**

(2013-004)

**Significant Deficiency**

**Condition**

During our audit of the prior year, we noted during our testing of 50%, that the District was excluding lottery funds through a manual process rather than by account codes or sub-funds. The amounts we were able to test tied to the exclusions without exception and appeared reasonable; however, the account structures of the exclusions were not separated into their own account/sub-fund.

**Criteria**

Government Code, Section 8880.5(k) requires that the District should have established a separate account/sub-fund to account for the receipt and expenditure of lottery funds.

**Effect**

The District is not in compliance with Government Code, Section 8880.5 (k).

***Recommendation***

We recommended that the District establish separate accounts or sub-funds for lottery funds.

***Current Status***

During our audit of the current year we noted that the District has established a separate account/sub-fund to account for the receipt and expenditure of lottery funds.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (General Apportionment)**

(2013-005)

**Significant Deficiency**

**Condition**

During our audit of the prior year, we noted while the District tracks attendance hours for its positive attendance courses, some of the courses the records maintained by the District were not sufficient as they did not meet the documentation requirements of CCR, title 5. In four of the twenty-one courses tested, sufficient documentation did not exist to support the hours claimed. In six other courses, sufficient documentation existed but it did not agree with contact hours claimed.

**Criteria**

CCR, title 5, Section 58006 requires that actual student contact hours of attendance procedure is based upon a count of students present at each course meeting. Section 58022 requires that each tabulation shall provide a detailed listing for each course section as follows:

Identification

Static Course identifier code

Section identifier code

Title

Method of instruction code

Number of days the course is scheduled to meet

Number of class hours each course section is scheduled to meet

Beginning and ending dates

An alphabetical list of each student actively enrolled in each course section indicating:

Name: Last, first, initial

Student identification code

Residency category as specified on Form CCFS 320

Actual student contact hours of attendance.

Further, each tabulation shall also provide a grand total of actual student contact hours of attendance generated by residency category.

In addition, CCR, title 5, Section 59025 states that records relating to attendance and FTES are classified as Class 3-Disposable records and records basic to audit and should be retained by the district for the minimum 3-year record retention period required by CCR, title 5, Section 59026(b) and the SAAM.

**SUMMARY SCHEDULE OF PRIOR  
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*Siskiyou Joint Community  
College District*

**Effect**

The District did not maintain adequate positive attendance records for four positive attendance classes claimed on the CCFS 320, as required by CCR title 5 regulations.

In addition, for six classes, the District maintained adequate documentation, however the hours on the records did not agree to the hours on the 320.

The effect of these errors was: (1) a known error of 1.09 FTES overreported. The extrapolation of this error to the population is 9.21 FTES, and (2) a known error of .11 FTES underreported. The extrapolation of this error to the population is .87 FTES.

***Recommendation***

We recommended that the District enforce their procedures for tracking and reporting positive attendance hours and retain sufficient records that include all components required by CCR title 5, Section 58022 as noted above as support for the positive attendance hours claimed on the CCFS 320.

***Current Status***

During our audit of the current year, we noted no such finding.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (General Apportionment)**

(2013-006)

**Significant Deficiency**

**Condition**

During our audit of the prior year, we noted for one of the seventy-two classes sampled, the District counted a student for apportionment that dropped the course prior to census date.

**Criteria**

CCR title 5, section 58003.1 and 58004 state that as of the last day of business that precedes the census day, any student who has

- a) been identified as a no show,
- b) officially withdrawn from the course, or
- c) been dropped from the course

shall not be considered actively enrolled in the course.

**Effect**

The District erroneously reported 52.5 contact hours or .1 FTES for the dropped student. The extrapolation of this error to the entire population resulted in .96 FTES overreported.

***Recommendation***

We recommended that the District review their procedures in place for processing student drops to ensure that all drops are reflected correctly on the CCFS 320.

***Current Status***

See current year finding 2014-003.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (General Apportionment)**

(2013-007)

**Significant Deficiency**

**Condition**

During our audit of the prior year, we noted for three of the sixty-one courses sampled, the District did not include correct contact hours on the course outlines.

**Criteria**

The SAAM sets forth guidelines which require that the scheduling of courses must be consistent with the total number of class hours indicated in the approved course outline of record.

**Effect**

When all course outlines were examined, the District did not include contact hours on nine course outlines. While our audit sample found the FTES were reported correctly on the 320, the effect of this error shows the number of associated FTES to be 11.59 FTES. No projection of this error is necessary as all courses were examined.

***Recommendation***

We recommended that the District review all of their approved course outlines to ensure that each of them includes the contact hours consistent with the number of contact hours scheduled and claimed for apportionment.

***Current Status***

During our audit of the current year, we noted no such finding.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2014

*Siskiyou Joint Community  
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**STATE COMPLIANCE (Open Enrollment)**

(2013-008)

**Significant Deficiency**

**Condition**

During our audit of the prior year, we noted for three of the sixty-one courses sampled, the course was not listed in the District's printed catalog.

**Criteria**

CCR title 5, Section 58104 states that a description of each course must be published in the official catalog and schedule of classes and that for courses that the District's establish or conduct after publication of the general catalog or regular schedule of classes, those classes must also be reasonably well publicized.

**Effect**

The District did not include three courses in their printed catalog; however, all courses were in the online catalog and therefore were reasonably well publicized. As such there is no FTES in error.

***Recommendation***

We recommended that the District review their process for publishing courses to ensure that all courses are included in the printed catalog or addendum, as well as the online catalog.

***Current Status***

During our audit of the current year, we noted all courses were listed in the District's printed catalog or an addendum.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2014

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (EOPS)**

(2013-009)

**Significant Deficiency**

**Condition**

During our audit of the prior year, we noted one EOPS student out of our sample of 21 did not have a current educational plan in their file.

**Criteria**

CCR title 5 section 56222 requires that for a student to remain eligible to receive programs and services under EOPS they must complete and adhere to a student educational plan.

**Effect**

The District did not have a current educational plan for one student. However, the educational plan on file was updated within the two semesters of when the student was served which meets the compliance requirement in the EOPS implementing guidelines. Therefore this is not a finding.

***Recommendation***

We recommended that the District continue to ensure that all eligibility documents are completed and included, including the educational plan.

***Current Status***

During our audit of the current year, we noted that all students had an education plan on file.