Siskiyou Joint Community College District

Weed, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2015

K·COE ISOM

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, 2015; 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, 2015; 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.

Effect of Adopting New Accounting Standards

As discussed in note 1 to the basic financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the fiscal year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB 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.

INDEPENDENT AUDITORS' REPORT
(Continued)

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. 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 information on pages 62 to 72 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do no express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 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 Isom, LLP

December 2, 2015
Chico, California

FINANCIAL SECTION

Administrative Services

College of the Siskiyous

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 $4.7 million in 2014-15 and $4.2 million in 2013-14, as restated for the change in pension reporting.

- At the close of the 2015 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 5% of the General Fund expenses.

- Full-Time Equivalent Students (FTES) for 2014-15 and 2013-14 were 2,540 and 2,310, respectively.

- For the 2015 and 2014 fiscal years, total student financial aid offered to qualifying students throughout the District exceeded $5.96 million and $6.89 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 stabilized for 2014-15 under the contract with California Valued Trust (CVT) for health and prescription coverage. This has also allowed the District to fully fund its Annual Required Contribution (ARC) for its retiree health benefit liability for 2014-15 and start to pay down its liability for past service credit of those retirees for 2015-16.

- The District continues to make its scheduled payments on the Dorm Revenue Bond and its capital equipment leases. The District paid off two of its smaller capital equipment leases as of June 30, 2015. Based on the District's current debt schedule, the District will be debt free, except for the general obligation bonds, by April 2018.

- The occupancy rate for our lodges averaged approximately 75% for 2014-15, and the District continues to add new program activities to more fully engage students.

Condensed District-wide financial information is as follows:

NET POSITION

June 30	2015	2014	
ASSETS			
Current Assets			
Cash and investments	$ 2,152,672	$ 1,595,410	
Inventory, short-term receivables and other assets	3,372,835	3,846,827	
Total Current Assets	5,525,507	5,442,237	
Noncurrent Assets			
Restricted cash and investments	4,636,467	4,506,683	
Capital assets - net of depreciation	39,956,237	40,520,875	
Non-depreciable capital assets	223,139	393,541	
Total Noncurrent Assets	44,815,843	45,421,099	
TOTAL ASSETS	50,341,350	50,863,336	
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	713,747	-	
Deferred outflows from pensions	847,079	735,751	*
Total deferred outflow of resources	1,560,826	735,751	
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	2,612,287	1,886,220	
Deferred revenue	1,371,002	1,089,912	
Short-term debt - TRAN	-	1,630,000	
Long-term liabilities - current portion	829,570	636,589	
Total Current Liabilities	4,812,859	5,242,721	
Noncurrent Liabilities			
Long-term liabilities	39,794,677	42,181,126	*
Total Liabilities	44,607,536	47,423,847	
DEFERRED INFLOWS OF RESOURCES FROM PENSIONS NET	2,585,842	-	
Net Position			
Net investment in capital assets	14,202,704	13,790,360	
Nonexpendable	610,429	2,963,936	
Expendable	(10,104,335)	(12,579,056)	*
Total Net Position	$ 4,708,798	$ 4,175,240	

**As restated.*

This schedule has been prepared from the District's Statement of Net Position (page 18), 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 19 and 20).

Long-term liabilities consist of the 2005 General Obligation Bonds, the Dorm Revenue Bond, a five-year interim note to assist in financing the new science building and the Series 2014 general obligation refunding bonds. The current portion represents the amount of principal to be paid within the next year.

OPERATING RESULTS

Years Ended June 30	2015	2014
Operating Revenues		
Tuition and fees - net of scholarship discount and allowance	$ 2,765,860	$ 2,925,842
Grants and contracts	3,277,202	3,141,125
Auxiliary services	442,412	535,191
Total Operating Revenues	6,485,474	6,602,158
Operating Expenses		
Salaries and benefits	13,236,392	12,916,584
Supplies and maintenance	6,416,565	6,746,464
Depreciation	1,670,832	1,623,210
Total Operating Expenses	21,323,789	21,286,258
Operating Loss	(14,838,315)	(14,684,100)
Nonoperating Revenues		
State apportionments	8,701,131	8,098,270
EPA apportionment	2,717,178	2,188,607
Local property taxes	3,349,112	3,361,588
State taxes and other revenue	466,212	523,450
Financial aid revenues	5,763,314	6,730,194
Financial aid expenses	(5,959,894)	(6,940,204)
Interest income	52,590	36,536
Other nonoperating expenditures	(215,785)	-
Other nonoperating revenues and transfers	184,198	67,212
Total Nonoperating Revenues	15,058,056	14,065,653
Other Revenues		
Capital revenue and expense	313,817	82,097
Net Increase (Decrease) in Net Position	$ 533,558	$ (536,350)

This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position (page 18).

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

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

For 2015 and 2014, 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

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 19 and 20.

Years Ended June 30		2015		2014
CASH PROVIDED BY (USED) IN				
Operating activities	$	(13,595,162)	$	(13,211,779)
Noncapital financing activities		16,547,613		15,616,935
Capital financing activities		(2,318,333)		(2,794,411)
Investing activities		52,928		34,027
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$	687,046	$	(355,228)

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

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

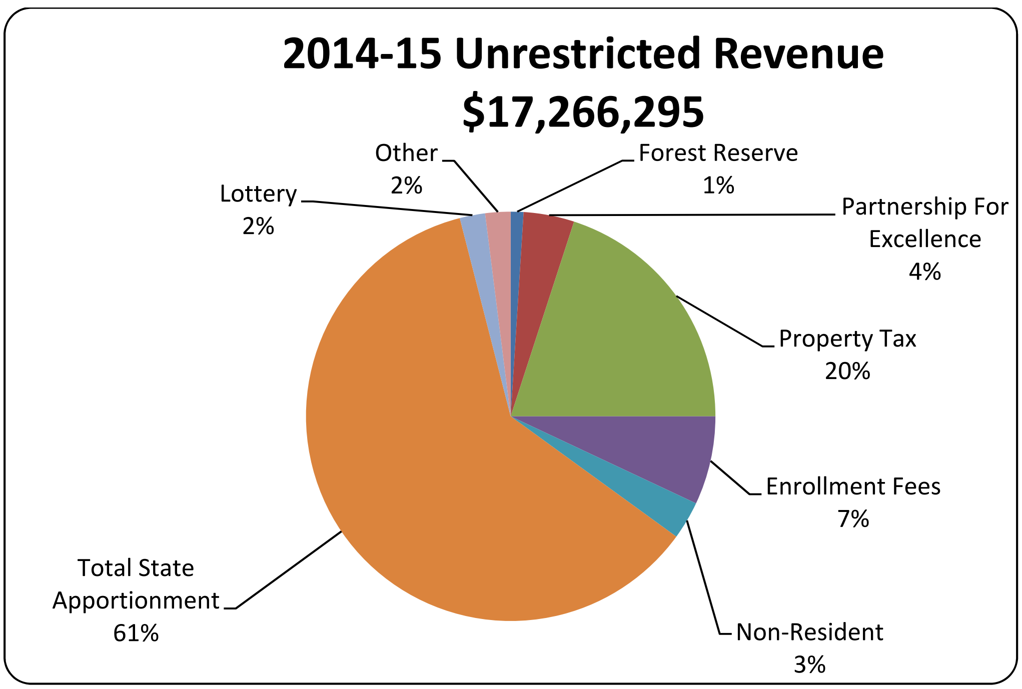
UNRESTRICTED GENERAL FUND SELECTED FINANCIAL INFORMATION

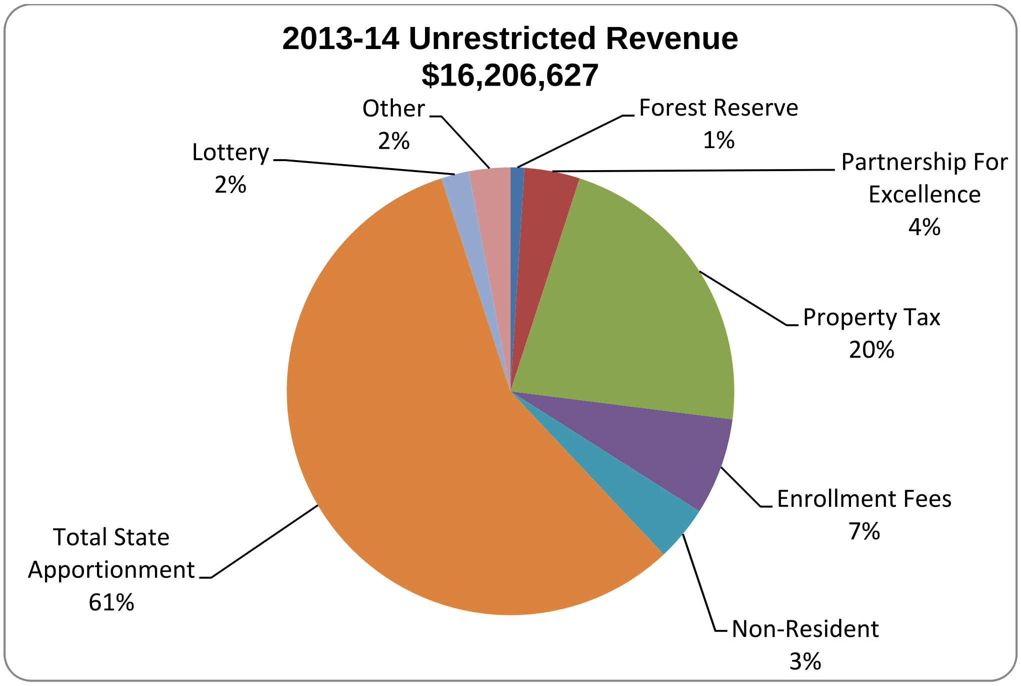
Revenues

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 Principal Apportionment Statement (P1) in mid-February and the Second Principal Apportionment Statement (P2) in early June of each fiscal year.

In fiscal years 2015 and 2014, the District's actual unrestricted General Fund revenues totaled $17,266,295 and $16,206,627, respectively.





June 30		2015		2014
General apportionment	$	6,692,606	$	6,349,127
Education protection account		2,717,178		2,188,607
Restoration		1,112,387		655,500
Subtotal General Apportionment		10,522,171		9,193,234
Property taxes		3,498,039		3,485,983
Enrollment fees		1,220,715		1,207,082
Total Apportionment Revenues		15,240,925		13,886,299
Partnership for Excellence		675,000		675,000
Lottery		292,140		373,671
Nonresident tuition		581,319		694,390
Part-time faculty compensation		51,209		51,209
Forest reserve		129,584		143,362
Transfers		61,231		54,215
Other*		234,887		328,481
Total Other Revenue		2,025,370		2,320,328
Total Unrestricted General Fund Revenue	$	17,266,295	$	16,206,627

** 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 2014-15 and 2013-14. With only a 0.85% 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.

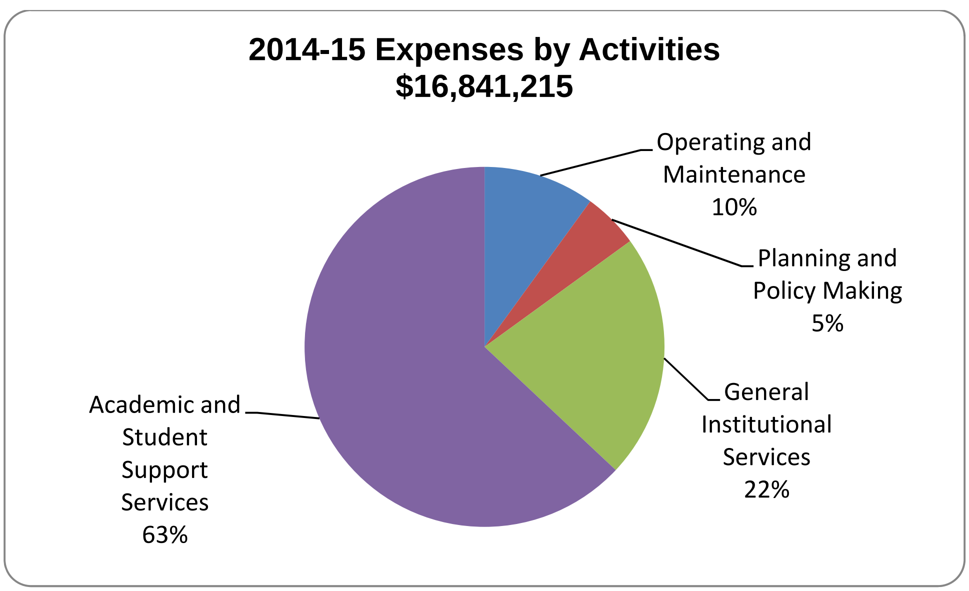
Expenses

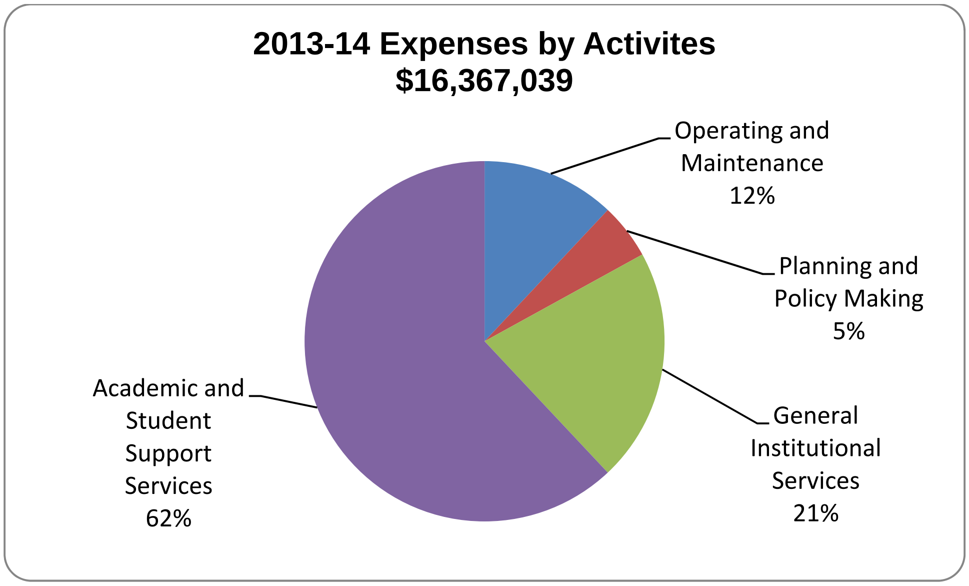
The District expenses in the unrestricted General Fund were to provide classroom instruction, counseling and student support services, physical plant related activities, administration, and general support services. For the fiscal years ended June 30, 2015 and 2014, the expenses totaled $16,841,215 and $16,367,039, respectively.

Expenses by Activity

Expenses by activity represent the District's expenses by *category* regrouped by program activity. Academic and Student support services include 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 include buildings and grounds. Planning and Policy Making include the Chancellor's Office, Research and Planning, Government Relations, Public Information, and Development.

The pie chart, *"Expenses by Activities,"* summarizes program outlays under this definition for the 2014-15 and 2013-14 periods.





Expense Comparison by Category

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

June 30	2015	2014
Academic salaries	$ 5,738,092	$ 5,544,504
Classified salaries	2,785,980	2,521,072
Benefits	3,291,393	3,051,034
Subtotal Salaries and Benefits	11,815,465	11,116,610
Books and supplies	343,854	241,910
Services and operating expenses	4,063,803	3,980,565
Capital outlay	202,320	158,926
Other outgo	415,773	869,028
Subtotal	5,025,750	5,250,429
Total Expenditures	$ 16,841,215	$ 16,367,039

- Net expenses for academic classified salaries increased slightly from 2014 to 2015 from standard step and column increases partially offset by vacant or temporarily vacant positions for 2014-15.

- A shift from self-insurance to California Valued Trust (CVT) in 2014, which included a hard cap on health benefit costs, has stabilized fringe benefit costs from 2014 to 2015. The increase in benefit costs is due to the District fully funding its Annual Required Contribution (ARC) as it relates to its Other Post Employment Benefit (OPEB) liabilities for District retirees who are eligible for lifetime health benefits.

- Expenses for services and other operating expenses only increased by 2% from 2014 to 2015, but there was a substantial shift in the make-up of the expenses. With the growth of the District's instructional service agreements, expenses for contracted instruction grew by 30% while some of the discretionary expenses like legal fees and utility costs saw material reductions. A repair to the Yreka campus propane lines and migrating off of city-provided propane, and efficiency gains on the Weed campus, lead the way to savings for the District. Through the Proposition 39 program funds, the District anticipates continuing savings in utilities' costs or at least cost avoidance in future years.

- Expenses in "Other Outgo" include transfers to the Capital Outlay Fund (41) for one-time improvement projects as well as transfers to the Debt Service Fund (21) for the existing loan and lease payments. The decrease is primarily due to fewer capital projects in 2014-15 than in 2013-14.

Net Position and Net Position Classifications

June 30	2015	2014
Net investment in capital assets	$ 14,202,704	$ 13,790,360
Expendable	610,429	2,963,936
Unrestricted	(10,104,335)	(12,579,056) *
Ending Net Position	$ 4,708,798	$ 4,175,240

**As restated*

COLLEGE OF THE SISKIYOUS AUXILIARY FOUNDATION

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

Throughout the year the Foundation conducts or assists campus personnel in a variety of friend-raising and fund-raising activities including the Campus Employee Campaign, Annual 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.

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 help 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's 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 (RHSI) Program endowment, valued at $1.6 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 $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 82% of the total unrestricted resources of revenues received by the District.

While the state of California is experiencing a modest recovery, most additional funding to the community colleges for 2014-15 has been through growth of FTES. In 2014-15, the District was able to fully restore to previous FTES levels mainly through the addition of two instructional service agreements, but continues to look at managing course offerings to increase the base FTES levels on its two campuses and to pursue cost saving measures to achieve efficiencies.

At the beginning of each fiscal year, the District relies 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. Beginning with the 2013-14 fiscal year, Proposition 30 funding was distributed on a quarterly basis, which helped ease the cash flow burden of the District, but the District still participates in the California Community College League TRAN program to secure the necessary funds to meet its on-going obligations throughout the year based on cash flow needs. Most of the deferrals were removed in the 2014-15 budget and have been completely eliminated with the passage of the 2015-16 budget. Additionally, many revenue augmentations were included for the California Community College system for 2015-16, including a substantial increase to base funding for the smaller rural districts as well as one-time increases system-wide. More recent reports on the current state revenue picture show state revenues are coming in above the Department of Finances budget projections.

We recognize that as programs and facilities are added, financial responsibilities also increase. We also understand that state funding may not completely meet these added responsibilities. In support of the District's mission, the College's Auxiliary Foundation has provided consistent support of District programs and needs through the Rural Health Sciences Institute endowment established under the Title III grant a number of years ago. One-half of the net earnings produced by the endowment each year may be used to support facility and program needs of the Rural Health Sciences Institute. The endowment contributed $61,231 for 2014-15 program needs and will be contributing $62,725 to the 2015-16 budget.

Siskiyou Joint Community College District

STATEMENT OF NET POSITION

June 30, 2015	District	Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,152,672	$ 353,312
Accounts receivable - net	2,752,856	115,481
Due from Foundation	174,388	-
Inventory and prepaids	445,591	3,491
Total Current Assets	5,525,507	472,284
Noncurrent Assets		
Restricted cash and cash equivalents	4,636,467	-
Investments	-	2,988,720
Beneficial interest in remainder trusts	-	301,267
Depreciable capital assets - net	39,956,237	-
Nondepreciable capital assets	223,139	-
Total Noncurrent Assets	44,815,843	3,289,987
TOTAL ASSETS	50,341,350	3,762,271
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	713,747	-
Deferred outflows from pensions	847,079	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	1,560,826	-
LIABILITIES		
Current Liabilities		
Accounts payable	2,492,780	67,770
Advances from grantors and students	1,371,002	31
Due to District	-	174,388
Amounts held for others	105,649	-
Estimated liability for claims and claims adjustment expense	13,858	-
Compensated absences - current portion	214,265	-
Long-term debt - current portion	615,305	-
Total Current Liabilities	4,812,859	242,189
Noncurrent Liabilities		
Compensated absences - noncurrent portion	71,421	-
Other postemployment benefits obligation	1,877,752	-
Net pension benefit liability	8,697,399	-
Long-term debt - noncurrent portion	29,148,105	-
Total Noncurrent Liabilities	39,794,677	-
TOTAL LIABILITIES	44,607,536	242,189
DEFERRED INFLOWS OF RESOURCES FROM PENSIONS	2,585,842	-
NET POSITION		
Net investment in capital assets	14,202,704	-
Restricted:		
Nonexpendable	-	582,392
Expendable	610,429	2,662,983
Unrestricted	(10,104,335)	274,707
TOTAL NET POSITION	$ 4,708,798	$ 3,520,082

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

Siskiyou Joint Community College District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2015	District	Foundation
Operating Revenues		
Tuition and fees	$ 4,023,677	$ 270,838
Less: Scholarship discounts and allowances	(1,257,817)	-
Tuition and Fees - Net	2,765,860	270,838
Grants and contracts - noncapital:		
Federal	983,622	327,466
State	1,843,188	-
Local	450,392	-
Auxiliary enterprise sales and charges	442,412	-
Total Operating Revenues	6,485,474	598,304
Operating Expenses		
Salaries	9,705,103	72,968
Employee benefits	3,531,289	25,948
Supplies, materials, and other operating expenditures and services	5,539,660	501,775
Payments to students	115,364	36,075
Utilities	761,541	-
Depreciation	1,670,832	-
Total Operating Expenses	21,323,789	636,766
Operating Loss	(14,838,315)	(38,462)
Nonoperating Revenues (Expenses)		
State apportionment - noncapital	8,701,131	-
Education protection account revenue - noncapital	2,717,178	-
Local property taxes - noncapital	3,349,112	-
State taxes and other revenues - noncapital	466,212	-
Investment income - noncapital	52,590	50,955
Financial aid revenues - federal	5,562,827	-
Financial aid revenues - state	200,487	-
Financial aid expenses	(5,959,894)	-
Bond refunding - cost of issuance	(215,785)	-
Other nonoperating revenues	184,198	-
Total Nonoperating Revenues (Expenses)	15,058,056	50,955
Income (Loss) Before Other Revenues and Expenses	219,741	12,493
Other Revenues, Expenses, Gains, or Losses		
State revenue - capital	19,455	-
Local property taxes and revenues - capital	1,618,301	-
Interest expense - capital asset	(1,323,939)	-
Total Other Revenues, Expenses, Gains, or Losses	313,817	-
Change in Net Position	533,558	12,493
Net Position - Beginning of Year	15,110,642	3,507,589
Cumulative effect of change in accounting principle	(10,935,402)	-
Net Position - Restated	4,175,240	3,507,589
Net Position - End of Year	$ 4,708,798	$ 3,520,082

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

Siskiyou Joint Community College District
STATEMENT OF CASH FLOWS

Year Ended June 30, 2015	District	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 2,612,676	$ 271,010
Federal grants and contracts	816,596	292,664
State grants and contracts	1,869,610	-
Local grants and contracts	443,918	(61,951)
Payments to/on behalf of employees	(9,573,857)	(72,968)
Payments for benefits	(4,130,160)	(25,948)
Payments to suppliers	(5,172,161)	(463,606)
Payments for utilities	(761,541)	-
Auxiliary enterprise sales and charges	472,220	-
Other receipts (payments)	(172,463)	31,526
NET CASH USED BY OPERATING ACTIVITIES	(13,595,162)	(29,273)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionment - noncapital	7,320,663	-
Education protection account revenue - noncapital	2,717,178	-
Local property taxes - noncapital	3,349,112	-
State taxes and other revenues - noncapital	3,146,769	-
Financial aid receipts - federal	5,562,827	-
Financial aid receipts - state	200,487	-
Financial aid disbursements	(5,959,894)	-
Other receipts	210,471	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	16,547,613	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State revenue - capital	19,455	-
Local property taxes - capital	1,618,301	-
Proceeds of long-term debt issued	13,074,810	-
Proceeds from TRANS	1,510,000	-
Purchases of capital assets	(935,792)	-
Interest on capital debt	(1,343,720)	-
Principal paid on capital debt	(13,121,387)	-
Principal paid on TRANS	(3,140,000)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,318,333)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(157,692)
Proceeds from sale of investments	-	94,339
Interest on investments	52,928	147,237
CASH PROVIDED BY INVESTING ACTIVITIES	52,928	83,884
Net Change in Cash and Cash Equivalents	687,046	54,611
Cash and Cash Equivalents Balance - Beginning of Year	6,102,093	298,701
Cash and Cash Equivalents Balance - End of Year	$ 6,789,139	$ 353,312

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

Siskiyou Joint Community College District

STATEMENT OF CASH FLOWS

(Continued)

Year Ended June 30, 2015		District		Foundation
COMPONENTS OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	$	2,152,672	$	353,312
Restricted cash and cash equivalents - noncurrent		4,636,467		-
TOTAL CASH AND CASH EQUIVALENTS	$	6,789,139	$	353,312
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating loss	$	(14,838,315)	$	(38,462)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense		1,670,832		-
Change in allowance for doubtful accounts		(308,224)		-
Changes in:				
Accounts receivables - net		(247,323)		(51,546)
Due from Foundation/District		(67,601)		67,601
Inventory and prepaids		(233,761)		-
Deferred pension outflows		(111,328)		-
Accounts payable		718,994		38,169
Advances from grantors and students		285,291		(45,035)
Amounts held for others		10,304		-
Estimated liability for claims and claims adjustment expense		(3,231)		-
Compensated absences		13,512		-
Pension liabilities		(2,973,754)		-
Other postemployment benefits obligation		(96,400)		-
Deferred pension inflows		2,585,842		-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$	(13,595,162)	$	(29,273)

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

1. 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.

Implementation of Governmental Accounting Standards Board Statements No. 68 and 71 The District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the fiscal year ended June 30, 2015. This statement improves financial reporting for pensions and the information provided about financial support for pensions that are provided by other entities. GASB Statement No. 68, as amended by GASB Statement No. 71, also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses.

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71:

Net Position - as Previously Reported	$	15,110,642
Cumulative Effect of Change in Accounting Principles		
Net pension liability (measurement date as of June 30, 2013)		(11,671,153)
Deferred Outflows		
District contributions made during fiscal year 2013-14		735,751
Cumulative Effect of Change in Accounting Principles		(10,935,402)
Net Position - as Restated	$	4,175,240

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

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

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

Cash and Cash Equivalents 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, state, and local governments, or private sources, in connection with reimbursement of allowable expenses made pursuant to the District's grants and contracts. The District utilizes the allowance method with respect to its accounts receivable based on all accounts receivable with an age greater than four years old in combination with historical collection information. The allowance was estimated at $27,201 for the year ended June 30, 2015.

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

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

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

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.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) which will only be recognized as an outflow of resources (expenses) in the future. The change in proportion and differences between District contributions and proportionate share of contributions, and District contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the statement of net position. District contributions subsequent to the measurement date will be amortized during the next fiscal year as provided by accounting pronouncement GASB Statement No. 71. The change in proportion and differences between District contributions and proportionate share of contributions is amortized over the estimated service lives of the pension plan participants.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time. The District's proportionate share of the net difference between projected and actual earnings on pension plan investments is reported as deferred inflows of resources in the statement of net position. The amount will be amortized over the estimated service lives of the pension plan participants.

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

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

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

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

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

Long-Term Liabilities Bond premiums are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed in the year incurred. Amortization of bond premiums was $59,217 for the year ended June 30, 2015.

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

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

Net Investment in Capital Assets: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. 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 the principal depending on donor stipulations.

Restricted Net Position – Expendable: Restricted expendable net position represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

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

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

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; and (3) some federal, state, and local grants contracts and federal appropriations.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Statement No. 34, *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments,* such as state appropriations, financial aid, and investment income.

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

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

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

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

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

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

On-Behalf Payments GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance,* requires that direct on-behalf payments for fringe benefits and salaries made by an entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenses by the employer government. The state of California makes direct on-behalf payments for retirement benefits to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community college districts in California. The amount reported in the basic financial statements as of June 30, 2015, was $52,296.

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION

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

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

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

Unrestricted: Net assets that are not subject to donor-imposed stipulations.

Restricted – Expendable: (Temporary restricted net assets) Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Restricted – Nonexpendable: (Permanently restricted net assets) Net assets that are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

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

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

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

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

Valuations within the hierarchy levels are based upon the following:

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

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

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

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

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

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

Spending Policy: The Foundation has a policy of appropriating for distribution each year 4% to 7% of its endowment fund's fair market value as of the calendar year-end 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 that are due in the next year are recorded at their net realizable value. Unconditional promises to give that are due in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Recognition of Donor-Restricted Contributions Donor-restricted support is reported as an increase in temporarily or permanently restricted net position depending on the nature of the restriction. When a restriction expires, temporarily restricted net position is reclassified to unrestricted net position.

However, contributions that are restricted by the donor are reported as increases in unrestricted net position if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

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

The Foundation receives donated administrative services from the District. The value of these services was estimated at $63,862 for the year ended June 30, 2015.

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 2011 and beyond remain subject to examination by the Internal Revenue Service. The Foundation's California income tax returns for tax years 2010 and beyond remain subject to examination by the Franchise Tax Board.

The Foundation did not have unrecognized tax benefits as of June 30, 2015, 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, 2015, the Foundation did not accrue interest or penalties related to uncertain tax positions.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2015		**District**		**Foundation**
Cash and cash equivalents - current	$	2,152,672	$	353,312
Restricted cash and cash equivalents - noncurrent		4,636,467		-
Investments		-		2,988,720
Total Cash and Cash Equivalents and Investments	$	6,789,139	$	3,342,032

Deposits

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

June 30, 2015		**District**		**Foundation**
Cash in county treasury	$	6,196,150	$	353,112
Cash in banks		554,115		-
Cash on hand		2,885		200
Cash held by trustee		35,989		-
Totals	$	6,789,139	$	353,312

As provided for by *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Siskiyou County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment account's weighted average maturity was 2.85 years at June 30, 2015. As of June 30, 2015, the fair value of the County pool was 99.85% of the carrying value and is deemed to not represent a material difference. The pooled treasury has regulatory oversight by the Siskiyou County Treasury Oversight Committee in accordance with *California Government Code* requirements. The District is considered to be an involuntary participant in the external investment pool. Copies of the County's audited financial statements can be obtained from the Siskiyou County Auditor-Controller's Office, 311 Fourth Street, Yreka, California 96097.

Investments

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

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

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

Investments consisted of the following:

June 30, 2015	District	Foundation
Mutual funds and debt securities	$ -	$ 2,956,185
Art and gems	-	32,535
Total Investments	$ -	$ 2,988,720

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, $250,000 of the bank balances (per institution) at June 30, 2015, are insured.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

June 30, 2015	**District**	**Foundation**
Tuition and fees	$ 1,372,326	$ -
Federal grants and contracts	386,784	-
State grants and contracts	59,377	-
Local grants and contracts	63,989	115,481
Auxiliary enterprise sales and charges - net	237,268	-
State taxes and other revenues	229,028	-
State apportionment	396,557	-
Investment income - noncapital	7,527	-
Totals	$ 2,752,856	$ 115,481

4. CAPITAL ASSETS

Capital assets activity is as follows:

June 30, 2015	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciated Capital Assets				
Land	$ 199,350	$ -	$ -	$ 199,350
Construction in progress	194,191	-	170,402	23,789
Total Nondepreciated Capital Assets	$ 393,541	$ -	$ 170,402	$ 223,139
Depreciated Capital Assets				
Building improvements	$ 10,175,910	$ 524,700	$ -	$ 10,700,610
Buildings	40,045,396	-	-	40,045,396
Vehicles	260,881	37,769	-	298,650
Equipment	4,407,801	543,725	-	4,951,526
Total Depreciated Capital Assets	54,889,988	1,106,194	-	55,996,182
Less: Accumulated depreciation	14,369,113	1,670,832	$ -	16,039,945
Total Depreciated Capital Assets - Net	$ 40,520,875	$ (564,638)	$ -	$ 39,956,237

5. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

June 30, 2015	District	Foundation
Accrued payroll and related liabilities	$ 437,236	$ -
Interest payable	356,047	-
Other	1,699,497	67,770
Totals	$ 2,492,780	$ 67,770

6. SHORT-TERM DEBT

On March 5, 2014, the District issued $1,630,000 of Tax and Revenue Anticipation Notes (TRANs) at an interest rate of 2.00% due December 31, 2014. These TRANs were issued under the authority of the *California Government Code*. Proceeds from the issuance of TRANs were used to meet the financial 2013-14 expenses, including operating expenses, capital expenses, and the discharge of other obligations or indebtedness of the District. TRANs are general obligations of the District but are payable only from taxes, revenues, cash receipts, and other monies received by the District. On December 23, 2014, TRANs were repaid in accordance with the above terms.

On July 2, 2014, the District issued $1,510,000 of TRANs at an interest rate of 2% due June 30, 2015. These TRANs were issued under the authority of the *California Government Code*. Proceeds from the issuance of TRANs were used to meet the financial 2014-15 expenses, including operating expenses, capital expenses, and the discharge of other obligations or indebtedness of the District. TRANs are general obligations of the District, but are payable only from taxes, revenues, cash receipts, and other monies received by the District. On June 23, 2015, the TRANs were repaid in accordance with the above terms.

The District issued $1,270,000 of TRANs dated July 8, 2015. The notes mature on June 30, 2016, and yield 2.00% interest. The notes were sold to supplement cash flow.

7. LONG-TERM LIABILITIES

The long-term liabilities activity is as follows:

June 30, 2015	Beginning Balance	Additions/ Accretions	Reductions	Ending Balance	Current Portion
Long-Term Debt					
General obligation bonds:					
Dormitory revenue	$ 48,000	$ -	$ 11,000	$ 37,000	$ 12,000
Measure A:					
Series A	14,984,600	-	12,796,496	2,188,104	106,070
Series B and C	13,120,590	583,056	98,277	13,605,369	85,000
Series A Refunding	-	13,460,721	36,036	13,424,685	190,000
Science building equipment	724,799	-	216,547	508,252	222,235
Copier leases	22,247	-	22,247	-	-
Total Long-Term Debt	28,900,236	14,043,777	13,180,603	29,763,410	615,305
Other long-term liabilities:					
Compensated absences	272,174	316,083	302,571	285,686	214,265
Net pension liability	11,671,153	-	2,973,754	8,697,399	-
Other postemployment benefits	1,974,152	-	96,400	1,877,752	-
Totals	$ 42,817,715	$ 14,359,860	$ 16,553,328	$ 40,624,247	$ 829,570

June 30, 2015

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%.	$	37,000
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. The bonds were partially refinanced and the remaining bonds mature in 2020. The interest rate ranges from 4% to 5%.		2,188,104
2005 General Obligation Bonds, Series B and C, were issued in April 2008 in the original amount of $9,998,688 and include both current-interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is in 2047. The interest rate ranges from 3% to 6%.		13,061,496
2014 General Obligation Refunding Bonds were issued in September 2015 in the original amount of $12,740,000 and includes serial bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is in 2030. The interest rate ranges from 2% to 5%.		12,740,000
Capital lease with Bank of America Leasing began 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.		508,252
Premium on 2005 General Obligation Bonds (Series B and C)		543,873
Premium on 2014 General Obligation Refunded Bonds (Series A)		684,685
Long-Term Debt - Net		29,763,410
Less: Current portion		615,305
Total Long-Term Debt - Noncurrent Portion	$	29,148,105

Accretion

The 2005 General Obligation Bonds (Series A, B, and C) 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 $1,323,939.

The annual debt service requirements to maturity on the bond and notes payable are as follows:

	Bonds and Notes Payable			Bond	
Year Ending June 30	Principal	Interest	Total	Premium	Total
2016	$ 393,070	$ 913,782	$ 1,306,851	$ 66,325	$ 1,373,176
2017	240,105	950,774	1,190,879	66,325	1,257,204
2018	533,000	690,569	1,223,569	66,325	1,289,894
2019	590,000	667,073	1,257,073	66,325	1,323,398
2020	660,000	640,488	1,300,488	66,325	1,366,813
2021-2025	4,535,000	2,693,674	7,228,674	331,627	7,560,301
2026-2030	7,080,000	1,528,925	8,608,925	295,591	8,904,516
2031-2035	2,477,044	7,783,975	10,261,019	83,180	10,344,199
2036-2040	4,313,217	8,513,102	12,826,319	73,150	12,899,469
2041-2045	2,008,095	13,235,465	15,243,560	73,150	15,316,710
2046-2049	1,410,332	9,367,132	10,777,464	40,235	10,817,699
Total	$ 24,239,863	$ 46,984,959	71,224,821	1,228,558	72,453,379
Less: Interest (excluding accretion of $3,786,740)			43,198,221	-	43,198,221
Principal - Net			$ 28,026,600	$ 1,228,558	$ 29,255,158

Capital Lease Obligations

The District leases equipment at a cost of $1,090,514, with related accumulated depreciation of $63,613, 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, 2015, was $16,242, 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**
2016	$	232,791
2017		232,791
2018		58,198
Total		523,780
Less: Amount representing interest		15,528
Present Value of Net Minimum Lease Payments	$	508,252

General Obligation Bond Refunding

On September 25, 2014, the District refunded $12,160,000 of the Series A General Obligation Refunding Bonds with 2014 general obligation refunding bonds. Resources totaling $13,238,473 were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded general obligation bonds. At June 30, 2015, the outstanding balance of the refunded bonds held in the irrevocable trust was $12,160,000.

This refunding was undertaken to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding general obligation bonds) of $1,078,323. As a result of this refunding, total debt service payments over the next 15 years will decrease by $1,373,106.

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 CalSTRS, and classified employees are members of the CalPERS.

California State Teachers' Retirement System

Plan Description Certificated employees of the District participate in the State Teachers' Retirement Plan (STRP), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions are established by state statute, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues publicly available financial reports that can be obtained at www.calstrs.com.

Benefits Provided STRP provides retirement, disability, and survivor benefits to beneficiaries. The defined benefit program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. The program has two benefit formulas:

- ***CalSTRS 2% at 60*** CalSTRS 2% at 60 members are eligible for normal retirement at age 60 with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirement after age 60 increases with each quarter year of age to 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4% of final compensation.

- ***CalSTRS 2% at 62*** CalSTRS 2% at 62 members are eligible for normal retirement at age 62 with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

Contributions Required member, employer, and state contribution rates are set by the California Legislature and the Governor and are detailed in the *Teachers' Retirement Law*. Active plan members are required to contribute 8.15% of their salary. The required employer contribution rate for fiscal year 2014-15 was 8.88% of annual payroll. The *Teachers' Retirement Law* also requires the state to contribute 5.954% of members' creditable earnings from the fiscal year ending in the prior calendar year. The District's contributions to CalSTRS for the fiscal years ended June 30, 2015, was $413,219.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2015, the District reported a net pension liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District, were as follows:

June 30, 2015		
District's proportionate share of the net pension liability	$	5,440,880
State's proportionate share of the net pension liability associated with the District		2,200,153
Total	$	7,641,033

The District's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2015, the District's proportionate share was .010%.

For the year ended June 30, 2015, the District recognized pension expense of $105,617 and revenue of $52,296 for support provided by the state. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

June 30, 2015	Deferred Outflows Resources	Deferred Inflows Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 1,439,000
Changes in proportion and differences between District contributions and proportionate share of contributions	12,479	-
District contributions subsequent to the measurement date	413,219	-
Totals	$ 425,698	$ 1,439,000

The $413,219 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2016	$ 357,967
2017	357,967
2018	357,967
2019	357,967
2020	(1,783)
Thereafter	(3,564)
Total	$ 1,426,521

Actuarial Assumptions The total pension liability in the June 30, 2013, actuarial valuation was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.60% (1)
Interest on accounts	4.50%
Wage growth	3.75%
Consumer price inflation	3.00%
Post-retirement benefit increases	2.00% simple

(1) Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series' tables adjusted to fit CalSTRS' experience. RP2000 series' tables are an industry standard set of mortality rates published by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the period July 1, 2006, through June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS' consulting actuary's (Milliman) investment practice, a best-estimate range was determined by assuming the portfolio is rebalanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return, and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class		
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.02%
Cash/liquidity	1%	0.00%
Totals	100%	

Discount Rate The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assumes that contributions, benefit payments, and administrative expenses occur mid-year. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

June 30, 2015	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	$ 8,480,909	$ 5,440,880	$ 2,906,048

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in CalSTRS' separately issued *Comprehensive Annual Financial Report* (CAFR).

California Public Employees' Retirement System

Plan Description Classified employees of the District participate in the School Employer Pool (the Plan) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

Benefits Provided The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The benefits are based on members' years of service, age, final compensation, and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. With the passage of the Public Employee's Pension Reform Act of 2013 (PEPRA), a second classification of CalPERS employees has been established. The "new member" classification applies to a new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who has no prior membership in any other California public retirement system. CalPERS employees hired prior to January 1, 2013, are now identified as "classic members". Active "classic members" are required to contribute 7% of their salary, while active "new members" under PEPRA are required to contribute 6% of their salary. The required employer contribution rate for the 2014-15 fiscal year was 11.771%. The District's contributions to CalPERS for the fiscal year ended June 30, 2015, were $420,932.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2015, the District reported a net pension liability of $3,256,519 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The District's portion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2015, the District's portion was .000294%.

For the year ended June 30, 2015, the District recognized pension expense of $229,294. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2015		**Deferred Outflows Resources**		**Deferred Inflows Resources**
Net difference between projected and actual earnings on pension plan investments	$	-	$	1,146,842
Changes in proportion and differences between District contributions and proportionate share of contributions		449		-
District contributions subsequent to the measurement date		420,932		-
Totals	$	421,381	$	1,146,842

The $420,932 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30		
2016	$	286,596
2017		286,596
2018		286,596
2019		286,605
Total	$	1,146,393

Actuarial Assumptions The total pension liability in the June 30, 2013, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50% (1)

(1) Net of pension plan investment and administrative expenses; includes inflation.

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries, Scale BB.

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

	Target Allocation	**Rate of Return Years 1 - 10**	**Rate of Return Years 11+**
Asset Class			
Global equity	47%	5.25%	5.71%
Global fixed income	19%	0.99%	2.43%
Inflation sensitive	6%	0.45%	3.36%
Private equity	12%	6.83%	6.95%
Real estate	11%	4.50%	5.13%
Infrastructure and forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Totals	100%		

Discount Rate The discount rates used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, the amortization and smoothing periods recently adopted by CalPERS were utilized. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

June 30, 2015	**1% Decrease (6.50%)**	**Current Discount Rate (7.50%)**	**1% Increase (8.50%)**
District's proportionate share of the net pension liability	$ 5,712,678	$ 3,256,519	$ 1,204,151

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in CalPERS' separately issued *Comprehensive Annual Financial Report* (CAFR).

Accumulation Program for Part-Time and Limited-Service Employees

The District has adopted the Accumulation Program for Part-Time and Limited-Service Employees (APPLE). APPLE is a defined contribution pension plan covered under *Internal Revenue Code*, Section 401A. APPLE participants include all individuals who have worked for the District on or after January 1, 1992, provided that they are not covered by any other retirement program (e.g., CalSTRS or CalPERS) through the District's employment. Each participant makes tax deferred contributions to APPLE equal to 7.5% of total compensation. Accounts are established in the name of each participant. Employee contributions are allocated directly to employee accounts. The minimum allocation participants will receive is 7.5% of compensation. Participant account balances are fully vested and nonforfeitable. Participant account balances will be paid in a single distribution or by direct rollover to another eligible retirement plan designated by the participant upon retirement or other termination. The District is not required to make contributions to APPLE and has not made contributions for the year ended June 30, 2015.

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

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

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, 2015, the District has 23 active employees who are eligible for post-retirement health benefits, and 61 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 U.S. Bank through the Retiree Health Benefit Program Joint Powers Authority to prefund a portion of the retiree health benefit costs. For the year ended June 30, 2015, the District contributed $559,645 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.

June 30, 2015		
Annual required contribution (ARC)	$	560,529
Adjustment to ARC		(205,863)
Interest on net OPEB obligation		108,579
Annual OPEB Cost		463,245
Contributions		(559,645)
Change in Net OBEP Obligation		(96,400)
Net OPEB Obligation - Beginning of Year		1,974,152
Net OPEB Obligation - End of Year	$	1,877,752

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended		**Annual OPEB Cost**		**Actual Employer Contributions**	**Percentage Contributed**		**Net Ending OPEB Obligation (Deferred Charge)**
June 30, 2013	$	927,027	$	604,183	65%	$	1,888,949
June 30, 2014	$	476,234	$	391,031	82%	$	1,974,152
June 30, 2015	$	463,245	$	559,645	121%	$	1,877,752

Funded Status and Funding Progress

During the year ended June 30, 2009, the District set aside funds 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 $1,094,479 at June 30, 2015.

As of December 1, 2013, the most recent actuarial valuation date, the Plan was 9.92% funded. The actuarial accrued liability for benefits was $7,238,350, and the actuarial value of the assets was $718,136, resulting in an unfunded actuarial accrued liability of $6,520,214. The covered payroll (annual payroll of active employees covered by the Plan) was $1,447,042, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 450.59%.

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, as 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 February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement will improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in GASB Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. The District's management has not yet determined the impact that implementation of these standards, which is required on July 1, 2015, will have on the District's financial statements, if any.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB. GASB Statement No. 75 replaces the requirements of GASB Statement No. 45. The District's management has not yet determined the impact that implementation of these standards, which is required on July 1, 2017, will have on the District's financial statements, if any.

13. BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS - FOUNDATION

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

The Foundation has been named as the irrevocable remainder beneficiary of two charitable remainder trusts (the trusts are administered by a third party). At June 30, 2014, the present value of the future benefits was calculated using a discount rate of 2.0%, estimated rate of return of 2.0%, and applicable mortality tables. Assets held in all charitable remainder trusts at June 30, 2015, totaled $301,267 and are reported at fair value in the Foundation's statement of financial position.

14. INVESTMENT INCOME – FOUNDATION

A summary of return on investments consisted of the following:

June 30, 2015		
Interest and dividends	$	147,236
Change in value of charitable remainder trusts		(19,830)
Net realized and unrealized loss		(76,451)
Total Investment Income	$	50,955

15. SPECIAL EVENTS – FOUNDATION

The following is a summary of special events:

June 30, 2015		Dinner Auction		Golf Tournament		Craft Fair		Total
Gross revenue	$	11,143	$	1,350	$	5,041	$	17,534
Expenses		3,582		616		1,100		5,298
Totals	$	7,561	$	734	$	3,941	$	12,236

16. TEMPORARILY RESTRICTED NET ASSETS - FOUNDATION

Temporarily restricted net assets is available for the following purposes:

June 30, 2015	
Scholarships	$ 563,666
Title III	1,596,770
Beneficial interest in charitable remainder trusts	301,267
Other programs	201,280
Total	$ 2,662,983

17. PERMANENTLY RESTRICTED NET ASSETS – FOUNDATION

Permanently restricted net assets is invested for the following purposes:

June 30, 2015	
Scholarships	$ 582,392

18. ENDOWMENTS – FOUNDATION

Endowment composition by type of fund is as follows:

June 30, 2015	**Unrestricted**	**Temporarily Unrestricted**	**Permanently Unrestricted**	**Total Net Endowment Assets**
Donor-Restricted Endowment Funds				
Scholarships	$ 22,570	$ 563,666	$ 582,392	$ 1,168,628
Title III	-	1,596,770	-	1,596,770
Total Endowment Funds	$ 22,570	$ 2,160,436	$ 582,392	$ 2,765,398
Endowment assets - beginning of year	$ 21,006	$ 2,193,519	$ 575,852	$ 2,790,377
Contributions	7,564	-	6,540	14,104
Investment income	-	197,651	-	197,651
Net unrealized loss	-	(145,769)	-	(145,769)
Amounts appropriated for expenditure	(6,000)	(84,965)	-	(90,965)
Endowment Assets - End of Year	$ 22,570	$ 2,160,436	$ 582,392	$ 2,765,398

19. 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 expenses.

20. FAIR VALUE MEASUREMENTS – FOUNDATION

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

June 30, 2015	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds and debt securities	$ 2,956,185	$ 2,956,185	$ -	$ -
Beneficial interest in charitable remainder trusts	301,267	-	-	301,267
Totals	$ 3,257,452	$ 2,956,185	$ -	$ 301,267

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

Beginning of Year - July 1, 2014	$ 321,097
Total gains or losses (realized/unrealized)	(19,830)
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	-
End of Year - June 30, 2015	$ 301,267

Required Supplementary Information

Siskiyou Joint Community College District

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

	February 5, 2010	December 1, 2011	December 1, 2013
Actuarial accrued liability (AAL)	$ 8,791,862	$ 11,486,032	$ 7,238,350
Actuarial value of plan assets	892,196	1,036,544	718,136
Unfunded Actuarial Accrued Liability (UAAL)	$ 7,899,666	$ 10,449,488	$ 6,520,214
Funded ratio (actuarial value of plan assets/AAL)	10.15%	9.02%	9.92%
Covered payroll (active members)	$ 1,874,058	$ 1,727,662	$ 1,447,042
UAAL as a percentage of covered payroll	421.53%	604.83%	450.59%

See the accompanying note to the required supplementary information.

Siskiyou Joint Community College District

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Year Ended June 30, 2015

District's portion of the net pension liability (asset)		0.010%
District's proportionate share of the net pension liability (asset)	$	5,440,880
State's proportionate share of the net pension liability (asset) associated with the District		2,200,153
Total	$	7,641,033
District's covered-employee payroll	$	4,660,169
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		116.75%
Plan fiduciary net position as a percentage of the total pension liability		77.00%

See the accompanying note to the required supplementary information.

Siskiyou Joint Community College District

SCHEDULE OF DISTRICT CONTRIBUTIONS – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
Year Ended June 30, 2015

Contractually required contribution	$	413,219
Contributions in relation to the contractually required contribution		(413,219)
Contribution Deficiency (Excess)	$	-
District's covered-employee payroll	$	4,660,169
Contributions as a percentage of covered-employee payroll		8.87%

See the accompanying note to the required supplementary information.

Siskiyou Joint Community College District

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Year Ended June 30, 2015

District's portion of the net pension liability (asset)		0.000294%
District's proportionate share of the net pension liability (asset)	$	3,256,519
District's covered-employee payroll	$	3,575,983
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		91.07%
Plan fiduciary net position as a percentage of the total pension liability		83.50%

See the accompanying note to the required supplementary information.

Siskiyou Joint Community College District

SCHEDULE OF DISTRICT CONTRIBUTIONS –
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Year Ended June 30, 2015

Contractually required contribution	$	420,932
Contributions in relation to the contractually required contribution		(420,932)
Contribution Deficiency (Excess)	$	-
District's covered-employee payroll	$	3,575,983
Contributions as a percentage of covered-employee payroll		11.77%

See the accompanying note to the required supplementary information.

CHANGES OF BENEFIT TERMS

California State Teachers' Retirement System

The California Pension Employees' Pension Reform Act of 2013 (PEPRA) resulted in a new benefit formula, CalSTRS 2% at 62, for members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS. Significant changes compared to the CalSTRS 2% at 60 benefit formula include raising the normal retirement age from 60 to 62 and placing a limit on creditable compensation to 120% of the Social Security wage base, annually adjusted for changes in the Consumer Price Index.

California Public Employees' Retirement System

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions used for a specific plan can be found in the plan's annual valuation report.

CHANGES OF ASSUMPTIONS

California State Teachers' Retirement System

There were no changes in major assumptions from the June 30, 2013, actuarial valuation.

California Public Employees' Retirement System

In February 2014, the CalPERS Board adopted new actuarial assumptions. The most significant change to the actuarial assumptions that the Board adopted was the inclusion of future mortality improvement. The actuarial assumptions adopted by the Board are designed to ensure greater sustainability and soundness of the defined benefit pension plans, and they will be better at predicting future experiences resulting in more secure retirement benefits in the decades to come. The current experience study was based on demographic CalPERS data for years 1997 to 2011. The study focused on recent patterns of termination, death, disability, retirement and salary increases. These new assumptions were reflected in the total pension liabilities as of June 30, 2013. The 2013 liabilities were rolled forward to the measurement date of June 30, 2014, using standard update procedures.

OTHER SUPPLEMENTARY INFORMATION SECTION

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, 2015.

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

GOVERNING BOARD

Name	Office	Area	Term Expires
Mr. Barry Ohlund	President	IV	2016
Mr. Greg Hanna	Vice President	VI	2016
Mrs. Penny Heilman	Member	I	2018
Mr. Jim Hardy	Member	II	2018
Ms. Carol Cupp	Member	III	2018
Mr. Robert Rice	Member	V	2016
Mr. Alan Dyar	Member	VII	2018

ADMINISTRATION

Scotty Thomason
Superintendent/President

Dr. Gregory South
Interim Vice President, Student Learning

Nancy Funk
Vice President, Administrative Services

The full-time equivalent resident students (FTES) eligible for 2014-15 state apportionment reported to the Chancellor's Office are summarized below:

	Reported Data
Summer Intersession (Summer 2014 only)	
Noncredit	34.07
Credit	266.24
Summer Intersession (Summer 2014 - Prior to July 1, 2015)	
Noncredit	8.13
Credit	89.51
Primary Terms (Exclusive of Summer Intersession)	
Census procedure courses:	
Weekly census contact hours	660.66
Daily census contact hours	413.24
Actual hours of attendance procedure courses:	
Noncredit	341.31
Credit	337.27
Alternative attendance accounting procedure:	
Weekly census procedure courses	273.47
Daily census procedure courses	115.93
Total FTES	2,539.83

SUPPLEMENTARY INFORMATION (Subset of above information)	
In-service training courses (FTES)	97.03
Basic Skills Courses and Immigrant Education	
Noncredit	350.68
Credit	126.50
CDCP Noncredit FTES	307.91

See the accompanying notes to the supplementary information.

Siskiyou Joint Community College District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grant Number	Federal CFDA Number	Federal Expenditures
FEDERAL AWARDS			
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Education Opportunity Grants		84.007	$ 47,384
Federal Direct Student Loans		84.268	2,300,476
Federal Work-Study Program		84.033	70,839
Federal Pell Grant Program		84.063	3,162,950
Total Student Financial Assistance Cluster			5,581,649
TRIO Cluster			
Student Support Services		84.042	214,000
Upward Bound		84.047	353,954
Total TRIO Cluster			567,954
TOTAL DIRECT U.S. DEPARTMENT OF EDUCATION AWARDS			6,149,603
Passed Through State Department of Education			
Career and Technical Education - Basic Grants to States	13-112-110	84.048	146,403
TOTAL U.S. DEPARTMENT OF EDUCATION			6,296,006
U.S. DEPARTMENT OF AGRICULTURE			
RUS-Distance Learning Grant		10.855	135,176
Passed Through Siskiyou County Department of Education			
National Forest - Dependent Rural Communities	10044	10.670	129,584
TOTAL U.S. DEPARTMENT OF AGRICULTURE			264,760
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 6,560,766

See the accompanying notes to the supplementary information.

Siskiyou Joint Community College District
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended June 30, 2015

	Cash Received	Accounts Receivable	Deferred Income	Total	Program Expenditures
Basic skills	$ 90,000	$ -	$ 19,562	$ 109,562	$ 109,562
C.A.R.E	42,863	-	(28,282)	14,581	14,581
CalWORKS	65,346	-	(34,668)	30,678	30,678
CTE Collaborative	87,000	-	26,355	113,355	113,355
CTE Enhancement Grants	143,361	-	(62,508)	80,853	80,853
DSP&S	300,669	17,274	-	317,943	317,943
E.O.P.S	331,993	-	(61,531)	270,462	270,462
Instructional equipment	91,106	-	(18,923)	72,183	72,183
Matriculation	376,665	-	(36,711)	339,954	339,954
Nursing enrollment and growth	90,847	-	(35,360)	55,487	55,487
Responsive training	-	-	-	-	-
SFAA	141,981	-	-	141,981	141,981
All other categorical	295,357	28,569	(72,868)	251,058	251,058
Total State Programs	$ 2,057,188	$ 45,843	$ (304,934)	$ 1,798,097	$ 1,798,097

See the accompanying notes to the supplementary information.

Siskiyou Joint Community College District

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

Year Ended June 30, 2015

	General Fund	Bond Interest and Redemption Fund	Measure A Interest and Redemption Fund	Cafeteria Fund	Dormitory Revenue Fund	Dormitory Repair and Replacement Fund	Capital Outlay Fund	Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund	Scholarship and Loan Trust Fund	Other Agency Funds	Total
Annual Financial and Budget Report (CCFS-311) Fund Balance	$ 1,352,916	$ 28,449	$ 3,519,028	$ 48,872	$ 116,294	$ 15,610	$ 852,708	$ 19,786	$ 13,110	$ 1,311,887	$ 33,133	$ (5,454)	$ 25,316	$ -	$ 7,331,655
Adjustment and reclassifications increasing (decreasing) the fund balance:															
District identified adjustments	-	-	-	-	-	-	-	-	-	(1,094,479)	-	-	-	-	(1,094,479)
Audit adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-	-	-	-	-	-	(33,134)	-	(25,316)	-	(58,450)
Rounding	(46)	-	1	(1)	-	-	2	-	1	-	1	1	-	-	(41)
Net Adjustments and Reclassifications	(46)	-	1	(1)	-	-	2	-	1	(1,094,479)	(33,133)	1	(25,316)	-	(1,152,970)
Audited Financial Statements Fund Balances	$ 1,352,870	$ 28,449	$ 3,519,029	$ 48,871	$ 116,294	$ 15,610	$ 852,710	$ 19,786	$ 13,111	$ 217,408	$ -	$ (5,453)	$ -	$ -	$ 6,178,685

See the accompanying notes to the supplementary information.

Siskiyou Joint Community College District

RECONCILIATION OF 50% LAW CALCULATION

Year Ended June 30, 2015

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional salaries:							
Contract or regular	1100	$ 2,316,961	$ -	$ 2,316,961	$ 2,316,961	$ -	$ 2,316,961
Other	1300	2,054,976	-	2,054,976	2,055,576	-	2,055,576
Total Instructional Salaries		4,371,937	-	4,371,937	4,372,537	-	4,372,537
Non-instructional salaries:							
Contract or regular	1200	-	-	-	1,091,323	-	1,091,323
Other	1400	-	-	-	123,096	-	123,096
Total Non-Instructional Salaries		-	-	-	1,214,419	-	1,214,419
Total Academic Salaries		4,371,937	-	4,371,937	5,586,956	-	5,586,956
Classified Salaries							
Non-instructional salaries:							
Regular status	2100	-	-	-	1,986,110	-	1,986,110
Other	2300	-	-	-	112,218	-	112,218
Total Non-Instructional Salaries		-	-	-	2,098,328	-	2,098,328
Instructional aides:							
Regular status	2200	141,262	-	141,262	157,886	-	157,886
Other	2400	267,249	-	267,249	271,664	-	271,664
Total Instructional Aides		408,511	-	408,511	429,550	-	429,550
Total Classified Salaries		408,511	-	408,511	2,527,878	-	2,527,878
Other:							
Employee benefits	3000	1,194,456	-	1,194,456	3,124,388	-	3,124,388
Supplies and materials	4000	-	-	-	342,565	-	342,565
Other operating expenses	5000	1,617,889	-	1,617,889	4,063,421	-	4,063,421
Equipment replacement	6420	-	-	-	5,256	-	5,256
Total Other		2,812,345	-	2,812,345	7,535,630	-	7,535,630
Total Expenditures Prior to Exclusions		$ 7,592,793	$ -	$ 7,592,793	$ 15,650,464	$ -	$ 15,650,464

See the accompanying notes to the supplementary information.

Siskiyou Joint Community College District
RECONCILIATION OF 50% LAW CALCULATION
Year Ended June 30, 2015
(Continued)

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
EXCLUSIONS							
Activities to Exclude							
Instructional staff-retirees' benefits and retirement incentives	5900	$ 292,138	$ -	$ 292,138	$ 292,138	$ -	$ 292,138
Student health services above amount collected	6441	-	-	-	57,094	-	57,094
Student transportation	6491	-	-	-	185,240	-	185,240
Non-instructional staff retirees' benefits and retirement incentives	6740	-	-	-	268,450	-	268,450
Subtotal		292,138	-	292,138	802,922	-	802,922
Objects to Exclude							
Rents and leases	5060	-	-	-	22,649	-	22,649
Lottery expenditures:							
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	57,626	-	57,626
Employee benefits	3000	-	-	-	41,263	-	41,263
Subtotal		-	-	-	121,538	-	121,538
Supplies and materials:	4000						
Software	4100	-	-	-	-	-	-
Books, magazines, and periodicals	4200	-	-	-	6,836	-	6,836
Instructional supplies and materials	4300	-	-	-	-	-	-
Non-instructional supplies and materials	4400	-	-	-	2,477	-	2,477
Subtotal		-	-	-	9,313	-	9,313
Other operating expenses and services	5000	$ -	$ -	$ -	$ 182,748	$ -	$ 182,748
Capital outlay:	6000						
Library books	6300	$ -	$ -	$ -	$ 1,190	$ -	$ 1,190
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total Capital Outlay		-	-	-	1,190	-	1,190
Other outgo	7000	-	-	-	-	-	-
TOTAL EXCLUSIONS		292,138	-	292,138	1,117,711	-	1,117,711
Total for ECS 84362 - 50% Law		$ 7,300,655	$ -	$ 7,300,655	$ 14,532,753	$ -	$ 14,532,753
Percentage of CEE (Instructional Salary Cost/Total CEE)		50.24%	0.00%	50.24%			
50% of Current Expense of Education					$ 7,266,380	$ -	$ 7,266,380

See the accompanying notes to the supplementary information.

Siskiyou Joint Community College District

RECONCILIATION OF EDUCATION PROTECTION ACCOUNT EXPENDITURES

Year Ended June 30, 2015

	Object Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
EPA PROCEEDS	8630				$ 2,717,178
Activity Classification					
Instructional activities	0100-5900	$ 1,760,925	$ 537,476	$ -	2,298,401
Other support activities:					
Student counseling and guidance	6200-6320	226,371	8,310	-	234,681
Other student services	6460-6480	146,988	30,941	6,167	184,096
TOTAL EXPENDITURES FOR EPA		$ 2,134,284	$ 576,727	$ 6,167	2,717,178
Total Revenue Less Expenditures					$ -

See the accompanying notes to the other supplementary information.

Siskiyou Joint Community College District

COMBINING BALANCE SHEET – DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY

June 30, 2015	General Fund	Bond Interest and Redemption Fund	Measure A Interest and Redemption Fund	Cafeteria Fund	Dormitory Revenue Fund	Dormitory Repair and Replacement Fund	Capital Outlay Fund	Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund	Scholarship and Loan Trust Fund	Other Agency Funds	Total
ASSETS															
Cash and cash equivalents	$ 1,369,826	$ 19,524	$ 3,937,266	$ 81,573	$ 58,329	$ 12,603	658,913	20,764	$ 117,920	$ 65,292	24,624	$ 361,271	$ 28,223	$ 33,011	$ 6,789,139
Accounts receivable - net	2,286,672	21	5,277	73,003	71,871	13	37,779	22	92,957	8,164	18,168	151,747	1,943	5,219	2,752,856
Due from other funds	530,478	8,904	-	-	-	2,994	197,494	-	-	157,810	-	47,650	-	14,230	959,560
Due from Foundation	174,388	-	-	-	-	-	-	-	-	-	-	-	-	-	174,388
Inventory and prepaids	255,490	-	-	-	-	-	-	-	190,101	-	-	-	-	-	445,591
TOTAL ASSETS	$ 4,616,854	$ 28,449	$ 3,942,543	$ 154,576	$ 130,200	$ 15,610	$ 894,186	$ 20,786	$ 400,978	$ 231,266	$ 42,792	$ 560,668	$ 30,166	$ 52,460	$ 11,121,534
LIABILITIES AND FUND EQUITY (DEFICIT)															
Liabilities															
Accounts payable	$ 1,989,402	$ -	$ 356,047	$ 2,663	$ 3,758	$ -	$ 41,476	$ -	$ 11,761	$ -	$ 365	$ 82,047	$ -	$ 5,261	$ 2,492,780
Advances from grantors and students	1,274,582	-	-	-	-	-	-	-	-	-	6,515	89,905	-	-	1,371,002
Due to other funds	-	-	67,467	103,042	10,148	-	-	1,000	376,106	-	2,778	394,169	4,850	-	959,560
Amounts held for others	-	-	-	-	-	-	-	-	-	-	33,134	-	25,316	47,199	105,649
Estimated liability for claims and claims adjustment expense	-	-	-	-	-	-	-	-	-	13,858	-	-	-	-	13,858
Total Liabilities	3,263,984	-	423,514	105,705	13,906	-	41,476	1,000	387,867	13,858	42,792	566,121	30,166	52,460	3,793,203
Fund Equity (Deficit)															
Retained earnings (deficit)	-	-	-	-	-	-	-	-	13,111	217,408	-	-	-	-	230,519
Fund balances:															
Reserved for debt service	-	28,449	3,519,029	-	-	-	-	-	-	-	-	-	-	-	3,547,478
Reserved for capital outlay	-	-	-	-	-	15,610	-	19,786	-	-	-	-	-	-	35,396
Unreserved:															
Undesignated	1,352,870	-	-	48,871	116,294	-	852,710	-	-	-	-	(5,453)	-	-	2,365,292
Total Fund Equity (Deficit)	1,352,870	28,449	3,519,029	48,871	116,294	15,610	852,710	19,786	13,111	217,408	-	(5,453)	-	-	6,178,685
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	$ 4,616,854	$ 28,449	$ 3,942,543	$ 154,576	$ 130,200	$ 15,610	$ 894,186	$ 20,786	$ 400,978	$ 231,266	$ 42,792	$ 560,668	$ 30,166	$ 52,460	$ 11,121,534

See the accompanying notes to the supplementary information.

Siskiyou Joint Community College District

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

Year Ended June 30, 2015	General Fund	Bond Interest and Redemption Fund	Measure A Interest and Redemption Fund	Cafeteria Fund	Dormitory Revenue Fund	Dormitory Repair and Replacement Fund	Capital Outlay Fund	Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund	Scholarship and Loan Trust Fund	Other Agency Funds	Total
Operating Revenues															
Tuition and fees	$ 3,204,603	$ -	$ -	$ 405,460	$ 413,614	$ -	$ -	$ -	$ -	$ -	$ -	-	$ -	$ -	$ 4,023,677
Less: Scholarship discount and allowance	(1,257,817)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,257,817)
Net Tuition and Fees	1,946,786	-	-	405,460	413,614	-	-	-	-	-	-	-	-	-	2,765,860
Grants and contracts - noncapital:															
Federal	983,622	-	-	-	-	-	-	-	-	-	-	-	-	-	983,622
State	1,272,944	-	-	-	-	-	219,000	66,201	-	-	-	285,043	-	-	1,843,188
Local	167,786	-	-	15,044	3,885	-	237,773	-	755	25,149	-	-	-	-	450,392
Auxiliary enterprise sales and charges	-	-	-	-	-	-	-	-	442,412	-	-	-	-		442,412
Total Operating Revenues	4,371,138	-	-	420,504	417,499	-	456,773	66,201	443,167	25,149	-	285,043	-	-	6,485,474
Operating Expenditures/Expenses															
Salaries	9,382,440	-	-	10,061	165,153	-	-	-	78,703	-	-	123,472	-	-	9,759,829
Employee benefits	3,654,089	-	-	1,617	95,457	-	-	-	34,760	250,379	-	36,654	-	-	4,072,956
Supplies, materials, and other expenditures/ expenses and services	4,518,264	-	2,638	412,808	41,913	203	94,959	-	304,082	17,495	-	8,067	-	-	5,400,429
Payments to students	107,186	-	-	-	-	-	-	-	-	-	-	-	-	-	107,186
Capital outlay	636,966	-	-	-	7,030	2,360	414,967	64,514	6,571	-	-	-	-	-	1,132,408
Utilities	679,658	-	-	20,000	51,883	-	-	-	10,000	-	-	-	-	-	761,541
Total Operating Expenditures/Expenses	18,978,603	-	2,638	444,486	361,436	2,563	509,926	64,514	434,116	267,874	-	168,193	-	-	21,234,349
Operating Income (Loss)	(14,607,465)	-	(2,638)	(23,982)	56,063	(2,563)	(53,153)	1,687	9,051	(242,725)	-	116,850	-	-	(14,748,875)
Nonoperating Revenues (Expenditures)															
State apportionments - noncapital	8,701,131	-	-	-	-	-	-	-	-	-	-	-	-	-	8,701,131
Education protection account revenues - noncapital	2,717,178	-	-	-	-	-	-	-	-	-	-	-	-	-	2,717,178
Local property taxes - noncapital	3,349,112	-	-	-	-	-	-	-	-	-	-	-	-	-	3,349,112
State taxes and other revenues - noncapital	441,067	-	25,145	-	-	-	-	-	-	-	-	-	-	-	466,212
Investment income - noncapital	18,491	315	26,299	-	1,949	153	5,128	256	-	(1)	-	-	-	-	52,590
Financial aid revenues - federal	-	-	-	-	-	-	-	-	-	-	-	5,562,827	-	-	5,562,827
Financial aid revenues - state	-	-	-	-	-	-	-	-	-	-	-	200,487	-	-	200,487
Financial aid expenses	-	-	-	-	-	-	-	-	-	-	-	(5,899,904)	-	-	(5,899,904)
Other nonoperating revenues	131,901	-	-	-	-	-	-	-	-	-	-	-	-	-	131,901
Total Nonoperating Revenues (Expenditures)	15,358,880	315	51,444	-	1,949	153	5,128	256	-	(1)	-	(136,590)	-	-	15,281,534
Income (Loss) Before Other Revenues and Expenditures	751,415	315	48,806	(23,982)	58,012	(2,410)	(48,025)	1,943	9,051	(242,726)	-	(19,740)	-	-	532,659
Other Revenues and Expenditures															
State revenue - capital	-	-	-	-	-	-	19,455	-	-	-	-	-	-	-	19,455
Local property taxes and revenues - capital	-	-	1,618,301	-	-	-	-	-	-	-	-	-	-	-	1,618,301
Excess of Revenues Over (Under) Expenditures/Expenses	751,415	315	1,667,107	(23,982)	58,012	(2,410)	(28,570)	1,943	9,051	(242,726)	-	(19,740)	-	-	2,170,415
Other Financing Sources (Uses)															
Operating transfers in	89,140	251,320	-	5,402	51,723	4,000	68,948	17,794	-	-	-	19,662	-	-	507,989
Operating transfers out	(333,900)	-	-	-	(16,440)	-	(101,869)	-	-	-	-	-	-	-	(452,209)
Debt proceeds	-	-	13,244,936	-	-	-	-	-	-	-	-	-	-	-	13,244,936
Debt service	(70,686)	(270,753)	(1,055,321)	-	-	-	-	-	-	-	-	-	-	-	(1,396,760)
Payments to refunding escrow	-	-	(13,238,473)	-	-	-	-	-	-	-	-	-	-	-	(13,238,473)
Total Other Financing Sources (Uses)	(315,446)	(19,433)	(1,048,858)	5,402	35,283	4,000	(32,921)	17,794	-	-	-	19,662	-	-	(1,334,517)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	435,969	(19,118)	618,249	(18,580)	93,295	1,590	(61,491)	19,737	9,051	(242,726)	-	(78)	-	-	835,898
Fund Equity - Beginning of Year	916,901	47,567	2,900,780	67,451	22,999	14,020	914,201	49	4,060	460,134	-	(5,375)	-	-	5,342,787
Fund Equity - End of Year	$ 1,352,870	$ 28,449	$ 3,519,029	$ 48,871	$ 116,294	$ 15,610	$ 852,710	$ 19,786	$ 13,111	$ 217,408	$ -	$ (5,453)	$ -	$ -	6,178,685

See the accompanying notes to the supplementary information.

Siskiyou Joint Community College District

RECONCILIATION OF FUND EQUITY TO NET POSITION

June 30, 2015		
Total Fund Equity - District Funds Included in the Reporting Entity		$ 6,178,685
Assets recorded within the statement of net position not included in the District fund financial statements:		
Nondepreciable capital assets		223,139
Depreciable capital assets	$ 55,996,182	
Accumulated depreciation	(16,039,945)	
Total Capital Assets - Net		39,956,237
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred loss on refunding		713,747
Deferred outflows from pensions		847,079
Liabilities recorded within the statement of net position not recorded in the District fund financial statements:		
Compensated absences		(285,686)
Long-term debt		(29,763,410)
Pension liability		(8,697,399)
Other postemployment benefit asset (obligation)		(1,877,752)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows from pensions		(2,585,842)
Net Assets Reported Within the Statement of Net Position		$ 4,708,798

See the accompanying notes to the supplementary information.

Siskiyou Joint Community College District
RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGE IN NET POSITION

June 30, 2015

Change in Fund Equity - District Funds Included in the Reporting Entity	$	835,898
Compensated absence expense not reported within the GASB 35 Statements		(13,512)
Depreciation expense reported within the GASB 35 Statements		(1,670,832)
Accretion of general obligation bonds reported within the GASB 35 Statements		(380,559)
Amortization of bond premiums reported within the GASB 35 Statements		59,217
Amortization of deferred loss on refunding		(39,434)
Capital outlay expense not reported within the GASB 35 Statements		935,792
Pension expense reported within the GASB 35 Statements		499,240
Other postemployment benefits expense reported within the GASB 35 Statements		96,400
Series A refunding bond costs of issuance		(222,248)
Principal payments on debt not reported within the GASB 35 Statements		433,596
Change in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position	$	533,558

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, 2015, 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, 2015, 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 by 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 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 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 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 provide 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.

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

OTHER REPORTS SECTION

K·COE ISOM

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, 2015; and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 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.

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)

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*.

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 Isom, LLP

December 2, 2015
Chico, 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, 2015. 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, 2015.

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.

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

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.

KCoe Isom, LLP

December 2, 2015
Chico, California

K·COE ISOM

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 2014-15,* published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2015. 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 2014-15,* published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2014-15,* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above 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.

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 Fund
Intersession Extension Programs
Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies
Resources for Education (CARE)
Disabled Student Programs and Services (DSPS)
To be Arranged Hours (TBA)
Propositon 1D State Bond Funded Projects
Education Protection Account Funds

Opinion

In our opinion, 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, 2015.

The results of our auditing procedures disclosed an instance of noncompliance with the state laws and regulations referred to above that are required to be reported in accordance with the *California Community Colleges Contracted District Audit Manual 2014-15,* which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on state compliance is not modified with respect to these matters.

The District's Response to Findings

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

KCoe Isom, LLP

December 2, 2015
Chico, California

FINDINGS AND QUESTIONED COSTS SECTION

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
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

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

SECTION II FINDINGS
FINANCIAL STATEMENT AUDIT

None.

SECTION III FINDINGS
FEDERAL AWARDS AUDIT

None.

SECTION IV FINDINGS
STATE AWARDS AUDIT

STATE COMPLIANCE (General Apportionment)

2015-001

Immaterial Instance of Noncompliance

Condition The District claimed apportionment for one student for one class that was 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 0.10 credit FTES. As all cancelled classes were tested, no extrapolation of this error is necessary.

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

Response The District will take steps to ensure that when class is cancelled prior to the census date, Banner will be updated so there is not any attendance claimed in the apportionment calculations.

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

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, no extrapolation of this error is 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.

Current Status See current-year finding in the schedule of findings and questioned costs (item 2015-001).

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.

Current Status Fully implemented.

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, Sections 58003.1 and 58004 state that as of the last day of business that precedes the census day, any student shall not be considered actively enrolled in the course who has:

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

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.

Current Status Fully implemented.