

SISKIYOU JOINT COMMUNITY  
COLLEGE DISTRICT

**Weed, California**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITORS' REPORTS

**June 30, 2013**

**TABLE OF CONTENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

	<b>Page Number</b>
Independent Auditors' Report	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)</b>	<b>5</b>
<b>FINANCIAL SECTION</b>	
Statement of Net Position	17
Statement of Revenues, Expenses, and Changes in Net Position	18
Statement of Cash Flows	19
Notes to the Financial Statements	21
<b>SUPPLEMENTARY INFORMATION SECTION</b>	
Organization Structure	46
Schedule of Workload Measures for State General Apportionment	47
Schedule of Expenditures of Federal Awards	48
Schedule of Expenditures of State Awards	49
Reconciliation of Annual Financial and Budget Report (Form CCFS-311) With Audited Financial Statements	50
Reconciliation of 50% Law Calculation	53
Reconciliation of Education Protection Account Expenditures	55
Combining Balance Sheet – District Funds Included in the Reporting Entity	56
Combining Statement of Revenues, Expenditures/Expenses, and Changes in Fund Equity – District Funds Included in the Reporting Entity	61
Reconciliation of Fund Equity to Net Position	66
Reconciliation of Change in Fund Equity to Change in Net Position	67
Notes to the Supplementary Information	68

**TABLE OF CONTENTS**

June 30, 2013

*Siskiyou Joint Community*

*College District*

**Page  
Number**

---

**OTHER REPORTS SECTION**

Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards* 70

Independent Auditors' Report on Compliance  
for Each Major Federal Program and on  
Internal Control Over Compliance in  
Accordance With OMB Circular A-133 72

Independent Auditors' Report on State Compliance 74

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION**

Schedule of Findings and Questioned Costs 77

Corrective Action Plan 89

Summary Schedule of Prior Year Audit Findings 90

DRAFT

## **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, 2013, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Siskiyou Joint Community College District, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **INDEPENDENT AUDITORS' REPORT**

Continued

### ***Change in Accounting Principles***

As discussed in note 14, the District adopted new accounting guidance, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. The beginning net position was increased by \$1,789,109, as a result of capitalizing interest costs of bond projects that were previously expensed. Our opinion is not modified with respect to this matter.

The District also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The beginning net position was decreased by \$926,253, as a result of expensing the costs associated with the issuance of bonds. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

## INDEPENDENT AUDITORS' REPORT

Continued

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

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

**DATE**

Redding, California

DRAFT

DRAFT

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



**SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

---

***USING THIS ANNUAL REPORT***

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

***FINANCIAL HIGHLIGHTS***

- The assets of the District exceeded its liabilities by \$15.5 million in 2012-13 and \$16.6 million in 2011-12.
- At the close of the 2012 and 2013 fiscal years, the balance designated for economic uncertainties and the undesignated fund balance for the General Fund exceeded the State Chancellor's Office guideline of five percent of the General Fund expenditures.
- Full-Time Equivalent Students (FTES) for 2012-13 and 2011-12 were 2,457 and 2,150, respectively.
- For the 2013 and 2012 fiscal years, total student financial aid offered to qualifying students throughout the District exceeded \$7.8 million and \$9.1 million, respectively, and is provided through grants and loans from the Federal government, State Chancellor's Office, and local funding.
- Costs of employee salaries have decreased for 2012-13 due mainly to attrition and negotiated wage reductions from previous year State budget reductions. However, total salary expenditures do include increased instructional salary expense from the addition of two Instructional Service Agreements.



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2013

*Siskiyou Joint Community  
College District*

- The District continues to make its scheduled payments on the Dorm Revenue Bond and its capital equipment leases. The District issued Bond Anticipation Notes (BAN) in February 2010 to finance the completion of the Rural Health Sciences Institute. There are no required payments on the BAN until December 2013. Interest accretes on the balance over the life of the note.
- The occupancy rate for our lodges exceeded 93 percent for 2012-13, and we continue to add new program activities to more fully engage students. The fall 2013 semester had the lodges at 100 percent occupancy with additional students being housed at a local motel in Weed.

Condensed district-wide financial information is as follows:

**NET POSITION  
AS OF JUNE 30**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets		
Cash, investments, and short-term receivables	\$ 4,759,889	\$ 2,701,187
Inventory and other assets	<u>5,956,507</u>	<u>5,431,518</u>
Total Current Assets	<u>10,716,396</u>	<u>8,132,705</u>
Non-Current Assets		
Restricted cash and investments	1,697,432	1,226,876
Capital assets, net of depreciation	41,613,248	30,472,553
Non-depreciable capital assets	<u>223,139</u>	<u>12,300,426</u>
Total Non-Current Assets	<u>43,533,819</u>	<u>43,999,855</u>
Total Assets	<u>\$ 54,250,215</u>	<u>\$ 52,132,560</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,315,884	\$ 3,325,455
Deferred revenue	1,411,712	1,296,451
Short-term debt – TRAN	2,775,000	-
Long-term liabilities – current portion	<u>1,775,256</u>	<u>370,872</u>
Total Current Liabilities	<u>8,277,852</u>	<u>4,992,778</u>
Non-Current Liabilities		
Long-term liabilities	<u>30,445,312</u>	<u>30,504,830</u>
Total Liabilities	<u>38,723,164</u>	<u>35,497,608</u>
<b>NET POSITION</b>		
Net investment in capital assets	11,981,378	16,094,716
Nonexpendable	2,512,511	2,115,175
Expendable	<u>1,033,162</u>	<u>(1,574,939)</u>
Total Net Position	<u>15,527,051</u>	<u>16,634,952</u>
Total Liabilities and Net Position	<u>\$ 54,250,215</u>	<u>\$ 52,132,560</u>

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2013

*Siskiyou Joint Community  
College District*

This schedule has been prepared from the District's Statement of Net Position (page 17), 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 2010 Bond Anticipation Notes, and the Dorm Revenue Bond. A Capital Lease arrangement for several copiers was entered into in 2011-12. In addition, the District obtained an interim note for the financing of the new Science Building. The current portion represents the amount of principal to be paid within the next year.

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

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship discount and allowance	\$ 2,703,320	\$ 2,434,864
Grants and contracts	2,873,957	3,249,087
Auxiliary services	<u>580,390</u>	<u>640,951</u>
Total Operating Revenues	<u>6,157,667</u>	<u>6,324,902</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	15,236,997	15,094,617
Supplies and maintenance	5,274,606	5,092,816
Depreciation	<u>1,590,011</u>	<u>1,283,508</u>
Total Operating Expenses	<u>22,101,614</u>	<u>21,470,941</u>
<b>OPERATING LOSS</b>	<u>(15,943,947)</u>	<u>(15,146,039)</u>
<b>NON-OPERATING REVENUE</b>		
State apportionments	8,129,364	9,967,231
Property taxes	4,883,999	4,792,074
Other state revenue	2,661,859	441,563
Financial aid revenues	7,688,801	9,034,666
Financial aid expenses	(7,881,162)	(9,174,620)
Interest expense (net)	(1,525,779)	(1,432,967)
Other non-operating revenues and transfers	<u>99,353</u>	<u>135,590</u>
Total Non-Operating Revenues	<u>14,056,434</u>	<u>13,763,537</u>
<b>OTHER REVENUES</b>		
State revenues, capital	<u>779,612</u>	<u>10,480,138</u>
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ (1,107,901)</u>	<u>\$ 9,097,636</u>

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2013

*Siskiyou Joint Community  
College District*

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

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

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

For 2013 and 2012, the District is recording the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to the financial statements as Note 4.

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

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and any potential need for external financing. This schedule is prepared from the Statement of Cash Flows presented on pages 19 and 20.

	<u>2013</u>	<u>2012</u>
CASH PROVIDED BY (USED) IN		
Operating activities	\$ (14,334,002)	\$ (13,026,915)
Noncapital financing activities	13,206,660	13,745,242
Capital financing activities	3,633,761	(388,884)
Investing activities	<u>22,839</u>	<u>102,586</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ <u>2,529,258</u>	\$ <u>432,029</u>

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

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

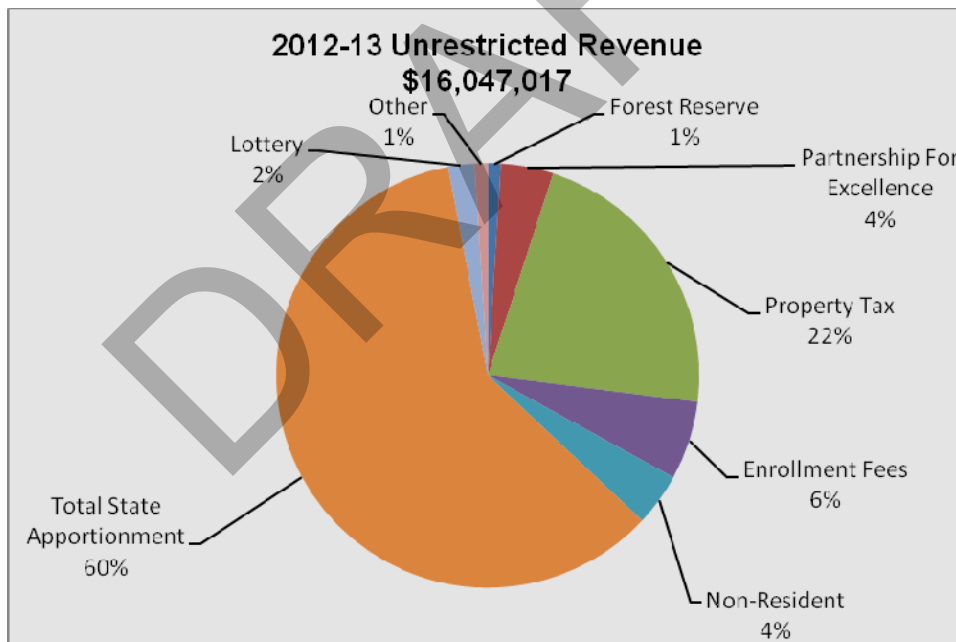
**UNRESTRICTED GENERAL FUND SELECTED FINANCIAL INFORMATION**

**Revenues**

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

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

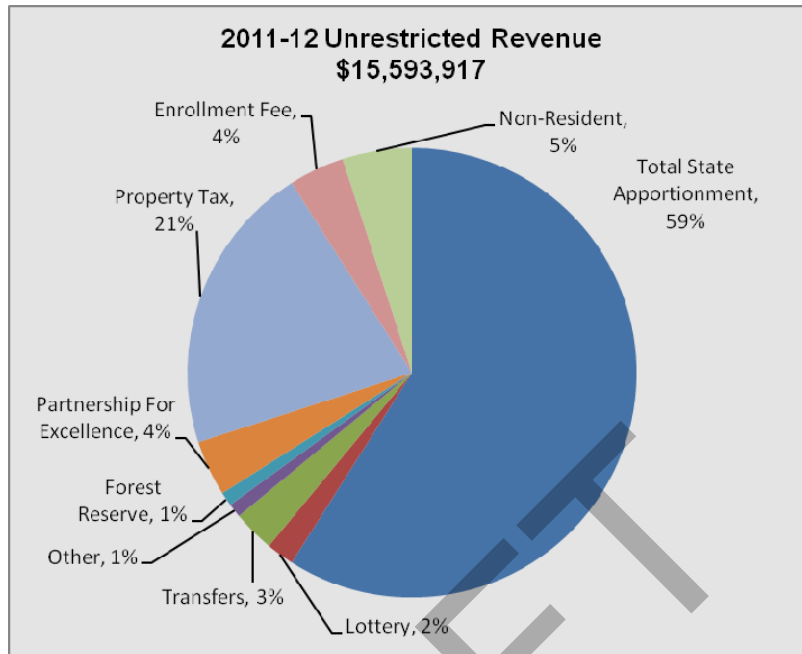
In fiscal years 2013 and 2012, the District's actual unrestricted General Fund revenues totaled \$16,047,017 and \$15,593,917, respectively.



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2013

*Siskiyou Joint Community  
College District*



	Fiscal Year 2013	Fiscal Year 2012
General Apportionment	\$ 6,243,893	\$ 9,098,879
Restoration/Decline	2,257,916	-
Growth	1,015,731	-
COLA	-	-
Subtotal General Apportionment	<u>9,517,540</u>	<u>9,098,879</u>
Property Taxes	3,500,351	3,291,146
Enrollment Fees	<u>983,241</u>	<u>552,232</u>
Total Apportionment Revenues	<u>14,001,132</u>	<u>12,942,257</u>
Partnership for Excellence	675,000	675,000
Lottery	252,721	291,888
Nonresident Tuition	673,701	797,149
Part-time Faculty Compensation	51,209	51,209
Forest Reserve	161,095	202,970
Transfers	29,400	400,000
Other *	<u>202,759</u>	<u>233,444</u>
Total Other Revenue	<u>2,045,885</u>	<u>2,651,660</u>
Total Unrestricted General Fund Revenue	<u>\$ 16,047,017</u>	<u>\$ 15,593,917</u>

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

**MANAGEMENT’S DISCUSSION  
AND ANALYSIS**

June 30, 2013

*Siskiyou Joint Community  
College District*

Part-time faculty funding, specific for the improvement of part-time salaries and benefits, was \$51,209 for both 2012-13 and 2011-12. However, while no COLA adjustment was added to the base funding level, there are annual incremental cost increases associated with the funding, part-time faculty rates for years of service and fringe benefits costs continue to rise each fiscal year.

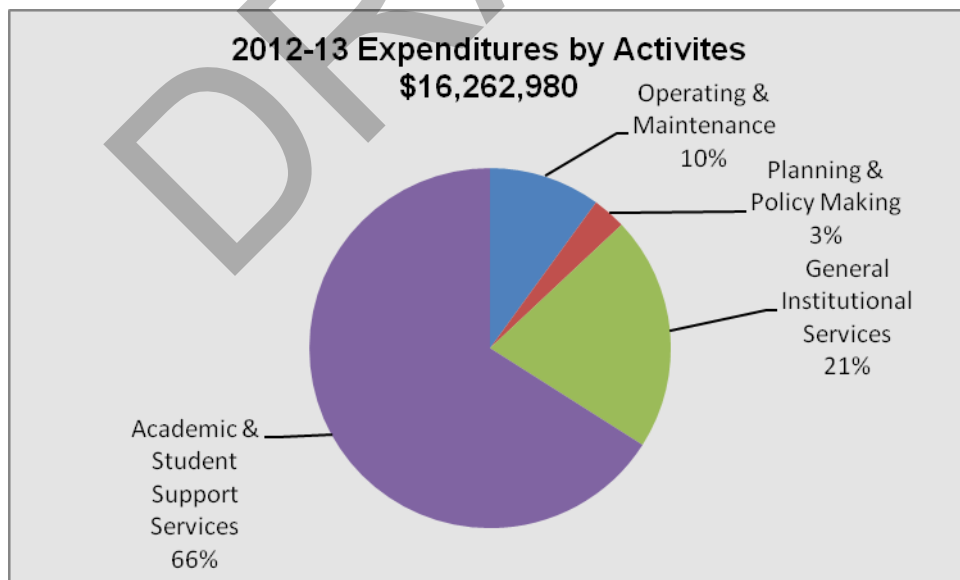
**Expenditures**

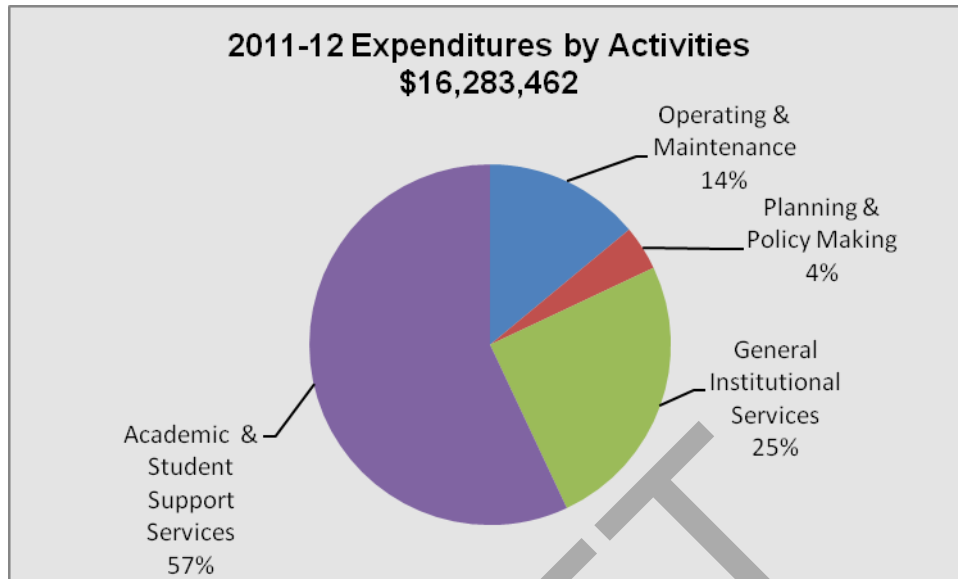
The District expenditures in the unrestricted General Fund were to provide classroom instruction, counseling and student support services, physical plant related activities, administration, and general support services. For the fiscal years ending June 30, 2013 and 2012, the expenditures totaled \$16,262,980 and \$16,283,462, respectively.

**Expenditure by Activity**

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

The pie chart, “*Expenditures by Activities*,” summarizes program outlays under this definition for the 2012-13 and 2011-12 periods.





**Expenditure Comparison by Category**

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

	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>
Academic Salaries	\$ 7,094,749	\$ 6,440,034
Classified Salaries	2,453,133	3,118,518
Benefits	<u>3,369,528</u>	<u>3,861,574</u>
Subtotal Salaries and Benefits	<u>12,917,410</u>	<u>13,420,126</u>
Books and Supplies	273,550	330,991
Services and Operating Expenses	2,217,744	1,943,522
Capital Outlay	144,866	122,505
Other Outgo	<u>709,410</u>	<u>466,318</u>
Subtotal	<u>3,345,590</u>	<u>2,863,336</u>
Total Expenditures	<u>\$ 16,262,980</u>	<u>\$ 16,283,462</u>

- Net expenditures for academic salaries increased from 2012 to 2013 from the addition of two new Instructional Services Agreements (ISA) with the San Francisco Police Academy and the FIELD ESL program. The ISA's were instrumental in restoring the Districts FTES levels from the recent declines in 2012 and 2011. The classified salaries include a negotiated decrease for the ASM and Classified groups as well as not replacing the employees who participated in the Early Retirement Incentive program offered in the spring of 2011-12.

**MANAGEMENT’S DISCUSSION  
AND ANALYSIS**

June 30, 2013

*Siskiyou Joint Community  
College District*

- A partial implementation of a hard cap on health benefit costs created a decrease in fringe benefit costs from 2012 to 2013. In addition, the decrease includes savings from the associated health benefit packages that were not expensed for the positions related to the previous year’s Early Retirement Incentive offering.
- Expenditures for services and other operating expenditures increased by approximately 14 percent from 2012 to 2013 primarily from increased contract and consulting services, insurance, legal, and audit expenses. Utility and maintenance costs were relatively flat from 2012 to 2013, but the District is expecting continuing increases in these areas in future years.
- Expenditures in “Other Outgo” include transfers to the Capital Outlay Fund (41) for scheduled maintenance and additional one-time improvement projects as well as transfers to the Debt Service Fund (21) for the existing loan and lease payments. The increase is due to the interim financing to complete the Science Building project.

**Net Position and Net Position Classifications**

	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>
Net Investment in Capital Assets	\$ 11,981,378	\$ 16,094,716
Nonexpendable	2,512,511	2,115,175
Expendable	<u>1,033,162</u>	<u>(1,574,939)</u>
Ending Net Position	\$ <u>15,527,051</u>	\$ <u>16,634,952</u>

**COLLEGE OF THE SISKIYOU'S AUXILIARY FOUNDATION**

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

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



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2013

*Siskiyou Joint Community  
College District*

The Foundation manages fiscal sponsorships that generate income for the Foundation which include the Eagle's Nest Resale Shop, 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. The Eagle's Nest Resale Shop has a paid manager and is staffed by numerous volunteers and student employees at a downtown Weed location. The Shop generates unrestricted funding of over \$35,000 for the Foundation, provides a training site for students, and meets the retail needs of Weed. The MOM grant provides grant staffing while the Foundation provides financial oversight and employee supervision, receiving approximately \$34,000 annually in indirect fund support. COS Extension program duties are the responsibility of the Foundation Executive Director, and generates approximately \$10,000 annually.

The Foundation manages approximately 35 endowed scholarships valued at over \$900,000, as well as the Rural Health Sciences Institute Program endowment, valued at \$1.4 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, providing \$29,400 in the first year (2012-13) and \$54,215 (2013-14) in the second year.

**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 86 percent of the total unrestricted resources of revenues received by the District. The District experienced a decrease in student enrollment and the State's apportionment has been limited due to the workload reduction measures limiting growth apportionment. The results for 2012-13 have allowed the District to maintain an appropriate reserve in anticipation of potential cuts from the State's budget.

The State of California is again facing huge budget deficits. The District is continuing to pursue cost saving measures to achieve efficiencies but is also looking at managing course offerings that will be the least disruptive to our students.

Under current California law, the State of California is prohibited from disbursing any funds to the community colleges until the State budget is passed. At the beginning of each fiscal year, the District will need to rely on its reserves and annual participation in the CCCFA TRAN program to ensure that it can continue to operate each summer until a State budget is ratified. When Prop 30 passage in November 2012 saved the California community college system from severe cuts, it created additional apportionment deferrals throughout the year. Forty percent of these revenues will be deferred until June 2013. For the 2013-14 fiscal year, the Prop 30 funding will be distributed on a quarterly basis, which will help ease the cash flow burden of the District. The District joined with many other community colleges and the California Community College League mid-year TRAN program during 2012-13 to secure the necessary funds to meet its on-going obligations through the deferral periods.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2013

*Siskiyou Joint Community  
College District*

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

DRAFT

DRAFT

**FINANCIAL SECTION**

**STATEMENT OF NET POSITION**

*Siskiyou Joint Community  
College District*

June 30, 2013	<b>District</b>	<b>Foundation</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,847,961	\$ 198,172
Restricted cash and cash equivalents	2,911,928	-
Investments	-	2,627,715
Accounts receivable - net	5,652,432	155,176
Due from Foundation	88,110	-
Inventory and prepaids	215,965	3,151
Beneficial interest in remainder trusts	-	309,112
<b>Total Current Assets</b>	<b>10,716,396</b>	<b>3,293,326</b>
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	1,697,432	-
Depreciable capital assets - net	41,613,248	-
Nondepreciable capital assets	223,139	-
<b>Total Noncurrent Assets</b>	<b>43,533,819</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 54,250,215</b>	<b>\$ 3,293,326</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,961,381	\$ 44,658
Advances from grantors and students	1,411,712	-
Due to District	-	88,110
Amounts held for others	89,941	-
Estimated liability for claims and claims adjustment expense	264,562	-
Compensated absences - current portion	28,117	-
Short-term debt	2,775,000	-
Long-term debt - current portion	1,747,139	-
<b>Total Current Liabilities</b>	<b>8,277,852</b>	<b>132,768</b>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences - noncurrent portion	253,056	-
Other postemployment benefits obligation	1,888,949	-
Long-term debt - noncurrent portion	28,303,307	-
<b>Total Noncurrent Liabilities</b>	<b>30,445,312</b>	<b>-</b>
<b>Total Liabilities</b>	<b>38,723,164</b>	<b>132,768</b>
<b>NET POSITION</b>		
Net investment in capital assets	11,981,378	-
Restricted:		
Nonexpendable	-	551,592
Expendable	2,512,511	2,343,403
Unrestricted	1,033,162	265,563
<b>Total Net Position</b>	<b>15,527,051</b>	<b>3,160,558</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 54,250,215</b>	<b>\$ 3,293,326</b>

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

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

*Siskiyou Joint Community  
College District*

Year Ended June 30, 2013	<b>District</b>	<b>Foundation</b>
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 4,360,904	\$ 272,069
Less: Scholarship discounts and allowances	1,657,584	-
<b>Tuition and Fees - Net</b>	<b>2,703,320</b>	<b>272,069</b>
Grants and contracts - noncapital:		
Federal	859,820	369,461
State	1,584,772	-
Local	429,365	-
Auxiliary enterprise sales and charges	580,390	-
<b>Total Operating Revenues</b>	<b>6,157,667</b>	<b>641,530</b>
<b>OPERATING EXPENSES</b>		
Salaries	10,673,538	-
Employee benefits	4,563,459	-
Supplies, materials, and other operating expenditures and services	4,330,908	594,188
Payments to students	179,721	23,226
Utilities	763,977	-
Depreciation	1,590,011	-
<b>Total Operating Expenses</b>	<b>22,101,614</b>	<b>617,414</b>
<b>Operating Income (Loss)</b>	<b>(15,943,947)</b>	<b>24,116</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionment - noncapital	8,129,363	-
Local property taxes - noncapital	3,374,844	-
State taxes and other revenues - noncapital	2,661,859	-
Investment income - noncapital	28,393	288,379
Financial aid revenues - federal	7,521,988	-
Financial aid revenues - state	166,813	-
Financial aid expenses	(7,881,162)	-
Other nonoperating revenues	99,353	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>14,101,451</b>	<b>288,379</b>
<b>Income (Loss) Before Other Revenues and Expenses</b>	<b>(1,842,496)</b>	<b>312,495</b>
<b>OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>		
State revenue - capital	779,612	-
Local property taxes and revenues - capital	1,509,155	-
Interest expense - capital asset-related debt	(1,554,172)	-
<b>Total Other Revenues, Expenses, Gains, or Losses</b>	<b>734,595</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(1,107,901)</b>	<b>312,495</b>
<b>Net Position - Beginning of Year, As Restated</b>	<b>16,634,952</b>	<b>2,848,063</b>
<b>Net Position - End of Year</b>	<b>\$ 15,527,051</b>	<b>\$ 3,160,558</b>

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

**STATEMENT OF CASH FLOWS**

*Siskiyou Joint Community*

*College District*

Page 1 of 2

Year Ended June 30, 2013

	<b>District</b>	<b>Foundation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 2,434,424	\$ 399,226
Federal grants and contracts	693,731	215,894
State grants and contracts	2,539,269	-
Local grants and contracts	425,359	-
Payments to/on behalf of employees	(11,105,585)	-
Payments for benefits	(4,171,840)	-
Payments to suppliers	(4,944,049)	(639,316)
Payments for utilities	(763,977)	-
Payments for scholarships and grants	(179,721)	(23,226)
Auxiliary enterprise sales and charges	524,912	-
Other receipts (payments)	213,475	39,472
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(14,334,002)</b>	<b>(7,950)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionment - noncapital	7,306,546	-
Local property taxes - noncapital	3,374,844	-
State taxes and other revenues - noncapital	2,627,028	-
Financial aid receipts - federal	7,521,988	-
Financial aid receipts - state	166,813	-
Financial aid disbursements	(7,881,162)	-
Other receipts	90,603	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>13,206,660</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State revenue - capital	779,612	-
Local property taxes - capital	1,509,155	-
Proceeds of debt issued	3,865,514	-
Purchases of capital assets	(911,323)	-
Interest on capital debt	(955,137)	-
Principal paid on capital debt	(654,060)	-
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>3,633,761</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	-	(181,455)
Proceeds from sale of investments	-	148,638
Interest on investments	22,839	68,973
<b>Cash Provided (Used) by Investing Activities</b>	<b>22,839</b>	<b>36,156</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>2,529,258</b>	<b>28,206</b>
<b>Cash and Cash Equivalents Balance - Beginning of Year</b>	<b>3,928,063</b>	<b>169,966</b>
<b>Cash and Cash Equivalents Balance - End of Year</b>	<b>\$ 6,457,321</b>	<b>\$ 198,172</b>

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

**STATEMENT OF CASH FLOWS**

*Siskiyou Joint Community*

*College District*

Page 2 of 2

Year Ended June 30, 2013

	<b>District</b>	<b>Foundation</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	\$ 1,847,961	\$ 198,172
Restricted cash and cash equivalents - current	2,911,928	-
Restricted cash and cash equivalents - noncurrent	1,697,432	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 6,457,321</b>	<b>\$ 198,172</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (15,943,947)	\$ 24,116
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	1,590,011	-
(Gain) loss on sale of equipment	257,904	-
Changes in:		
Accounts receivables - net	293,352	(26,410)
Due from Foundation/District	(39,472)	-
Inventory and prepaids	41,668	-
Accounts payable	(1,073,389)	(45,128)
Advances from grantors and students	166,676	-
Amounts held for others	(4,957)	-
Due to Foundation/District	-	39,472
Estimated liability for claims and claims adjustment expense	68,775	-
Compensated absences	(13,467)	-
Other postemployment benefits obligation	322,844	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (14,334,002)</b>	<b>\$ (7,950)</b>

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

***Accountability:*** The District is able to impose its will upon the Foundation. The Foundation provides specific financial benefits or imposes specific financial burdens on the District.

***Scope of Public Service:*** The Foundation is a nonprofit public benefit corporation incorporated under the laws of the State of California. The Foundation was formed to promote and assist the educational services of the District.

***Discrete Presentation:*** For financial presentation purposes, the Foundation's financial activities have been discretely presented with the financial activities of the District.

***Basis of Presentation and Accounting*** The financial statement presentation required by GASB Statement Nos. 34, 35, 37, 38, and 39 provides a comprehensive, entity-wide perspective of the District's overall financial position, results of operations and cash flows, and replaces the fund-group perspective previously required. The District now follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the District's financial activities.

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



**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

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

Exceptions to the accrual basis of accounting are as follows:

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

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

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

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

**Accounts Receivable** Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Accounts receivable also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance was estimated at \$172,419 for the year ended June 30, 2013.

**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.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

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

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

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

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

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

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

**Long-Term Liabilities** Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred. Amortization of bond premium and discount costs was \$58,249 for the year ended June 30, 2013.

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

*Net Investment in Capital Assets:* This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component net investment in capital assets.

*Restricted Net Position – Nonexpendable:* Consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expended or added to principal depending on donor stipulations.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

*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; (3) some federal, state, and local grants contracts and federal appropriations; and (4) interest on institutional student loans.

*Nonoperating Revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Statement No. 34, such as state appropriations, financial aid, and investment income.

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

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

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

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

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

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

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

**On-Behalf Payments** GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by an entity to a third-party recipient for the employees of another, legally separate entity, be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community college districts in California. The payment amounts have not been reported in the basic financial statements as management believes they are immaterial to the financial statements taken as a whole.

DRAFT

**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 position and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net position 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:* Net assets 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:* Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

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

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

**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 assets: (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 assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the institution and the endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

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

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

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

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

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

However, contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 FASB ASC Subtopic 958-605, *Not-for-Profit Entities – Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

The Foundation receives donated administrative services from the District. The value of these services was estimated at \$161,163 for the year ended June 30, 2013.

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 2009 and beyond remain subject to examination by the Internal Revenue Service. The Foundation's California income tax returns for tax years 2008 and beyond remain subject to examination by the Franchise Tax Board.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

*Siskiyou Joint Community College District*

The Foundation did not have unrecognized tax benefits as of June 30, 2013, 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, 2013, 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 at June 30, 2013:

	<b>District</b>	<b>Foundation</b>
Cash and cash equivalents - current	\$ 1,847,961	\$ 198,172
Restricted cash and cash equivalents - current	2,911,928	-
Restricted cash and cash equivalents - noncurrent	1,697,432	-
Investments	-	2,627,715
<b>Total Cash and Cash Equivalents and Investments</b>	<b>\$ 6,457,321</b>	<b>\$ 2,825,887</b>

**Deposits**

At June 30, 2013, the carrying amount of the District's and Foundation's deposits is summarized as follows:

	<b>District</b>	<b>Foundation</b>
Cash in County treasury	\$ 5,344,087	\$ 197,972
Cash in banks	1,110,299	-
Cash on hand	2,935	200
<b>Total</b>	<b>\$ 6,457,321</b>	<b>\$ 198,172</b>

As provided for by *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Siskiyou County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment account's weighted average maturities was 2.49 years at June 30, 2013. The pooled treasury has regulatory oversight from the Siskiyou County Treasury Oversight Committee in accordance with *California Government Code* requirements. The District is considered to be an involuntary participant in the external investment pool. Copies of the County's audited financial statements can be obtained from the Siskiyou County Auditor-Controller's Office, 311 4<sup>th</sup> Street, Yreka, California 96097.

The *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.



**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

*Siskiyou Joint Community College District*

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, 2013, are insured.

**Investments**

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

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

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

As of June 30, 2013, the investments consisted of:

	<b>District</b>	<b>Foundation</b>
Mutual funds and debt securities	\$ -	\$ 2,595,180
Art and gems	-	32,535
<b>Total Investments</b>	<b>\$ -</b>	<b>\$ 2,627,715</b>

**Risk Information**

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

**Credit Risk**

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2013:

	<b>District</b>	<b>Foundation</b>
Tuition and fees	\$ 1,214,413	\$ -
Less: Allowance for doubtful accounts	172,419	-
<b>Tuition and Fees - Net</b>	<b>1,041,994</b>	<b>-</b>
Federal grants and contracts	301,798	-
State grants and contracts	233,496	153,567
Local grants and contracts	28,051	-
Auxiliary enterprise sales and charges	248,046	-
State taxes and other revenues	198,038	1,609
State apportionment	3,595,455	-
Investment income - noncapital	5,554	-
<b>Total</b>	<b>\$ 5,652,432</b>	<b>\$ 155,176</b>

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013, is as follows:

	<b>Balance July 1, 2012</b>	<b>Additions/ Transfers</b>	<b>Deductions</b>	<b>Balance June 30, 2013</b>
<b>NONDEPRECIATED CAPITAL ASSETS</b>				
Land	\$ 199,350	\$ -	\$ -	\$ 199,350
Construction in progress	12,101,076	(11,819,383)	257,904	23,789
<b>DEPRECIATED CAPITAL ASSETS</b>				
Land improvements	9,869,123	87,259	-	9,956,382
Buildings	27,815,970	12,109,484	-	39,925,454
Vehicles	260,882	-	-	260,882
Equipment	3,699,270	533,963	-	4,233,233
<b>Total Capital Assets</b>	<b>53,945,671</b>	<b>911,323</b>	<b>257,904</b>	<b>54,599,090</b>
Less: Accumulated depreciation	11,172,692	1,590,011	-	12,762,703
<b>Total Capital Assets - Net</b>	<b>\$ 42,772,979</b>	<b>\$ (678,688)</b>	<b>\$ 257,904</b>	<b>\$ 41,836,387</b>

**5. ACCOUNTS PAYABLE**

Accounts payable at June 30, 2013, consisted of the following:

	<b>District</b>	<b>Foundation</b>
Accrued payroll and related liabilities	\$ 337,368	\$ -
Interest payable	356,047	-
Other	1,267,966	44,658
<b>Total</b>	<b>\$ 1,961,381</b>	<b>\$ 44,658</b>

**6. SHORT-TERM DEBT**

The District participated in the California Community College Financing Authority 2013 Tax and Revenue Anticipation Bond program, depositing the proceeds (to the extent of participation) in its general fund. Short-term debt is necessary for the District to maintain proper working cash levels. The debt remaining at the end of the year is from the mid-year Tax Revenue Anticipation Note due on December 27, 2013. The interest rate on the debt balance is 2.0%.

Short-term debt activity for the year ended June 30, 2013, was as follows:

	<b>Balance June 30, 2012</b>	<b>Drawn</b>	<b>Repaid</b>	<b>Balance June 30, 2013</b>
Participation in California Community College Financing Authority 2013 Tax and Revenue Anticipation Bonds	\$ -	\$ 4,865,000	\$ 2,090,000	\$ 2,775,000

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

*Siskiyou Joint Community College District*

**7. LONG-TERM LIABILITIES**

The long-term liability activity for the year ended June 30, 2013, is as follows:

	<b>Beginning Balance</b>	<b>Additions/ Accretions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Long-term debt:					
General obligation bonds:					
Dorm revenue	\$ 70,000	\$ -	\$ 11,000	\$ 59,000	\$ 11,000
Measure A - Series A	15,246,991	63,194	175,000	15,135,185	220,000
Measure A - Series B and C	12,259,248	493,828	80,000	12,673,076	80,000
Bond anticipation note	1,164,302	42,013	-	1,206,315	1,206,315
Software financing	216,582	-	216,582	-	-
Science building equipment lease	-	1,090,514	154,706	935,808	211,009
Copier leases	57,834	-	16,772	41,062	18,815
<b>Total Long-Term Debt</b>	<b>29,014,957</b>	<b>1,689,549</b>	<b>654,060</b>	<b>30,050,446</b>	<b>1,747,139</b>
Other long-term liabilities:					
Compensated absences	294,640	273,342	286,809	281,173	28,117
Other postemployment benefits	1,566,105	322,844	-	1,888,949	-
<b>Total</b>	<b>\$ 30,875,702</b>	<b>\$ 2,285,735</b>	<b>\$ 940,869</b>	<b>\$ 32,220,568</b>	<b>\$ 1,775,256</b>

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

\$ 59,000

2005 General Obligation Bonds, Series A, were issued in May 2006 in the original amount of \$14,997,976, and include both current interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of the District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is 2030. The interest rate ranges from 4% to 5%.

14,785,374

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

12,092,649

**Balance Forward**

**\$ 26,937,023**

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

<b>Balance Brought Forward</b>	\$ 26,937,023
2010 General Obligation Bond Anticipation Notes were issued in February 2010 in the original amount of \$998,755. The notes were issued to fund bond project expenditures which were to be paid with General Obligation Bonds, Series D. These notes will be repaid with the proceeds of General Obligation Bonds, Series D, in 2013. The note is payable in full in December 2013.	1,197,833
Capital lease with Office Equipment Leasing entered into in July 2010 in the original amount of \$81,868. The borrowed funds were for the purpose of purchasing copier equipment. Payments in the amount of \$1,800 are due monthly, including interest at 11.5%. The lease matures in June 2015.	38,439
Capital lease with Office Equipment Leasing entered into in September 2011 in the original amount of \$3,644. The borrowed funds were for the purpose of purchasing copier equipment. Payments in the amount of \$83 are due monthly, including interest at 12.82%. The lease matures in September 2016.	2,623
Capital lease with Bank of America Leasing entered into in September 2012 in the original amount of \$1,090,514. The borrowed funds were for the purpose of purchasing equipment for the Science building. Payments in the amount of \$19,399, are due monthly, including interest at 2.59%. The lease matures in September 2017.	935,808
Premium on 2005 General Obligation Bonds (Series A)	349,811
Premium on 2005 General Obligation Bonds (Series B and C)	580,427
Premium on 2010 General Obligation Bond Anticipation Notes	8,482
<b>Long-Term Debt - Net</b>	<b>30,050,446</b>
Less: Current portion	1,747,139
<b>Total Long-Term Debt - Noncurrent Portion</b>	<b>\$ 28,303,307</b>

**Accretion**

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

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

The annual debt service requirements to maturity on the long-term debt issues are as follows:

Year Ending June 30	Bonds and Notes Payable			Bond Premium	Total
	Principal	Interest	Total		
2014	\$ 1,309,755	\$ 1,071,696	\$ 2,381,451	\$ 46,375	\$ 2,427,826
2015	194,802	838,021	1,032,823	37,893	1,070,716
2016	203,069	1,038,734	1,241,803	37,893	1,279,696
2017	205,104	1,078,152	1,283,256	37,893	1,321,149
2018	498,000	818,996	1,316,996	37,893	1,354,889
2019-2023	3,500,000	3,696,609	7,196,609	189,465	7,386,074
2024-2028	5,810,000	2,654,581	8,464,581	189,465	8,654,046
2029-2033	5,523,788	5,454,753	10,978,541	146,052	11,124,593
2034-2038	1,971,473	9,080,155	11,051,628	73,150	11,124,778
2039-2043	4,161,143	11,361,131	15,522,274	73,150	15,595,424
2044-2048	1,787,285	13,623,692	15,410,977	69,491	15,480,468
<b>Total</b>	<b>\$ 25,164,419</b>	<b>\$ 50,716,520</b>	<b>75,880,939</b>	<b>938,720</b>	<b>76,819,659</b>
Less: Interest (excluding accretion of \$2,970,438)			47,746,083	-	47,746,083
<b>Principal - Net</b>			<b>\$ 28,134,856</b>	<b>\$ 938,720</b>	<b>\$ 29,073,576</b>

**Capital Lease Obligations**

The District leases equipment at a cost of \$1,176,026, with related accumulated depreciation of \$19,993, 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, 2013, was \$25,711, 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
2014	\$ 255,382
2015	254,377
2016	233,782
2017	233,038
2018	58,198
<b>Total</b>	<b>1,034,777</b>
Less: Amount representing interest	57,907
<b>Present Value of Net Minimum Lease Payments</b>	<b>\$ 976,870</b>

**Other Postemployment Benefits (OPEB)**

The District's actuarially determined annual required contribution for the year ended June 30, 2013, was \$943,606, and contributions made by the District during the year ended June 30, 2013, were \$604,183. This resulted in a net OPEB obligation of \$1,888,949 at June 30, 2013. See note 11 for additional information regarding the OPEB obligation and the postemployment benefit plan.

**8. EMPLOYEE RETIREMENT SYSTEMS**

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

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

**Plan Description**

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

**Funding Policy**

Active plan members are required to contribute 8.0% of their gross salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal years ended June 30, 2013, 2012, and 2011, was 8.25% of annual payroll. State statutes establish the contribution requirements of the plan members. The District's contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$413,749, \$451,804, and \$476,418, respectively, and equaled 100% of the required contributions each year.

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

**Plan Description**

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

**Funding Policy**

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2013, 2012, and 2011, was 11.417%, 10.923%, and 10.707%, respectively, of annual payroll. State statutes establish the contribution requirements of the plan members. The District's contributions to CalPERS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$341,903, \$394,818, and \$393,918, respectively, and equaled 100% of the required contributions each year.

**9. STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS**

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

**10. RISK MANAGEMENT**

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

Coverage includes property, liability, and workers' compensation insurance. Liability losses in excess of the District's \$1,000 retention amount are covered through the SWACC up to \$25,000,000 per occurrence. In November 2009, the District dropped its independent membership in the Schools Excess Liability Fund (SELF) in order to obtain seamless liability coverage through the SWACC. Property losses in excess of the District's \$1,000 retention amount are covered up to the District's total insurable values. Workers' compensation losses are fully insured. There has been no significant reduction in any of the insurance coverages from prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

The District has a self-insured health insurance plan, which covers all eligible employees. Annual expenses in excess of the District's self-insured retention of \$100,000 per employee up to \$1,900,000 per employee are covered by excess insurance through a stop loss carrier.



**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, 2013, the District has 25 active employees who are eligible for post-retirement health benefits, and 66 retiree who receive post-retirement health benefits.

**Funding Policy**

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. Additionally, the District has established an irrevocable trust (the "Trust") with Union Bank of California through the Retiree Health Benefit Program Joint Powers Authority to prefund a portion of the retiree health benefit costs. For the year ended June 30, 2013, the District contributed \$604,183 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 cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) or funding costs over a period of 30 years. The following table shows the components of the District's annual OPEB cost, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan for the year ended June 30, 2013:

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

Annual required contribution (ARC)	\$ 943,606
Adjustment to ARC	(126,207)
Interest on net OPEB obligation	109,628
<b>Annual OPEB Cost</b>	<b>927,027</b>
Contributions	(604,183)
<b>Change in Net OPEB Obligation</b>	<b>322,844</b>
<b>Net OPEB Obligation - Beginning of Year</b>	<b>1,566,105</b>
<b>Net OPEB Obligation - End of Year</b>	<b>\$ 1,888,949</b>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2011, 2012, and 2013 is as follows:

<b>Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Actual Employer Contributions</b>	<b>Percentage Contributed</b>	<b>Net Ending OPEB Obligation (Deferred Charge)</b>
June 30, 2011	\$ 749,809	\$ 477,934	64%	\$ 1,016,535
June 30, 2012	\$ 932,845	\$ 383,275	41%	\$ 1,566,105
June 30, 2013	\$ 927,027	\$ 604,183	65%	\$ 1,888,949

**Funded Status and Funding Progress**

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

	<b>December 1, 2011</b>
Actuarial accrued liability (AAL)	\$ 11,486,032
Actuarial value of plan assets	1,036,544
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>\$ 10,449,488</b>
Funded ratio (actuarial value of plan assets/AAL)	9.02%
Covered payroll (active members)	\$ 1,474,949
<b>UAAL as a Percentage of Covered Payroll</b>	<b>708.46%</b>

During the year ended June 30, 2009, the District set aside approximately \$1,052,325 in an external trust fund. The fair value of the trust fund was approximately \$777,872 at June 30, 2013.

### **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, 2011, actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 7.0% discount rate based on the assumption that a substantial portion of the ARC is funded. A 3.0% price inflation and a 3.0% wage inflation assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized over a 30-year period using the flat dollar amount method. The actuarial value of assets was determined using a 15-year smoothing formula subject to a 20% corridor around market value.

## **12. EMPLOYEE RETIREMENT INCENTIVE PLAN**

In 2012, the District offered retirement incentives to eligible employees. The incentive provided \$2,000 for each full-time year of service with the District but no more than 50% of the employee's last annual base salary up to a maximum of \$50,000. Seven employees accepted this offer. The total cost to the District was \$197,555. Of this amount, \$19,748 was paid during the year ended June 30, 2012 and \$177,806 was paid during the year ended June 30, 2013.

## **13. CHANGE IN ACCOUNTING PRINCIPLES**

The District adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, effective July 1, 2012. The beginning net position was increased by \$1,789,109 as a result of capitalizing interest on the bond projects that were previously expensed. In addition, building fixed assets and accumulated depreciation were increased by \$1,970,674 and \$181,565, respectively.

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District has implemented this reporting for the year ended June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

*Siskiyou Joint Community College District*

The District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial elements deferred outflows of resources and deferred inflows of financial resources to ensure consistency in financial reporting. The District implemented this statement in the year ended June 30, 2013. As a result, prior year deferred bond issuance costs of \$926,253 have been removed and treated as a reduction of beginning net position.

	<b>Net Assets</b>
Net position - July 1, 2012 - as previously reported	\$ 15,772,096
GASB 62 adjustment	1,789,109
GASB 65 adjustment	(926,253)
<b>Net Position - July 1, 2012 - as Restated</b>	<b>\$ 16,634,952</b>

**14. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS**

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

**15. BENEFICIAL INTEREST IN REMAINDER TRUSTS - FOUNDATION**

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

The Foundation has been named as the irrevocable remainder beneficiary of two charitable remainder trusts (the trusts are administered by a third party). At June 30, 2013, the present value of the future benefits was calculated using a discount rate of 1.2%, estimated rate of return of 1.2%, and applicable mortality tables.

Assets held in all charitable remainder trusts at June 30, 2013, totaled \$309,112, and are reported at fair value in the Foundation’s statement of financial position.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**16. INVESTMENT INCOME – FOUNDATION**

A summary of return on investments consisted of the following for the year ended June 30, 2013:

Interest and dividends	\$ 68,973
Change in value of CRAT	(8,835)
Net realized and unrealized gain (loss)	228,241
<b>Total Investment Income (Loss)</b>	<b>\$ 288,379</b>

**17. SPECIAL EVENTS – FOUNDATION**

The following is a summary of special events:

Year Ended June 30, 2013	Dinner Auction	Golf Tournament	Craft Fair	Total
Gross revenue	\$ 10,270	\$ 9,490	\$ 4,845	\$ 24,605
Expenses	2,213	4,701	1,056	7,970
<b>Total</b>	<b>\$ 8,057</b>	<b>\$ 4,789</b>	<b>\$ 3,789</b>	<b>\$ 16,635</b>

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

Temporarily restricted net assets are available for the following purposes:

Scholarships	\$ 450,590
Rural Health Sciences Training Institute	1,422,290
Beneficial interest in remainder trusts	309,112
Other programs	161,411
<b>Total</b>	<b>\$ 2,343,403</b>

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

Permanently restricted net assets are invested for the following purposes:

Scholarships	\$ 551,592
--------------	------------

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**20. ENDOWMENTS – FOUNDATION**

Endowment net asset composition by type of fund as of June 30, 2013, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Unrestricted</u>	<u>Permanently Unrestricted</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds:				
Scholarships	\$ -	\$ 450,590	\$ 551,592	\$ 1,002,182
Title III	-	1,422,290	-	1,422,290
Board-designated endowment funds	16,793	-	-	16,793
<b>Total Endowment Funds</b>	<b>\$ 16,793</b>	<b>\$ 1,872,880</b>	<b>\$ 551,592</b>	<b>\$ 2,441,265</b>
Endowment net assets - beginning of year	\$ 16,074	\$ 1,636,756	\$ 529,781	\$ 2,182,611
Contributions	12,707	500	21,811	35,018
Investment income	59	85,457	-	85,516
Net appreciation (depreciation)	660	179,567	-	180,227
Amounts appropriated for expenditure	(12,707)	(29,400)	-	(42,107)
<b>Endowment Net Assets - End of Year</b>	<b>\$ 16,793</b>	<b>\$ 1,872,880</b>	<b>\$ 551,592</b>	<b>\$ 2,441,265</b>

**21. ENDOWMENTS – FOUNDATION**

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

**22. FAIR VALUE MEASUREMENTS – FOUNDATION**

Fair values of assets measured on a recurring basis at June 30, 2013, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds and debt securities	\$ 2,595,180	\$ 2,595,180	\$ -	\$ -
Beneficial interest in CRAT	309,112	-	-	309,112
<b>Total</b>	<b>\$ 2,904,292</b>	<b>\$ 2,595,180</b>	<b>\$ -</b>	<b>\$ 309,112</b>

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

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

<b>Beginning of Year - July 1, 2012</b>	\$ 317,947
Total gains or losses (realized/unrealized)	(8,835)
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	-
<b>End of Year - June 30, 2013</b>	<b>\$ 309,112</b>

DRAFT

DRAFT

**SUPPLEMENTARY INFORMATION SECTION**



**ORGANIZATION STRUCTURE**

June 30, 2013

*Siskiyou Joint Community*

*College District*

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

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

**GOVERNING BOARD**

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

**ADMINISTRATION**

Mr. Randall Lawrence  
Superintendent/President

Dr. Robert Frost, Ph.D.  
Vice President, Student Learning

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

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

*Siskiyou Joint Community  
College District*

June 30, 2013

The full-time equivalent resident students (FTES) eligible for 2012-13 state apportionment reported to the Chancellor's Office as of June 30, 2013, are summarized below:

	<b>Factored Reported Data</b>
<b>SUMMER INTERSESSION (Summer 2012 only)</b>	
Noncredit	3.34
Credit	171.38
<b>SUMMER INTERSESSION (Summer 2013 - Prior to July 1, 2013)</b>	
Noncredit	-
Credit	109.26
<b>PRIMARY TERMS (Exclusive of Summer Intersession)</b>	
<b>Census Procedure Courses</b>	
Weekly census contact hours	967.38
Daily census contact hours	316.45
<b>Actual Hours of Attendance Procedure Courses</b>	
Noncredit	284.68
Credit	231.66
<b>Alternative Attendance Accounting Procedure</b>	
Weekly census procedure courses	276.40
Daily census procedure courses	96.57
<b>Total FTES</b>	<b>2,457.12</b>
<b>SUPPLEMENTARY INFORMATION (Subset of above information)</b>	
In-Service training courses (FTES)	11.95
<b>BASIC SKILLS COURSES AND IMMIGRANT EDUCATION</b>	
Noncredit	258.00
Credit	135.82
<b>CDCP NONCREDIT FTES</b>	<b>-</b>

*See the accompanying notes to the supplementary information.*

**SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**

June 30, 2013

*Siskiyou Joint Community  
College District*

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass Through/ Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>FEDERAL AWARDS</b>			
U.S. DEPARTMENT OF EDUCATION			
Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants		84.007	\$ 40,150
Federal Direct Student Loans		84.268	3,311,492
Federal Work-Study Program		84.033	57,074
Federal Pell Grant Program		84.063	4,118,126
<b>Total Financial Aid Cluster</b>			<u>7,526,842</u>
TRIO Cluster			
Student Support Services		84.042	231,280
Upward Bound		84.047	292,532
<b>Total TRIO Cluster</b>			<u>523,812</u>
Passed Through State Department of Education Career and Technical Education - Basic Grants to States	12-112-110	84.048	166,252
<b>Total Passed Through State Department of Education</b>			<u>166,252</u>
<b>Total U.S. Department of Education</b>			<u>8,216,906</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Siskiyou County Department of Education National Forest - Dependent Rural Communities	10044	10.670	161,094
<b>Total U.S. Department of Agriculture</b>			<u>161,094</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 8,378,000</u>

See the accompanying notes to the supplementary information.

**SCHEDULE OF EXPENDITURES OF  
STATE AWARDS**

June 30, 2013

*Siskiyou Joint Community  
College District*

	<b>Cash Received</b>	<b>Accounts Receivable</b>	<b>Deferred Income</b>	<b>Total</b>	<b>Program Expenditures</b>
CalWORKS	\$ 42,774	\$ (21,449)	\$ 37,371	\$ 58,696	\$ 58,696
TANF	25,970	-	5,650	31,620	31,620
Part-time faculty parity	51,231	-	-	51,231	51,231
CTE	-	-	-	-	-
SFAA	149,751	-	-	149,751	149,751
Matriculation	77,534	-	(2)	77,532	77,532
Basic skills	90,000	-	23,190	113,190	113,190
Instructional equipment	14,395	-	(7,033)	7,362	7,362
Staff diversity	3,906	-	857	4,763	4,763
DSP&S	198,441	-	4,438	202,879	202,879
E.O.P.S	268,973	-	(2,844)	266,129	266,129
C.A.R.E	43,038	-	(371)	42,667	42,667
All other categorical	824,541	(41,524)	24,876	807,893	807,893
<b>Total State Programs</b>	<b>\$ 1,790,554</b>	<b>\$ (62,973)</b>	<b>\$ 86,132</b>	<b>\$ 1,813,713</b>	<b>\$ 1,813,713</b>

*See the accompanying notes to the supplementary information.*

DRAFT

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

*Siskiyou Joint Community  
College District*

Page 1 of 3

June 30, 2013

	<b>General Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Measure A Interest and Redemption Fund</b>	<b>Cafeteria Fund</b>	<b>Balance Forward</b>
<b>June 30, 2013, Annual Financial and Budget Report (CCFS-311) Fund Balances</b>	\$ 1,098,315	\$ 55,144	\$ 2,420,552	\$ 160,307	\$ 3,734,318
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	-	-	-	-	-
Audit adjustments	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-
Rounding	1	1	1	(1)	2
<b>Net Adjustments and Reclassifications</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>(1)</b>	<b>2</b>
<b>June 30, 2013, Audited Financial Statement Fund Balances</b>	<b>\$ 1,098,316</b>	<b>\$ 55,145</b>	<b>\$ 2,420,553</b>	<b>\$ 160,306</b>	<b>\$ 3,734,320</b>

*See the accompanying notes to the supplementary information.*

	<b>Balance Brought Forward</b>	<b>Dormitory Revenue Fund</b>	<b>Dormitory Repair and Replacement Fund</b>	<b>Capital Outlay Fund</b>	<b>Balance Forward</b>
<b>June 30, 2013, Annual Financial and Budget Report (CCFS-311) Fund Balances</b>	\$ 3,734,318	\$ (55,466)	\$ 9,890	\$ 1,654,016	\$ 5,342,758
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	-	-	-	-	-
Audit adjustments	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-
Rounding	2	1	-	(3)	-
<b>Net Adjustments and Reclassifications</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>(3)</b>	<b>-</b>
<b>June 30, 2013, Audited Financial Statement Fund Balances</b>	<b>\$ 3,734,320</b>	<b>\$ (55,465)</b>	<b>\$ 9,890</b>	<b>\$ 1,654,013</b>	<b>\$ 5,342,758</b>

*See the accompanying notes to the supplementary information.*

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

June 30, 2013

	<b>Balance Brought Forward</b>	<b>Bond Construction Fund</b>	<b>Bookstore Fund</b>	<b>Self- Insurance Fund</b>	<b>Balance Forward</b>
<b>June 30, 2013, Annual Financial and Budget Report (CCFS-311) Fund Balances</b>	\$ 5,342,758	\$ 13	\$ 1,725	\$ 1,357,333	\$ 6,701,829
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	-	-	-	(777,872)	(777,872)
Audit adjustments	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	-
Rounding	-	1	1	-	2
<b>Net Adjustments and Reclassifications</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>(777,872)</b>	<b>(777,870)</b>
<b>June 30, 2013, Audited Financial Statement Fund Balances</b>	<b>\$ 5,342,758</b>	<b>\$ 14</b>	<b>\$ 1,726</b>	<b>\$ 579,461</b>	<b>\$ 5,923,959</b>

See the accompanying notes to the supplementary information.

	<b>Balance Brought Forward</b>	<b>Associated Students Trust Fund</b>	<b>Student Financial Aid Trust Fund</b>	<b>Scholarship and Loan Trust Fund</b>	<b>Balance Forward</b>
<b>June 30, 2013, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 6,701,829	\$ 26,627	\$ -	\$ 25,316	\$ 6,753,772
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	(777,872)	-	(12,727)	-	(790,599)
Audit adjustments	-	-	-	-	-
Reclassification of amounts held for others	-	(26,627)	-	(25,316)	(51,943)
Rounding	2	-	-	-	2
<b>Net Adjustments and Reclassifications</b>	<b>(777,870)</b>	<b>(26,627)</b>	<b>(12,727)</b>	<b>(25,316)</b>	<b>(842,540)</b>
<b>June 30, 2013, Audited Financial Statement Fund Balances</b>	<b>\$ 5,923,959</b>	<b>\$ -</b>	<b>\$ (12,727)</b>	<b>\$ -</b>	<b>\$ 5,911,232</b>

See the accompanying notes to the supplementary information.

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

June 30, 2013

*Siskiyou Joint Community*

*College District*

Page 3 of 3

	<b>Balance Brought Forward</b>	<b>Other Agency Funds</b>	<b>Total District Funds</b>
<b>June 30, 2013, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	<b>\$ 6,753,772</b>	<b>\$ (12,729)</b>	<b>\$ 6,741,043</b>
Adjustment and reclassifications increasing (decreasing) the fund balance:			
District identified adjustments	(790,599)	-	(790,599)
Audit adjustments	-	-	-
Reclassification of amounts held for others	(51,943)	12,729	(39,214)
Rounding	2	-	2
<b>Net Adjustments and Reclassifications</b>	<b>(842,540)</b>	<b>12,729</b>	<b>(829,811)</b>
<b>June 30, 2013, Audited Financial Statement Fund Balances</b>	<b>\$ 5,911,232</b>	<b>\$ -</b>	<b>\$ 5,911,232</b>

*See the accompanying notes to the supplementary information.*

DRAFT

**RECONCILIATION OF 50% LAW CALCULATION**

June 30, 2013

*Siskiyou Joint Community*

*College District*

Page 1 of 2

	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b>ACADEMIC SALARIES</b>							
INSTRUCTIONAL SALARIES							
Contract or regular	1100	\$ 3,516,853	\$ -	\$ 3,516,853	\$ 3,516,853	\$ -	\$ 3,516,853
Other	1300	2,358,865	-	2,358,865	2,359,052	-	2,359,052
<b>Total Instructional Salaries</b>		<b>5,875,718</b>	<b>-</b>	<b>5,875,718</b>	<b>5,875,905</b>	<b>-</b>	<b>5,875,905</b>
NON-INSTRUCTIONAL SALARIES							
Contract or regular	1200	-	-	-	939,525	-	939,525
Other	1400	-	-	-	124,630	-	124,630
<b>Total Non-Instructional Salaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,064,155</b>	<b>-</b>	<b>1,064,155</b>
<b>Total Academic Salaries</b>		<b>5,875,718</b>	<b>-</b>	<b>5,875,718</b>	<b>6,940,060</b>	<b>-</b>	<b>6,940,060</b>
<b>CLASSIFIED SALARIES</b>							
NON-INSTRUCTIONAL SALARIES							
Regular status	2100	-	-	-	1,881,153	-	1,881,153
Other	2300	-	-	-	151,124	-	151,124
<b>Total Non-Instructional Salaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,032,277</b>	<b>-</b>	<b>2,032,277</b>
INSTRUCTIONAL AIDES							
Regular status	2200	128,042	-	128,042	144,420	-	144,420
Other	2400	164,128	-	164,128	164,128	-	164,128
<b>Total Instructional Aides</b>		<b>292,170</b>	<b>-</b>	<b>292,170</b>	<b>308,548</b>	<b>-</b>	<b>308,548</b>
<b>Total Classified Salaries</b>		<b>292,170</b>	<b>-</b>	<b>292,170</b>	<b>2,340,825</b>	<b>-</b>	<b>2,340,825</b>
OTHER							
Employee benefits	3000	1,310,251	-	1,310,251	3,260,925	-	3,260,925
Supplies and materials	4000	-	-	-	273,550	-	273,550
Other operating expenses	5000	-	-	-	2,214,319	-	2,214,319
Equipment replacement	6420	-	-	-	3,249	-	3,249
<b>Total Other</b>		<b>1,310,251</b>	<b>-</b>	<b>1,310,251</b>	<b>5,752,043</b>	<b>-</b>	<b>5,752,043</b>
<b>Total Expenditures Prior to Exclusions</b>		<b>\$ 7,478,139</b>	<b>\$ -</b>	<b>\$ 7,478,139</b>	<b>\$ 15,032,928</b>	<b>\$ -</b>	<b>\$ 15,032,928</b>

See the accompanying notes to the supplementary information.



**RECONCILIATION OF 50% LAW CALCULATION**

June 30, 2013

Siskiyou Joint Community

College District

Page 2 of 2

	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b>EXCLUSIONS</b>							
<b>ACTIVITIES TO EXCLUDE</b>							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	122,624	-	122,624
Non-instructional Staff Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
<b>Subtotal</b>		-	-	-	122,624	-	122,624
<b>OBJECTS TO EXCLUDE</b>							
Rents and leases	5060	-	-	-	39,899	-	39,899
Lottery expenditures							
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	106,531	-	106,531
Employee benefits	3000	-	-	-	118,128	-	118,128
<b>Subtotal</b>		-	-	-	264,558	-	264,558
Supplies and materials:	4000						
Software	4100	-	-	-	2,017	-	2,017
Books, magazines, and periodicals	4200	-	-	-	5,325	-	5,325
Instructional supplies and materials	4300	-	-	-	-	-	-
Non-instructional supplies and materials	4400	-	-	-	-	-	-
<b>Subtotal</b>		-	-	-	7,342	-	7,342
Other operating expenses and services	5000	-	-	-	8,641	-	8,641
Capital outlay:	6000						
Library books	6300	-	-	-	12,079	-	12,079
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
<b>Total Capital Outlay</b>		-	-	-	12,079	-	12,079
Other outgo	7000	-	-	-	-	-	-
<b>Total Exclusions</b>		-	-	-	415,244	-	415,244
<b>Total for ECS 84362 - 50% Law</b>		\$ 7,478,139	\$ -	\$ 7,478,139	\$ 14,617,684	\$ -	\$ 14,617,684
<b>Percentage of CEE (Instructional Salary Cost/Total CEE)</b>		51.16%	0.00%	51.16%			
<b>50% of Current Expense of Education</b>					\$ 7,308,840	\$ -	\$ 7,308,840

See the accompanying notes to the supplementary information.

**RECONCILIATION OF EDUCATION  
PROTECTION ACCOUNT  
EXPENDITURES**

*Siskiyou Joint Community  
College District*

June 30, 2013

	<b>Object Code</b>	<b>Salaries and Benefits (1000-3000)</b>	<b>Operating Expenses (4000-5000)</b>	<b>Capital Outlay (6000)</b>	<b>Total</b>
<b>EPA Proceeds</b>	8630				\$ 2,257,916
<b>Activity Classification:</b>					
Instructional activities	0100-5900	\$ 1,869,521	\$ 12,007	\$ -	1,881,528
Other support activities:					
Student Counseling and Guidance		252,666	3,578	-	256,244
Other Student Services		118,883	1,261	-	120,144
<b>Total Expenditures for EPA</b>		<b>\$ 2,241,070</b>	<b>\$ 16,846</b>	<b>\$ -</b>	<b>2,257,916</b>
<b>Total Revenue Less Expenditures</b>					<b>\$ -</b>

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

DRAFT

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

June 30, 2013	<b>General Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Measure A Interest and Redemption Fund</b>	<b>Cafeteria Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,629,711	\$ 8,963	\$ 2,841,113	\$ 37,619	\$ 4,517,406
Accounts receivable - net	5,010,885	31	2,955	175,081	5,188,952
Due from other funds	6,512	48,034	-	-	54,546
Due from Foundation	88,110	-	-	-	88,110
Inventory and prepaids	47,200	-	-	-	47,200
<b>Total Assets</b>	<b>\$ 6,782,418</b>	<b>\$ 57,028</b>	<b>\$ 2,844,068</b>	<b>\$ 212,700</b>	<b>\$ 9,896,214</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,517,986	\$ 1,883	\$ 356,047	\$ 2,355	\$ 1,878,271
Advances from grantors and students	1,391,116	-	-	-	1,391,116
Due to other funds	-	-	67,468	50,039	117,507
Amounts held for others	-	-	-	-	-
Short-term debt	2,775,000	-	-	-	2,775,000
Estimated liability for claims and claims adjustment expense	-	-	-	-	-
<b>Total Liabilities</b>	<b>5,684,102</b>	<b>1,883</b>	<b>423,515</b>	<b>52,394</b>	<b>6,161,894</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	-	-	-	-	-
Fund balances:					
Reserved for debt service	-	55,145	2,420,553	-	2,475,698
Reserved for capital outlay	-	-	-	-	-
Unreserved:					
Undesignated	1,098,316	-	-	160,306	1,258,622
<b>Total Fund Equity (Deficit)</b>	<b>1,098,316</b>	<b>55,145</b>	<b>2,420,553</b>	<b>160,306</b>	<b>3,734,320</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 6,782,418</b>	<b>\$ 57,028</b>	<b>\$ 2,844,068</b>	<b>\$ 212,700</b>	<b>\$ 9,896,214</b>

*See the accompanying notes to the supplementary information.*

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

June 30, 2013	<b>Balance Brought Forward</b>	<b>Dormitory Revenue Fund</b>	<b>Dormitory Repair and Replacement Fund</b>	<b>Capital Outlay Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,517,406	\$ 114,760	\$ 22,885	\$ 998,432	\$ 5,653,483
Accounts receivable - net	5,188,952	167,554	17	691	5,357,214
Due from other funds	54,546	-	-	698,303	752,849
Due from Foundation	88,110	-	-	-	88,110
Inventory and prepaids	47,200	-	-	-	47,200
<b>Total Assets</b>	<b>\$ 9,896,214</b>	<b>\$ 282,314</b>	<b>\$ 22,902</b>	<b>\$ 1,697,426</b>	<b>\$ 11,898,856</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,878,271	\$ 2,622	\$ -	\$ 43,413	\$ 1,924,306
Advances from grantors and students	1,391,116	-	-	-	1,391,116
Due to other funds	117,507	335,157	13,012	-	465,676
Amounts held for others	-	-	-	-	-
Short-term debt	2,775,000	-	-	-	2,775,000
Estimated liability for claims and claims adjustment expense	-	-	-	-	-
<b>Total Liabilities</b>	<b>6,161,894</b>	<b>337,779</b>	<b>13,012</b>	<b>43,413</b>	<b>6,556,098</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	-	-	-	-	-
Fund balances:					
Reserved for debt service	2,475,698	-	-	-	2,475,698
Reserved for capital outlay	-	-	9,890	1,091,428	1,101,318
Unreserved:					
Undesignated	1,258,622	(55,465)	-	562,585	1,765,742
<b>Total Fund Equity (Deficit)</b>	<b>3,734,320</b>	<b>(55,465)</b>	<b>9,890</b>	<b>1,654,013</b>	<b>5,342,758</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 9,896,214</b>	<b>\$ 282,314</b>	<b>\$ 22,902</b>	<b>\$ 1,697,426</b>	<b>\$ 11,898,856</b>

See the accompanying notes to the supplementary information.

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

June 30, 2013	<b>Balance Brought Forward</b>	<b>Bond Construction Fund</b>	<b>Bookstore Fund</b>	<b>Self- Insurance Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,653,483	\$ -	\$ 184,550	\$ 222,380	\$ 6,060,413
Accounts receivable - net	5,357,214	306	137,201	6,106	5,500,827
Due from other funds	752,849	-	-	615,537	1,368,386
Due from Foundation	88,110	-	-	-	88,110
Inventory and prepaids	47,200	-	168,765	-	215,965
<b>Total Assets</b>	<b>\$ 11,898,856</b>	<b>\$ 306</b>	<b>\$ 490,516</b>	<b>\$ 844,023</b>	<b>\$ 13,233,701</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,924,306	\$ -	\$ 15,687	\$ -	\$ 1,939,993
Advances from grantors and students	1,391,116	-	-	-	1,391,116
Due to other funds	465,676	292	473,103	-	939,071
Amounts held for others	-	-	-	-	-
Short-term debt	2,775,000	-	-	-	2,775,000
Estimated liability for claims and claims adjustment expense	-	-	-	264,562	264,562
<b>Total Liabilities</b>	<b>6,556,098</b>	<b>292</b>	<b>488,790</b>	<b>264,562</b>	<b>7,309,742</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	-	-	1,726	579,461	581,187
Fund balances:					
Reserved for debt service	2,475,698	-	-	-	2,475,698
Reserved for capital outlay	1,101,318	14	-	-	1,101,332
Unreserved:					
Undesignated	1,765,742	-	-	-	1,765,742
<b>Total Fund Equity (Deficit)</b>	<b>5,342,758</b>	<b>14</b>	<b>1,726</b>	<b>579,461</b>	<b>5,923,959</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 11,898,856</b>	<b>\$ 306</b>	<b>\$ 490,516</b>	<b>\$ 844,023</b>	<b>\$ 13,233,701</b>

See the accompanying notes to the supplementary information.

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

*Siskiyou Joint Community  
College District  
Page 4 of 5*

June 30, 2013	<b>Balance Brought Forward</b>	<b>Associated Students Trust Fund</b>	<b>Student Financial Aid Trust Fund</b>	<b>Scholarship and Loan Trust Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,060,413	\$ 12,696	\$ 339,330	\$ 23,548	\$ 6,435,987
Accounts receivable - net	5,500,827	10,664	134,322	1,943	5,647,756
Due from other funds	1,368,386	11,146	-	-	1,379,532
Due from Foundation	88,110	-	-	-	88,110
Inventory and prepaids	215,965	-	-	-	215,965
<b>Total Assets</b>	<b>\$ 13,233,701</b>	<b>\$ 34,506</b>	<b>\$ 473,652</b>	<b>\$ 25,491</b>	<b>\$ 13,767,350</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,939,993	\$ -	\$ 20,582	\$ -	\$ 1,960,575
Advances from grantors and students	1,391,116	7,878	12,718	-	1,411,712
Due to other funds	939,071	-	453,079	175	1,392,325
Amounts held for others	-	26,628	-	25,316	51,944
Short-term debt	2,775,000	-	-	-	2,775,000
Estimated liability for claims and claims adjustment expense	264,562	-	-	-	264,562
<b>Total Liabilities</b>	<b>7,309,742</b>	<b>34,506</b>	<b>486,379</b>	<b>25,491</b>	<b>7,856,118</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	581,187	-	-	-	581,187
Fund balances:					
Reserved for debt service	2,475,698	-	-	-	2,475,698
Reserved for capital outlay	1,101,332	-	-	-	1,101,332
Unreserved:					
Undesignated	1,765,742	-	(12,727)	-	1,753,015
<b>Total Fund Equity (Deficit)</b>	<b>5,923,959</b>	<b>-</b>	<b>(12,727)</b>	<b>-</b>	<b>5,911,232</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 13,233,701</b>	<b>\$ 34,506</b>	<b>\$ 473,652</b>	<b>\$ 25,491</b>	<b>\$ 13,767,350</b>

*See the accompanying notes to the supplementary information.*

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

June 30, 2013	<b>Balance Brought Forward</b>	<b>Other Agency Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,435,987	\$ 21,334	\$ 6,457,321
Accounts receivable - net	5,647,756	4,676	5,652,432
Due from other funds	1,379,532	17,151	1,396,683
Due from Foundation	88,110	-	88,110
Inventory and prepaids	215,965	-	215,965
<b>Total Assets</b>	<b>\$ 13,767,350</b>	<b>\$ 43,161</b>	<b>\$ 13,810,511</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,960,575	\$ 806	\$ 1,961,381
Advances from grantors and students	1,411,712	-	1,411,712
Due to other funds	1,392,325	4,358	1,396,683
Amounts held for others	51,944	37,997	89,941
Short-term debt	2,775,000	-	2,775,000
Estimated liability for claims and claims adjustment expense	264,562	-	264,562
<b>Total Liabilities</b>	<b>7,856,118</b>	<b>43,161</b>	<b>7,899,279</b>
<b>FUND EQUITY</b>			
Retained earnings (deficit)	581,187	-	581,187
Fund balances:			
Reserved for debt service	2,475,698	-	2,475,698
Reserved for capital outlay	1,101,332	-	1,101,332
Unreserved:			
Undesignated	1,753,015	-	1,753,015
<b>Total Fund Equity (Deficit)</b>	<b>5,911,232</b>	<b>-</b>	<b>5,911,232</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 13,767,350</b>	<b>\$ 43,161</b>	<b>\$ 13,810,511</b>

See the accompanying notes to the supplementary information.

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

June 30, 2013	General Fund	Bond Interest and Redemption Fund	Measure A Interest and Redemption Fund	Cafeteria Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 3,392,798	\$ -	\$ -	\$ 499,059	\$ 3,891,857
Less: Scholarship discount and allowance	1,657,584	-	-	-	1,657,584
<b>Net Tuition and Fees</b>	<b>1,735,214</b>	<b>-</b>	<b>-</b>	<b>499,059</b>	<b>2,234,273</b>
Grants and contracts - noncapital:					
Federal	859,820	-	-	-	859,820
State	1,276,007	-	-	-	1,276,007
Local	196,143	-	-	34,302	230,445
Auxiliary enterprise sales and charges	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>4,067,184</b>	<b>-</b>	<b>-</b>	<b>533,361</b>	<b>4,600,545</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	10,348,895	-	-	7,314	10,356,209
Employee benefits	3,849,449	-	-	1,904	3,851,353
Supplies, materials, and other expenditures/ expenses and services	2,722,812	96	2,640	449,440	3,174,988
Payments to students	179,721	-	-	-	179,721
Capital outlay	350,362	-	-	2,752	353,114
Utilities	445,855	-	-	20,000	465,855
<b>Total Operating Expenditures/Expenses</b>	<b>17,897,094</b>	<b>96</b>	<b>2,640</b>	<b>481,410</b>	<b>18,381,240</b>
<b>Operating Income (Loss)</b>	<b>(13,829,910)</b>	<b>(96)</b>	<b>(2,640)</b>	<b>51,951</b>	<b>(13,780,695)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	8,129,363	-	-	-	8,129,363
Local property taxes - noncapital	3,374,844	-	-	-	3,374,844
State taxes and other revenues - noncapital	2,636,094	-	25,765	-	2,661,859
Investment income - noncapital	10,804	307	12,440	-	23,551
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid expenses	-	-	-	-	-
Other nonoperating revenues	109,027	-	-	-	109,027
Debt service	(61,769)	(438,346)	(1,109,082)	-	(1,609,197)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>14,198,363</b>	<b>(438,039)</b>	<b>(1,070,877)</b>	<b>-</b>	<b>12,689,447</b>
<b>Income (Loss) Before Other Revenues and Expenditures</b>	<b>368,453</b>	<b>(438,135)</b>	<b>(1,073,517)</b>	<b>51,951</b>	<b>(1,091,248)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	-	-	-	-	-
Local property taxes and revenues - capital	-	-	1,509,155	-	1,509,155
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	<b>368,453</b>	<b>(438,135)</b>	<b>435,638</b>	<b>51,951</b>	<b>417,907</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	60,310	438,353	-	-	498,663
Operating transfers out	(665,145)	-	-	-	(665,145)
Note proceeds	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(604,835)</b>	<b>438,353</b>	<b>-</b>	<b>-</b>	<b>(166,482)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>(236,382)</b>	<b>218</b>	<b>435,638</b>	<b>51,951</b>	<b>251,425</b>
<b>Fund Equity - Beginning of Year</b>	<b>1,334,698</b>	<b>54,927</b>	<b>1,984,915</b>	<b>108,355</b>	<b>3,482,895</b>
<b>Fund Equity - End of Year</b>	<b>\$ 1,098,316</b>	<b>\$ 55,145</b>	<b>\$ 2,420,553</b>	<b>\$ 160,306</b>	<b>\$ 3,734,320</b>

See the accompanying notes to the supplementary information.



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

*Siskiyou Joint Community  
College District  
Page 2 of 5*

June 30, 2013	Balance Brought Forward	Dormitory Revenue Fund	Dormitory Repair and Replacement Fund	Capital Outlay Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 3,891,857	\$ 469,047	\$ -	\$ -	\$ 4,360,904
Less: Scholarship discount and allowance	1,657,584	-	-	-	1,657,584
<b>Net Tuition and Fees</b>	<b>2,234,273</b>	<b>469,047</b>	<b>-</b>	<b>-</b>	<b>2,703,320</b>
Grants and contracts - noncapital:					
Federal	859,820	-	-	-	859,820
State	1,276,007	-	-	-	1,276,007
Local	230,445	85,380	-	103,866	419,691
Auxiliary enterprise sales and charges	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>4,600,545</b>	<b>554,427</b>	<b>-</b>	<b>103,866</b>	<b>5,258,838</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	10,356,209	165,027	-	-	10,521,236
Employee benefits	3,851,353	92,503	-	-	3,943,856
Supplies, materials, and other expenditures/ expenses and services	3,174,988	56,611	25,122	300,681	3,557,402
Payments to students	179,721	-	-	-	179,721
Capital outlay	353,114	6,826	-	312,038	671,978
Utilities	465,855	41,000	-	-	506,855
<b>Total Operating Expenditures/Expenses</b>	<b>18,381,240</b>	<b>361,967</b>	<b>25,122</b>	<b>612,719</b>	<b>19,381,048</b>
<b>Operating Income (Loss)</b>	<b>(13,780,695)</b>	<b>192,460</b>	<b>(25,122)</b>	<b>(508,853)</b>	<b>(14,122,210)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	8,129,363	-	-	-	8,129,363
Local property taxes - noncapital	3,374,844	-	-	-	3,374,844
State taxes and other revenues - noncapital	2,661,859	-	-	-	2,661,859
Investment income - noncapital	23,551	291	146	4,282	28,270
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid expenses	-	-	-	-	-
Other nonoperating revenues	109,027	-	-	-	109,027
Debt service	(1,609,197)	-	-	-	(1,609,197)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>12,689,447</b>	<b>291</b>	<b>146</b>	<b>4,282</b>	<b>12,694,166</b>
<b>Income (Loss) Before Other Revenues and     Expenditures</b>	<b>(1,091,248)</b>	<b>192,751</b>	<b>(24,976)</b>	<b>(504,571)</b>	<b>(1,428,044)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	-	-	-	296,547	296,547
Local property taxes and revenues - capital	1,509,155	-	-	-	1,509,155
<b>Excess of Revenues Over (Under)     Expenditures/Expenses</b>	<b>417,907</b>	<b>192,751</b>	<b>(24,976)</b>	<b>(208,024)</b>	<b>377,658</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	498,663	-	4,000	698,759	1,201,422
Operating transfers out	(665,145)	(49,860)	-	(477,236)	(1,192,241)
Note proceeds	-	-	-	1,090,514	1,090,514
<b>Total Other Financing Sources (Uses)</b>	<b>(166,482)</b>	<b>(49,860)</b>	<b>4,000</b>	<b>1,312,037</b>	<b>1,099,695</b>
<b>Excess of Revenues and Other Financing Sources     Over (Under) Expenditures/Expenses and     Other Financing Uses</b>	<b>251,425</b>	<b>142,891</b>	<b>(20,976)</b>	<b>1,104,013</b>	<b>1,477,353</b>
<b>Fund Equity - Beginning of Year</b>	<b>3,482,895</b>	<b>(198,356)</b>	<b>30,866</b>	<b>550,000</b>	<b>3,865,405</b>
<b>Fund Equity - End of Year</b>	<b>\$ 3,734,320</b>	<b>\$ (55,465)</b>	<b>\$ 9,890</b>	<b>\$ 1,654,013</b>	<b>\$ 5,342,758</b>

See the accompanying notes to the supplementary information.

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

June 30, 2013	Balance Brought Forward	Bond Construction Fund	Bookstore Fund	Self- Insurance Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 4,360,904	\$ -	\$ -	\$ -	\$ 4,360,904
Less: Scholarship discount and allowance	1,657,584	-	-	-	1,657,584
<b>Net Tuition and Fees</b>	<b>2,703,320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,703,320</b>
Grants and contracts - noncapital:					
Federal	859,820	-	-	-	859,820
State	1,276,007	-	-	-	1,276,007
Local	419,691	-	-	3,344,391	3,764,082
Auxiliary enterprise sales and charges	-	-	580,390	-	580,390
<b>Total Operating Revenues</b>	<b>5,258,838</b>	<b>-</b>	<b>580,390</b>	<b>3,344,391</b>	<b>9,183,619</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	10,521,236	-	71,442	-	10,592,678
Employee benefits	3,943,856	-	26,037	3,592,263	7,562,156
Supplies, materials, and other expenditures/ expenses and services	3,557,402	959	431,517	10,799	4,000,677
Payments to students	179,721	-	-	-	179,721
Capital outlay	671,978	516,486	7,733	-	1,196,197
Utilities	506,855	269	10,000	-	517,124
<b>Total Operating Expenditures/Expenses</b>	<b>19,381,048</b>	<b>517,714</b>	<b>546,729</b>	<b>3,603,062</b>	<b>24,048,553</b>
<b>Operating Income (Loss)</b>	<b>(14,122,210)</b>	<b>(517,714)</b>	<b>33,661</b>	<b>(258,671)</b>	<b>(14,864,934)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	8,129,363	-	-	-	8,129,363
Local property taxes - noncapital	3,374,844	-	-	-	3,374,844
State taxes and other revenues - noncapital	2,661,859	-	-	-	2,661,859
Investment income - noncapital	28,270	123	-	-	28,393
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid expenses	-	-	-	-	-
Other nonoperating revenues	109,027	-	-	-	109,027
Debt service	(1,609,197)	-	-	-	(1,609,197)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>12,694,166</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>12,694,289</b>
<b>Income (Loss) Before Other Revenues and     Expenditures</b>	<b>(1,428,044)</b>	<b>(517,591)</b>	<b>33,661</b>	<b>(258,671)</b>	<b>(2,170,645)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	296,547	483,065	-	-	779,612
Local property taxes and revenues - capital	1,509,155	-	-	-	1,509,155
<b>Excess of Revenues Over (Under)     Expenditures/Expenses</b>	<b>377,658</b>	<b>(34,526)</b>	<b>33,661</b>	<b>(258,671)</b>	<b>118,122</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	1,201,422	-	-	-	1,201,422
Operating transfers out	(1,192,241)	(23,450)	-	-	(1,215,691)
Note proceeds	1,090,514	-	-	-	1,090,514
<b>Total Other Financing Sources (Uses)</b>	<b>1,099,695</b>	<b>(23,450)</b>	<b>-</b>	<b>-</b>	<b>1,076,245</b>
<b>Excess of Revenues and Other Financing Sources     Over (Under) Expenditures/Expenses and     Other Financing Uses</b>	<b>1,477,353</b>	<b>(57,976)</b>	<b>33,661</b>	<b>(258,671)</b>	<b>1,194,367</b>
<b>Fund Equity - Beginning of Year</b>	<b>3,865,405</b>	<b>57,990</b>	<b>(31,935)</b>	<b>838,132</b>	<b>4,729,592</b>
<b>Fund Equity - End of Year</b>	<b>\$ 5,342,758</b>	<b>\$ 14</b>	<b>\$ 1,726</b>	<b>\$ 579,461</b>	<b>\$ 5,923,959</b>

See the accompanying notes to the supplementary information.

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

June 30, 2013	<b>Balance Brought Forward</b>	<b>Associated Students Trust Fund</b>	<b>Student Financial Aid Trust Fund</b>	<b>Scholarship and Loan Trust Fund</b>	<b>Balance Forward</b>
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 4,360,904	\$ -	\$ -	\$ -	\$ 4,360,904
Less: Scholarship discount and allowance	1,657,584	-	-	-	1,657,584
<b>Net Tuition and Fees</b>	<b>2,703,320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,703,320</b>
Grants and contracts - noncapital:					
Federal	859,820	-	-	-	859,820
State	1,276,007	-	308,765	-	1,584,772
Local	3,764,082	-	-	-	3,764,082
Auxiliary enterprise sales and charges	580,390	-	-	-	580,390
<b>Total Operating Revenues</b>	<b>9,183,619</b>	<b>-</b>	<b>308,765</b>	<b>-</b>	<b>9,492,384</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	10,592,678	-	94,327	-	10,687,005
Employee benefits	7,562,156	-	22,850	-	7,585,006
Supplies, materials, and other expenditures/ expenses and services	4,000,677	-	32,233	-	4,032,910
Payments to students	179,721	-	-	-	179,721
Capital outlay	1,196,197	-	2,073	-	1,198,270
Utilities	517,124	-	-	-	517,124
<b>Total Operating Expenditures/Expenses</b>	<b>24,048,553</b>	<b>-</b>	<b>151,483</b>	<b>-</b>	<b>24,200,036</b>
<b>Operating Income (Loss)</b>	<b>(14,864,934)</b>	<b>-</b>	<b>157,282</b>	<b>-</b>	<b>(14,707,652)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	8,129,363	-	-	-	8,129,363
Local property taxes - noncapital	3,374,844	-	-	-	3,374,844
State taxes and other revenues - noncapital	2,661,859	-	-	-	2,661,859
Investment income - noncapital	28,393	-	-	-	28,393
Financial aid revenues - federal	-	-	7,521,988	-	7,521,988
Financial aid revenues - state	-	-	166,813	-	166,813
Financial aid expenses	-	-	(7,881,162)	-	(7,881,162)
Other nonoperating revenues	109,027	-	-	-	109,027
Debt service	(1,609,197)	-	-	-	(1,609,197)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>12,694,289</b>	<b>-</b>	<b>(192,361)</b>	<b>-</b>	<b>12,501,928</b>
<b>Income (Loss) Before Other Revenues and Expenditures</b>	<b>(2,170,645)</b>	<b>-</b>	<b>(35,079)</b>	<b>-</b>	<b>(2,205,724)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	779,612	-	-	-	779,612
Local property taxes and revenues - capital	1,509,155	-	-	-	1,509,155
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	<b>118,122</b>	<b>-</b>	<b>(35,079)</b>	<b>-</b>	<b>83,043</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	1,201,422	-	14,269	-	1,215,691
Operating transfers out	(1,215,691)	-	-	-	(1,215,691)
Note proceeds	1,090,514	-	-	-	1,090,514
<b>Total Other Financing Sources (Uses)</b>	<b>1,076,245</b>	<b>-</b>	<b>14,269</b>	<b>-</b>	<b>1,090,514</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>1,194,367</b>	<b>-</b>	<b>(20,810)</b>	<b>-</b>	<b>1,173,557</b>
<b>Fund Equity - Beginning of Year</b>	<b>4,729,592</b>	<b>-</b>	<b>8,083</b>	<b>-</b>	<b>4,737,675</b>
<b>Fund Equity - End of Year</b>	<b>\$ 5,923,959</b>	<b>\$ -</b>	<b>\$ (12,727)</b>	<b>\$ -</b>	<b>\$ 5,911,232</b>

See the accompanying notes to the supplementary information.

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

June 30, 2013	<b>Balance Brought Forward</b>	<b>Other Agency Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 4,360,904	\$ -	\$ 4,360,904
Less: Scholarship discount and allowance	1,657,584	-	1,657,584
<b>Net Tuition and Fees</b>	<b>2,703,320</b>	<b>-</b>	<b>2,703,320</b>
Grants and contracts - noncapital:			
Federal	859,820	-	859,820
State	1,584,772	-	1,584,772
Local	3,764,082	-	3,764,082
Auxiliary enterprise sales and charges	580,390	-	580,390
<b>Total Operating Revenues</b>	<b>9,492,384</b>	<b>-</b>	<b>9,492,384</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>			
Salaries	10,687,005	-	10,687,005
Employee benefits	7,585,006	-	7,585,006
Supplies, materials, and other expenditures/ expenses and services	4,032,910	-	4,032,910
Payments to students	179,721	-	179,721
Capital outlay	1,198,270	-	1,198,270
Utilities	517,124	-	517,124
<b>Total Operating Expenditures/Expenses</b>	<b>24,200,036</b>	<b>-</b>	<b>24,200,036</b>
<b>Operating Income (Loss)</b>	<b>(14,707,652)</b>	<b>-</b>	<b>(14,707,652)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>			
State apportionments - noncapital	8,129,363	-	8,129,363
Local property taxes - noncapital	3,374,844	-	3,374,844
State taxes and other revenues - noncapital	2,661,859	-	2,661,859
Investment income - noncapital	28,393	-	28,393
Financial aid revenues - federal	7,521,988	-	7,521,988
Financial aid revenues - state	166,813	-	166,813
Financial aid expenses	(7,881,162)	-	(7,881,162)
Other nonoperating revenues	109,027	-	109,027
Debt service	(1,609,197)	-	(1,609,197)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>12,501,928</b>	<b>-</b>	<b>12,501,928</b>
<b>Income (Loss) Before Other Revenues and Expenditures</b>	<b>(2,205,724)</b>	<b>-</b>	<b>(2,205,724)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>			
State revenue - capital	779,612	-	779,612
Local property taxes and revenues - capital	1,509,155	-	1,509,155
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>83,043</b>	<b>-</b>	<b>83,043</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	1,215,691	-	1,215,691
Operating transfers out	(1,215,691)	-	(1,215,691)
Note proceeds	1,090,514	-	1,090,514
<b>Total Other Financing Sources (Uses)</b>	<b>1,090,514</b>	<b>-</b>	<b>1,090,514</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>1,173,557</b>	<b>-</b>	<b>1,173,557</b>
<b>Fund Equity - Beginning of Year</b>	<b>4,737,675</b>	<b>-</b>	<b>4,737,675</b>
<b>Fund Equity - End of Year</b>	<b>\$ 5,911,232</b>	<b>\$ -</b>	<b>\$ 5,911,232</b>

See the accompanying notes to the supplementary information.

**RECONCILIATION OF FUND EQUITY  
TO NET POSITION**

June 30, 2013

*Siskiyou Joint Community  
College District*

<b>Total Fund Equity - District Funds Included in the Reporting Entity</b>		<b>\$ 5,911,232</b>
Assets recorded within the statement of net position not included in the District fund financial statements:		
Nondepreciable capital assets		223,139
Depreciable capital assets	\$ 54,375,951	
Accumulated depreciation	<u>(12,762,703)</u>	41,613,248
Liabilities recorded within the statement of net position not recorded in the District fund financial statements:		
Compensated absences		(281,173)
Long-term debt		(30,050,446)
Other postemployment benefit asset (obligation)		<u>(1,888,949)</u>
<b>Net Assets Reported Within the Statement of Net Position</b>		<b><u>\$ 15,527,051</u></b>

*See the accompanying notes to the supplementary information.*

DRAFT

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

June 30, 2013

*Siskiyou Joint Community  
College District*

<b>Change in Fund Equity - District Funds Included in the Reporting Entity</b>	<b>\$ 1,173,557</b>
Compensated absence expense not reported within the GASB 35 Statements	13,467
Depreciation expense reported within the GASB 35 Statements	(1,590,011)
Accretion of general obligation bonds reported within the GASB 35 Statements	(657,284)
Amortization of bond premiums reported within the GASB 35 Statements	58,249
Capital outlay expense not reported within the GASB 35 Statements	653,419
Other postemployment benefits expense reported within the GASB 35 Statements	(322,844)
Note proceeds not reported within the GASB 35 Statements	(1,090,514)
Principal payments on debt not reported within the GASB 35 Statements	654,060
<b>Change in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position</b>	<b>\$ (1,107,901)</b>

*See the accompanying notes to the supplementary information.*

DRAFT

**PURPOSE OF SCHEDULES**

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

A full-time equivalent student is a measurement of the number of hours students attend classes. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to community college districts.

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

These schedules are prepared on the modified accrual basis of accounting. OMB Circular A-133 requires disclosure of the financial activities of all federally funded programs. These schedules were prepared to comply with OMB Circular A-133 and state requirements.

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

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Form CCFS-311 to the audited financial statements other than those adjustments related to the conversion required by GASB Statement Nos. 34 and 35.

**Reconciliation of 50% Law Calculation**

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

**Reconciliation of Education Protection Account Expenditures**

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

DRAFT

**OTHER REPORTS SECTION**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Siskiyou Joint Community College District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **DATE**.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

***Compliance and Other Matters***

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Continued

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**DATE**

Redding, California

DRAFT

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH 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, 2013. 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 each of 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 its major federal programs for the year ended June 30, 2013.

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

Continued

**Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 13-1, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. 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.

**Purpose of This Report**

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

**DATE**

Redding, California

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

### **Compliance**

We have audited the Siskiyou Joint Community College District (the District) compliance with the types of state compliance requirements described in the *California Community Colleges Contracted District Audit Manual 2012-13*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2013. 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 2012-13*, published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2012-13*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination of the District's compliance with those requirements.

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Continued

---

---

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  
GANN LIMIT CALCULATION  
CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)  
OPEN ENROLLMENT  
STUDENT FEES - INSTRUCTIONAL AND OTHER MATERIALS  
STUDENT FEES - HEALTH FEES AND USE OF HEALTH FEES  
EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (EOPS) AND  
COOPERATIVE AGENCIES RESOURCES FOR EDUCATION (CARE)  
DISABLED STUDENT PROGRAMS AND SERVICES (DSPS)  
TO BE ARRANGED HOURS (TBA)  
PROPOSITION 1D STATE BOND FUNDED PROJECTS  
PROPOSITION 30 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, 2013, except as described in the accompanying schedule of findings and questioned costs as item 13-2 through 13-10.

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

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of compliance, and the results of that testing based on the *California Community Colleges Contracted District Audit Manual 2012-13*. Accordingly, this report is not suitable for any other purpose.

**DATE**

Redding, California

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION**

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**SECTION I  
SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	None reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	Yes
Identification of major programs	
CFDA Nos. 84.007, 84.268, 84.033, and 84.063	Student Financial Assistance Cluster
CFDA Nos. 84.042 and 84.047	Trio Cluster
Threshold for distinguishing types A and B programs	\$300,000
Determined to be a low-risk auditee?	Yes

**STATE AWARDS**

Internal control over state programs	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	Yes
Type of auditors' report issued on compliance for state programs	Qualified



**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**SECTION II FINDINGS  
FINANCIAL STATEMENT AUDIT**

None.

DRAFT

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**SECTION III FINDINGS  
FEDERAL AWARDS AUDIT**

**FEDERAL AWARD PROGRAM (STUDENT FINANCIAL AID)**

(13-1)

**Reportable Condition**

**Condition**

Direct loan School Account Statement (SAS) monthly data file reports are not being reconciled with the District's internal financial records on a timely basis. Currently, the District is performing this task on a quarterly basis.

**Criteria**

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

**Effect**

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

***Recommendation***

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

***Response***

The District is training appropriate personnel and has implemented procedures to allow for monthly SAS reconciliations.

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**SECTION IV FINDINGS  
STATE AWARDS AUDIT**

**STATE COMPLIANCE (General Apportionment)**

(13-2)

**Reportable Condition**

**Condition**

The District claimed apportionment for eleven courses that were cancelled.

**Criteria**

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

**Effect**

This noncompliance issue resulted in an overstatement of 2.05 FTES.

***Recommendation***

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

***Response***

DRAFT

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (To Be Arranged (TBA))**

(13-3)

**Reportable Condition**

**Condition**

For four out of the four courses selected for testing hours “to be arranged,” the District was not able to provide supporting documentation, such as the attendance roster to support the number of contact hours claimed.

**Criteria**

*California Education Code*, Section 58003, requires that the District provide supporting documentation, such as the attendance roster as of census date to support the number of contact hours claimed for TBA courses.

**Effect**

The District cannot support the contact hours for TBA courses selected for testing. Total FTES claimed for these courses was 8.2.

***Recommendation***

We recommend that the District track “to be arranged” hours separately on an attendance roster to support the contact hours claimed for these courses.

***Response***

DRAFT

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (To Be Arranged (TBA))**

(13-4)

**Reportable Condition**

**Condition**

We found two courses during our TBA testing that were accounted for under the weekly census method that were video conferencing courses that should have been accounted for under that alternative weekly attendance method.

**Criteria**

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

**Effect**

The two courses noted above claimed apportionment for weekly census contact hours when they should have claimed apportionment under the alternative attendance weekly census method. The net result of using the incorrect census method was an understatement of .4 FTES.

***Recommendation***

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

***Response***

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Salaries of Classroom Instructors)**

(13-5)

**Reportable Condition**

**Condition**

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

**Criteria**

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

**Effect**

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

***Recommendation***

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

***Response***

DRAFT

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (General Apportionment)**

(13-6)

**Reportable Condition**

**Condition**

For 18 of the 21 positive attendance courses sampled, the District did not maintain adequate positive attendance records that supported the positive attendance contact hours claimed on the CCFS 320, as required by CCR title 5 regulations.

**Criteria**

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

- Identification
- Static Course identifier code
- Section identifier code
- Title
- Method of instruction code
- Number of days the course is scheduled to meet
- Number of class hours each course section is scheduled to meet
- Beginning and ending dates
- An alphabetical list of each student actively enrolled in each course section indicating:
  - Name: Last, first, initial
  - Student identification code
  - Residency category as specified on Form CCFS 320
  - Actual student contact hours of attendance.

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

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

**Effect**

The courses that did not meet the compliance requirement noted above claimed total contact hours of 30,269 or 58 FTES.

***Recommendation***

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

***Response***

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (General Apportionment)**

(13-7)

**Reportable Condition**

**Condition**

For one of the seventy-two courses sampled, the District counted a student for apportionment that dropped the course prior to census date.

**Criteria**

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

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

shall not be considered actively enrolled in the course.

**Effect**

The District erroneously reported 52.5 contact hours or .1 FTES for the dropped student.

***Recommendation***

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

***Response***

DRAFT



**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (General Apportionment)**

(13-8)

**Reportable Condition**

**Condition**

For three of the seventy-two courses sampled, the District did not include contact hours on the course outlines.

**Criteria**

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

**Effect**

The courses that did not meet the compliance requirement noted above claimed total contact hours of 1,492.

***Recommendation***

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

***Response***

DRAFT

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Open Enrollment)**

(13-9)

**Reportable Condition**

**Condition**

For three of the sixty-one courses sampled, the course was not listed in the District's catalog.

**Criteria**

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

**Effect**

The courses that did not meet the compliance requirement noted above were all positive attendance courses that were included in finding 13-6. The total contact hours claimed for the three courses noted above that did not meet this compliance requirement were 14,414 or 27 FTES.

***Recommendation***

We recommend that the District review their process for publishing courses to ensure that all courses are included in the catalog or addendum.

***Response***

DRAFT

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (EOPS)**

(13-10)

**Reportable Condition**

**Condition**

One EOPS student out of our sample of 21 did not have an educational plan in their file.

**Criteria**

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

**Effect**

The District is not in compliance with the CCR title 5 section 5622 requirements.

***Recommendation***

We recommend that the District implement a process to ensure that all eligibility documents are completed and included, including the educational plan.

***Response***

DRAFT

DRAFT

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**FEDERAL AWARD PROGRAM (STUDENT FINANCIAL AID)**

(12-1)

**Condition**

During our audit of the prior year, we noted financial aid checks were disbursed to two students who were not eligible to receive financial aid due to their academic status being “Disqualified.”

**Criteria**

The District is responsible to comply with federal requirements to monitor student aid recipients’ satisfactory academic progress toward a declared, approved education objective of an Associate Degree, Certificate, or transfer to a baccalaureate, degree-granting institution. It is the college’s responsibility to track, measure, and assess the student’s progress toward their stated objective. The qualitative way in which the college measures progress is through academic review. The student’s GPA must be consistent with requirements for receipt of a degree, certificate, or transfer status of 2.0 (“C” average).

**Effect**

As the District did not review the academic progress timely, ineligible students received financial aid. The amount of questioned costs claimed due to this error was \$1,638.

***Recommendation***

We recommended that the District perform a timely review of students’ academic progress prior to the disbursement of financial aid.

***Current Status***

Based on our testing performed of student financial aid in the current year and inquiry of personnel, the District appears to have implemented a process to ensure this does not occur. Student academic review is being performed and we did not discover any findings of ineligible students being paid.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (CARE)**

(12-2)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted the District CARE advisory committee only held one meeting.

**Criteria**

Per the CARE Program Guidelines (Revised August 1, 2010), each CARE program shall have an advisory committee and/or interagency group meetings. The advisory committee and/or interagency group meetings shall meet at least twice during each academic year.

**Effect**

The District was not in compliance with the CARE Program Guidelines.

***Recommendation***

We recommended that the District hold at least two CARE advisory committee meetings each academic year.

***Current Status***

During the current year, we noted the District held the required amount of advisory committee meetings.

DRAFT

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (DSPS)**

(12-3)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted the District did not have a completed DSPS application in five of the 25 student files tested for DSPS eligibility testing.

**Criteria**

Per the DSPS implementation guidelines, a signed application for services should be included in each student file. The District has a policy requiring that a signed application be completed by each student and kept on file.

**Effect**

The District did not receive new applications for two students who reactivated their account after the student's file had been purged after lengthy inactivity. The District also did not obtain applications for three students who received benefits in the form of specialized PE classes.

***Recommendation***

We recommended that the District implement a procedure to ensure that it follows DSPS guidelines regarding the documentation to be kept in each student's file.

***Current Status***

We did not note any missing applications during our testing in the current year.

DRAFT

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (To Be Arranged TBA)**

(12-4)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted seven out of the seven courses tested for state general apportionment did not list the number of TBA hours required in the class schedule, course catalog, or approved outline of record.

**Criteria**

The California Community Colleges Chancellor's Office instructs districts that a clear description of the course, including the number of TBA hours required, must be published in the official general catalog and schedule of classes and/or addenda. The number of hours of instruction for To Be Arranged Hours (TBA) courses were not listed in the class schedule (or addenda), course catalog, or in the course outline for the TBA courses selected for testing.

**Effect**

The courses may not be well publicized which may affect the student's selection of courses.

***Recommendation***

We recommended that the District update their catalog and course outlines to include the number of TBA hours required for all TBA courses.

***Current Status***

Identifying the number of TBA contact hours in the course catalog, class schedule and course outline is no longer required; as such, this finding is no longer applicable.



**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (To Be Arranged (TBA))**

(12-5)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted for seven out of the seven courses selected for testing hours “to be arranged,” the District was not able to provide supporting documentation, such as the attendance roster to support the number of contact hours claimed.

**Criteria**

*California Education Code*, Section 58003, requires that the District provide supporting documentation, such as the attendance roster as of census date to support the number of contact hours claimed for TBA courses.

**Effect**

The District could not support the contact hours for TBA courses selected for testing.

***Recommendation***

We recommended that the District track “to be arranged” hours separately on an attendance roster to support the contact hours claimed for these courses.

***Current Status***

Per our current year testing, this is still a finding. Please see MC-13-3.

DRAFT

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Residency)**

(12-6)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted the District was unable to provide supporting residency documentation for one student. This occurred because the student was a resident upon their initial application to the District; however, this student did not attend courses at the District for consecutive semesters and, upon re-enrolling at the District, the Admissions and Records department failed to certify the student's residency status.

**Criteria**

Per the Student Attendance Account Manual (SAAM), if a student has not been in attendance for more than one semester, the District must perform a new residency determination.

**Effect**

The District was not in compliance with the SAAM.

***Recommendation***

We recommended that the District initiate a method to review all students who have been away for more than one semester so that residency can be redetermined.

***Current Status***

During the current year, we did not identify any students where the District failed to certify the student's residency status.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Student Fees – Instructional and Other Materials)**

(12-7)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted the District charged an instructional materials fee for a music class that exceeded the District's actual cost of the materials.

**Criteria**

Per *Education Code* Section 76355, districts are permitted to sell instructional materials to students who wish to buy the materials from the District. If the materials are offered for purchase through the District, the District should ensure that students are not charged more than the District's actual cost of the materials.

**Effect**

Total instructional materials fees collected for Music 5089 were \$2,625 while actual class material purchases were \$406, resulting in an overcharge to students in the amount of \$2,219.

***Recommendation***

We recommended that the District implement a procedure to ensure that it follows *Education Code* Section 76355 regarding allowable instructional materials fees.

***Current Status***

During the current year, we did not identify any instructional materials fees that exceeded the District's cost of the item.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Concurrent Enrollment)**

(12-8)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted the District was unable to provide concurrent enrollment forms for three out of the 25 students selected for testing.

**Criteria**

*Education Code*, Sections 48899(a), 48800.5, 76300, and 76001(d) requires District's to obtain verification from the K-12 school district that the student can benefit from advanced scholastic or vocational work.

**Effect**

The District was unable to provide forms with verification from the K-12 school districts and, therefore, was not in compliance with the *Education Code* sections referenced above.

***Recommendation***

We recommended the District implement controls to ensure all required verifications are received and retained.

***Current Status***

During our current year testing, we did not find any exceptions to this compliance requirement.

DRAFT

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Concurrent Enrollment)**

(12-9)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted one concurrent enrollment student out of the 25 tested was enrolled in over 11 units.

**Criteria**

Per the *Education Code* Section 76001(d), special part-time students may enroll in up to 11 units per semester.

**Effect**

For this student, the District was not in compliance with the *Education Code* referenced above. Thirteen contact hours were claimed for apportionment for this student.

**Recommendation**

We recommended the District create a control in their software that would not allow a special part-time student to enroll in more than 11 units.

**Current Status**

During our current year testing, we did not note any students enrolled in over 11 units.

DRAFT

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Full-Time Equivalent Students)**

(12-10)

**Reportable Condition**

**Condition**

During our prior year testing, we noted one course for which the District did not retain an attendance record for a positive attendance class for the minimum three-year period. After the instructor had completed the entry of the contact hours into the electronic attendance software, the instructor destroyed the paper copy of the attendance information.

**Criteria**

CCR, Title 5, Section 59025 states that records relating to attendance and FTES are classified as Class 3 – Disposable Records and records basic to audit. As such, they are required to be retained by the District for the minimum applicable three-year record retention period required by CCR, Title 5, Section 59026(b), and the SAAM.

**Effect**

The District was not in compliance with state guidelines.

***Recommendation***

We recommended that the District institute a policy to keep records relating to attendance and FTES to be in compliance with state retention requirements.

***Current Status***

During our testing in the current year we noted that this finding has not been resolved. Please see finding 13-6.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Full-Time Equivalent Students)**

(12-11)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted the District incorrectly calculated and reported contact hours on the CCFS 320 by understating the contact hours for a course due to a manual override of the Banner calculation. The system had calculated the contact hours correctly and a manual override was not necessary.

**Criteria**

The Student Attendance Accounting Manual (SAAM) sets forth guidelines on the calculation of contact hours for apportionment attendance reporting. The California Community Colleges Chancellor's Office (Chancellor's Office) had increased their scrutiny of contact hour calculation and issued further guidance to assist in applying guidance in the SAAM.

**Effect**

The above issue resulted in an understatement of FTES by 0.18.

***Recommendation***

We recommended that the District create a review process for any Banner overrides to prevent human error.

***Current Status***

Per our testing performed in the current year, this finding has been resolved.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Full-Time Equivalent Students)**

(12-12)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted the District incorrectly reported contact hours on the CCFS-320 by making a manual adjustment to correct a course's contact hours. This adjustment was incorrectly performed and caused an overstatement of contact hours by an amount of eight contact hours.

**Criteria**

The Student Attendance Accounting Manual (SAAM) sets forth guidelines on the calculation of contact hours for apportionment attendance reporting. The California Community Colleges Chancellor's Office (Chancellor's Office) had increased their scrutiny of contact hour calculation and issued further guidance to assist in applying guidance in the SAAM.

**Effect**

The above issue resulted in an overstatement of FTES by 0.02. The effect of this error could not be extrapolated.

**Recommendation**

We recommended that the District create a review process for any manual adjustments to the 320 attendance reporting.

**Current Status**

Per our testing performed in the current year, this finding has been resolved.



**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Full-Time Equivalent Students and Active Enrollment)**

(12-13)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted the District claimed apportionment for three courses that were cancelled. This occurred because the District had courses listed with the same start and census date so the software still counted the course for apportionment even though it was cancelled on the first day.

**Criteria**

The Student Attendance Account Manual (SAAM) sets forth guidelines on the calculation of contact hours for apportionment attendance reporting. For short-term daily census courses where the census falls on the first day of the course, the enrollment is to reflect the active enrollment as of the end of the first day, and the census is on the second day.

**Effect**

This noncompliance issue resulted in an overstatement of 0.73 FTES.

***Recommendation***

We recommended that the District make appropriate changes to their Banner software so that it would not allow the census date to be the same day as the start date of a course.

***Current Status***

Per our testing performed in the current year, this finding has not been resolved. Please see finding 13-2.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2013

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Students Actively Enrolled)**

(12-14)

**Reportable Condition**

**Condition**

During our audit of the prior year, we noted the District incorrectly calculated the census date for a course by leaving the academic calendar type as “null” on the section calendar form.

**Criteria**

The Student Attendance Account Manual (SAAM) sets forth guidelines on the calculation of census dates for apportionment attendance reporting. Each district shall claim for apportionment purposes only the attendance of students actively enrolled in a course section as of the census date.

**Effect**

The District was not in compliance with the SAAM.

***Recommendation***

We recommended that the District set up a review process when creating courses in Banner. This would help limit the amount of erroneous entries allowed in the system.

***Current Status***

During our current year testing we did not identify any incorrectly calculated census dates.

DRAFT