FEATHER RIVER COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2015

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

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FEATHER RIVER COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

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Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Feather River Community College District
Quincy, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit and the fiduciary activities of Feather River Community College District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Feather River Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Our audit of the financial statements of Feather River Community College Foundation, Inc., a discretely presented component unit, was not conducted in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit and the fiduciary activities of Feather River Community College District, as of June 30, 2015, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in June 2012 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Also, in November 2013 the GASB issued GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". As discussed in notes 9 and 10, GASB Statements No. 68 and No. 71 are effective for the District's fiscal year ending June 30, 2015. These Statements replace the requirements of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and GASB Statement No. 50, "Pension Disclosures." GASB Statements No. 68 and No. 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information (RSI) requirements about pensions are also addressed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 17 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 69 to 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Organization, Combining Statement of Net Position by Fund and Combining Statement of Revenues, Expenses, and Change in Net Position by Fund have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Organization, Combining Statement of Net Position by Fund and Combining Statement of Revenues, Expenses, and Change in Net Position by Fund, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Organization, Combining Statement of Net Position by Fund and Combining Statement of Revenues, Expenses, and Change in Net Position by Fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of Feather River Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Feather River Community College District's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 25, 2015

Feather River Community College District
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2015

This discussion and analysis of Feather River Community College District's financial statements provides an overview of the District's financial activities for the year ended June 30, 2015. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. These financial statements and this discussion and analysis reflect the financial activities of the Feather River Community College District. In accordance with Statement No. 14, as amended by Statement No. 39 of the Governmental Accounting Standards Board (GASB), the financial data of the Foundation have been discretely presented with that of the District in these financial statements.

Overview of the Financials

Financial statements communicate the financial condition and operational results of Feather River Community College District. Our statements are presented using the terminology and classifications of activity that conform to the Governmental Accounting Standards Board's Statements of Financial Accounting.

Financial Statements

The three basic financial statements included in this report are: the Statement of Net Position; the Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows.

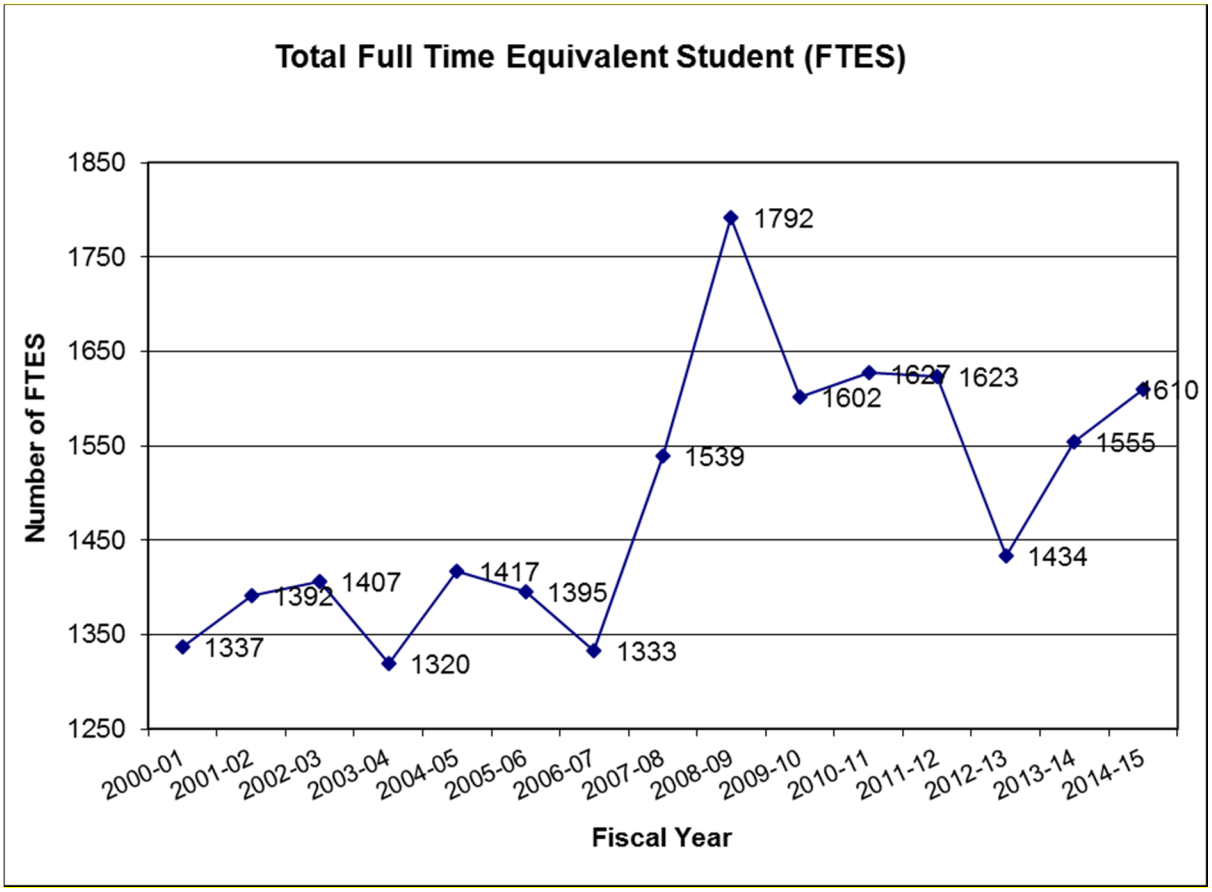
- Statement of Net Position. This report presents the financial position as of the end of the fiscal year (June 30th) including assets, liabilities, and net position (formerly fund balance). It should help the reader obtain information on the College's ongoing ability to provide services, as well as liquidity, financial flexibility (ability to respond to unexpected needs and opportunities), ability to meet obligations, and needs for external financing.

- Statement of Revenue, Expenses, and Change in Net Position. This report presents financial activity during the fiscal year, thereby reconciling the beginning and end-of-year net position contained in the Statement of Net Position. It provides profit and loss information and helps to distinguish profit and loss from operations and capital activities.

- Statement of Cash Flows. This report presents cash-related activities during the fiscal year, thereby reconciling the beginning and end-of-year cash balances contained in the Statement of Net Position. Like those required of for-profit entities, this statement segregates the activities of the organization into three categories: cash flows from operations, investing, and financing activities. This statement provides data that supplements information contained in the Statement of Revenues, Expenses, and Change in Position (e.g., it adjusts for the effects of accrual accounting, removes certain non-cash activities such as depreciation, and discloses cash generated or used by operating activities, investments, and new financing).

Financial and Enrollment Highlights

Full-time Equivalent Students (FTES) increased in the 2014-15 fiscal year. This increase represented 4.2% of the total funded FTES workload base of 1,557 FTES. The overall increase in FTES was 65 FTES from the prior year. The restoration in total funds received increased due to the non-credit – Career Development & College Preparation (CDCP) FTES which represented 70 FTES.



Revenues are recorded in three categories; operating revenues, non-operating revenues and capital revenues. Operating revenues include tuition and fees, grants and contracts, revenues from auxiliary enterprises and interest. Non-operating revenues are comprised of state apportionment, local property taxes, state taxes, interest income, and other. Capital revenues consist of state apportionments, local property taxes, and grants & gifts. Overall revenues were $21,788,624 ($7,802,902 in operating revenues, $12,778,702 in non-operating revenues, and $1,207,020 in capital revenues). This was a net increase of approximately $1,373,685 which was primarily due to the increase in state grants (categorical restricted funding).

Expenses are recorded as operating and non-operating expenses. All expenses except some debt related capital expenses are categorized as operating expenses. Operating expenses reflect depreciation and financial aid expenses. Overall expenses were $22,400,133. This was $2,460,086 more than expenses for the prior year. Salaries and Benefits increased by $647,426 due to COLA, step increases, and filling the majority of open positions. There was an increase of $780,520 in grant spending in Deferred

Maintenance as well as State Grant Contract payments.

The District paid down $453,035 in long-term lease/debt obligations during the 2014-15 fiscal year.

Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions.

- Cash and cash equivalents reflects operating cash on hand. Restricted cash and cash equivalents reflects cash held for restricted purposes by legislation, by contract, or by grantor agency. This includes cash for capital outlay projects, debt repayment, and future post-retirement benefits. Most of the cash and cash equivalents balances are held at the Plumas County Treasurer's office in accordance with Education Code Section 84000. The Plumas County Treasury's average rate of return was approximately .355% for the fiscal year ended June 30, 2015. Other cash and cash equivalents are held by bank trustees as reserves for debt instruments. More information on cash can be found in the footnotes to the financial statements.

- The decrease in the 2014-15 year receivables of $696,758, in comparison to the prior year was due primarily to the receipt and timing of the June 30, 2015 payment of the apportionment deferrals by the State of California and the distribution of the Prop 30 Education Protection Account (EPA) funds. The total State deferrals were less in the 2014-15 fiscal year in comparison to the prior year. In June, 2015 the Prop 30 EPA funds were received.

- Restricted Net Assets include a decrease of $199,268 for prepaid expenses which resulted in a net overall decrease of $437,327.

- Capital assets are those fixed assets for which the acquisition cost exceeds the thresholds set forth in the District's Board Policies regarding depreciable assets. Such assets are then depreciated over their useful lives. The financial statements reflect the cost of capital assets, net of accumulated depreciation.

- Accounts payable consist mainly of amounts owed to suppliers for various operating purchases, to employees for accrued vacation, and to vendors for purchases of capital assets.

- Deferred revenues are amounts received but not yet earned by the District. The deferred revenues were made up of mostly state categorical programs with allowable carryover.

- Long-term debt in total, which includes both current and non-current portions, increased from the prior year. The increase in comparison to prior year was due to an increase of compensated absences payable and to the principle payment in capital leases. The reporting of the net pension liability under new accounting guidance of $7,284,000 at June 30, 2015. In addition deferred outflows and inflows of $591,000 and $2,327,000 were recorded as of June 30, 2015 related to pensions.

The breakdown of net assets by category for the District is displayed in the following charts:

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET ASSETS (Condensed)
For the Years Ended June 30, 2015 and 2014
(Thousands)

	2014-2015	2013-2014	Dollar Change	Percent Change
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	$ 5,517	$ 4,455	$ 1,062	23.8%
Receivables	1,081	1,778	(697)	-39.2%
Inventories & Other Assets	140	325	(185)	-56.9%
TOTAL CURRENT ASSETS	**$ 6,738**	**$ 6,558**	$ 180	2.7%
NON-CURRENT ASSETS				
Restricted Cash & Cash Equivalents	$ 1,278	$ 1,157	$ 121	10.5%
Capital Assets, Net	12,135	12,586	(451)	-3.6%
TOTAL NON-CURRENT ASSETS	**$ 13,413**	**$ 13,743**	(330)	-2.4%
Deferred Outflows of Resources - Pensions	**$ 591**			
TOTAL ASSETS	**$ 20,742**	**$ 20,301**	$ 441	2.2%
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	$ 1,363	$ 1,002	$ 361	36.0%
Deferred Revenue	1,781	1,442	339	23.5%
Long-term Debt-Current Portion	660	625	35	5.6%
TOTAL CURRENT LIABILITIES	**$ 3,804**	**$ 3,069**	$ 735	23.9%
NON-CURRENT LIABILITIES				
Long-term Debt - Non-Current Portion	$ 8,925	$ 1,891	$ 7,034	372.0%
TOTAL LIABILITIES	**$ 12,729**	**$ 4,960**	$ 7,769	156.6%
Deferred Inflows of Resources - Pensions	**$ 2,327**			
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	$ 11,928	$ 12,243	$ (315)	-2.6%
Restricted	482	919	(437)	-47.6%
Unrestricted	(6,723)	2,179	(8,902)	-408.5%
TOTAL NET ASSETS	**$ 5,687**	**$ 15,341**	$ (9,654)	-62.9%
TOTAL LIABILITIES AND NET ASSETS	**$ 20,742**	**$ 20,301**	$ 441	2.2%

Net Position – the difference between assets and liabilities – are one way to measure the financial health of the District. The District's net position consist of the following:

- Unrestricted net position are funds received to support the general mission of the college. At June 30, 2015 the District had a negative ($6,723,230) in unrestricted net assets. The majority of this negative net asset balance for the current year was due to the reporting requirements and implementation of GASB 68. GASB 68 requires that the District report its proportional share of the unfunded liabilities of the CalSTRS and CalPERS pension fund. This represents a decrease of ($8,902,000) from the prior year. This is comprised of the 2014-15 year-end balance of a negative ($6,723,000) and making the comparison of the 2013-14 prior year end balance of $2,179,000. This significant change is due to the reporting of the corresponding Non-Current Liabilities and Deferred Inflow of Resources – Pensions.

- Net investment in capital assets represents the District's investment in physical facilities, land, and capital improvements. The 2014-15 year balance reflected a slight decrease from the prior year balance in the amount of $315,370.

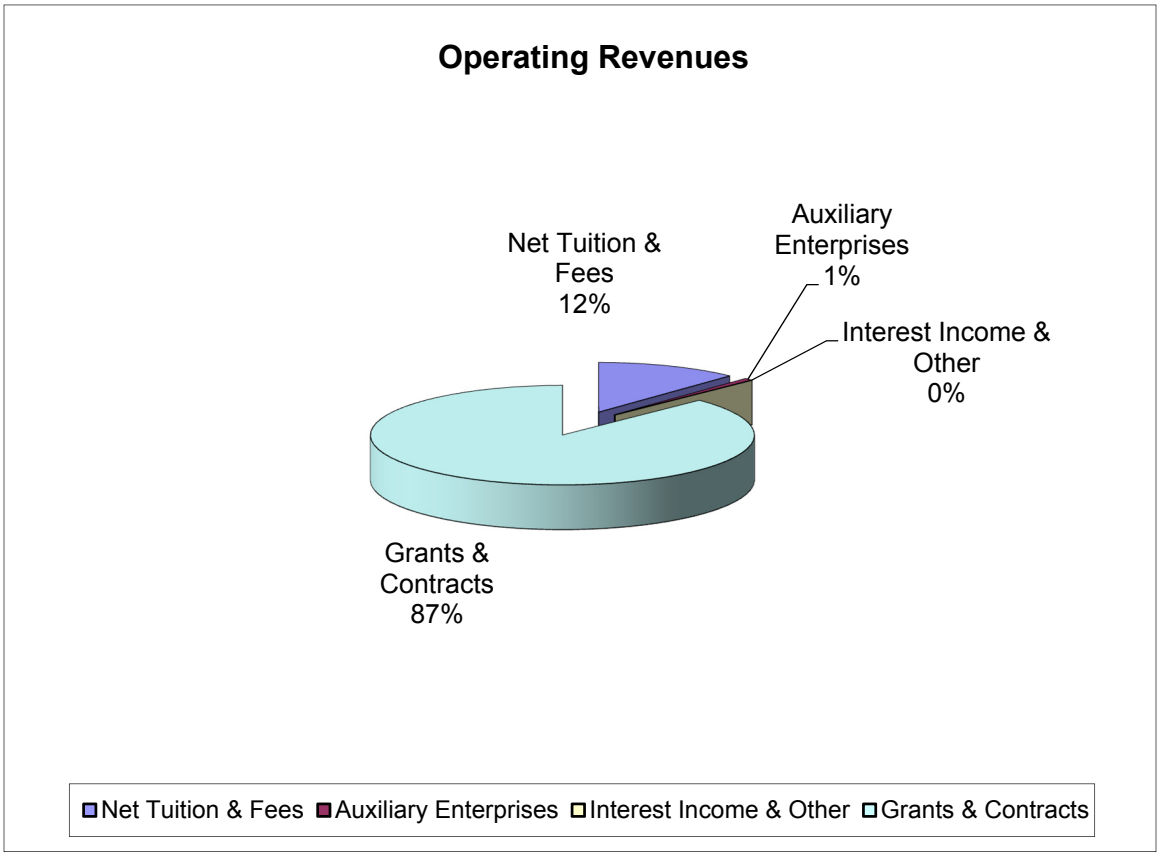
- Net position set aside for capital projects was $481,757 at June 30, 2015.

Statement of Revenues, Expenses, and Change in Net Assets

The Statement of Revenues, Expenses, and Change in Net Assets present the operating results of the District, as well as the non-operating revenues and expenses. Annual state appropriations, while budgeted for operations, are considered non-operating revenues according to Generally Accepted Accounting Principles (GAAP). The breakdown of revenues and expenses by category are depicted in the following statement and charts:

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2015 and 2014
(Thousands)

	2014-2015	2013-2014	Dollar Change	Percent Change
OPERATING REVENUES				
Net Tuition & Fees	$ 934	$ 821	$ 113	13.8%
Grants & Contracts	6,816	5,572	1,244	22.3%
Auxiliary	53	32	21	65.6%
TOTAL OPERATING REVENUES	**$ 7,803**	**$ 6,425**	$ 1,378	21.4%
OPERATING EXPENSES				
Salaries & Benefits	$ 11,144	$ 10,497	$ 647	6.2%
Supplies, Material & Other	10,590	8,770	1,820	20.8%
Depreciation	666	673	(7)	-1.0%
TOTAL OPERATING EXPENSES	**$ 22,400**	**$ 19,940**	$ 2,460	12.3%
NON-OPERATING ACTIVITY				
State Revenues	$ 5,706	$ 5,681	$ 25	0.4%
Local Property Taxes	4,817	4,943	(126)	-2.5%
State Taxes & Other Revenue	401	337	64	19.0%
Interest Income (Net)	(15)	(22)	7	-31.8%
Other Non-Operating Revenue	1,870	2,014	(144)	-7.1%
TOTAL NON-OPERATING ACTIVITY	**$ 12,779**	**$ 12,953**	$ (174)	-1.3%
CAPITAL REVENUES				
Grant & Gifts	1,207	1,037	170	16.4%
TOTAL CAPITAL REVENUES	**$ 1,207**	**$ 1,037**	$ 170	16.4%
CHANGE IN NET ASSETS	$ (611)	$ 475	$ (1,086)	-228.6%
BEGINNING NET ASSETS	$ 15,340	$ 14,865	$ 475	3.2%
Prior Year Adjustment - Pensions	$ (9,043)			
ENDING NET ASSETS	$ 5,686	$ 15,340	$ (9,654)	-62.9%

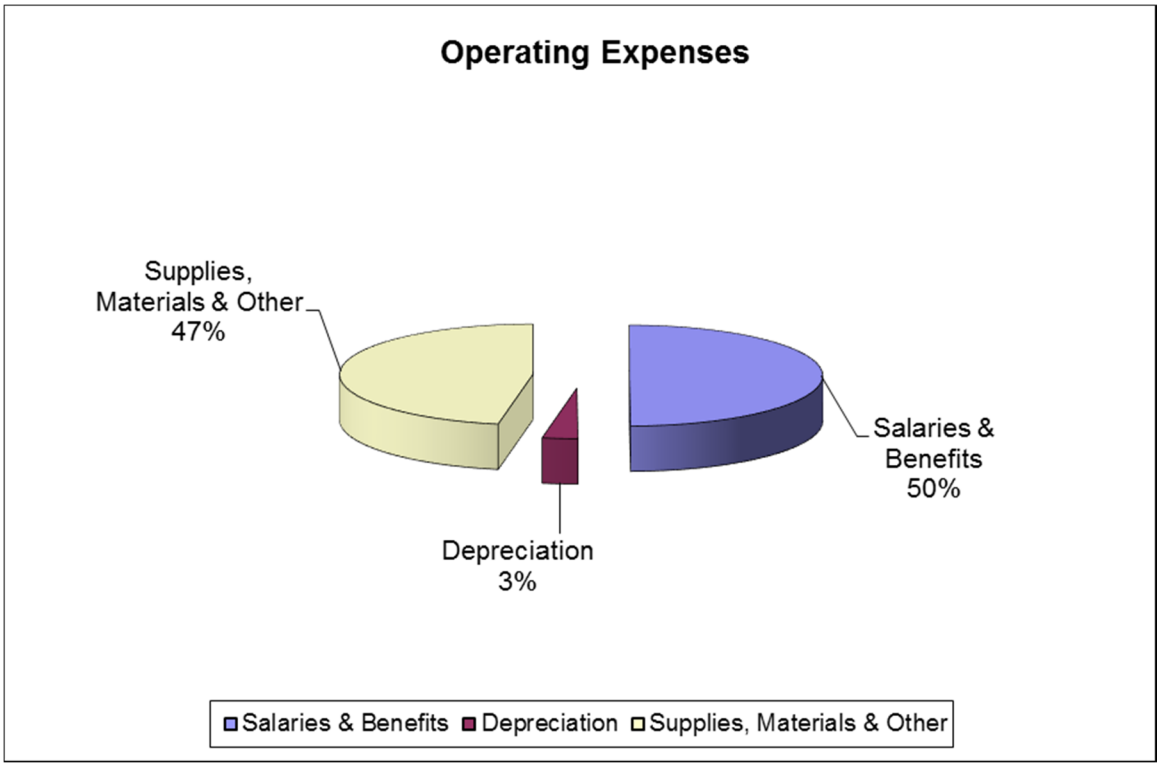


Operating and Non-Operating Revenues grew in fiscal year 2014-2015 as follows:

- State general apportionments increased due to the expected Re-Development Agency (RDA) backfill shortfall. The final exact impact of the RDA backfill shortfall for the 2014-15 fiscal year remains unknown at this time. The estimated shortfall is included in the deficit coefficient noted below. Local property tax apportionment decreased slightly by approximately $126,000 in comparison to the prior year. The District was able to restore the base workload back to 1,622 FTES.

- The District's apportionment was not fully funded which resulted in a deficit coefficient of .003179% which represents approximately $36,372 which was applied as a reduction to the Total Computation Revenue calculation. The majority of this deficit is due to the lack of a complete RDA backfill. This amount does not represent the final recalc amounts for the 2014-15 fiscal year which will take place in the second half of December 2015.

- The District received a cost of living adjustment (COLA) representing .85% based on the Total Base Revenue provided by the State. The District did not participate in any growth funding.



Operating expenses increased in 2014-2015 in comparison to prior year as follows:

- Expenses for employee salaries and statutory benefits increased due to employee step and column changes which were impacted by the .85% cost of living adjustment (COLA). The comparison of the prior year salaries and benefits reflect an increase due to filling the majority of the unrestricted budgeted positions and increases in most payroll benefits. The increases resulted in additional expense of $647,426, which includes $179,321 from GASB 68.

- The cost of supplies, materials, and other operating expenses and services increased by $1,820,058. This increase was attributable to $780 thousand of grant spending related to deferred maintenance as well as state grant contract payments. Another $351,000 was spent to secure additional student housing which was offset by an equal receivable.

- Depreciation expense decreased from the prior year by $7,398.

Statement of Cash Flows

The Statement of Cash Flows presents changes in cash from the sources and uses of funds related to operating activities, capital asset acquisitions, and activity from debt instruments.

The District typically participates in a Tax Revenue Anticipation Notes (TRAN) program each year provided through Community College League of California (CCLC). The District's apportionment funding is primarily through property taxes which are paid twice a

year in December and April. This program provides access to a short-term loan funds to assist with cash flow needs during the fiscal year. For the 2014-15 fiscal year the District had adequate cash on hand so participation in the TRAN was not required.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (Condensed)
For the Years Ended June 30, 2015 and 2014
(Thousands)

	2014-2015	2013-2014	Dollar Change	Percent Change
CASH (USED IN) PROVIDING BY:				
Operating Activities	$ (13,633)	$ (13,329)	$ (304)	2.3%
Non-Capital Financing Activities	13,668	13,913	(245)	-1.8%
Capital and Related Financing Activities	841	595	246	41.3%
Investing Activities	-	-	-	0.0%
NET INCREASE/(DECREASE) IN CASH	$ 876	$ 1,179	$ (303)	-25.7%
CASH - BEGINNING OF THE FISCAL YEAR	$ 5,391	$ 4,212	$ 1,179	28.0%
CASH - END OF THE FISCAL YEAR	$ 6,267	$ 5,391	$ 876	16.2%

Capital Assets and Long-Term Debt

In accordance with GAAP, the District recorded $665,939 in depreciation expense for the fiscal year and reflected a liability for compensated absences (accrued vacation not used at June 30) of $442,654.

The District Supplemental Employee Retirement Plan (SERP) liability was accrued for $151,168.

The implementation regarding the reporting requirements established by GASB 68 are reflected in the 2014-15 financial statements for the District. The GASB 68 requirements relate only to accounting and financial reporting not funding of the liability. The District's share of the CalSTRS and CalPERS total liability represents $7,284,000 pension liability and increases of deferred inflows of $2,327,000 in the long term debt being reported. This significant increase in Non-Current Long Term Debt correspondently decreases the Unrestricted Net Assets being reported for the current year which reflects a significant decrease in reportable Total Net Assets of $9,654,000 in comparison to the prior year balance.

For additional information concerning Capital Assets and Long-Term Debt, see footnotes to the financial statements.

District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, donors and employees. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Asset and Changes in Fiduciary Net Assets. The District is

responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's fiduciary funds include Post Retiree Health Benefits and Associated Students Trust Fund.

GASB 68 now requires public pension plan employers, like Feather River Community College District, to report pension plans, CalSTRS and CalPERS unfunded liabilities as their own liabilities on District's financial statements. These changes in liability can change materially from one year to the next. GASB 68 is a standard for preparing financial statements, not for funding. The District will be required to account for their share of the liability and not required to fund that liability beyond the rates established. It should be noted that the total liability for pension is shared whereby districts cannot pay off their proportionate share at any point in time. The impact of the GASB 68 requirements is reflected on the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets as noted on the above schedules.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45 which requires governmental agencies, including community colleges, to recognize other postemployment benefits (OPEB). As of June 30, 2015, the District has recorded $1,499,076, which represents two separate groups – Peralta and Other. The District is currently paying the pay-as-you-go liability portion on a yearly basis. An updated actuarial study as of March 1, 2015 was completed and received on March 25, 2015. Another actuarial study will be conducted as required in early 2018.

Economic Factors That Will Affect the Future

The State budget (AB 93/SB97) was signed by the Governor June, 24, 2015. This is the fifth consecutive year that the state budget was passed on time. Proposition 30 was passed by the voters in November, 2012, and is now in the third year. Sales tax increase attributable to Prop 30 terminates on December 31, 2016 and the income tax increase terminates on December 31, 2018. It should be noted that the funding from Proposition 30 is only temporary. Community College Districts and the State of California continue to find funding sources for the significant increase for the state retirement system STRS and PERS which is currently projecting an employer contribution of 19.10% and 20.40% respectively by 2020-21. There still seems to be exposure in the area of property tax shortfalls due to statewide forecast of property values. As Proposition 30 funds sunset there will be a significant need to replace that funding source for education and the impact and uncertainty it will have on the ability for students to obtain a quality education.

Uncertainty continues regarding the exact amount of Redevelopment Agency funds that will be available, which might impact the current and future years.

Feather River Community College District remains responsive to these variables and financial pressures with sound fiduciary practices, integrated strategic planning, and a collaborative governance approach to the budget process. The District evaluates its strategic planning and processes and incorporates these priorities as they relate to the college's mission. This integrated planning process along with the necessary supporting and prioritized budget requests will offer funding for quality educational programs that students need to further their educational pursuits. This integrated process will also enhance the financial health and viability of the District going into the future. A strong fund balance, prudent expenditure decisions, and flexibility, will certainly help the District in continuing to provide a quality educational experience for the students that are seeking degrees, transfers, and job enhancing skills.

The State of California will continue to face budget challenges due to the dependency related to the national and state economic recovery. The uncertainties are not as prominent as prior years but remain a presence as to the ability to fund community colleges. Examples of these uncertainties include annual deficit factors, limited or unfunded growth funding, and small cost of living adjustments (COLA).

Proposition 30, The Schools and Local Public Safety Protection Act of 2012 passed in November 2012. This proposition temporarily raises the sales and use tax by .25 percent for four years and raises the income tax rate for high income earners ($250,000 for individuals and $500,000 for couples) for seven years to provide continuing funding for local school districts and community colleges. The Education Protection Account (EPA) is created in the State General Fund to receive and disburse these temporary tax revenues. The funds received from the EPA prohibit the use of these funds for administrative salaries and benefits or any other administrative costs. Feather River Community College District used these funds for direct instructional related expenditures. The total amount of funds to be received from the State EPA for the fiscal year 2014-15 is currently $2,064,849.

The State economy continues to show encouraging signs of a stable and sustained recovery which should continue positive overall State budget recoveries. The prioritization of the available funds to restore student access, improve student success, focus on low income and disadvantaged populations, and reducing the wall of debt which constitutes deferrals and mandated costs has been significantly funded in the 2015-16 fiscal year State budget. This trend will hopefully give those citizens the opportunity to acquire, improve, and expand their education pursuits, and contribute to the economic recovery.

Historical Perspective: 2014-2015 Fiscal Year

Revenues for the 2014-2015 fiscal year increased slightly due to the fact that the actual FTES generated was 1,622, which increased from the prior year. The District made the decision to move the census enrollment for summer classes into the 2014-2015 fiscal year. The actual out of state tuition revenue increased from the budgeted revenues that were included in the 2014-15 fiscal year. The District FTES base is fully restored from the decline of prior years.

Operating costs continued to rise due to salary step increases and overall non-discretionary expenditures. The District did receive a cost of living adjustment (COLA) of .85% for approximately $93,000. These additional funds were used to help pay a portion of the increases to employees' salaries and benefits. There has been a significant impact of not having any State funded COLA's for past years. This has resulted in reduced available funds to offset operational increases. As in the past years, effective District management of expenses during the fiscal year helped to offset some of the increases to non-discretionary expenditures.

Net position, formerly classified as fund balance, are an indicator of the District's financial position. For the past six fiscal years, the District's fund balance for the general fund has been strong with adequate reserves to offset operating expenditures as needed due to any short term emergency. Even during challenging financial times, the District has remained structurally balanced.

Projected 2015-2016 Fiscal Year

The Board of Trustees for Feather River Community College District adopted a balanced final budget for the 2015-16 fiscal year, in September 2015. The current general fund operating budget approved by the Board of Trustees, projects revenues equaling expenses of $20.7 million. The balanced budget required that $1,403,511 of Beginning Fund Balance be used to accomplish this position. The District's budgeted revenue was projected based on 1,620 FTES with the difference between the revenue and expenses being supported with the use of Beginning Fund Balance.

Revenues for the 2015-2016 fiscal year will be funded based on the 1,620 FTES base established in the prior years. This represents expected total computational revenue of approximately $11.4 million for the unrestricted general fund.

The District which began the 2010-11 fiscal period with an agreement with the Feather River Foundation to assume the management of the Fitness Center continues to manage the facility in the 2014-15 fiscal year. The District also manages the Feather River Residence Hall for the Foundation owned facility which requires occupancy guarantees as well as repairs and support staffing. The 2014-15 fiscal year offered challenges regarding the availability for student housing. The anticipated shortage of student housing prompted the District and Foundation to purchase an apartment complex, Meadow Apartments, which required significant repairs. The District began managing the Meadow Apartments in the 2014-15 fiscal year. The District and Foundation is currently in the process of purchasing The Pines which is a vacated former assisted living complex. This will provide more housing opportunities for the students attending Feather River College.

The State of California maintained most categorical funding with only selected moderate increases from the prior year. The District's apportionment revenue per FTES did receive a cost of living adjustment (COLA) of .85% for the 2014-2015 fiscal year, after prior years of no COLA to very little COLA which have not kept pace with non-discretionary cost increases. The 2015-16 fiscal year budget included a COLA of 1.02%.

Student enrollment fees are currently at $46 per credit unit. There are no student enrollment fee increases in the current year.

The District offered and implemented an incentive based retirement plan, Supplemental Employee Retirement Plan (SERP) which included eleven employees who retired effective June 30, 2012. This included both unrestricted as well as restricted funded employees. The annual cost to the District represents $75,584 for each of the next two years.

State funding in the 2015-16 fiscal year has been extremely well funded for community colleges. The District is receiving additional revenues for a base funding increase which is shared with all Districts in the State as well as a small college ongoing base increase of slightly over $500,000. The State has eliminated system deferrals, and are funding prior years mandated cost liabilities to all Districts. The State has restored all the categorical programs to the pre-recession level with most programs receiving increases in funding.

Feather River Community College applied and received one of fifteen baccalaureate pilot programs offered by the Board of Governors for Community Colleges in the State of California. Feather River College will offer a four year degree in Equine Ranch Management with a scheduled start-up date for Fall 2016.

There are new legal requirements for sick leave and medical benefits that will impact the District beginning the fiscal year 2015-16. Sick leave of twenty-four hours is provided for all eligible employees, which would typically be for employees designated as short-term,

substitutes, and student employees, after a designated period of employment. Medical benefits are required to be offered employees that are designated as short-term, substitutes and Associate Faculty, depending on a measurement period of one fiscal year. If the average number of hours worked during that measurement period is in excess of a set number of hours per month, an offer of benefits is provided to those eligible employees. The District would then contribute a set upon amount in behalf of the eligible employee.

Beyond Fiscal Year 2015-2016

With the economy showing signs of sustainability for the past three years, the State budget for the current fiscal year 2015-16, is balanced and for the fifth year in a row. The State budget remains in surplus and projections for the next several years are very positive. Not all the problems are behind us because cautiously the possibility of a derailment of the current delicate economy could certainly happen. Forces that are out of our control like international events, government shutdowns, interest rates, federal and state debt, and unrealistic revenue projections are but a few things that could severely impact the economic recovery. Any potential slowdown in the economy in turn lowers the revenue forecast assumed in the current year budget as well as the subsequent year budgets. Overall the budget challenges are significantly fewer and the funding is definitely more stable than what has been experienced the last five years. The State of California has set aside surplus revenues to be used as needed in future years when the economy has another down turn.

Revenues received from out-of-state tuition have increased since the Nevada Good Neighbor tuition agreement between California and Nevada which expired in November of 2011. Out-of-state students are not counted towards any apportionment funding from the State. There has been a decline in FTES due to this California/Nevada agreement which reduces the State apportionment that the District receives but revenues for out-of-state tuition collected has increased when compared to prior years. This increase in out-of-state tuition revenue received is forecasted to remain high for the near future.

Budget assumptions going through the 2017 year would indicate potentially small increases as well as the elimination of all deferrals from the State of California that took place prior to the 2015-16 fiscal year. The impact on the District's reserve and the required expenditures to meet the Strategic Plan and the District's mission and goals in providing necessary instructional and student support services, will require constant attention and prioritization.

The District is faced with many funding challenges as we strive to serve a growing population in our county with aged facilities. The District is pursuing potential funding for additional structure renovations and new construction to replace the aging buildings. The District has submitted proposals to the State of California so that prioritization and evaluations of the District's construction needs can be addressed if future state funds become available. The District continues to evaluate effective ways to meet the challenges of not only our aging facilities but the desire to upgrade our technology infrastructure, and expand our services to additional areas in the county. We continue to evaluate ways to most effectively allocate our resources to meet these demands.

Public employers in the United States are subject to a new Governmental Accounting Standard. Feather River Community College District pays all of the health insurance costs for eligible employees hired prior to 1994. A second retiree medical plan was established for employees hired after 1994 that limits OPEB liability by providing a defined contribution plan. Feather River Community College District pays its post-1994 retiree health

insurance costs on an accrual basis. The pre-1994 plan is paid on a “pay as you go” basis. GASB Statement No. 45 (Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions) requires community college districts to report retiree benefits on an accrual basis. Though GASB 45 requires districts with OPEB plans for 200 or more members to obtain an actuarial valuation at least biennially, far less than 200 employees are eligible under Feather River Community College District’s OPEB plans. Beginning in fiscal year 2008-2009, the actuarial accrued liability for OPEB plans was booked and recognized on the balance sheet and operating statement of the District’s financial statements.

Feather River Community College District will continue to experience success with the leadership of our Board of Trustees, Superintendent/President, our outstanding faculty, and dedicated support staffs. With key plans in place such as the District’s Strategic Plan, Educational Plan, Operational Plan, Comprehensive/Annual Program Reviews, and a supportive Operating Budget, the District is in a position to support and enhance the direction of our Mission Statement. As the Mission Statement reads, “Feather River College provides high-quality, comprehensive student learning and education and workforce preparation in a small college environment. The College provides general education, Associate’s Degrees, transfer programs, and life-long learning for a diverse student population. The College serves as a community, cultural, and economic leader encompassing all communities that lie within the District and embraces the opportunities afforded by its natural setting”.

The District is in a strong financial position with the ability to provide effective and responsive decisions to meet the challenges that will be faced on a unified front by students and management. The challenges that lie ahead will be replaced with successes and yet more challenges of the future. The Feather River Community College District will continue to identify fiscally responsible ways to serve our student body and communities with quality educational programs.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

ASSETS		
Current assets:		
Cash and cash equivalents	$	5,516,507
Receivables, net		1,036,330
Notes receivable from Foundation, current		45,000
Stores inventories		57,152
Prepaid expenses		82,865
Total current assets		6,737,854
Noncurrent assets:		
Restricted cash and cash equivalents		750,672
Notes receivable from Foundation, noncurrent		526,996
Non-depreciable capital assets		277,099
Depreciable capital assets, net		11,858,452
Total noncurrent assets		13,413,219
Total assets		20,151,073
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions		591,212
Total assets and deferred outflows of resources	$	20,742,285
LIABILITIES		
Current liabilities:		
Accounts payable	$	1,242,535
Due to other funds		120,151
Unearned revenue		1,781,373
Compensated absences payable		442,654
Long-term debt - current portion		217,454
Total current liabilities		3,804,167
Noncurrent liabilities:		
Long-term debt - noncurrent portion		8,924,611
Total liabilities		12,728,778
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions		2,327,250
NET POSITION		
Net investment in capital assets		11,927,730
Restricted for:		
Expendable:		
Capital projects		481,757
Unrestricted		(6,723,230)
Total net position		5,686,257
Total liabilities, deferred inflows of resources, and net position	$	20,742,285

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT -
FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A Nonprofit Organization)

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	$ 525,943
Investments, current	723,132
Receivables	45,003
Total current assets	1,294,078
Investments, noncurrent	373,757
Non-depreciable capital assets	562,800
Depreciable capital assets, net	3,159,161
Other assets:	
Deposits	1,900
Horses, net of accumulated depreciation of $174,422	75,438
Bond issuance costs, net of accumulated amortization of $166,992	97,414
Total assets	$ 5,564,548
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	$ 238,427
Current portion of long-term debt	253,894
Total current liabilities	492,321
Noncurrent liabilities:	
Long-term debt, less current portion	2,324,737
Total liabilities	2,817,058
NET ASSETS	
Unrestricted	2,576,721
Temporarily restricted	120,182
Permanently restricted	50,587
Total net assets	2,747,490
Total liabilities and net assets	$ 5,564,548

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the Year Ended June 30, 2015

Operating revenues:	
Tuition and fees	$ 1,924,295
Less: scholarship discounts and allowances	(990,177)
Net tuition and fees	934,118
Grants and contracts, non-capital:	
Federal	2,940,809
State	2,898,371
Local	976,328
Auxiliary enterprise sales and charges	53,276
Total operating revenues	7,802,902
Operating expenses:	
Salaries	8,392,469
Employee benefits	2,752,107
Supplies, materials, and other operating expenses and services	6,098,414
Utilities	386,511
Depreciation	665,939
Student financial aid and scholarships	4,104,693
Total operating expenses	22,400,133
Loss from operations	(14,597,231)
Non-operating revenues (expenses):	
State apportionment, non-capital	5,705,612
Local property taxes	4,817,203
State taxes and other revenues	381,626
Interest expense on capital asset related debt	(15,065)
Interest income	19,275
Pell grants	1,870,051
Total non-operating revenues	12,778,702
Loss before capital revenues	(1,818,529)
Capital revenues:	
Local property taxes and revenues	1,207,020
Change in net position	(611,509)
Net position, July 1, 2014	15,340,483
Cumulative effect of GASB 68 implementation	(9,042,717)
Net position, July 1, 2014, as restated	6,297,766
Net position, June 30, 2015	$ 5,686,257

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT -
FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A Nonprofit Organization)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	$ -	$ 150,857	$ -	$ 150,857
Registration fees	13,790	-	-	13,790
Contributions by Feather River College	56,000	-	-	56,000
Rental income	680,352	-	-	680,352
Investment income	3,169	2,144	-	5,313
Other operating income	305,546	-	-	305,546
Gain on sale of horses / livestock	38,081	63,490	-	101,571
Fish sales, net	-	451	-	451
Fundraising income, net	-	28,682	-	28,682
Other income	57,259	-	-	57,259
Net assets released from restrictions	492,125	(492,125)	-	-
Total revenues, gains and other support	1,646,322	(246,501)	-	1,399,821
Expenses:				
Program services:				
Fitness center operations	20,936	-	-	20,936
College housing operations	709,811	-	-	709,811
Purchases on behalf of Feather River College	24,103	-	-	24,103
Scholarships granted	45,237	-	-	45,237
Supporting services:				
Management and general	380,748	-	-	380,748
Total expenses	1,180,835	-	-	1,180,835
Change in net assets	465,487	(246,501)	-	218,986
Net assets, July 1, 2014	2,111,234	366,683	50,587	2,528,504
Net assets, June 30, 2015	$ 2,576,721	$ 120,182	$ 50,587	$ 2,747,490

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

Cash flows from operating activities:	
Tuition and fees	$ 911,105
Federal grants and contracts	3,057,473
State grants and contracts	2,658,824
Local grants and contracts	982,492
Payments to suppliers	(5,672,749)
Payment for utilities	(386,511)
Payments to employees	(11,138,851)
Payments to students	(4,093,622)
Auxiliary enterprises sales and charges	48,908
Net cash used in operating activities	(13,632,931)
Cash flows from noncapital financing activities:	
State appropriations	6,931,089
Local property taxes	4,817,203
State taxes and other revenues	381,626
Investment income - non capital	19,275
Pell grants	1,870,051
Loan to Foundation	(351,347)
Net cash provided by noncapital financing activities	13,667,897
Cash flows from capital and related financing activities:	
Local revenue for capital purposes	1,207,020
Purchase of capital assets	(215,450)
Principal paid on capital debt	(135,119)
Interest expense on capital debt	(15,065)
Net cash provided by capital and related financing activities	841,386
Change in cash and cash equivalents	876,352
Cash balance, beginning of year	5,390,827
Cash balance, end of year	$ 6,267,179

(Continued)

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
(Continued)
For the Year Ended June 30, 2015

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	$ (14,597,231)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	665,939
Changes in assets and liabilities:	
Receivables, net	(483,719)
Inventory and prepaids	185,057
Deferred outflows of resources - pensions	11,071
Accounts payable	240,608
Due to other funds	120,151
Unearned revenue	339,619
Compensated absences	28,339
SERP liability	(75,584)
Other postemployment benefits	(33,431)
Net pension liability	(2,361,000)
Deferred inflows of resources - pensions	2,327,250
Net cash used in operating activities	$ (13,632,931)

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT -
FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A Nonprofit Organization)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

Cash flows from operating activities:		
Change in net assets	$	218,986
Gain on issuance of long-term debt		(57,259)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		169,725
Amortization		13,917
Donated horses included in contributions		(20,000)
Gain on sale of horses / equipment		(101,571)
Increase in accounts receivable		(6,517)
Increase in accounts payable and accrued expenses		185,694
Net cash provided by operating activities		402,975
Cash flows from investing activities:		
Purchase of fixed assets		(523,763)
Purchase of investments		(157,148)
Proceeds from the sale of investments		2,144
Purchase of horses		(4,500)
Proceeds from sale of horses		109,108
Net cash used in investing activities		(574,159)
Cash flows from financing activities:		
Proceeds from long-term debt		351,347
Payments on long-term debt		(222,443)
Net cash provided by financing activities		128,904
Change in cash and cash equivalents		(42,280)
Cash and cash equivalents - beginning of year		568,223
Cash and cash equivalents - end of year	$	525,943
Supplemental disclosure of cash flow information:		
Interest paid	$	115,651

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	Agency Fund	Trust Fund
	Associated Students Fund	Retiree Benefit Fund
ASSETS		
Cash and cash equivalents	$ 1,058	$ 1,595,450
Accounts receivable	-	5,537
Due from other funds	-	120,151
Total assets	$ 1,058	$ 1,721,138
LIABILITIES AND NET POSITION		
Accounts payable	$ -	$ 358
Amounts held for others	1,058	-
Total liabilities	1,058	358
Net position held in trust	-	1,720,780
Total liabilities and net position	$ 1,058	$ 1,721,138

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2015

	Retiree Benefits Fund
Additions:	
Employer contributions	$ 343,061
Interest income	4,699
Total additions	347,760
Deductions:	
Benefits	242,332
Excess of additions over deductions	105,428
Net position held in trust:	
Net position, July 1, 2014	1,615,352
Net position, June 30, 2015	$ 1,720,780

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Feather River Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the state, it is not a component unit of the state in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115, and is therefore exempt from federal taxes.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and GASB Cod. Sec. 2100.101 as amended by GASB Cod. Sec. 2100.138. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the Feather River Community College Foundation, Inc. (the "Foundation") as its potential component unit.

The Foundation is a nonprofit, tax-exempt organization. The purpose of the Foundation is to provide supportive services and specialized programs for the general benefit of the District and the District's various organizations. The Foundation's funds consist of the following:

General - As a service to college affiliated organizations and projects, the Foundation performs fund-raising activities, provides scholarships, and acts as a collecting and disbursing agent for special activities of certain campus organizations.

Feather River Fitness and Recreation - As a service to students and the community, the Fitness and Recreation Center provides exercise facilities on a fee basis.

Feather River College Residence Halls - As a service to students, the Feather River College Residence Halls provide housing for students.

The District applied the criteria for identifying component units in accordance with GASB Cod. Sec. 2100.138 and, therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's financial statements. The Foundation also issues a stand-alone audited financial report, which can be obtained from the District or the Foundation.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective of the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Fiduciary funds for which the District acts only as an agent are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and Statement of Change in Fiduciary Net Position at the fund financial statement level.

The Foundation's financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred in accordance with accounting principles generally accepted in the United States of America. Recognition of contributions is dependent upon whether the contribution is restricted or unrestricted. Net assets are classified on the Statement of Financial Position as unrestricted, temporarily restricted or permanently restricted net assets based on the absence or existence of donor-imposed restrictions. The Foundation's financial statements were prepared in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's report for these differences.

Cash and Cash Equivalents

For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Plumas County Treasury are considered cash equivalents.

Restricted Cash, Cash Equivalents and Investments

Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as non current assets in the Statement of Net Position.

Fair Value of Investments

The District records its investment in funds held by Plumas County Treasury at fair value. Changes in fair value are reported as revenue in the Statement of Revenues, Expenses and Change in Net Position. The fair value of investments, including the Plumas County Treasury external investment pool, at June 30, 2015 approximated their carrying value.

The Foundation's investments are valued at their fair value based upon quoted market prices, when available, or estimates of fair value in the Statement of Financial Position and unrealized and realized gains and losses are included in the Statement of Activities. Fair values of investments in county and state investment pools are determined by the pool sponsor.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables 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. Receivables also include amounts due from the Federal Government, State and Local Governments, or private sources, in connection with reimbursements of allowable expenditures made pursuant to the District's grants and contracts. The District provides an allowance for doubtful accounts as an estimation of amounts that may not be received. The allowance is based on management's estimates and historical analysis.

Foundation receivable are amounts due from students for housing in the residence halls. An allowance for doubtful accounts is established for accounts that management believes are uncollectible. At June 30, 2015, no allowance for doubtful accounts was deemed necessary.

Inventory

Inventory consists of cafeteria food, textbooks and educational supplies at the Campus Center, which are valued using the retail method. Inventories are stated at the lower of cost (first in, first out) or market.

Capital Assets

Capital assets are recorded at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the District's capitalization policy included all items with a unit cost of $5,000 or more, and estimated useful life of greater than one year. The Foundation's policy is to capitalize property and equipment greater than $500. 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 is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 – 30 years depending on asset type.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow of resources related to the payments made subsequent to the measurement date for the pensions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the statement of net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	CalSTRS	CalPERS	Total
Deferred outflows of resources	$ 270,321	$ 320,891	$ 591,212
Deferred inflows of resources	$ 966,000	$ 1,361,250	$ 2,327,250
Net pension liability	$ 3,924,000	$ 3,360,000	$ 7,284,000
Pension expense	$ 540,774	$ 229,759	$ 770,533

Compensated Absences

Compensated absences are recorded as a liability of the District when earned by employees. This liability is for earned but unused benefits.

Accumulated Sick Leave

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or 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 for certain STRS and PERS employees, when the employee retires.

Unearned Revenue

Revenues from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as unearned revenue until earned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The District's net position are classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of associated 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: Restricted expendable net position include resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consist 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 either be expended or added to principal. At June 30, 2015, there is no balance of nonexpendable restricted net position.

Unrestricted net position: Unrestricted net position represent 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 first applies the expense toward restricted resources, then to unrestricted resources.

Net Assets

The Foundation's net assets are classified as follows:

- *Unrestricted net assets* - Net assets not subject to donor-imposed stipulations.

- *Temporarily restricted net assets* - Net assets consisting of cash and other assets received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

- *Permanently restricted net assets* - Net assets that are nonexpendable and consist of endowment and similar type funds in which the donor has stipulated as condition of the gift, that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

The Foundation's endowment currently consists of two individual donor-restricted endowment funds established for the purpose of supporting education at the District. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted 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 organization in a manner consistent with the standard prudence prescribed by UPMIFA.

The Foundation follows the Foundation's adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specific period(s) as well as board designated funds.

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality fixed income and equity instruments with the objective of maintaining a balanced portfolio in accordance with the Foundation's investment policy.

State Apportionments

Certain current year apportionments from the State are based on various financial and statistical information of the previous year. Any prior year corrections due to a recalculation will be recorded in the year computed by the State.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenue and Expense

The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. 2200.190-.191, including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses: Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital asset related debt.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. C05.101, such as State appropriations and investment income. Interest expense on capital related debt is the only non-operating expense.

Contributions

Contributions are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenue when the commitment is communicated to the Foundation. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Event revenues received in advance are deferred and recognized in the period as the events occur.

Scholarship Discounts and Allowances

Student tuition and fee revenue are reported net of the Board of Governors fee waiver and allowances in the Statement of Revenues, Expenses and Change 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. Certain governmental grants, such as Pell grants and other federal, state and nongovernmental programs, are recorded as revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

Tax Status of the Foundation

The Foundation is a nonprofit public benefit corporation exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization. Contributions to the Foundation are deductible under Section 170(c)(2). The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation does not expect the total amount of unrecognized total benefits to significantly change in the next 12 months. Interest and penalties on tax assessments are classified as an expense when incurred. For the year ended June 30, 2015, the Foundation did not incur any interest or penalties.

Income tax returns for the Foundation are filed in the U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

New Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and GASB Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This Statement is effective for the District's financial period beginning July 1, 2014. Based on the implementation of GASB Statement No. 68, the District's July 1, 2014 net position was restated by $9,042,717 because of the recognition of the net pension liability and deferred outflows of resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In November 2013, the GASB issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68 and are effective for the District's fiscal year ending June 30, 2015. Based on the implementation of GASB Statement No. 71, the District established a deferred outflow category to report the payments made subsequent to the measurement date of the pensions as well as deferred inflow category to report the net differences between projected and actual earnings on investments of the pensions in the statement of net position.

In February 2015, the GASB issued its final standard on accounting and financial reporting issues related to fair value measurements, applicable primarily to investments made by state and local governments. GASB Statement No. 72, Fair Value Measurement and Application, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under GASB Statement No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. Before the issuance of GASB Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments. This statement is effective for the District's fiscal year ending June 30, 2016. Management has not determined what impact this statement will have on its financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In June 2015, the GASB issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68, completes the suite of pension standards. GASB Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by GASB Statements No. 67 and No. 68). The requirements in GASB Statement No. 73 for reporting pensions generally are the same as in GASB Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions in GASB Statement No. 73 are effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. Management has not determined what impact this statement will have on its financial statements.

In June 2015, the GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. GASB Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The GASB Statement follows the framework for financial reporting of defined benefit OPEB plans in GASB Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. GASB Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans. This statement is effective for the District's fiscal year ending June 30, 2017. Management has not determined what impact this statement will have on its financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In June 2015, the GASB has issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, which is the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. GASB Statement No. 75 carries forward from GASB Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. GASB Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances (called special funding situations) GASB Statement No. 75 requires these governments to recognize in their financial statements a share of the other government's net OPEB liability. This statement is effective for the District's fiscal year ending June 30, 2018. Earlier application is encouraged. Management has not determined what impact this GASB statement will have on its financial statements, however it is expected to be significant.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In June 2015, the GASB has issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. These changes are intended to improve financial reporting for governments by establishing a framework for the evaluation of accounting guidance that will result in governments applying that guidance with less variation. That will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The Statement also is intended to improve implementation guidance by elevating its authoritative status to a level that requires it be exposed for a period of broad public comment prior to issuance, as is done for other GASB pronouncements. In connection with Statement 76, the GASB also recently cleared Implementation Guide No. 2015-1, which incorporates changes resulting from feedback received during the public exposure of all of implementation guidance previously issued. This statement is effective for the District's fiscal year ending June 30, 2016. Management has not determined what impact this GASB statement will have on its financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2015, consisted of the following:

	District	Foundation	Agency Funds	Trust Fund
Pooled Funds:				
Cash in County Treasury	$ 6,110,439	$ -	$ -	$ 1,595,450
Deposits:				
Cash on hand and in banks	156,740	525,943	1,058	-
Total cash and cash equivalents	6,267,179	525,943	1,058	1,595,450
Less: restricted cash	750,672	-	-	-
Net cash and cash equivalents	$ 5,516,507	$ 525,943	$ 1,058	$ 1,595,450
Investments	$ -	$ 1,096,889	$ -	$ -

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2015, the carrying amount of the District and fiduciary accounts in banks was $157,798 and the bank balance totaled $302,791, of which $300,433 was FDIC insured and $2,358 remained uninsured.

The Foundation limits custodial credit risk by ensuring uninsured balances are collateralized by respective financial institution. Cash balances held in banks are insured up to $250,000 by the FDIC and are collateralized by the respective financial institution. At June 30, 2015, the carrying amount of the Foundation's cash on hand and in banks was $525,943 and the bank balance was $575,067, of which $250,000 was FDIC insured and $325,067 remained uninsured.

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Plumas County Treasury. The County pools and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

In accordance with applicable state laws, the Plumas County Treasurer may invest in derivative securities. However, at June 30, 2015, the Plumas County Treasurer has indicated that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk

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 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

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

- Securities of the U.S. Government, or its agencies
- Small Business Administration Loans
- Negotiable Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Deposits
- Passbook Savings Account Demand Deposits
- Repurchase Agreements

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2015, the District has no significant interest rate risk related to cash and investments held.

Credit Risk

The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentrations of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2015, the District had no concentrations of credit risk.

Foundation Investments

Investments are stated at fair value as of June 30, 2015 and consist of revenue bond proceeds invested in the following mutual fund, community foundation, and guaranteed investment contract:

First American Treasury Obligations Fund, short-term	$ 723,132
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher), long-term	52,730
Bayerische Landesbank Investment Agreement, long-term	321,027
	$ 1,096,889

The Foundation invests in a pooled scholarship endowment fund, FCCC/Osher, managed by the Foundation for California Community Colleges (FCCC). The objective of the Foundation's investment in FCCC/Osher is to grow the Foundation's investments through the Bernard Osher Foundation pledge to match funds contributed to FCCC/Osher. Funds invested in the endowment fund by the Foundation cannot be removed at any time. The investment managers engaged by FCCC are required to follow specific guidelines set forth by FCCC with respect to the various types of allowable investments purchased and held by the pool. Accordingly, the estimated fair value of these investments is based on information provided by external investment managers engaged by FCCC. At June 30, 2015, the Foundation investment in pool consisted of 5% cash and short term investments, 29% fixed income securities, and 66% equity securities.

The following presents information about the Foundation's assets measured at fair value on a recurring basis as of June 30, 2015, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

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

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

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Foundation Investments (Continued)

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

Description	Fair Value	Level 1	Level 2	Level 3
Investment securities:				
FCCC/Osher	$ 52,730	$ -	$ -	$ 52,730
Guaranteed investment contract	321,027	-	-	321,027
Mutual fund	723,132	723,132	-	-
	$ 1,096,889	$ 723,132	$ -	$ 373,757

There were no significant transfers between the fair value levels during the year ending June 30, 2015.

Mutual Funds - The Foundation's mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Guaranteed Investment Contract ("GIC") - The fair value of the GIC, classified as Level 3, is the amount payable on demand, at the measurement date, subject to the surrender provisions of the contract.

FCCC/Osher - The fair value of the investments held by FCCC were based upon the net asset values (“NAVs”) of the assets at June 30, 2015. The fair value of the funds held by FCCC is based upon the Foundation’s proportionate share of the FCCC/Osher pooled investment portfolio. Foundation management reviews the valuations and returns in comparison to industry benchmarks and other information provided by FCCC, but there is currently no visibility provided by FCCC to the specific listing of underlying investment holdings.

Pursuant to U.S. GAAP, management has considered redemption restrictions to assess classification of fair value inputs. Investments that are redeemable in greater than 90 days are considered a Level 3 fair value measurement due to the inability to redeem the asset at NAV in the near term (Level 3 inputs).

There were no changes in the valuation techniques used during the year ended June 30, 2015.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Foundation Investments (Continued)

The following table presents changes in Level 3 instruments measured on a recurring basis for the year ended June 30, 2015. Net gains/losses are recorded in the statement of activities.

	Guaranteed Investment Contract	FCCC/ Osher
Balance, July 1, 2014	$ 321,027	$ 55,054
Distributions	-	(2,667)
Management fees	-	(173)
Realized gain	-	1,152
Investment income	-	1,312
Change in fair value	-	(1,948)
Balance, June 30, 2015	$ 321,027	$ 52,730
Amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held as of June 30, 2015		$ (1,948)

The Foundation had no non recurring assets and no liabilities at June 30, 2015, which were required to be disclosed using the fair value hierarchy.

3. RECEIVABLES

Receivables:	
Federal	$ 185,105
State	482,429
Local and other, net of allowance	368,796
	$ 1,036,330

The allowance for doubtful accounts of $280,804 is maintained at an amount that management considers sufficient to fully reserve and provide for possible uncollectibility of student fees receivable.

At June 30, 2015, the Foundation had $45,003 in receivables due from local sources.

4. NOTE RECEIVABLE FROM FOUNDATION

The District entered into a unsecured loan agreement up to the amount of $350,000 with the Foundation for the purpose of financing repairs for the Feather River College Residence Halls, dated May 27, 2010. Effective December 15, 2010, the loan agreement was modified reducing the maximum loan agreement to the amount of $300,000. The note accrues interest, tied to the Plumas County Pooled Money Investment Account combined rate of return on county funds, with interest only payments for the first five years. As of June 30, 2015, the nominal interest rate was at 2%. Principal and interest payments will be made for the remaining 15 years, with the final installment due August 1, 2030. As of June 30, 2015, the Foundation had drawn down $220,649.

The District entered into a loan agreement up to the amount of $365,000 with the Foundation for the purpose of purchasing the Meadows Apartment Complex, dated September 11, 2014. The note is non-interest bearing. Principal payments will be made twice annually for no more than 15 years, with the final installment due before June 30, 2027. As of June 30, 2015, the Foundation had drawn down $351,347.

5. CAPITAL ASSETS

District capital asset activity consists of the following:

	Balance July 1, 2014	Additions and Transfers	Deletions and Transfers	Balance June 30, 2015
Non-depreciable:				
Land	$ 277,099	$ -	$ -	$ 277,099
Depreciable:				
Land improvements	476,563	-	-	476,563
Buildings & building improvements	17,312,975	22,479	-	17,335,454
Equipment	4,166,777	192,971	-	4,359,748
Total	22,233,414	215,450	-	22,448,864
Less accumulated depreciation:				
Land improvements	(388,722)	(12,474)	-	(401,196)
Buildings	(5,941,720)	(451,433)	-	(6,393,153)
Equipment	(3,316,932)	(202,032)	-	(3,518,964)
Total	(9,647,374)	(665,939)	-	(10,313,313)
Capital assets, net	$ 12,586,040	$ (450,489)	$ -	$ 12,135,551

5. CAPITAL ASSETS (Continued)

Foundation capital asset activity consists of the following:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Non-depreciable:				
Land	$ 332,884	$ 80,000	$ -	$ 412,884
Construction in progress	-	149,916	-	149,916
Depreciable:				
Buildings and improvements	4,317,762	271,347	-	4,589,109
Machinery and equipment	201,894	22,500	-	224,394
Furniture and fixtures	142,008	-	-	142,008
Total	4,994,548	523,763	-	5,518,311
Less accumulated depreciation:				
Buildings and improvements	(1,308,317)	(138,435)	-	(1,446,752)
Machinery and equipment	(201,894)	(5,696)	-	(207,590)
Furniture and fixtures	(142,008)	-	-	(142,008)
Total	(1,652,219)	(144,131)	-	(1,796,350)
Capital assets, net	$ 3,342,329	$ 379,632	$ -	$ 3,721,961

6. UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned Federal and State revenue	$ 1,176,741
Unearned local revenue	516,334
Unearned tuition and other student fees	88,298
Total unearned revenue	$ 1,781,373

7. LONG-TERM LIABILITIES

SERP Liability

During the year ended June 30, 2012, the District provided the option of a Supplemental Employee Retirement Plan ("SERP") to the District employees. As of June 30, 2015, there were 10 employees under the SERP. Employees under the SERP will receive monthly annuity benefits. The District is obligated to pay annual installments for the calculated benefits for employees under the SERP and for the administration of the plan.

The annual requirements to amortize the SERP liability outstanding as of June 30, 2015 are as follows:

Year Ending June 30,	
2016	$ 75,584
2017	75,584
	$ 151,168

7. LONG-TERM LIABILITIES (Continued)

Capitalized Lease Obligations

The District leases certain equipment and software with a net book value of approximately $68,853 under long-term lease purchase agreements. The following is a schedule of future minimum lease payments for capitalized lease obligations as of June 30, 2015:

Year Ending June 30,	Lease Payments
2016	$ 150,183
2017	23,765
2018	23,765
2019	23,765
Total payments	221,478
Less amount representing interest	(13,657)
Net minimum lease payments	$ 207,821

District Changes in Long-Term Debt

A schedule of changes in the District's long-term debt for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014 as restated	Additions	Deductions	Balance June 30, 2015	Amounts Due Within One Year
SERP Liability	$ 226,752	$ -	$ 75,584	$ 151,168	$ 75,584
Capitalized lease obligations	342,940	-	135,119	207,821	141,870
Compensated absences	414,315	28,339	-	442,654	442,654
Net pension liability	9,042,717	-	1,758,717	7,284,000	-
Other postemployment benefits	1,532,507	208,901	242,332	1,499,076	-
	$ 11,559,231	$ 237,240	$ 2,211,752	$ 9,584,719	$ 660,108

7. LONG-TERM LIABILITIES (Continued)

Foundation Student Housing Bonds

On May 1, 2003, the California Community College Financing Authority issued Student Housing Revenue Bonds in the amount of $3,415,000, comprised of $3,250,000 Series A Tax-exempt bonds and $165,000 Series B Taxable bonds, to fund a loan to the Foundation to acquire and improve a 110-bed student housing facility located on property adjacent to the main campus of Feather River Community College District, and to fund a debt service fund for the bonds and pay a portion of the costs of issuing the bonds. The bonds, with interest rates from 3.56% to 5.3% will mature in varying amounts through July 1, 2022. Future payments are scheduled as follows:

Year Ending June 30,	
2016	$ 175,000
2017	185,000
2018	195,000
2019	210,000
2020	220,000
2021-2023	1,045,000
	$ 2,030,000

Foundation Fitness Center Mortgage

On December 17, 2001, the Foundation entered into a commercial real estate loan agreement for $400,000 to purchase the Feather River Fitness and Recreation property. The loan is secured by a first deed of trust on the property, has a variable interest rate of 3.75% above the 5 Year Treasury Security, Adjusted to Constant Maturities index, and matures in July 2016. Interest rate changes will not occur more often than each five years. Future payments, are scheduled as follows:

Year Ending June 30,	
2016	$ 33,894

7. LONG-TERM LIABILITIES (Continued)

Foundation Residence Hall Loan:

The Foundation entered into a loan agreement up to the amount of $350,000 with the District for the purpose of financing the repairs for the Feather River College Residency Halls, dated May 27, 2010. Effective December 15, 2010, the loan agreement was modified changing the maximum loan agreement up to the amount of $300,000. The note accrues interest by formula tied to the Plumas County Pooled Money Investment Account combined rate of return on county funds with interest only payments for the first five years, due August 1. As of June 30, 2015, the nominal interest rate was at 2%. Principal and interest payments will be made for the remaining 14 years, with the final installment due August 1, 2030. As of June 30, 2015 and 2014, the Foundation had drawn down $220,649. Future principal payments at June 30, 2015 are scheduled as follows:

Year Ending June 30,	
2016	$ -
2017	12,759
2018	13,014
2019	13,275
2020	13,540
2021-2025	71,872
2026-2030	79,353
2031	16,836
	$ 220,649

Foundation Meadows Apartment Loan:

The Foundation entered into a loan agreement up to the amount of $365,000 with the District for the purpose of purchasing the Meadows Apartment Complex, dated September 11, 2014. The note is non-interest bearing, with imputed interest of three percent. Principal payments will be made twice annually for no more than 15 years, with the final installment due before June 30, 2027. As of June 30, 2015, the Foundation had drawn down $351,347.

Year Ending June 30,	
2016	$ 45,000
2017	30,000
2018	30,000
2019	30,000
2020	30,000
2021-2025	150,000
2026-2027	36,347
	351,347
Less amounts representing interest	(57,259)
	$ 294,088

7. LONG-TERM LIABILITIES (Continued)

Foundation Changes in Long-Term Debt

A schedule of changes in the Foundation's long-term debt for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Amounts Due Within One Year
Student housing bonds	$ 2,200,000	$ -	$ 170,000	$ 2,030,000	$ 175,000
Feather River Fitness and Recreation mortgage	86,337	-	52,443	33,894	33,894
Loans from District:					
Residence hall	220,649	-	-	220,649	-
Meadows apartments, net	-	294,088	-	294,088	45,000
	$ 2,506,986	$ 294,088	$ 222,443	$ 2,578,631	$ 253,894

The Foundation is subject to certain covenants in accordance with its long-term liability agreements. As of June 30, 2015, management believes the Foundation was in compliance with these covenants.

8. PROPERTY TAXES

All property taxes are levied and collected by the Tax Assessor of the County of Plumas and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year.

9. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description

Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided

The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

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

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

9. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

General Information about the State Teachers' Retirement Plan (Continued)

Benefits Provided (Continued)

CalSTRS 2% at 62

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

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

Contributions

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members – Under CalSTRS 2% at 60, the member contribution rate was 8.15 percent of applicable member earnings for fiscal year 2014-15. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 8.15 percent of applicable member earnings for fiscal year 2014-15.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Effective July 1, 2014, with the passage of AB 1469, member contributions for those under the 2% at 60 benefit structure increase from 8.0 percent to a total of 10.25 percent of applicable member earnings, phased in over the next three years. For members under the 2% at 62 benefit structure, contributions will increase from 8.0 percent to 9.205 percent of applicable member earnings, again phased in over three years, if there is no change to normal cost.

9. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

General Information about the State Teachers' Retirement Plan (Continued)

Contributions (Continued)

The CalSTRS member contribution rate increases effective for fiscal year 2014-15 and beyond are summarized in the table below:

Employers – 8.88 percent of applicable member earnings.

In accordance with AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2014-15 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2014	8.25%	0.63%	8.88%
July 01, 2015	8.25%	2.48%	10.73%
July 01, 2016	8.25%	4.33%	12.58%
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

The District contributed $270,321 to the plan for the fiscal year ended June 30, 2015.

State – 5.954 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Additionally, beginning October 1, 1998, a statutory contribution rate of 0.524 percent, adjustable annually in 0.25 percent increments up to a maximum of 1.505 percent, of the creditable earnings from the fiscal year ending in the prior calendar year per Education Code Section 22955(b). This contribution is reduced to zero if there is no unfunded actuarial obligation and no normal cost deficit for benefits in place as of July 1, 1990. Based on the actuarial valuation, as of June 30, 2012 there was no normal cost deficit, but there was an unfunded obligation for benefits in place as of July 1, 1990. As a result, the state was required to make quarterly payments starting October 1, 2013, at an additional contribution rate of 1.024 percent. As of June 30, 2014, the state contributed $200.7 million of the $267.6 million total amount for fiscal year 2013-14. As a result of AB 1469, the fourth quarterly payment of $66.9 million was included in an increased first quarter payment of $94 million for the 2014-15 fiscal year, which was transferred on July 1, 2014.

9. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

General Information about the State Teachers' Retirement Plan (Continued)

Contributions (Continued)

In accordance with AB 1469, the portion of the state appropriation under Education Code Section 22955(b) that is in addition to the 2.017 percent has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution will increase from 1.437 percent in 2014-15 to 4.311 percent in 2016-17. The increased contributions end as of fiscal year 2046-47.

The CalSTRS state contribution rates effective for fiscal year 2014-15 and beyond are summarized in the table below:

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding	Total State Appropriation to DB Program
July 01, 2014	2.017%	1.437%	2.50%	5.954%
July 01, 2015	2.017%	2.874%	2.50%	7.391%
July 01, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017 to June 30, 2046	2.017%	4.311%*	2.50%	8.828%*
July 01, 2046 and thereafter	2.017%	*	2.50%	4.571%*

* The new legislation also gives the board limited authority to adjust state contribution rates from July 1, 2017, through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure shall be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

9. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 3,924,000
State's proportionate share of the net pension liability associated with the District	2,370,000
Total	$ 6,294,000

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2014, the District's proportion was 0.007 percent, which was an increase of zero from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of $540,774 and revenue of $202,000 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	966,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	270,321	-
Total	$ 270,321	$ 966,000

9. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$270,321 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	$ 241,500
2017	$ 241,500
2018	$ 241,500
2019	$ 241,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2014. The STRP net pension liability as of June 30, 2013 and the STRP net pension liability as of June 30, 2014 are based on the June 30, 2013 actuarial valuation for the first year of implementation. As a result there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2013
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 experience analysis for more information.

9. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Methods and Assumptions (Continued)

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

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash / Liquidity	1%	0.00%

* 10-year geometric average

Discount Rate

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

9. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	$ 6,117,000	$ 3,924,000	$ 2,096,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

10. NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description

The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at https://www.calpers.ca.gov/docs/forms-publications/cafr-2014.pdf.

Benefits Provided

The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

10. NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

General Information about the Public Employer's Retirement Fund B (Continued)

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2015 were as follows:

Members – The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2014-15.

Employers – The employer contribution rate was 11.771 percent of applicable member earnings.

The District contributed $320,891 to the plan for the fiscal year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability of $3,360,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2014, the District's proportion was 0.030 percent, which was an decrease of .002 percent from its proportion measured as of June 30, 2013.

10. NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the District recognized pension expense of $229,759. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	1,155,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	206,250
Contributions made subsequent to measurement date	320,891	-
Total	$ 320,891	$ 1,361,250

$320,891 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	$ 357,500
2017	$ 357,500
2018	$ 357,500
2019	$ 288,750

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of June 30, 2013. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

10. NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Methods and Assumptions

The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2013
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.50%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return
Global Equity	47%	5.25%
Global Fixed Income	19%	0.99%
Inflation Insensitive	6%	0.45%
Private Equity	12%	6.83%
Real Estate	11%	4.50%
Infrastructure & Forestland	3%	4.50%
Liquidity	2%	(0.55)%

* 10-year geometric average

10. NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in the actuarial valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Plan and the District.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

10. NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 5,878,000	$ 3,360,000	$ 1,225,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

11. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 9 and 10, the District provides retiree and dependent medical coverage to eligible employees who retire from the District. Duration of benefits is calculated on a prorated basis, up to a maximum of 10 years, based on years of service. The District operates the single-employer defined benefit Plan on a pay-as-you-go basis and pays a set amount each month towards the cost of the medical coverage. Any costs in excess of this amount will be paid by the retiree. If the eligible employee remains in the Plan after the age of 64, the retirees must pay 100% of their premiums resulting in no liability for the District. Although the plan has no segregated assets, for employees hired before August 1, 1994, a fund was established in 1995-96 to accumulate funds to pay for the District's share of future medical premiums of eligible future retirees. This fund is not established as an irrevocable trust. At June 30, 2015 the assigned fund balance for retiree benefits was $440,663. The Plan does not issue separate financial statements.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. 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 liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the District's net OPEB obligation:

Annual required contribution	$ 124,156
Interest on net OPEB obligation	6,896
Adjustment to annual required contribution	(61,556)
Annual OPEB cost (expense)	69,496
Contributions made	(100,431)
Decrease in net OPEB obligation	(30,935)
Net OPEB liability - beginning of year	344,802
Net OPEB liability - end of year	$ 313,867

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 and preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 82,793	134.6%	$ 364,650
June 30, 2014	$ 75,185	126.4%	$ 344,802
June 30, 2015	$ 69,496	144.5%	$ 313,867

As of March 1, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $606,678, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $606,678. As of the last actuarial, covered payroll (annual payroll of active employees covered by the Plan) was $350,143, and the ratio of the UAAL to the covered payroll was 173 percent.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence 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 with past expectations and new estimates are made about the future. The schedule of funding progress, included as Required Supplementary Information following this section, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 of benefit costs 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 March 1, 2015, actuarial valuation the entry age normal cost method was used. The actuarial assumptions included a 2.75 percent discount rate, which is based on assumed long-term investment returns on employer assets, an annual healthcare cost trend rate and payroll increase of 4 and 2.75 percent, respectively. The UAAL is being amortized utilizing the flat dollar amount method on a closed basis. The District's obligation was fully amortized as of June 30, 2010.

"Peralta" Group

In addition to the pension benefits described in Note 9 and 10, the District provides retiree and dependent benefits to employees and retirees, eligible under the Peralta 18 Agreement. The Peralta 18 Agreement obligates District funds for the ten years following an eligible employee's retirement. In each eligible fiscal year, the District allocates a set amount of funds to the Peralta fund. These funds are calculated based on the difference of the vacating faculty member's salary and their replacement or equivalent. The annual obligation is subject to change based upon employee turnover. After ten years of payment, per eligible retiree, the District's obligation is absolved. The District contributions are put into a separate County Treasury fund which is managed by the Peralta Trustee. The fund is not an irrecovable trust and therefore are not considered assets of the Peralta Group Plan. The fund does not issue separate financial statements. At June 30, 2015, the fund balance was $1,159,966. The District serves as a processing center for monthly health benefit costs as well as individual payments for Medicare Part B.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

"Peralta" Group (Continued)

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. 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 liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the District's net OPEB obligation:

Annual required contribution	$ 266,026
Interest on net OPEB obligation	53,447
Adjustment to annual required contribution	(180,068)
Annual OPEB cost (expense)	139,405
Contributions made	(141,901)
Increase in net OPEB obligation	(2,496)
Net OPEB liability - beginning of year	1,187,705
Net OPEB liability - end of year	$ 1,185,209

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 and preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 277,631	47.1%	$ 1,141,104
June 30, 2014	$ 176,283	73.6%	$ 1,187,705
June 30, 2015	$ 139,405	101.8%	$ 1,185,209

As of March 1, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $1,754,677, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $1,754,677. As of the last actuarial, the covered payroll (annual payroll of active employees covered by the Plan) was $138,092, and the ratio of the UAAL to the covered payroll was 1,271 percent.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

"Peralta" Group (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence 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 with past expectations and new estimates are made about the future. The schedule of funding progress, included as Required Supplementary Information following this section, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 of benefit costs 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 March 1, 2015, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent discount rate, which is based on assumed long-term investment returns on employer assets, and an annual healthcare cost trend rate and payroll increase of 4 and 2.75 percent, respectively. The UAAL is being amortized utilizing the flat dollar amount method on a closed basis. The District's obligation was fully amortized as of June 30, 2010.

12. COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

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

The District has received Federal and State funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial statements.

13. JOINT POWERS AGREEMENTS

The District is a member of Northern California Community Colleges Self Insurance Authority (NCCCSIA), a joint powers authority established to provide workers' compensation and property/liability insurance. The following is a summary of current financial information available for NCCCSIA at June 30, 2014 (the most recent information available):

Total assets	$	3,136,348
Total liabilities	$	401,289
Net position	$	2,735,059
Total revenues	$	7,698,090
Total expenses	$	8,282,437
Change in net position	$	(584,347)

The District is also a member of Tri-County Schools Insurance Group (TRI-SIG). This is a joint powers authority providing health insurance. The following is a summary of current financial information for June 30, 2014 (the most recent information available):

Total assets	$	16,472,909
Total liabilities	$	12,371,637
Net position	$	4,101,272
Total revenues	$	61,147,199
Total expenses	$	69,732,098
Change in net position	$	(8,584,899)

In addition, the District is a member of Statewide Association of Community Colleges (SWACC). This is a joint powers authority, which provides excess liability coverage. The following is a summary of financial information at June 30, 2014 (the most recent information available):

Total assets	$	54,045,044
Total liabilities	$	23,536,002
Net position	$	30,509,042
Total revenues	$	9,348,523
Total expenses	$	10,082,446
Change in net position	$	(733,923)

The relationship between the District and the joint powers authorities are such that the joint powers authorities are not component units of the District for financial reporting purposes.

The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. The District pays a premium commensurate with the level of coverage requested.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year.

14. OPERATING EXPENSES

The following schedule details the functional classifications of the operating expenses reported in the statement of revenues, expenses and change in net position for the year ended June 30, 2015.

	Salaries	Employee Benefits	Supplies Materials and Other Operating Expenses	Utilities	Depreciation	Student Financial Aid and Scholar-ships	Total
Instruction	$ 4,356,642	$ 1,094,369	$ 3,097,061	$ -	$ -	$ -	$ 8,548,072
Academic Support	470,061	169,707	83,698	-	-	-	723,466
Student Services	1,520,514	540,171	496,324	-	-	-	2,557,009
Operations and Mainten-ance of Plant	808,634	327,459	955,402	-	-	-	2,091,495
Institution Support	717,496	458,451	1,210,212	386,511	-	-	2,772,670
Community Services and Economic Development	6,477	987	3,510	-	-	-	10,974
Auxiliary Operations	512,645	160,957	252,207	-	-	-	925,809
Student Aid	-	-	-	-	-	4,104,693	4,104,693
Physical Property and Related Acquisitions	-	-	-	-	665,939	-	665,939
	$ 8,392,469	$ 2,752,101	$ 6,098,414	$ 386,511	$ 665,939	$ 4,104,693	$ 22,400,127

15. RELATED PARTY TRANSACTIONS

The Foundation is economically dependent on the District and the financial statements of the Foundation may not necessarily be indicative of the conditions or results of operations which would have existed had the Foundation been operated as an unaffiliated entity.

The Foundation and the District have entered into an agreement regarding Feather River Fitness and Recreation whereby the District shall reimburse the Foundation for the cost of insurance and to repay the debt created by its purchase. For the fiscal year ended June 30, 2015, the value of the contributions totaled $56,000.

The Foundation and the District entered into an agreement where the District agrees to pay any shortfalls to the Foundation if occupancy of the residence halls falls below a 90% occupancy target. There were no payments under this agreement for the year ended June 30, 2015.

16. ENDOWMENT NET ASSETS - FOUNDATION

Changes in endowment net assets for the fiscal year ended June 30, 2015, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 4,467	$ 50,587	$ 55,054
Investment income	-	343	-	343
Appropriation of endowment assets for expenditure	-	(2,667)	-	(2,667)
Endowment net assets, end of year	$ -	$ 2,143	$ 50,587	$ 52,730

16. ENDOWMENT NET ASSETS - FOUNDATION (Continued)

At June 30, 2015, endowment net assets were donor restricted funds. There were no board restricted endowments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There was no individual endowment funds with such deficiencies as of June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS

For the Year Ended June 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Non-Peralta Group						
September 18, 2009	$ -	$ 899,168	$ 899,168	0%	$ 644,953	139%
April 1, 2012	$ -	$ 846,874	$ 846,874	0%	$ 826,522	102%
March 1, 2015	$ -	$ 606,678	$ 606,678	0%	$ 350,143	173%
Peralta Group						
September 18, 2009	$ -	$ 1,630,087	$ 1,630,087	0%	$ 169,759	960%
April 1, 2012	$ -	$ 1,497,695	$ 1,497,695	0%	$ 241,950	619%
March 1, 2015	$ -	$ 1,754,677	$ 1,754,677	0%	$ 138,092	1271%

See independent auditor's report on required supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Year Ended June 30, 2015

State Teacher's Retirement Plan
Last 10 Fiscal Years

	2015
District's proportion of the net pension liability	0.007%
District's proportionate share of the net pension liability	$ 3,924,000
State's proportionate share of the net pension liability associated with the District	2,370,000
Total net pension liability	$ 6,294,000
District's covered-employee payroll	$ 2,991,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131%
Plan fiduciary net position as a percentage of the total pension liability	76.52%

The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(Continued)
For the Year Ended June 30, 2015

Public Employers Retirement Fund B
Last 10 Fiscal Years

		2015
District's proportion of the net pension liability		0.030%
District's proportionate share of the net pension liability	$	3,360,000
District's covered-employee payroll	$	3,107,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		108%
Plan fiduciary net position as a percentage of the total pension liability		83.38%

The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior.

All years prior to 2015 are not available.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

For the Year Ended June 30, 2015

State Teachers' Retirement Plan
Last 10 Fiscal Years

		2015
Contractually required contribution	$	270,321
Contributions in relation to the contractually required contribution	$	270,321
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	3,044,000
Contributions as a percentage of covered-employee payroll		8.88%

All years prior to 2015 are not available.

(Continued)

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
(Continued)
For the Year Ended June 30, 2015

Public Employers Retirement Fund B
Last 10 Fiscal Years

		2015
Contractually required contribution	$	320,891
Contributions in relation to the contractually required contribution	$	320,891
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	2,726,000
Contributions as a percentage of covered-employee payroll		11.77%

All years prior to 2015 are not available.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULE

Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

Schedule of the District's Proportionate Share of the Net Pension Liability

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

Schedule of the District's Contributions

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

Changes of Benefit Terms

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

Changes of Assumptions

There are no changes in assumptions reported in the Required Supplementary Information.

SUPPLEMENTARY INFORMATION

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

ORGANIZATION
(Unaudited)

June 30, 2015

The Feather River Community College District is located in Quincy, California. Geographically, the District encompasses all of Plumas County with the exception of the southeastern corner of the County, near Calpine, California.

The District provides the first two years of instruction transferable to accredited four-year colleges and universities as well as vocational and technical education.

The Board of Trustees and District Administration for the fiscal year ended June 30, 2015 were composed of the following members:

BOARD OF TRUSTEES

Members	Office	Term Expires
Mr. John Sheehan	President	December 2016
Mr. William Elliott	Member	December 2018
Mr. Guy McNett	Member	December 2018
Dr. Dana Ware	Member	December 2016
Dr. James Meyers	Member - Provisional	December 2016

DISTRICT ADMINISTRATION

Dr. Kevin Trutna
President/District Superintendent

Mr. James Scoubes
Chief Financial Officer

Dr. Derek Lerch
Chief Instructional Officer

Dr. Karen Pierson
Chief Student Services Officer

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF NET POSITION BY FUND
(Unaudited)
June 30, 2015

	General	Capital Outlay Projects Fund	Child Development Fund	Student Financial Aid Fund	Bookstore Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Net Position
Assets								
Current assets:								
Cash and cash equivalents	$ 5,029,756	$ -	$ 53,998	$ 264,307	$ 168,446	$ 5,516,507	$ -	$ 5,516,507
Receivables, net	919,418	1,312	1,472	87,164	26,964	1,036,330	-	1,036,330
Note receivable from Foundation, current	45,000	-	-	-	-	45,000	-	45,000
Due from other funds	287,298	165,421	1,591	-	-	454,310	(454,310)	-
Stores inventories	-	-	-	-	57,152	57,152	-	57,152
Prepaid expenses	82,865	-	-	-	-	82,865	-	82,865
Total current assets	6,364,337	166,733	57,061	351,471	252,562	7,192,164	(454,310)	6,737,854
Noncurrent assets:								
Restricted cash and cash equivalents	-	750,672	-	-	-	750,672	-	750,672
Note receivable from Foundation, noncurrent	526,996	-	-	-	-	526,996	-	526,996
Non-depreciable capital assets	-	-	-	-	-	-	277,099	277,099
Depreciable capital assets, net	-	-	-	-	-	-	11,858,452	11,858,452
Total noncurrent assets	526,996	750,672	-	-	-	1,277,668	12,135,551	13,413,219
Total assets	6,891,333	917,405	57,061	351,471	252,562	8,469,832	11,681,241	20,151,073
Deferred Outflows of Resources								
Deferred outflows of resources - pensions	-	-	-	-	-	-	591,212	591,212
Total assets & deferred outflows of resources	$ 6,891,333	$ 917,405	$ 57,061	$ 351,471	$ 252,562	$ 8,469,832	$ 12,272,453	$ 20,742,285
Liabilities								
Current liabilities:								
Accounts payable	$ 820,476	$ 416,954	$ 1,340	$ (2,947)	$ 6,712	$ 1,242,535	$ -	$ 1,242,535
Due to other funds	287,163	-	-	287,298	-	574,461	(454,310)	120,151
Unearned revenue	1,743,001	18,694	-	19,678	-	1,781,373	-	1,781,373
Compensated absences payable	-	-	-	-	-	-	442,654	442,654
Long-term debt - current portion	-	-	-	-	-	-	217,454	217,454
Total current liabilities	2,850,640	435,648	1,340	304,029	6,712	3,598,369	205,798	3,804,167
Noncurrent liabilities:								
Long-term debt - noncurrent portion	-	-	-	-	-	-	8,924,611	8,924,611
Total liabilities	2,850,640	435,648	1,340	304,029	6,712	3,598,369	9,130,409	12,728,778

(Continued)

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF NET POSITION BY FUND
(Unaudited)
(Continued)
June 30, 2015

	General	Capital Outlay Projects Fund	Child Development Fund	Student Financial Aid Fund	Bookstore Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Net Position
Deferred Inflows of Resources								
Deferred inflows of resources - pensions	-	-	-	-	-	-	2,327,250	2,327,250
Net Position								
Net investment in capital assets	-	-	-	-	-	-	11,927,730	11,927,730
Restricted for:								
Expendable:								
Capital projects	-	481,757	-	-	-	481,757	-	481,757
Other special purposes	82,865	-	-	-	-	82,865	(82,865)	-
Unrestricted	3,957,828	-	55,721	47,442	245,850	4,306,841	(11,030,071)	(6,723,230)
Total net position	4,040,693	481,757	55,721	47,442	245,850	4,871,463	814,794	5,686,257
Total liabilities, deferred inflows of resources & net position	$ 6,891,333	$ 917,405	$ 57,061	$ 351,471	$ 252,562	$ 8,469,832	$ 12,272,453	$ 20,742,285

See accompanying notes to supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION BY FUND
(Unaudited)
For the Year Ended June 30, 2015

	General	Capital Outlay Projects Fund	Child Development Fund	Student Financial Aid Fund	Bookstore Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Revenues, Expenses and Change in Net Position
Operating revenues:								
Tuition and fees	$ 2,141,138	$ -	$ -	$ -	$ -	$ 2,141,138	$ (216,843)	$ 1,924,295
Less: Scholarship discounts and allowance	-	-	-	-	-	-	(990,177)	(990,177)
Net tuition and fees	2,141,138	-	-	-	-	2,141,138	(1,207,020)	934,118
Grants and contracts, non-capital:								
Federal	1,160,238	-	14,071	1,766,500	-	2,940,809	-	2,940,809
State	2,459,944	-	108,128	128,299	-	2,696,371	202,000	2,898,371
Local	755,434	4,809	23,400	190,685	2,000	976,328	-	976,328
Auxiliary enterprise sales and charges	-	-	-	-	53,276	53,276	-	53,276
Total operating revenues	6,516,754	4,809	145,599	2,085,484	55,276	8,807,922	(1,005,020)	7,802,902
Operating expenses:								
Salaries	8,179,936	-	132,686	-	51,508	8,364,130	28,339	8,392,469
Employee benefits	2,633,714	-	37,226	-	10,861	2,681,801	70,306	2,752,107
Supplies, materials and other operating expenses and services	6,302,263	444,577	(61,440)	-	14,975	6,700,375	(601,961)	6,098,414
Utilities	-	-	-	-	-	-	386,511	386,511
Depreciation	-	-	-	-	-	-	665,939	665,939
Student financial aid and scholarships	149,158	-	-	3,955,535	-	4,104,693	-	4,104,693
Total operating expenses	17,265,071	444,577	108,472	3,955,535	77,344	21,850,999	549,134	22,400,133
(Loss) gain from operations	(10,748,317)	(439,768)	37,127	(1,870,051)	(22,068)	(13,043,077)	(1,554,154)	(14,597,231)
Non-operating revenues (expenses):								
State apportionment, non-capital	5,705,612	-	-	-	-	5,705,612	-	5,705,612
Local property taxes	4,817,203	-	-	-	-	4,817,203	-	4,817,203
State taxes and other revenues	381,626	-	-	-	-	381,626	-	381,626
Interest expense on capital asset related debt	(15,065)	-	-	-	-	(15,065)	-	(15,065)
Interest income	15,852	2,444	180	-	799	19,275	-	19,275
Debt reduction	(135,119)	-	-	-	-	(135,119)	135,119	-
Pell grants	-	-	-	1,870,051	-	1,870,051	-	1,870,051
Total non-operating revenues (expenses)	10,770,109	2,444	180	1,870,051	799	12,643,583	135,119	12,778,702

(Continued)

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION BY FUND
(Unaudited)
(Continued)
For the Year Ended June 30, 2015

	General	Capital Outlay Projects Fund	Child Development Fund	Student Financial Aid Fund	Bookstore Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Revenues, Expenses and Change in Net Position
Income (loss) before capital revenues	21,792	(437,324)	37,307	-	(21,269)	(399,494)	(1,419,035)	(1,818,529)
Capital revenues:								
Local property taxes and other revenues, capital	-	-	-	-	-	-	1,207,020	1,207,020
Change in net position	21,792	(437,324)	37,307	-	(21,269)	(399,494)	(212,015)	(611,509)
Net position, July 1, 2014	4,018,901	919,081	18,414	47,442	267,119	5,270,957	10,069,526	15,340,483
Cumulative effect of GASB 68 implementation	-	-	-	-	-	-	(9,042,717)	(9,042,717)
Net position, July 1, 2014, as restated	4,018,901	919,081	18,414	47,442	267,119	5,270,957	1,026,809	6,297,766
Net position, June 30, 2015	$ 4,040,693	$ 481,757	$ 55,721	$ 47,442	$ 245,850	$ 4,871,463	$ 814,794	$ 5,686,257

See accompanying notes to supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster:			
Federal Direct Student Loans	84.268	P268K123097	$ 1,716,265
Federal Work Study Program	84.033	P033A100600	24,770
Federal Pell Grant Program	84.063	P063P101180	1,870,051
Administrative Allowance	84.063	P063P101180	99,234
Federal Supplementary Educational Opportunity Grant	84.007	P007A070600	21,166
Subtotal Student Financial Aid Cluster			3,731,486
TRIO Cluster:			
TRIO - Student Support Services	84.042A	P042A100546	272,367
TRIO - Talent Search	84.044	P044A110711	225,047
TRIO - Upward Bound	84.047	P047A120549	250,313
Subtotal TRIO Cluster			747,727
Career and Technical Education Programs:			
Passed through the California Community College Chancellor's Office:			
Career and Technical Education - Basic Grants to States	84.048		50,823
Passed through Butte Community College District:			
Career and Technical Education - Basic Grants to States	84.048		269
Subtotal Career and Technical Education Programs			51,092
Passed through the California Community College Chancellor's Office:			
Higher Education Institutional Aid	84.031A		72,919
Total U.S. Department of Education			4,603,224
U.S. Department of Agriculture			
Passed through the California Department of Education:			
Child and Adult Care Food Program	10.558		14,071
Passed through Plumas County:			
Forest Reserve	10.665		165,421
Total U.S. Department of Agriculture			179,492

(Continued)

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Entity Identifying Number	Federal Expenditures
U.S. Department of Veteran Affairs			
Direct Program:			
Survivors and Dependents Educational Assistance	64.117		$ 6,444
U.S. Department of Health and Human Services			
Passed through Yosemite Community College District:			
Child Care and Development Block Grant	93.575		7,482
Passed through California Community College Chancellor's Office:			
Temporary Assistance for Needy Families	93.558		14,218
Total U.S. Department of Health and Human Services			21,700
Total Federal Programs			$ 4,810,860

See accompanying notes to supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL AWARDS

For the Year Ended June 30, 2015

	Program Revenues				
	Cash Received	Accounts Receivable	Account Payable or Unearned Income	Total	Total Program Expenditures
Cal Grants	$ 121,180	$ 7,119	$ -	$ 128,299	$ 128,299
Disabled Student Programs and Services	175,764	-	771	174,993	174,993
Extended Opportunity Programs and Services	201,668	-	7,479	194,189	194,189
CDC Repairs and Maintenance	-	1,312	1,312	-	-
IELM Black Grant	201,476	-	-	201,476	201,476
Cooperative Agency Resource Education	41,370	-	4,285	37,085	37,085
AB 1725 Staff Development	199	-	199	-	-
Equal Employment Opportunity	8,200	-	5,469	2,731	2,731
Child Development	107,194	-	-	107,194	107,194
Prop 39 Clean Energy	83,985	-	65,227	18,758	18,758
Child Care Food Program	772	163	-	935	935
Child Development Early Childhood Mentoring Program	1,017	-	243	774	774
Cal WORKs	68,108	-	1,991	66,117	66,117
SSSP	224,574	-	80,752	143,822	143,822
Telecommunications	8,298	-	8,298	-	-
Boating Safety	17,489	8,758	-	26,247	26,247
BFAP 2%	19,370	-	-	19,370	19,370
CTE Transitions	29,569	12,045	-	41,614	41,614
Student Equity	200,000	-	182,490	17,510	17,510
WIP E-Ship	150,042	-	-	150,042	150,042
AB 86 Adult Education	155,595	17,954	-	173,549	173,549
Basic Skills	112,570	-	22,701	89,869	89,869
PT Faculty Office Hours & Comp	35,507	-	-	35,507	35,507
CTE AG CTE 20035	33,186	2,324	-	35,510	35,510
SB 70 Block Grant	205,964	-	565	205,399	205,399
SB 10 Block Grant	412,462	112,260	218,962	305,760	305,760
Mandated Cost	115,297	-	115,297	-	-
R2T4	757	-	757	-	-
Maintenance Allowance	1,665	-	-	1,665	1,665
Block Grant/Maintenance and Repairs	105,483	-	72,801	32,682	32,682
Block Grant/600 Remodel	15,034	-	-	15,034	15,034
Block Grant/Library Remodel	7,841	-	-	7,841	7,841
Block Grant Deferred Maintenance	186,468	-	24,570	161,898	161,898
Unrestricted Lottery	164,730	81,343	-	246,073	246,073
Lottery/Instructional Materials	124,780	58,680	141,617	41,843	41,843
IDRC	333,492	-	330,070	3,422	3,422
WEDD Global Trade & Logistics	-	181,783	-	181,783	181,783

See accompanying notes to supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT

Annual Attendance as of June 30, 2015

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2014 only)			
1. Noncredit	8	-	8
2. Credit	147	-	147
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit	5	-	5
2. Credit	145	-	145
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	570	-	570
b. Daily Census Contact Hours	61	-	61
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	86	-	86
b. Credit	287	-	287
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	296	-	296
b. Daily Census Contact Hours	5	-	5
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	1,610	-	1,610
Supplementary Information:			
E. In-Service Training Courses (FTES)	49	-	49
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	99	-	99
b. Credit	57	-	57
CCFS 320 Addendum			
CDCP	-	-	-
Centers FTES			
a. Noncredit	-	-	-
b. Credit	-	-	-

See accompanying notes to supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

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

For the Year Ended June 30, 2015

There were no adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION

For the Year Ended June 30, 2015

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional salaries:							
Contract or regular	1100	$ 2,184,474	$ -	$ 2,184,474	$ 2,184,474	$ -	$ 2,184,474
Other	1300	1,088,195	-	1,088,195	1,088,195	-	1,088,195
Total instructional salaries		3,272,669	-	3,272,669	3,272,669	-	3,272,669
Non-instructional salaries:							
Contract or regular	1200	-	-	-	794,785	-	794,785
Other	1400	-	-	-	-	-	-
Total non-instructional salaries		-	-	-	794,785	-	794,785
Total academic salaries		3,272,669	-	3,272,669	4,067,454	-	4,067,454
Classified Salaries							
Non-instructional salaries:							
Regular status	2100	-	-	-	1,217,709	-	1,217,709
Other	2300	-	-	-	104,187	-	104,187
Total non-instructional salaries		-	-	-	1,321,896	-	1,321,896
Instructional aides:							
Regular status	2200	144,770	-	144,770	144,770	-	144,770
Other	2400	12,325	-	12,325	12,325	-	12,325
Total instructional aides		157,095	-	157,095	157,095	-	157,095
Total classified salaries		157,095	-	157,095	1,478,991	-	1,478,991
Employee benefits	3000	1,102,589	-	1,102,589	2,068,392	-	2,068,392
Supplies and materials	4000	-	-	-	536,145	-	536,145
Other operating expenses	5000	677,753	-	677,753	2,912,635	-	2,912,635
Equipment replacement	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		5,210,106	-	5,210,106	11,063,617	-	11,063,617

(Continued)

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
(Continued)
For the Year Ended June 30, 2015

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student health services above amount collected	6441	-	-	-	66,684	-	66,684
Student transportation	6491	-	-	-	204,709	-	204,709
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	222,908	-	222,908
Objects to exclude:							
Rents and leases	5060	-	-	-	153,245	-	153,245
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:	4000						
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	246,072	-	246,072
Noninstructional supplies and materials	4400	-	-	-	-	-	-
Total supplies and materials		-	-	-	246,072	-	246,072
Other operating expenses and services	5000	-	-	-	-	-	-
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:	6400						
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		-	-	-	893,618	-	893,618
Total for ECS 84362, 50% Law		$ 5,210,106	$ -	$ 5,210,106	$ 10,169,999	$ -	$ 10,169,999
Percent of CEE (instructional salary cost /Total CEE)		51.23%	-	51.23%	100%	-	100%
50% of current expense of education		$ -	$ -	$ -	$ 5,085,000	$ -	$ 5,085,000

See accompanying notes to supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

PROP 30 EPA EXPENDITURE REPORT
For the Year Ended June 30, 2015

EPA Proceeds: $ 2,025,255

Activity Classification	Activity Code (0100-5900)	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	-	$ 2,025,255	-	-	$ 2,025,255

See accompanying notes to supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Combining Statement of Net Position by Fund and Combining Statement of Revenues, Expenses and Change in Net Position by Fund

These statements report the financial position and operational results of the individual funds of the District, the reconciling adjusting entries under GASB Cod. Sec. C05.101.

B - Schedule of Expenditure of Federal Awards

The accompanying Schedule of Expenditure of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133.

C - Schedule of State Financial Awards

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

D - Schedule of Workload Measures for State General Apportionment

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

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

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

F - Reconciliation of ECS 84362 (50 Percent Law) Calculation

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

G - Prop 30 EPA Expenditure Report

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

Crowe Horwath

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees
Feather River Community College District
Quincy, California

Report on Compliance with State Laws and Regulations

We have audited the compliance of Feather River Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2015:

Salaries of Classroom Instructors (50 Percent Law)
Apportionment for Instructional Service Agreements/Contracts
State General Apportionment Funding System
Residency Determination for Credit Courses
Students Actively Enrolled
Concurrent Enrollment of K-12 Students in Community College Credit Courses
Scheduled Maintenance Program
Gann Limit Calculation
Open Enrollment
Student Fees - Health Fees and Use of Health Fee Funds
Proposition 39 Clean Energy
Intersession Extension Program
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

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with state laws and regulations, as listed above, of Feather River Community College District. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the California State Chancellor's Office's California Community College Contracted District Audit Manual. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Feather River Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide legal determination of Feather River Community College District's compliance with those requirements.

Opinion with State Laws and Regulations

In our opinion, Feather River Community College District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2015. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Feather River Community College District had not complied with the state laws and regulations.

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance and the results of that testing based on requirements of the *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 25, 2015

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S 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*

Board of Trustees
Feather River Community College District
Quincy, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit and the fiduciary activities of Feather River Community College District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Feather River Community College District's basic financial statements, and have issued our report thereon dated November 25, 2015. The financial statements of Feather River Community College Foundation, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Feather River Community College Foundation, Inc.

Internal Control Over Financial Reporting

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

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

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

We identified a deficiency involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as finding 2015-001.

Compliance and Other Matters

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

District Response to Finding

Feather River Community College District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. Feather River Community College District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely 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 effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 25, 2015

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Feather River Community College District
Quincy, California

Report on Compliance for Each Major Federal Program

We have audited Feather River Community College District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Feather River Community College District's major federal programs for the year ended June 30, 2015. Feather River Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Feather River Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Feather River Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Feather River Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Feather River Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Feather River Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Feather River Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Feather River Community College District's internal control over compliance.

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

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 25, 2015

FINDINGS AND RECOMMENDATIONS

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____	Yes	X	None reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

FEDERAL AWARDS

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____	Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000			
Auditee qualified as low-risk auditee?	X	Yes	_____	No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

2015-001 STUDENT ACCOUNTS RECEIVABLE

Criteria

District policy BP 5031, Tuition and Enrollment Fee Deferment, directing the collection of student tuition and fees in full at the beginning of each semester in attendance.

Condition

The District has policies in place to collect tuition payment by the first day of the semester in attendance prior to providing services to students. However, the District is not receiving tuition payment on a significant portion of its student accounts receivable.

Effect

The student accounts receivable gross balance has increased by 99% from prior year and the District had approximately $149,000 in bad debt expense for the year ended June 30, 2015.

Cause

The District's controls over the collection of student accounts receivable are not appropriately designed and implemented.

Fiscal Impact

Not determinable.

Recommendation

The District should implement controls the ensure its policy on tuition collection is enforced.

Corrective Action Plan

The District will implement the following controls the ensure its policy on tuition collection is enforced:

- For **tuition**, **fees** and **rent**:
  - Payment is due in full by the first day of the semester OR
  - A payment plan is signed by the first day of the semester outlining how the balance will be paid in full by the beginning of the 10th week OR
  - Evidence that full payment will be made through Financial Aid OR
  - A waiver is signed by the Dean of Students
  - A HOLD will be placed on the student's account by the beginning of the 10th week of the semester if payment in full has not been received.

- Statements will be sent following a regular, monthly schedule.

- To facilitate administrative-level oversight of student receivables, Admissions and Records will produce a monthly aging analysis which will include a narrative on the status of open accounts. The analysis will be reviewed by the Dean of Student Services and distributed to President's Staff on a monthly basis.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2015

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
2014-001 Sample selections were made from the detailed listing of students receiving EOPS support and services for the 2013-2014 academic year. Out of 16 students selected for testing, 8 did not have an application or a mutual responsibility contract signed by the appropriate college staff. The District should develop and implement procedures to ensure compliance with EOPS recordkeeping requirements.	Implemented	