SIERRA JOINT COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
June 30, 2015

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

ORGANIZATION

June 30, 2015
(Unaudited)

Sierra Joint Community College District (the "District") is comprised of areas in Placer, Nevada, El Dorado and Sacramento Counties. The District operates a central campus located on a 299-acre site in the city of Rocklin, in southwestern Placer County, California, and two small satellite campuses located in Grass Valley and Truckee in Nevada County. Classes are also taught at the Roseville site and other sites throughout the 3,200-square-mile territory of the District. The District currently serves approximately 25,700 students who are enrolled in both day and evening classes, has a full time faculty of approximately 212, and a part time faculty of approximately 980. Many areas of study are offered as well as vocational and technical education and many courses of instruction are transferable to accredited four-year colleges and universities.

The District is governed by a seven-member Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel.

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. William Halldin	President	December 2016
Mr. Scott Leslie	Vice President/Clerk	December 2016
Mr. Aaron Klein	Trustee	December 2016
Mr. Robert Romness	Trustee	December 2018
Mr. David Ferrari	Trustee	December 2018
Ms. Cari Dawson Bartley	Trustee	December 2018
Ms. Nancy B. Palmer	Trustee	December 2018

BOARD AUDIT COMMITTEE MEMBERS

Mr. David Ferrari (Chair) Mr. Robert Romness Mr. Aaron Klein

DISTRICT ADMINISTRATION

Mr. William H. Duncan, IV
Superintendent/President

Mr. Chris Yatooma
Vice President of Administrative Services

Ms. Linda Fisher
Director of Finance

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

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FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

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Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Sierra Joint Community College District
Rocklin, 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 Sierra Joint Community College District, as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise Sierra Joint Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Sierra College Foundation, a discretely presented component unit, were not audited 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 Sierra Joint 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 through 17 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress and Schedule of Employer Contributions, 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 Sierra Joint 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 is 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 23, 2015 on our consideration of Sierra Joint Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sierra Joint Community College District's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 23, 2015

INTRODUCTION

This section of Sierra Joint Community College District's financial statements presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

The Sierra Joint Community College District was established in 1936, covers over 3,200 square miles and serves Placer, Nevada and parts of El Dorado and Sacramento counties. The District includes one comprehensive community college and two centers. Students may choose from 95 associate degree majors and 78 achievement or skill certificate programs, complete courses toward the first two years of a bachelor's degree program or pursue courses for professional or other purposes.

The District attained fiscal independence from Placer County Office of Education in 2008-2009. The application process required an extensive evaluation of our accounting controls to ensure they met the standards required by the Board of Governors. The District passed this evaluation and was granted fiscal independence by the Board of Governors effective July 1, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Sierra Joint Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and No. 35, Basic Financial Statements – and Management Discussion and Analysis - for Public College and Universities. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Change in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and non-operating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

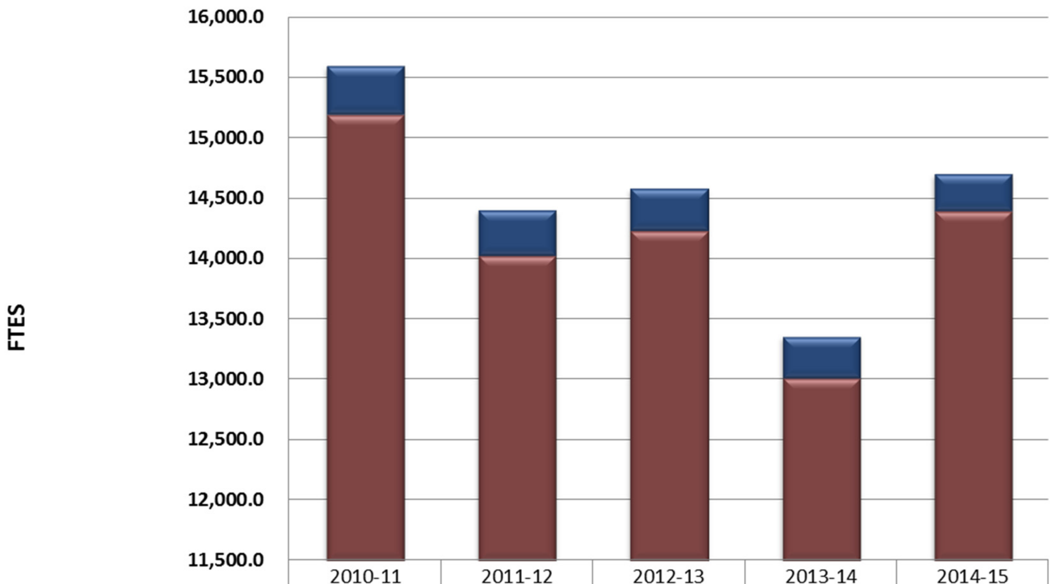
The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

This annual report consists of three parts: management's discussion and analysis (this section), three basic financial statements that provide information on the District's activities as a whole (the Statement of Net Position; the Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows),and Supplementary Information.

ATTENDANCE AND FINANCIAL HIGHLIGHTS

- The District's main funding source is based upon the apportionment formula from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). Sierra College realized over $600,000 in growth revenue or 125 FTES. However, this growth revenue was achieved solely by shifting summer FTES from the prior fiscal year into the 2014-15 fiscal year. Growth did not occur in either of the two primary semesters, fall and spring, in the 2014-15 fiscal year. Furthermore, while the District was able to capture this growth due to the shifting of summer enrollments, Sierra was unable to capture all the growth made available by the State, which was over $1.8 million and approximately 390 FTES.

5 Year Trend of Funded Full Time Equivalent Students



	2010-11	2011-12	2012-13	2013-14	2014-15
FUNDED NON-CREDIT FTES	404.0	373.1	345.1	342.5	302.9
FUNDED CREDIT FTES	15,191.8	14,030.4	14,237.5	13,016.3	14,398.6

- The 2014-2015 funding formula revenues for the unrestricted general fund reflect a small increase from the 2013-2014 fiscal year. 2013-2014 revenues from the state funding formula totaled approximately $72 million and increased to approximately $73.7 million for 2014-2015. This represents a $1.7 million or 2.45% increase. Included in 2014-15 are additional payments related to 2012-13 & 2013-14 Chancellor's Office Apportionment Recalculation totaling $364,000.

- The 2014-2015 total General Fund revenues were $95.3 million compared to $91.1 million earned in 2013-2014, an increase of $4.1 million or 4.5%.

- Revenues for categorical programs and other grants in the restricted general fund increased significantly by approximately $3.2 million or 30.3%.

- The 2014-2015 Budget Act provided a .85% cost-of-living adjustment, less than the 1.57% for 2013-14 while the five previous years received no such adjustment.

- The District ended the fiscal year 2014-2015 with a net increase of $2.3 million in fund balance for the unassigned General Fund leaving the ending fund reserve at $13.4 million, 14.1% of general fund expenses. These fund balances amounts are prior to the effect of the implementation of GASB 68 as displayed in the audited financials. The Board of Trustees has set a goal to maintain reserves between eight and twelve percent reserve for the unrestricted General Fund.

- Health benefits for both employees and retirees increased $450,000 or 5.75% over the prior year. An additional $420,000 was accrued for Faculty Excess Sick Leave as described in Note 1 of the financial statements. For employees hired before July 1, 1994, the District pays medical premiums upon retirement. The District has accounted for retiree benefits on a "pay-as-you-go basis." The unfunded actuarial accrued liability at a 7% discount rate for the District, as of the most recent actuarial study dated July 1, 2014, is $33.7 million when considering $9.6 million of assets held in the OPEB Trust.

- Due to the favorable interest rate environment, the District was able to refinance a portion of the outstanding General Obligation Bonds for School Facility Improvement District #1 for the Tahoe-Truckee campus. The bonds are general obligations of the District, but are payable solely from ad valorem taxes upon all property in the School Facility Improvement District #1. Note 8 to the financial statements provides a detailed discussion of the advance refunding.

- The District paid down $3.4 million in long-term debt, exclusive of debt refunding related to issuance of refunding bonds.

- The District is required to allocate 50 percent of unrestricted general fund expenses to classroom instructional costs (50 percent law). The District continues to be in compliance and has exceeded this requirement. In 2014-2015 the District allocated 52.46% to classroom instructional compensation.

FINANCIAL ANALYSIS OF THE DISTRICT

Condensed financial information is as follows:

Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used most private sector organizations.

The difference between total assets and total liabilities is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. The implementation of GASB 68 for the year ended June 30, 2015 changes the presentation on the Statement of Net Position. For ease of comparison to prior year results, the cumulative effect of GASB 68 is presented separately. Assets and liabilities are generally measures using current values. One notable exception is capital assets, which are stated at historical cost less accumulated depreciation.

The Net Position is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net assets. These net assets are available for expenditure by the District, but must be spent for purposes as determined by external entities, legislation and/or donors that have placed time or purpose restricted on the use of the assets. The final category is unrestricted and is available to the District for any lawful purpose of the District.

A summary of the Statement of Net Position as of June 30, 2015 and June 30, 2014 is shown below:

	2014-2015	2013-2014	Increase (Decrease)	Percent Change
ASSETS				
Current assets				
Cash and cash equivalents	$ 23,741,867	$ 21,985,337	$ 1,756,530	8.0%
Accounts receivable and other assets, net	4,171,551	3,434,215	737,336	21.5%
Total Current Assets	**27,913,418**	**25,419,552**	**2,493,866**	**9.8%**
Noncurrent assets				
Restricted cash and cash equivalents	16,323,782	26,357,298	(10,033,516)	-38.1%
Deferred charges and other	0	63,000	(63,000)	-100.0%
Capital assets (net of depreciation)	138,538,573	139,335,941	(797,368)	-0.6%
Total Noncurrent Assets	**154,862,355**	**165,756,239**	**(10,893,884)**	**-6.6%**
TOTAL ASSETS	**182,775,773**	**191,175,791**	**(8,400,018)**	**-4.4%**
DEFERRED OUTFLOW OF RESOURCES				
Deferred Outflow - Pensions	4,901,388	0	4,901,388	100.0%
Deferred Loss on Refunding	2,471,621	1,724,686	746,935	43.3%
TOTAL ASSETS AND DEFERRED OUTFLOW	**$ 190,148,782**	**$ 192,900,477**	**$ (2,751,695)**	**-1.4%**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 5,479,341	$ 14,853,099	$ (9,373,758)	-63.1%
Unearned Revenue	8,586,845	6,609,999	1,976,846	29.9%
Current portion of long-term obligations	5,915,430	5,276,189	639,241	12.1%
Total Current Liabilties	**19,981,616**	**26,739,287**	**(6,757,671)**	**-25.3%**
Noncurrent liabilities				
Non-Current portion of long-term obligations	138,488,471	82,066,309	56,422,162	68.8%
Other long-term obligations	10,444,795	9,200,957	1,243,838	13.5%
Total Noncurrent Liabilties	**148,933,266**	**91,267,266**	**57,666,000**	**63.2%**
TOTAL LIABILITIES	**168,914,882**	**118,006,553**	**50,908,329**	**43.1%**
DEFERRED INFLOW OF RESOURCES				
GASB 68 implementation - Pensions	16,776,000	0	16,776,000	100.0%
NET POSITION				
Net Investment in Capital Assets	49,205,004	48,287,083	917,921	0
Restricted for:				
Scholarships and Loans	17,198	17,205	(7)	0.0%
Capital Projects	11,430,605	12,075,764	(645,159)	-5.3%
Debt Service	4,422,478	4,093,929	328,549	8.0%
Unrestricted	(60,617,385)	10,419,943	(71,037,328)	-681.7%
TOTAL NET POSITION	**4,457,900**	**74,893,924**	**(70,436,024)**	**-94.0%**
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	**$ 190,148,782**	**$ 192,900,477**	**$ (2,751,695)**	**-1.4%**

This schedule has been prepared from the District's Statement of Net Position which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

- Approximately 98% of the cash balance is cash deposited in the Placer County Treasury Pool and approximately 2% is cash deposited in local financial institutions. The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash and the net increase or decrease of cash during the fiscal year.

- The majority of the accounts receivable balance is from state apportionment, student enrollment fees, federal and state grant programs and federal and state entitlement programs.

- The District receives cash unevenly throughout the year as the main source of revenue is property taxes which are collected and received in December and April. In order for the District to meet its cash needs during the months immediately preceding December and April, the District takes out short-term debt in the form of a Tax Revenue Anticipation Note (TRAN). The TRAN debt increases cash from the cash received from borrowing and increases the short term, current debt obligations. The District received its TRAN proceeds of $6,800,000 July 1, 2014 and retired the debt on June 30, 2015. Funds are set aside in January and April from property tax revenue to repay the debt when due. The District typically secures and retires a TRAN debt annually. The projected cash shortfall for 2015-16 was smaller than usual and shorter in duration, so the District will use Dry Period Financing through the Placer County Treasury to meet its cash needs.

- Accounts payable are amounts due as of the fiscal year-end for goods and services received. Total accounts payable and accrued liabilities are $5.5 million at year end, representing a 63.1% decrease from fiscal year 2013-14. The decrease of $9.4 million is primarily attributable to the TRAN debt being zero at June 30, 2015 compared to $9 million at June 30, 2014.

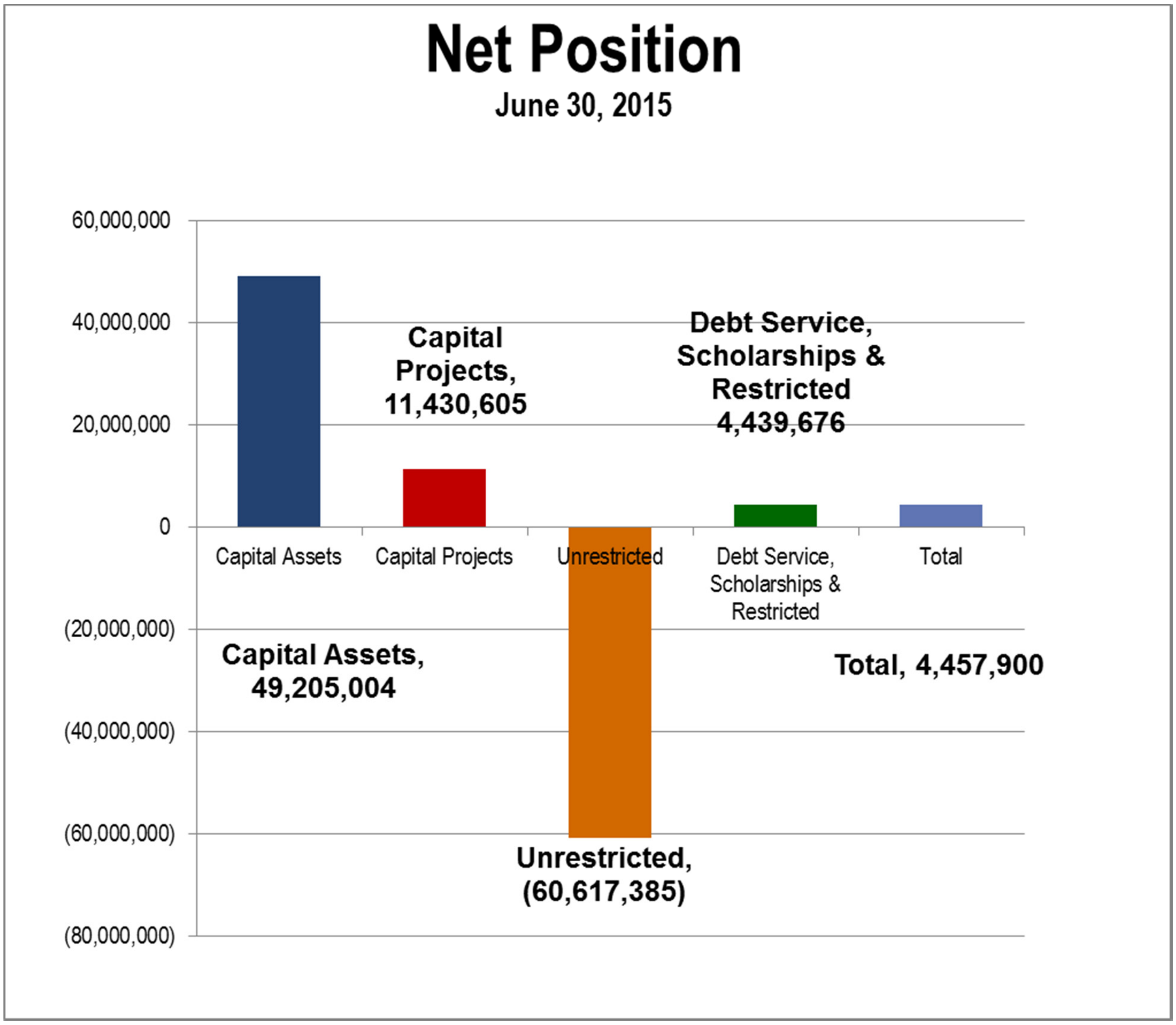
- Capital Assets, net of depreciation, are $138.5 million, with debt related to these assets of $91.8 million, and a deferred loss on refunding of $2.5 million for a net investment in Capital Assets of $49.2 million. The majority of debt is in the form of General Obligation Bonds related to School Facility Improvement Districts for the Tahoe-Truckee campus and the Nevada County campus in Grass Valley. Projects for the Tahoe-Truckee campus were completed in 2010-2011 and projects in Grass Valley were completed during 2014-15. Construction commitments for all capital projects at June 30, 2015 were $1.7 million. See Note 5, Capital Assets, in the Notes to Basic Financial Statements for detailed information.

- At year-end, the District had $91.8 million in General Obligation Bonds, Certificate of Participation (COP) and other long-term debt outstanding. The District continued to pay down its debt, retiring $3.4 million of the COPs, capital leases, and bonds exclusive of debt refunding. See Note 8, Long-Term Liabilities in the Notes to Basic Financial Statements for detailed information.

- The District holds funds for scholarship, loans, capital projects and debt service reserves as required by various federal and state regulations. Net assets held for these purposes totaled $15.9 million.

- Compensated absences (accrued vacation not used at June 30), reflected as liability, totaled $1.4 million.

- The General Obligation Bonds—School Facilities Improvement District—was upgraded to an AA- rating from Standard and Poor's in 2011. Moody's affirmed their Aa2 rating in July 2014. Ratings are based on the District's fiscal stability, and overall creditworthiness.


Net Position
June 30, 2015
60,000,000
40,000,000
20,000,000
0
(20,000,000)
(40,000,000)
(60,000,000)
(80,000,000)
Capital Assets
Capital Projects
Unrestricted
Debt Service, Scholarships & Restricted
Total
Capital Assets, 49,205,004
Capital Projects, 11,430,605
Unrestricted, (60,617,385)
Debt Service, Scholarships & Restricted 4,439,676
Total, 4,457,900

Statement of Revenues, Expenses, and Change in Net Position

The change in total net position presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expense and Change in Net Position. The purpose of this statement is to present the operating and non-operating revenues earned (whether received or not) by the District, the operating and non-operating expenses incurred (whether paid or not) by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District.

Operating activities are those in which a direct payment or exchange is made for the receipt of specified goods or services. As an example, tuition fees paid by the student are considered an exchange for instructional services. This activity is considered an operating activity. The receipt of state apportionments and property taxes do not include this exchange relationship between payment and receipt of goods or services. These revenues and related expenses are classified as non-operating activities.

A summary of the Statement of Revenues, Expenses, and Change in Net Position for the years ended June 30, 2015 and June 30, 2014 is shown below.

	2014-2015	2013-2014	Increase (Decrease)	Percent Change
OPERATING REVENUES				
Net Tuition & Fees	$ 12,486,949	$ 12,575,502	$ (88,553)	-0.7%
Grants & Contracts	24,615,096	19,985,521	4,629,575	23.2%
Auxiliary	724,112	721,787	2,325	0.3%
TOTAL OPERATING REVENUES	**37,826,157**	**33,282,810**	**4,543,347**	**13.7%**
OPERATING EXPENSES				
Salaries	56,442,233	53,314,394	3,127,839	5.9%
Employee Benefits	19,332,639	15,994,505	3,338,134	20.9%
Supplies, Material & Other	16,812,645	15,622,843	1,189,802	7.6%
Student Aid	35,244,839	36,114,557	(869,718)	-2.4%
Utilities	2,251,718	2,302,374	(50,656)	-2.2%
Depreciation	5,492,965	5,296,462	196,503	3.7%
TOTAL OPERATING EXPENSES	**135,577,039**	**128,645,135**	**6,931,904**	**5.4%**
NON-OPERATING & CAPITAL ACTIVITY				
State Revenues	5,092,154	2,894,482	2,197,672	75.9%
Local Property Taxes & Apportionments	71,585,384	70,102,782	1,482,602	2.1%
Pell Grants	23,678,345	24,565,984	(887,639)	-3.6%
Investment Income	450,887	964,403	(513,516)	-53.2%
Interest Expense	(3,727,259)	(3,577,806)	(149,453)	4.2%
Other Non-Operating Revenue	715,069	689,416	25,653	3.7%
TOTAL NON-OPERATING & CAPITAL ACTIVITY	**97,794,580**	**95,639,261**	**2,155,319**	**2.3%**
(DECREASE) INCREASE IN NET POSITION	43,698	276,936	(233,238)	-84.2%
BEGINNING NET POSITION	74,893,924	74,616,988	276,936	0.4%
Cumulative effect of adoption of GASB 68	(70,479,722)	-	(70,479,722)	-100.0%
ENDING NET POSITION	**$ 4,457,900**	**$ 74,893,924**	**$ (70,436,024)**	**-94.0%**

This schedule has been prepared from the District's Statement Revenues, Expenses, and Change in Net Position.

The primary operating receipts are student tuition and fees. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

- The major components of tuition and fees are the $46 per unit enrollment fee that is charged to all students registering for classes and the additional $193 per unit fee that is charged to all non-resident students. Net tuition and fees held steady at $12.5 million.

- Combined property tax revenue and state apportionments for 2014-15 were $71.6 million and $70.1 million for 2013-14, an increase of $1.5 million or 2.1%. The District used the .32% deficit factor provided by the Chancellor's Office, equaling $235,274 in its Total Computational Revenue funding calculation for the 2014-15 fiscal year.

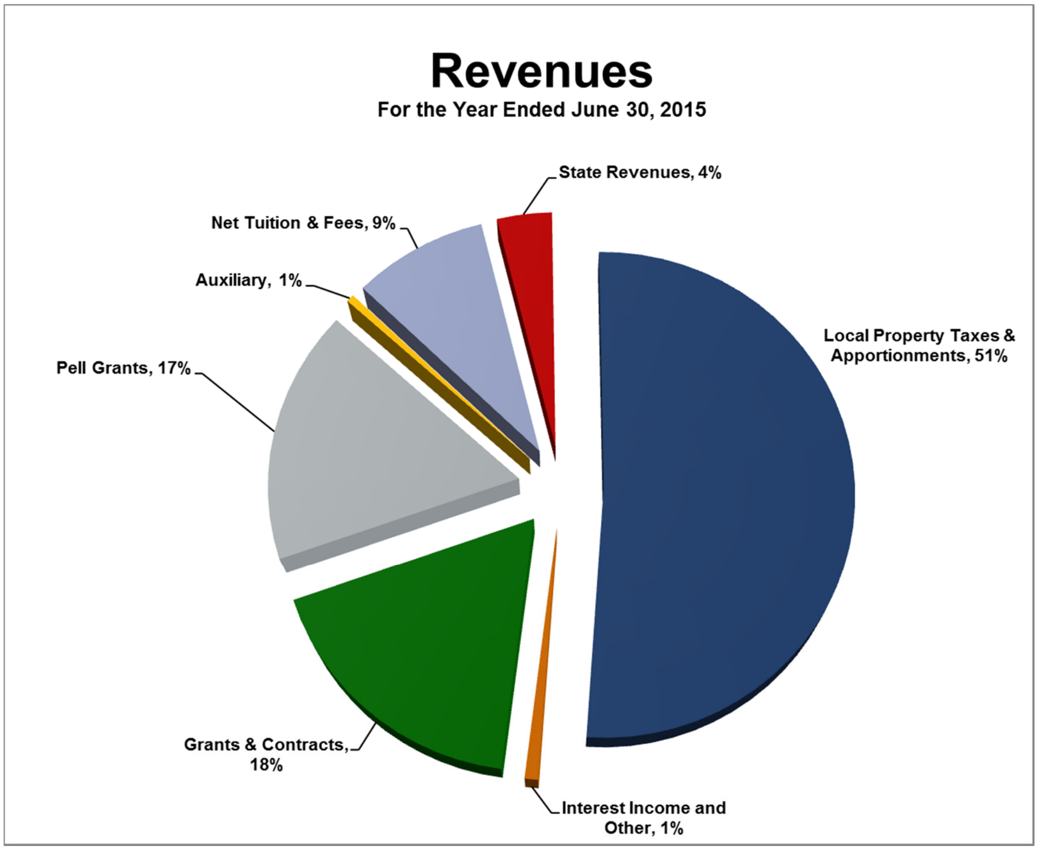
- The interest income is primarily the result of earnings on cash held at the Placer County Treasury.

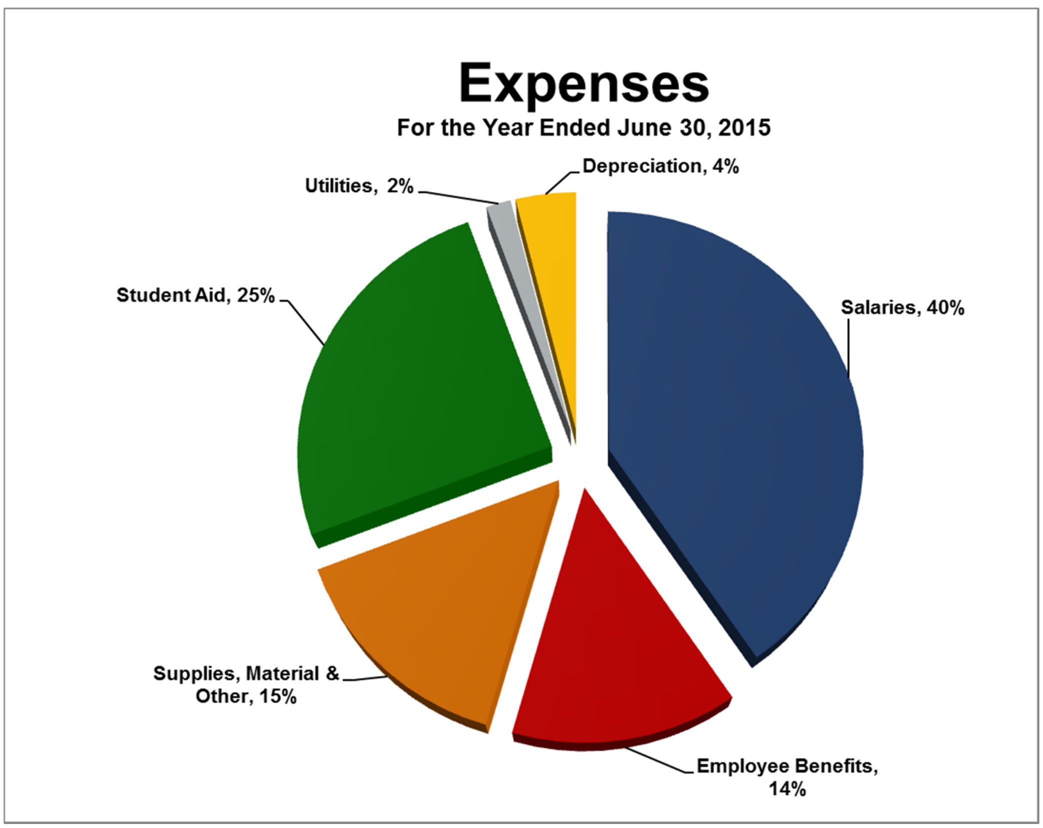
- Expenses for employee salaries and statutory benefits increased by $6.4 million over 2013-14 or 9.3% and include step, column, longevity and approximately $2 million in a one-time payment to staff. An additional $2.1 million of pension expense is reflected in the financial statements related to GASB 68 costs. Over all expenses increased by $7 million or 5.4%. Most of the expense increase was from increased compensation costs and implementation of GASB 68. The percentage of personnel costs included in expenses increased to 56%.

- During the 2014-2015 fiscal year, after many years of reductions and cautious spending, the District experienced an increase of expenses in the discretionary areas of supplies, materials, utilities and other operating expenses. This resulted in an increase of $1.1 million or a 6.35% for supplies, material, utilities and other operating expenses from the prior year.

- During the 2014-15 fiscal year $3 million of assets were placed in service and $215,000 retired. Depreciation expense increased slightly to $5.5 million from $5.3 million in 2013-14. The District uses the straight line, mid-year convention.

- The District adopted Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2008-2009. GASB Cod. Sec. P50. 108-109 requires employers to recognize postemployment healthcare expense systematically over periods approximating employees' years of service. The District engaged an actuarial service to calculate the liability and accompanying annual required contribution (ARC) as of July 1, 2014. The ARC for the District for 2014-2015 is $3.3 million based on a 30 year amortization period. This amount is netted against the pay as you go benefit expenses of $2.9 million, resulting in $313,000 additional expense booked in 2014-2015 to recognize our annual amortized requirement.


Revenues
For the Year Ended June 30, 2015
State Revenues, 4%
Net Tuition & Fees, 9%
Auxiliary, 1%
Pell Grants, 17%
Local Property Taxes & Apportionments, 51%
Grants & Contracts, 18%
Interest Income and Other, 1%


Expenses
For the Year Ended June 30, 2015
Depreciation, 4%
Utilities, 2%
Student Aid, 25%
Salaries, 40%
Supplies, Material & Other, 15%
Employee Benefits, 14%

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. The statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due and the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for non-operating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Change in Net Position.

A summary of the Statement of Cash Flows for the years ended June 30, 2015 and June 30, 2014 is shown below.

	2014-2015	2013-2014	Increase (Decrease)	Percent Change
CASH PROVIDED BY (USED IN)				
Operating Activities	$ (90,253,176)	$ (92,766,025)	$ 2,512,849	-2.7%
Non-capital financing activities	87,370,599	94,756,951	(7,386,352)	-7.8%
Capital and related financing activites	(5,594,243)	(8,337,209)	2,742,966	-32.9%
Investing activities	199,834	506,480	(306,646)	-60.5%
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(8,276,986)**	**(5,839,803)**	**(2,437,183)**	**41.7%**
CASH BALANCE, BEGINNING OF YEAR	**48,342,635**	**54,182,438**	**(5,839,803)**	**-10.8%**
CASH BALANCE, END OF YEAR	**$ 40,065,649**	**$ 48,342,635**	**$ (8,276,986)**	**-17.1%**

- Cash receipts from operating activities are from student tuition, federal state and local grants and auxiliary enterprises. Uses of cash from operating activities consists of payments to employees, vendors and students. The 2.7% decrease in cash used for operating activities is driven by a $6 million increase in payments to employees, a $2.2 million decrease in payments to suppliers, a $1 million decrease in cash used for student financial aid and loans, a $5.3 million increase in cash received for federal, state and local grants and from the 2013-2014 fiscal year.

- Cash received from state apportionment, based on the workload measures generated by the District, accounts for 5.38% and 9.97% of non-capital financing for fiscal years 2014-2015 and 2013-2014, respectively. Cash received from property taxes account for 71.3% in 2014-2015 and 61.4% for 2013-2014. State apportionment and receipts decreased by $3.8 million or 45%, whereas property tax receipts increased by $4.1 million or 7.0% from 2013-2014 to 2014-2015.

- Capital and related financing activities include cash provided from local property taxes collected for debt service, state apportionment for capital purposes and interest on capital investments. Cash outflows relate to purchases of capital assets and principal and interest on capital debt. The overall $2.7 million decrease, from prior year is driven primarily by $1.8 million less spent for capital assets, and a $1.2 million increase of cash received in other revenues for capital purposes in 2014-15

- Cash received from investing activities decreased from $506,480 in 2013-2014 to $199,834 in 2014-2015. Cash balances for General Fund held at the Placer County Treasury ran lower in 2014-15 and in combination with lower rates of return reduced interest earnings.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

- For the 2015-16 fiscal year, the funding picture for both the state and community colleges continues to improve. The current year budget provides the 72 Community College Districts with approximately $539 million in new, unrestricted funding which includes $156 million (3%) to grow enrollments and $61 million (1%) for COLA. In addition, the state has also provided districts with a base allocation increase of $260 million or (4.65%) and another $62 million to hire more full-time faculty. Finally, the budget provides approximately $1.1 billion in restricted and one-time funds to the statewide system as shown below. It is clear the state is directing more restricted financial resources to colleges with the goal of improving student success indices.

Student Success & Support Program (Matriculation)	$100 million
Student Equity Plans	$ 85 million
Scheduled Maintenance/Instructional Equipment	$148 million
Economic & Workforce Development	$ 48 million
Mandate Payments	$632 million
Energy Efficiency Projects (Prop. 39)	$ 38 million
Basic Skills Allocation	$ 60 million
Total	$1.1 billion

- The state budget also eliminates another $94 million in deferrals/debt owed by the state to the community college system. The deferral/debt balance has been eliminated over the past four years from $961 million to zero.

- For Sierra College, the new unrestricted revenues for 2015-16 excludes growth funding from the state (see paragraph below on growth funding). The District's share of the COLA equals $755,000 and its share of the base allocation increase is $3.4 million resulting in total new unrestricted funding of $4.2 million for 2015-16. Total unrestricted state funding provided to the District equals $78.2 million ($67.7 million from property tax revenue, $6.8 million from enrollment fee revenue and $3.7 million from state apportionment revenue). In addition, the District anticipates receiving another $6.1 million in unrestricted revenues from a number of other sources such as state lottery funds and non-resident tuition fees bringing total unrestricted revenues, after applying a 1% revenue deficit, to $83.5 million for 2015-16.

- Although the Chancellor's Office has not yet provided final numbers for many of the categorical programs, the District's 2015-16 share of the $1.1 billion increased restricted funding is anticipated to be as follows:

Student Success & Support Program (Matriculation)	$1.8 million
Student Equity Plans	$650,000
Scheduled Maintenance/Instructional Equipment	$1.9 million
Economic and Workforce Development	Unknown
Mandate Payments	$8.1 million
Energy Efficiency Projects (Prop 39)	$420,000
Basic Skills Allocation	Unknown

- The District estimates total unrestricted expenditures at $83 million (after removing one-time expenses funded from committed reserves as well as anticipated attrition savings). Some of the year-over-year increases include the following: step/column/longevity compensation increases of $670,000; CalPERS rate increase of $13,000; CalSTRS rate increase of $519,000; salary increases of $1.9 million. The proposed Adopted Budget includes approximately 24 new and replacement faculty, classified and management positions.

- With revenues estimated at $83.5 million and expenditures of $83 million, a surplus of about $500,000 is projected for 2015-16 with ending reserves of $13.2 million or 13.1% of total general fund expenditures.

2015-16 GROWTH REVENUE – Enrollments Are Not Growing

The District is not budgeting an increase in growth funding in 2015-16. Sierra is eligible to receive over $2 million in new growth funding from the State that would accommodate 428 FTES or close to 1,000 new students. However, given the declining fall 2015 enrollments, it is expected at this time, that Sierra will not access any of these growth dollars. Growth estimates will be reevaluated for spring 2015 and will be adjusted if necessary at the first budget revision in February 2016.

FUTURE IMPACT OF SIGNIFICANT ACCOUNTING STANDARDS

The implementation of GASB Statement No. 68 in 2014-2015, dramatically changes the way that state and local governmental entities account for their defined benefit pension plans. Under GASB Statement No. 68, governmental entities are required to report a net pension liability in their financial statements. In 2014-2015 the District has recorded its proportional share of the CalPERS and CalSTRS unfunded obligation.

GASB Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The objective of this Statement is to improve the usefulness of information about postemployment benefits, other than pensions, included in the external financial reports of state and local governmental OPEB plans and to facilitate decision making and accountability. 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 will be 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the funds it receives. If you have any questions about this report or need any additional financial information, please contact the District at:

Sierra Joint Community College District
Mr. Chris Yatooma, Vice President-Administrative Services
5000 Rocklin Road
Rocklin, CA 95677

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	$ 23,741,867
Receivables, net	3,619,450
Inventory	44,603
Prepaid expenses	507,498
Total current assets	27,913,418
Noncurrent assets:	
Restricted cash, cash equivalents and investments	16,323,782
Non-depreciable capital assets	9,053,447
Depreciable capital assets, net	129,485,126
Total noncurrent assets	154,862,355
Total assets	182,775,773
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of long-term liabilities	2,471,621
Deferred outflows of resources - pensions	4,901,388
Total deferred outflows	7,373,009
Total assets and deferred outflows	$ 190,148,782
LIABILITIES	
Current liabilities:	
Accounts payable	$ 3,192,090
Unearned revenue	8,586,845
Accrued payroll	1,214,680
Compensated absences payable	1,426,803
Long-term debt - current portion	4,488,627
Accrued interest on debt	1,072,571
Total current liabilities	19,981,616
Noncurrent liabilities:	
Accreted interest on bonds	10,444,795
Long-term debt - noncurrent portion	138,488,471
Total noncurrent liabilities	148,933,266
Total liabilities	168,914,882
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	16,776,000
NET POSITION	
Net investment in capital assets	49,205,004
Restricted for:	
Scholarships and loans	17,198
Capital projects	11,430,605
Debt services	4,422,478
Unrestricted	(60,617,385)
Total net position	4,457,900
Total liabilities, deferred inflows and net position	$ 190,148,782

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
SIERRA COLLEGE FOUNDATION
(A Nonprofit Organization)

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS	
Cash and cash equivalents	$ 689,535
Investments	6,222,694
Receivables	230,740
Prepaid expenses	6,593
Total assets	$ 7,149,562
LIABILITIES	
Accounts payable and accrued expenses	$ 65,344
NET ASSETS	
Unrestricted	2,420,793
Temporarily restricted	1,652,975
Permanently restricted for endowments	3,010,450
Total net assets	7,084,218
Total liabilities and net assets	$ 7,149,562

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the Year Ended June 30, 2015

Operating revenues:	
Tuition and fees	$ 22,300,091
Less: fee waivers and allowances	(9,813,142)
Net tuition and fees	12,486,949
Grants and contracts, non-capital:	
Federal	10,617,545
State	12,247,369
Local	1,750,182
Auxiliary enterprise sales and charges	724,112
Total operating revenues	37,826,157
Operating expenses:	
Salaries	56,442,233
Employee benefits	19,332,639
Supplies, materials, and other operating expenses and services	16,812,645
Student financial aid and scholarships	35,244,839
Utilities	2,251,718
Depreciation	5,492,965
Total operating expenses	135,577,039
Loss from operations	(97,750,882)
Non-operating revenues (expenses):	
State apportionment, non-capital	4,703,429
Local property taxes	62,278,687
State taxes and other revenues	5,092,154
Pell grants	23,678,345
Investment income, noncapital	323,310
Investment income, capital	127,577
Interest expense on capital asset-related debt	(3,727,259)
Other non-operating revenues	696,069
Total non-operating revenues	93,172,312
Loss before capital revenues	(4,578,570)
Capital revenues:	
Grants and gifts	19,000
Local property taxes and revenues	4,603,268
Total capital revenues	4,622,268
Change in net position	43,698
Net position, July 1, 2014	74,893,924
Cumulative effect of GASB 68 implementation	(70,479,722)
Net position, July 1, 2014, as restated	4,414,202
Net position, June 30, 2015	$ 4,457,900

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT -
SIERRA COLLEGE FOUNDATION
(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 and grants	$ 22,184	$ 438,833	$ 146,949	$ 607,966
Investment income	41,574	121,717	-	163,291
Realized gain on sale of investments	1,355	17,329	-	18,684
Net change in the fair value of investments	(34,791)	(78,531)	-	(113,322)
Donated from the College District	268,115	-	-	268,115
Special events and other revenues	382,221	98,032	79,110	559,363
Total revenues, gains and other support before assets released from restrictions and other transfers	680,658	597,380	226,059	1,504,097
Net assets released from restrictions and other transfers	654,861	(652,711)	(2,150)	-
Total revenues, gains and other support	1,335,519	(55,331)	223,909	1,504,097
District support and Foundation expenses:				
Scholarships	290,099	-	-	290,099
Academic program support	301,493	-	-	301,493
Grants	31,000	-	-	31,000
Administration	496,476	-	-	496,476
Fundraising	118,346	-	-	118,346
Total District support and Foundation expenses	1,237,414	-	-	1,237,414
Change in net assets	98,105	(55,331)	223,909	266,683
Net assets, July 1, 2014	2,322,688	1,708,306	2,786,541	6,817,535
Net assets, June 30, 2015	$ 2,420,793	$ 1,652,975	$ 3,010,450	$ 7,084,218

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

Cash flows from operating activities:	
Tuition and fees	$ 12,634,791
Federal, state and local grants and contracts	25,429,818
Payments to suppliers	(18,979,425)
Payments to/ on behalf of employees	(74,817,633)
Payments to/ on behalf of students	(35,244,839)
Auxiliary enterprises sales and charges	724,112
Net cash used in operating activities	(90,253,176)
Cash flows from noncapital financing activities:	
State apportionments and receipts	4,703,429
Pell grants	23,678,345
Local property taxes	62,278,687
State taxes and other revenues	5,215,630
Gifts and grants for other than capital purposes	494,508
Proceeds from issuance of TRAN	6,800,000
Repayment of TRANs	(15,800,000)
Net cash provided by noncapital financing activities	87,370,599
Cash flows from capital and related financing activities:	
Local property taxes and other revenues for capital purposes	4,603,268
Purchase of capital assets	(4,803,098)
Capital grants and gifts received	19,000
Collection of note receivable	173,000
Principal paid on capital debt	(3,375,861)
Interest paid on capital debt, net	(2,338,129)
Interest on capital investments	127,577
Net cash used in capital and related financing activities	(5,594,243)
Cash flows provided by investing activities:	
Interest income on investments	199,834
Net change in cash and cash equivalents	(8,276,986)
Cash and cash equivalents, beginning of year	48,342,635
Cash and cash equivalents, end of year	$ 40,065,649

(Continued)

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	$	(97,750,882)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation expense		5,492,965
Changes in assets and liabilities:		
Receivables, net		(1,014,282)
Inventory and prepaid expenses		166,946
Deferred outflows - pensions		(379,110)
Accounts payable		(82,008)
Accrued payroll		(60,461)
Unearned revenue		1,976,846
Compensated absences		207,552
Other liabilities		732,258
Net pension liability		(16,319,000)
Deferred inflows - pensions		16,776,000
Net cash used in operating activities	$	(90,253,176)

Supplementary disclosure of non-cash transactions:

Amortization of premiums on debt	$	309,062
Amortization of deferred loss on refunding	$	746,935
Accretion of interest	$	1,690,004

During the year ended June 30, 2015, the District issued general obligation refunding bonds to refunding existing debt outstanding. The proceeds from refunding issuance totaled $9,091,365 for the future defeasance of $7,970,000 of previously outstanding general obligation bonds.

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT -
SIERRA COLLEGE FOUNDATION
(A Nonprofit Organization)**

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

Cash flows from operating activities:	
Donations received from contributions and other revenues	$ 1,394,465
Contributions and other revenue restricted for long term investments	(226,059)
Payments to suppliers for goods and services	(586,757)
Payments to/on behalf of employees	(353,543)
Payments to/on behalf of students	(290,099)
Other receipts and payments	217,891
Net cash provided by operating activities	155,898
Cash flows from investing activities:	
Purchase of investments	(596,578)
Investment management fees	(54,600)
Proceeds from sales of investments	404,590
Net cash used in investing activities	(246,588)
Cash flows provided by financing activities:	
Contributions and other revenue restricted for long term investments	226,059
Net change in cash and cash equivalents	135,369
Cash and cash equivalents - beginning of year	554,166
Cash and cash equivalents - end of year	$ 689,535
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	$ 266,683
Realized gain on sales of investments	(18,684)
Investment management fees	54,600
Net change in the fair value of investments	113,322
Contributions and other revenue restricted for long term investments	(226,059)
Changes in assets and liabilities:	
Receivables	(34,386)
Prepaid expenses	(6,593)
Accounts payable and accrued expenses	7,015
Net cash provided by operating activities	$ 155,898

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	Agency Funds	Trust Fund
	Associated Students/ Student Center Fund	OPEB Trust
ASSETS		
Cash and cash equivalents	$ 554,385	$ 4,635
Investments:		
Equities	-	4,519,863
Fixed Income	-	5,663,273
Receivables	1,413	-
Total assets	$ 555,798	$ 10,187,771
LIABILITIES		
Accounts payable	$ 5,339	$ -
Unearned revenue	45,451	-
Amounts held for others	505,008	-
Total liabilities	555,798	-
NET POSITION		
Total net position held in trust for plan participants	$ -	$ 10,187,771

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2015

	OPEB Trust
Additions:	
Net investment income:	
Net depreciation in the fair value of plan investments	$ (522,127)
Interest income	595,340
Total net investment income	73,213
Contributions:	
Employer	45,913
Plan member	45,913
Total additions	165,039
Deductions:	
Contract services and operating expenditures	85,437
Excess of additions over deductions	79,602
Net position held in trust for plan participants, July 1, 2014	10,108,169
Net position held in trust for plan participants, June 30, 2015	$ 10,187,771

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Sierra Joint 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.

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 (GAAP) 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 Sierra Community College Financing Corporation (the "Financing Corporation") and the Sierra College Foundation (the "Foundation") as its potential component units.

The Financing Corporation is an organization whose activities to date have been limited to the issuance of Certificates of Participation and entering into lease arrangements with the District as discussed in Note 8. The District and the Financing Corporation have financial and operational relationships which met the reporting entity definition of GASB Cod. Sec. 2100.101 for inclusion of the Financing Corporation as a component unit of the District. Accordingly, the financial activities of the Financing Corporation have been blended with the financial statements of the District.

The Foundation is a nonprofit, tax-exempt organization dedicated to providing financial benefits generated from fundraising efforts and investment earnings to the District. The funds contributed by the Foundation to the benefit of the District are significant to the District's financial statements. 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. Copies of the Foundation's annual financial report may be obtained from the District Business Office, 5000 Rocklin Road, Rocklin, California 95677.

Basis of Presentation and 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.

Fiduciary funds for which the District acts only as an agent or trust 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Accounting (Continued)

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 statements were prepared in accordance with the pronouncements of the Financial Accounting Standards Board. 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 Placer 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 and Investment Pools

The District records its investment in Placer 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 Placer County Treasury external investment pool, at June 30, 2015 approximated their carrying value. Foundation investments in debt and equity securities are carried at fair value. Realized gains and losses and unrealized appreciation (depreciation) of those investments are reflected in the Statement of Activities. Fair values of investments in county and State investment pools are determined by the pool sponsor.

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. Receivable 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 receivables consist of unconditional promises to give. Unconditional promises to give are expected to be collected within one year and are recorded at net realizable value. The Foundation utilizes the allowance method for accounting for uncollectible receivables. No allowance was necessary at June 30, 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories are determined on the first-in, first-out (FIFO) method and are stated at the lower of cost or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or, if donated, at fair market value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of $5,000 or more, and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 25 years for portable buildings, 20 years for site and building improvements, 5-20 years for equipment and vehicles, and 5 years for technology equipment, such as computers.

Compensated Absences

Compensated absences costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year-end as liabilities of the District.

Accumulated Sick Leave

Normal 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.

Prior to Fall 2013, the District provided additional sick leave benefits to full-time faculty who performed overload assignments. This additional sick leave is considered “excess sick leave” by the STRS and PERS pension systems and the District is responsible to pay for unused sick leave upon retirement. The District's estimated liability as of June 30, 2015 is $418,753. This liability will be relieved no later than November 2017 when the pension plans have been paid for any retiring faculty or a payout to the faculty member occurs. Beginning Fall 2013 and forward, excess sick that is not used during the term it is earned is forfeited.

Unearned Revenue

Revenue 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)

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 loss on refunding reported in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, 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.

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	$ 2,745,182	$ 2,156,206	$ 4,901,388
Deferred inflows of resources	$ 9,675,000	$ 7,101,000	$ 16,776,000
Net pension liability	$ 39,292,000	$ 19,391,000	$ 58,683,000
Pension expense	$ 5,428,692	$ 1,574,586	$ 7,003,278

Net Position

The District's net position is classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of 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 of net investment in capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

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

Unrestricted net position at June 30, 2015 includes $694,094 designated for bargaining unit settlements under the District compensation formula. In addition, the District designates net position for stores inventory and prepaid expenses which totaled $552,101 at June 30, 2015.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District typically first applies the expense toward restricted resources, then to unrestricted resources. This practice ensures fully utilizing restricted funding each fiscal year.

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.

The Foundation's endowment currently consists of 27 individual funds established for the purpose of supporting education at the District. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the 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 its adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments 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 instruments. To the extent that corporate obligations are purchased, those purchases will be diversified in terms of issuer and industry sector.

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.

Classification of Revenue

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. C05.101 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 fee waivers 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 unearned and recognized in the period as the events occur.

Fee Waivers

Student tuition and fee revenue are reported net of the Board of Governors fee waivers in the Statement of Revenues, Expenses and Change in Net Position. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements.

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. Sierra College 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $70,479,722 because of the recognition of the net pension liability and deferred outflows of resources.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

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.

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 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	$ 34,505,482	$ -	$ 554,385	$ -
Deposits:				
Cash on hand and in banks	1,122,734	689,535	-	4,635
Funds invested by Fiscal Agents	4,437,433	-	-	-
Investments	-	6,222,694	-	10,183,136
Total cash, cash equivalents and investments	40,065,649	6,912,229	554,385	10,187,771
Less: restricted cash, cash equivalents and investments	16,323,782	-	-	-
Net cash, cash equivalents and investments	$ 23,741,867	$ 6,912,229	$ 554,385	$ 10,187,771

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash in County Treasury

As provided for by in Education Code, Section 41001, a significant portion of the District's cash balances is deposited with the County Treasurer for the purpose of increasing interest earnings through County investment activities. Interest earned on such pooled cash balances is allocated proportionately to 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.

During the fiscal year ended June 30, 2015, the District earned $431,570 in investment income from its cash in the Placer County Treasury.

Cash and Investments with Fiscal Agents

Cash and investments with Fiscal Agents totaling $16,323,782 represents cash and investments held by third party custodians relating to SFID debt service.

Foundation Investments

At June 30, 2015, the Foundation's investments consisted of the following:

Mutual funds	$ 5,460,762
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	670,437
Equity securities	91,495
	$ 6,222,694

Included in total investments at June 30, 2015 is an equity investment in a closely-held company in the amount of $91,495. This investment without readily determinable fair value is carried at cost because of the Foundation's inability to exercise significant influence over the company.

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. 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 6% cash and short term investments, 23% fixed income securities, and 71% equity securities.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Trust Investments

The Trust agreement authorizes the use of a broad range of investment choices that have distinctly different risks and return characteristics. In general, investments held in the Trust Fund are for the primary purpose of meeting present and future OPEB liability obligations and may be invested in accordance with California Government Code Sections 53600 through 53622 that, subject to applicable legal requirements, may provide greater latitude to increase purchasing power and capital growth potential if deemed prudent to do so.

The Trust Fund's investment portfolio is invested with the objective of achieving a target net annual rate of return of 6% as well as an additional 1% to cover the costs of trust administration, GASB 43 and GASB 45 compliance. At June 30, 2015, 44% of the Trust's investment value is held in equities and 56% is held in fixed income securities.

As stated in the Investment Policy, the Trust will invest predominantly in equities and fixed income securities. The fair value of the Trust's individual investments at June 30, 2015 are as follows:

Equities	$ 4,519,863
Fixed income	5,663,273
Total investments	$ 10,183,136

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's cash on hand and in banks for the primary governmental entity was $1,122,734 and the bank balance was $1,104,652. The bank balance amount insured was $250,000.

Cash balances held in banks at the Foundation are also insured up to $250,000 by the FDIC. Cash equivalents held by a broker are insured up to $500,000 by the Securities Investor Protection Corporation ("SIPC"). At June 30, 2015, the carrying amount of the Foundation's cash on hand and in banks and cash equivalents was $689,535 and the bank balance was $699,172 which was fully insured by either the FDIC or SIPC.

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 the financial institutions that is not insured is collateralized.

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Placer County Treasury Investment Policy based on California Government Code Section 53635, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentrations of credit risk.

Authorized Investment Type	Maximum Maximum Maturity	Maximum Percentage of Portfolio	Investment in One Issuer
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	100%
U.S. Agency Securities	5 years	None	75%
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	40%	40%
Negotiable Certificates of Deposit	5 years	30%	30%
Collateralized Certificates of Deposit	N/A	None	20%
Repurchase Agreements	1 year	25%	20%
Corporate Notes	5 years	30%	30%
Local Agency Investment Funds (LAIF)	N/A	40MM	40MM
CDARS Certificates of Deposit	N/A	30%	30%

The District's Trust investment policy requires all fixed income investments to be of investment grade quality or higher at purchase; that is, at the time of purchases, rated no lower than "BBB" by Standard and Poor's. At June 30, 2015, the Trust investments consisted of open and closed-end mutual funds, therefore there are no credit ratings to disclose.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Placer County Investment Pool	Five years	None	None

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year end, the maximum average maturity of the investments contained in the County investment pool is five years.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

Investment Type	Weighted Average Maturity (in Years)
Placer County Investment Pool	4.06

The District's OPEB Trust (the "Trust") investments consisted of open and closed-end mutual funds, therefore, there are no significant interest rate risk related to the investments held, as there are no maturities related to the mutual funds held.

Concentration of Credit Risk

The District's investment policy places limits on the amount it may invest in any one issuer. At June 30, 2015, the District had no concentration of credit risk.

The District's Trust investment policy requires that not more than 5% of the Trust assets be invested in any single equity security or debt security. However, the limitation does not apply to the percentage of Trust assets invested in a single diversified mutual fund, nor does the limitation apply to obligations of the U.S. Government and its agencies or U.S. agency mortgage-backed pass-through securities. At June 30, 2015, the Trust investment had no holdings that exceeded 5% of the Trust assets.

3. FAIR VALUE MEASUREMENTS - FOUNDATION INVESTMENTS

The following presents information about the Foundation's assets and liabilities 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.

3. FAIR VALUE MEASUREMENTS - 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:				
Mutual funds	$ 5,460,762	$ 5,460,762	$ -	$ -
Investment in FCCC/Osher	670,437	-	-	670,437
Total investment securities	$ 6,131,199	$ 5,460,762	$ -	$ 670,437

Valuation approach: The Foundation's investments are generally classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices or broker or dealer quotations.

Investment in 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. For alternative investments redeemable at NAV with redemption periods of 90 days or less, the assets are considered a Level 2 fair value measurement. 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).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no changes in the valuation techniques used during the year ended June 30, 2015. There were no transfers of assets between the fair value levels for the year ended June 30, 2015.

3. FAIR VALUE MEASUREMENTS - 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.

	FCCC/ Osher
Balance, July 1, 2014	$ 702,533
Change in fair value	(26,278)
Realized gain	15,557
Investment income	17,721
Distributions	(34,000)
Management fees	(2,335)
Other	(2,761)
Balance, June 30, 2015	$ 670,437
Amount of total gains or losses for the period included in changes in net position attributable to the change in unrealized gains or losses relating to assets still held as of June 30, 2015	$ 26,278

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.

4. RECEIVABLES

Receivables at June 30, 2015 are summarized as follows:

	District	Foundation
Federal	$ 643,712	$ -
State	2,344,716	-
Local and other	980,444	230,740
	3,968,872	230,740
Less allowance for doubtful accounts	(349,422)	-
	$ 3,619,450	$ 230,740

5. CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, 2014	Additions	Deductions	Transfers	Balance June 30, 2015
Non-depreciable:					
Land	$ 8,495,012	$ -	$ -	$ -	$ 8,495,012
Construction in progress	5,665,349	1,742,494	(86,449)	(6,762,959)	558,435
Depreciable:					
Buildings	124,427,859	272,497	-	2,567,130	127,267,486
Building & site improvements	45,698,981	1,631,059	-	4,076,117	51,406,157
Machinery and equipment	11,776,008	1,157,048	(129,143)	119,712	12,923,625
Total	196,063,209	4,803,098	(215,592)	-	200,650,715
Less accumulated depreciation:					
Buildings	26,661,516	2,424,633	-	-	29,086,149
Building & site improvements	21,334,555	2,374,022	-	-	23,708,577
Machinery and equipment	8,731,197	694,310	(108,091)	-	9,317,416
Total	56,727,268	5,492,965	(108,091)	-	62,112,142
Capital assets, net	$ 139,335,941	$ (689,867)	$ (107,501)	$ -	$ 138,538,573

6. UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned tuition and other student fees	$ 3,837,228
Unearned local revenue	2,717,399
Unearned Federal and State revenue	2,032,218
Total unearned revenue	$ 8,586,845

7. TAX AND REVENUE ANTICIPATION NOTES (TRANS)

Tax and Revenue Anticipation Notes ("TRANs") are short-term debt instruments, which are general obligations of the District and are payable solely from revenues and cash receipts generated by the District. They are issued to eliminate cash flow deficiencies that result from fluctuations in revenue receipts and expenditure disbursements. A summary of the District's TRANs activity for the year ended June 30, 2015 is as follows:

	Outstanding July 1, 2014	Additions	Deletions	Outstanding June 30, 2015
Series 2013 - 1.50% Tax Revenue Anticipation Note	$ 9,000,000	$ -	$ (9,000,000)	$ -
Series 2014 - 1.00% Tax Revenue Anticipation Note	-	6,800,000	(6,800,000)	-
	$ 9,000,000	$ 6,800,000	$ (15,800,000)	$ -

8. LONG-TERM LIABILITIES

General Obligation Bonds

On April 21, 2005, the District issued $20,000,000 of General Obligation Bonds Series A of the School Facilities Improvement District ("SFID") No. 1. The Bonds were issued to finance the construction of a campus in the Tahoe-Truckee area. The Bonds were partially refunded and the remaining Bonds matured in 2015.

On June 21, 2007, the District issued Measure G, Series B SFID No. 1 bonds to fund the acquisition, construction and development of a new campus. Capital appreciation bonds of $4,535,972 bear interest at rates ranging from 4.96% to 5.01%. Interest on such capital appreciation bonds is compounded semiannually each year. The capital appreciation bonds mature June 1, 2032 and are payable only at maturity. In 2015, the District issued refunding bonds which defeased serial bonds of the Series B SFID No. 1 General Obligation Bonds.

Accreted interest on the capital appreciation bonds was $2,087,837 at June 30, 2015.

The following is a schedule of the future payments for the Series B SFID No. 1 General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ 365,000	$ 43,100	$ 408,100
2017	420,000	27,400	447,400
2018	475,000	19,000	494,000
2019	-	-	-
2020	-	-	-
2021-2025	-	-	-
2026-2030	1,609,039	2,930,961	4,540,000
2031-2032	2,926,934	6,683,066	9,610,000
Subtotal	5,795,973	9,703,527	15,499,500
Plus: Unamortized premium	199,147	-	199,147
	$ 5,995,120	$ 9,703,527	$ 15,698,647

On April 21, 2005, the District issued $18,000,000 of General Obligation Bonds Series A of the SFID No. 2. The Bonds were issued to finance improvements to the District's Grass Valley campus. The Bonds were partially refunded and the remaining Bonds matured in 2015.

On June 21, 2007, the District issued Measure G, Series B SFID No. 2 bonds to fund the acquisition, construction and development of a new campus. Serial Bonds of $4,260,000 matured August 1, 2012. Capital appreciation bonds of $22,136,517 bear interest at rates ranging from 4.15% to 6.32%. Bonds maturing August 1, 2013 to August 1, 2031 are payable only at maturity on August 1 of each year. Final capital appreciation bonds mature June 1, 2032 and are payable only at maturity. Interest on such capital appreciation bonds is compounded semiannually each year.

Accreted interest on the capital appreciation bonds was $8,803,124 at June 30, 2015.

8. **LONG-TERM LIABILITIES** (Continued)

General Obligation Bonds (Continued)

The following is a schedule of the future payments for the Series B SFID No. 2 General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ 1,073,834	$ 525,010	$ 1,598,844
2017	1,069,990	610,102	1,680,092
2018	1,064,898	701,642	1,766,540
2019	1,058,358	799,792	1,858,150
2020	1,050,208	898,375	1,948,583
2021-2025	5,167,274	6,106,681	11,273,955
2026-2030	5,072,861	10,548,701	15,621,562
2031-2032	4,432,455	8,123,653	12,556,108
Subtotal	19,989,878	28,313,956	48,303,834
Plus: Unamortized premium	318,940	-	318,940
	$ 20,308,818	$ 28,313,956	$ 48,622,774

During the year ended June 30 2013, the Financing Corporation issued $16,820,000 of 2013 General Obligation Refunding Bonds, Series A, with an effective interest rate of 2.37%, maturing August 1, 2029. Proceeds were used to advance refund a portion of the outstanding 2004 Series A SFID No. 1 General Obligation Bonds and to pay the costs of issuing the Series A Refunding Bonds. The Series A Refunding Bonds are general obligations of the District payable solely from *ad valorem taxes* upon all property within the Sierra Joint Community College District School Facilities Improvement District No. 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements. On June 30, 2015, $18,375,000 of bonds outstanding are considered defeased.

The following is a schedule of the future payments for the Series A Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ 380,000	$ 749,800	$ 1,129,800
2017	450,000	737,350	1,187,350
2018	525,000	720,100	1,245,100
2019	605,000	697,500	1,302,500
2020	700,000	671,400	1,371,400
2021-2025	5,095,000	2,818,000	7,913,000
2026-2030	8,820,000	1,194,250	10,014,250
Subtotal	16,575,000	7,588,400	24,163,400
Plus: Unamortized premium	2,774,960	-	2,774,960
	$ 19,349,960	$ 7,588,400	$ 26,938,360

8. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

During the year ended June 30, 2013, the Financing Corporation issued $13,555,000 of 2013 General Obligation Refunding Bonds, Series B, with an effective interest rate of 2.40%, maturing August 1, 2029. Proceeds were used to advance refund a portion of the outstanding 2004 Series A SFID No. 2 General Obligation Bonds and to pay the costs of issuing the Series B Refunding Bonds. The Series B Refunding Bonds are general obligations of the District payable solely from *ad valorem taxes* within the Sierra Joint Community College District School Facilities Improvement District No. 2. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements. On June 30, 2015, $14,625,000 of bonds outstanding are considered defeased.

The following is a schedule of the future payments for the Series B Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ 310,000	$ 586,200	$ 896,200
2017	365,000	576,075	941,075
2018	425,000	562,100	987,100
2019	490,000	543,800	1,033,800
2020	560,000	522,800	1,082,800
2021-2025	4,085,000	2,181,450	6,266,450
2026-2030	7,110,000	887,450	7,997,450
Subtotal	13,345,000	5,859,875	19,204,875
Plus: Unamortized premium	2,057,612	-	2,057,612
	$ 15,402,612	$ 5,859,875	$ 21,262,487

During the year ended June 30, 2015, the District issued $7,585,000 of 2015 General Obligation Refunding Bonds. The current interest bonds bear interest at rates of 3.00% to 5.00%, maturing August 1, 2026. Proceeds were used to advance refund a portion of the outstanding 2004 Series B SFID No. 1 General Obligation Bonds and to pay the costs of issuing the 2015 Refunding Bonds. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements. On June 30, 2015, $7,970,000 of bonds outstanding are considered defeased.

Calculation of Difference in Cash Flow Requirements and Economic Gain

Cash Flow Difference

Old debt service cash flows	$ 11,204,657
New debt service cash flows	10,374,256
	$ 830,401

8. LONG-TERM LIABILITIES (Continued)

Economic Gain

The economic gain or difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate is $733,406.

There was no accrued interest or sinking fund resources related to the new debt proceeds.

The following is a schedule of the future payments for the 2015 Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ 105,000	$ 244,431	$ 349,431
2017	-	341,450	341,450
2018	-	341,450	341,450
2019	505,000	331,350	836,350
2020	575,000	309,750	884,750
2021-2025	4,065,000	1,100,950	5,165,950
2026-2027	2,335,000	119,875	2,454,875
Subtotal	7,585,000	2,789,256	10,374,256
Plus: Unamortized premium	1,434,365	-	1,434,365
	$ 9,019,365	$ 2,789,256	$ 11,808,621

Certificates of Participation

During 2012, the Financing Corporation issued $11,962,000 of Certificates of Participation (COPs) with an average interest rate of 2.29%. Proceeds were used to advance refund outstanding 1998, 2004 and 2007 COPs. The net proceeds related to the advance refunding issuance and fund balances from prior issuances totaling $12,889,141 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments and the 1998, 2004 and 2007 COPs were defeased.

Following is a schedule of the future payments for the 2012 Certificates of Participation:

Year Ending June 30,	Principal	Interest	Total
2016	$ 1,203,000	$ 180,889	$ 1,383,889
2017	1,225,000	154,469	1,379,469
2018	1,259,000	127,453	1,386,453
2019	1,044,000	101,717	1,145,717
2020	1,066,000	78,176	1,144,176
2021-2025	2,660,000	131,866	2,791,866
	$ 8,457,000	$ 774,570	$ 9,231,570

8. LONG-TERM LIABILITIES (Continued)

Defeasance of Debt

Previously, the District defeased certain Certificates of Participation by placing proceeds of the new Certificates of Participation in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2015, $9,130,000 of bonds outstanding are considered defeased.

Dormitory Bonds

Dormitory bonds were issued pursuant to the State of California Junior College Revenue Bond Act of 1961 and a resolution adopted by the Board of Trustees on September 13, 1966, for Series A and B Bonds and on June 10, 1969 for Series C Bonds. The original issue was in the aggregate principal amount of $1,409,000 and was acquired in total by the United States Department of Housing and Urban Development. These Bonds are secured by the net revenues derived by the District from the housing and dining system.

The following is a schedule of the future payments for the Dormitory Series C Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ 30,000	$ 2,730	$ 32,730
2017	30,000	1,830	31,830
2018	31,000	930	31,930
	$ 91,000	$ 5,490	$ 96,490

Capitalized Lease Obligations

The District leases equipment under agreements which provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 153,294	$ 51,911	$ 205,205
2017	156,789	48,409	205,198
2018	160,363	44,828	205,191
2019	164,020	41,165	205,185
2020	167,759	37,418	205,177
2021-2025	897,945	127,829	1,025,774
2026-2028	589,409	25,959	615,368
Total	$ 2,289,579	$ 377,519	$ 2,667,098

At June 30, 2015, the District had capital assets acquired under capital leases with an original cost of $2,836,666 and $70,917 in accumulated depreciation.

8. LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Debt

A schedule of changes in 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
General Obligation Bonds	$ 65,698,836	$ 7,585,000	$ 9,992,985	$ 63,290,851	$ 2,233,834
Accreted interest	9,572,972	1,690,004	372,015	10,890,961	446,166
Unamortized Bond Premium	5,659,721	1,434,365	309,062	6,785,024	422,333
Certificates of Participation	9,635,000	-	1,178,000	8,457,000	1,203,000
Dormitory Bonds	116,000	-	25,000	91,000	30,000
Capitalized leases obligations	2,439,455	-	149,876	2,289,579	153,294
Compensated absences	1,219,251	207,552	-	1,426,803	1,426,803
Net pension liability	75,002,000	-	16,319,000	58,683,000	-
OPEB Liability	2,202,220	3,215,364	2,901,859	2,515,725	-
Excess sick leave	-	418,753	-	418,753	-
	$ 171,545,455	$ 14,551,038	$ 31,247,797	$ 154,848,696	$ 5,915,430

9. PROPERTY TAXES

Secured property taxes attach as an enforceable lien on property as of March 1, and are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The Placer, Nevada, Sacramento, Yuba and El Dorado Counties each bill and collect taxes for the District. Tax revenues are recognized by the District when received.

10. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS

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.

10. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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

Benefits Provided (Continued)

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.

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.

10. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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

Contributions (Continued)

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.

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 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 $2,745,182 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.

10. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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

Contributions (Continued)

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.

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.

10. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (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	$ 39,292,000
State's proportionate share of the net pension liability associated with the District	23,726,000
Total	$ 63,018,000

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 0.067 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 $5,428,692 and revenue of $2,024,000 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	-	9,675,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	2,745,182	-
Total	$ 2,745,182	$ 9,675,000

10. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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

$2,745,182 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	$ 2,418,750
2017	$ 2,418,750
2018	$ 2,418,750
2019	$ 2,418,750

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 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.

10. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (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.

10. NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (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	$ 61,245,000	$ 39,292,000	$ 20,986,000

Pension Plan Fiduciary Net Position

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

11. 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.

11. 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 $2,156,206 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 $19,391,000 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 0.171 percent, which was an decrease of 0.004 percent from its proportion measured as of June 30, 2013.

11. 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 $1,574,586. 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	-	6,663,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	438,000
Contributions made subsequent to measurement date	2,156,206	-
Total	$ 2,156,206	$ 7,101,000

$2,156,206 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	$ 1,811,750
2017	$ 1,811,750
2018	$ 1,811,750
2019	$ 1,665,750

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.

11. 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

11. 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.

11. 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	$ 33,920,000	$ 19,391,000	$ 7,069,000

Pension Plan Fiduciary Net Position

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

12. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Notes 10 and 11, the District provides lifetime post-employment health care benefits to eligible employees who retire from the District. The benefits provide retired employees with health insurance coverage. After the retiree is eligible for Medicare, the District provides insurance coverage supplemental to Medicare. Eligible requirements and benefits vary according to hire date as follows:

Academic Employees

- Employees hired before November 27, 1984 receive 100% paid benefits upon retirement from the District.

- Employees hired after November 27, 1984, but before July 2, 1986, must have completed five years of service to receive 100% paid benefits.

- Employees hired after July 1, 1986, but before July 2, 1994, must have completed twelve years of service to receive 100% paid benefits.

- Employees hired after July 1, 1994 may purchase benefits at their own expense.

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Classified Employees

- Employees hired before December 10, 1985 receive 100% paid benefits upon retirement from the District.
- Employees hired after December 10, 1985, but before July 2, 1986, must have completed five years of service to receive 100% paid benefits.
- Employees hired after July 1, 1986, but before July 2, 1994, must have completed 15 years of service to receive 100% paid benefits.
- Employees hired after July 1, 1994 may purchase benefits at their own expense.

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	$ 3,260,730
Interest on net OPEB obligation	154,155
Adjustment to annual required contribution	(199,521)
Annual OPEB cost (expense)	3,215,364
Contributions made	(2,901,859)
Increase in net OPEB obligation	313,505
Net OPEB obligation - beginning of year	2,202,220
Net OPEB obligation - end of year	$ 2,515,725

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Classified Employees (Continued)

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 3,457,926	81.0%	$ 1,754,273
June 30, 2014	$ 3,254,627	86.2%	$ 2,202,220
June 30, 2015	$ 3,215,364	90.2%	$ 2,515,725

As of July 1, 2014, the most recent actuarial valuation date, the plan was partially funded. The actuarial accrued liability for benefits was $43,316,701, and the actuarial value of assets was $9,570,738, resulting in an unfunded actuarial accrued liability (UAAL) of $33,745,963. The covered payroll (annual payroll of active employees covered by the Plan) was $5,047,482, and the ratio of the UAAL to the covered payroll was 669 percent.

Benefits are provided by the District on a pay-as-you-go basis. The District does maintain a retiree benefit trust fund ("OPEB Trust"), a single-employer defined benefit OPEB plan. The OPEB Trust is administered by Benefit Trust and is included in the District's financial report as a separately presented fiduciary fund. Contribution requirements for plan members are established and may be amended by the District's Board of Trustees through the collective bargaining process. Plan members meeting certain eligibility requirements contribute 1% of earnings and the District matches those contributions.

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, presented as Required Supplementary Information following the notes to the basic financial statements, 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 July 1, 2014, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7 percent investment rate which is based on assumed long-term investment returns on plan assets, and an annual healthcare cost trend rate of 4 percent. A 3 percent inflation rate was assumed. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized under level dollar method on an open basis over 30 years for the residual UAAL and a closed basis for the initial UAAL. The remaining equivalent amortization period for the UAAL at June 30, 2015 was 21 years.

13. 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 results 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.

Operating Leases

Future minimum rental payments under all noncancelable operating leases with initial or remaining lease terms in excess of one year as of June 30, 2015, are as follows:

Year Ending June 30,	
2016	$ 673,462
2017	127,004
2018	49,897
2019	45,006
2020	11,889
	$ 907,258

At June 30, 2015, the District's operating lease expenses totaled $1,970,239.

Construction Commitments

As of June 30, 2015, the District had approximately $1.8 million in outstanding commitments on construction contracts.

14. JOINT POWERS AGREEMENTS

Sierra Joint Community College District participates in Joint Power Agreements ("JPAs"), with Alliance of Schools for Cooperative Insurance Programs ("ASCIP") for property, liability and workers' compensation insurance, Self-Insured Schools of California (SISC III) for health and welfare benefits and Schools Excess Liability Fund ("SELF") for excess liability insurance for the operation of common risk management and insurance programs. 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. The relationship between the District and the JPAs is such that the JPAs 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.

14. JOINT POWERS AGREEMENTS (Continued)

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.

Condensed financial information of the JPAs for the most recent year available is as follows:

	ASCIP June 30, 2014	SISC III September 30, 2015
Total assets	$ 295,431,234	$ 304,614,232
Total liabilities	$ 160,686,476	$ 159,022,820
Net position	$ 134,744,758	$ 145,591,412
Total revenues	$ 204,148,840	$ 1,519,341,871
Total expenses	$ 193,787,486	$ 1,541,013,235
Change in net position	$ 10,361,354	$ (21,671,364)

	SELF June 30, 2015
Total assets and deferred outflows of resources	$ 157,826,708
Total liabilities and deferred inflows of resources	$ 122,637,079
Net position	$ 35,189,629
Total revenues	$ 11,968,752
Total expenses	$ 23,063,637
Change in net position	$ (11,094,885)

15. OPERATING EXPENSES

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

Functional Classifications	Salaries	Employee Benefits	Supplies Materials and Other Operating Expenses and Services	Student Aid	Utilities	Depreciation	Total
Instruction	$ 31,407,850	$ 7,657,951	$ 2,121,996	$ -	$ -	$ -	$ 41,187,797
Academic Support	4,265,416	1,148,616	794,862	-	-	-	6,208,894
Student Services	8,571,650	2,181,097	1,536,580	282,233	-	-	12,571,560
Operations and Maintenance of Plant	2,222,485	779,094	1,136,277	-	2,251,718	-	6,389,574
Institution Support	7,335,575	6,965,965	6,987,215	-	-	-	21,288,755
Community Services & Economic Development	780,932	217,287	1,482,460	-	-	-	2,480,679
Ancillary Services & Auxiliary Operations	1,388,499	372,964	2,873,258	-	-	-	4,634,721
Physical Property and Related Acquisitions	469,826	155,665	(323,589)	-	-	5,492,965	5,794,867
Long-Term Debt and Other Financing	-	-	203,586	-	-	-	203,586
Student Aid	-	-	-	34,962,606	-	-	34,962,606
	$ 56,442,233	$ 19,478,639	$ 16,812,645	$ 35,244,839	$ 2,251,718	$ 5,492,965	$ 135,723,039

16. DONATED FROM COLLEGE DISTRICT

The Foundation's Statement of Activities included an amount Donated from College District totaling $268,115 for the year ended June 30, 2015. This consisted of accounting and management support, comprehensive insurance, office space, and other miscellaneous internal services as provided by the District.

The valuation of such services and facilities is determined based upon various factors including employee salaries and benefits, office rent, and certain other operating expenses.

17. 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	$ 1,300,124	$ 639,318	$ 2,786,541	$ 4,725,983
Change in fair value of investment and Investment income	5,496	22,415	-	27,911
Contributions	-	3,150	146,949	150,099
Special events & other revenues	-	-	79,110	79,110
Other transfers	-	2,150	(2,150)	-
Appropriation of endowment assets for expenditure	-	(177,998)	-	(177,998)
Endowment net assets, end of year	$ 1,305,620	$ 489,035	$ 3,010,450	$ 4,805,105

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2015, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (1,157)	$ 489,035	$ 3,010,450	$ 3,498,328
Board-designated endowment funds	1,306,777	-	-	1,306,777
Total	$ 1,305,620	$ 489,035	$ 3,010,450	$ 4,805,105

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 were two individual endowment fund with such deficiency as of June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS

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
July 1, 2010	$ 6,813,723	$ 77,063,512	$ 70,249,789	8.84%	$ 7,274,861	966%
July 1, 2012	$ 8,078,032	$ 44,753,479	$ 36,675,447	22.03%	$ 6,563,305	681%
July 1, 2014	$ 9,570,738	$ 43,316,701	$ 33,745,963	22.09%	$ 5,047,482	669%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)	Contributions	Percentage of ARC Contributed
June 30, 2009	$ 5,212,371	$ 2,759,491	53%
June 30, 2010	$ 5,163,093	$ 3,190,050	62%
June 30, 2011	$ 5,476,545	$ 3,237,793	59%
June 30, 2012	$ 3,446,943	$ 3,023,288	88%
June 30, 2013	$ 3,446,943	$ 2,799,982	81%
June 30, 2014	$ 3,260,730	$ 2,806,680	86%
June 30, 2015	$ 3,260,730	$ 2,901,859	89%

See independent auditor's report on required supplementary information.

SIERRA JOINT 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	0.067%
District's proportionate share of the net pension liability	$ 39,292,000
State's proportionate share of the net pension liability associated with the District	23,726,000
Total net pension liability	$ 63,018,000
District's covered-employee payroll	$ 29,948,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131.20%
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)

SIERRA JOINT 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	0.171%
District's proportionate share of the net pension liability	$ 19,391,000
District's covered-employee payroll	$ 17,930,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.15%
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.

SIERRA JOINT 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	$	2,745,182
Contributions in relation to the contractually required contribution	$	2,745,182
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	30,914,000
Contributions as a percentage of covered-employee payroll		8.88%

All years prior to 2015 are not available.

(Continued)

SIERRA JOINT 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	$ 2,156,206
Contributions in relation to the contractually required contribution	$ 2,156,206
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 18,318,000
Contributions as a percentage of covered-employee payroll	11.77%

All years prior to 2015 are not available.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

1. PURPOSE OF SCHEDULE

A - 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.

B - Schedule of Employer Contributions

The Schedule of the Employer Contributions presents the actuarially determined annual required contribution (ARC) and the percentage of that ARC that was contributed by the District as benefit payments directly to or on behalf of members or into the OPEB Trust fund.

C - 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.

D - 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.

E - Changes of Benefit terms

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

F - Changes of Assumptions

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

SUPPLEMENTARY INFORMATION

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF NET POSITION BY FUND
(Unaudited)

June 30, 2015

	General	Bond Interest & Redemption	SFID #1 Bond Interest & Redemption	SFID #2 Bond Interest & Redemption	SFID #2 Construction Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 22,953,836	$ -	$ -	$ -	$ -
Receivables, net	3,247,975	-	1,393	1,682	775
Inventory	44,603	-	-	-	-
Prepaid expenses	507,498	-	-	-	-
Total current assets	26,753,912	-	1,393	1,682	775
Noncurrent assets:					
Restricted cash, cash equivalents and investments	18,030	-	2,032,935	2,386,468	-
Non-depreciable capital assets	-	-	-	-	-
Depreciable capital assets, net	-	-	-	-	-
Total noncurrent assets	18,030	-	2,032,935	2,386,468	-
Total assets	26,771,942	-	2,034,328	2,388,150	775
Deferred Outflows of Resources					
Deferred loss on refunding	-	-	-	-	-
Deferred outflows of resources - pensions	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	$ 26,771,942	$ -	$ 2,034,328	$ 2,388,150	$ 775
Liabilities					
Current liabilities:					
Accounts payable	$ 2,367,219	$ -	$ -	$ -	$ 775
Unearned revenue	8,474,767	-	-	-	-
Accrued payroll	1,214,680	-	-	-	-
Compensated absences payable	-	-	-	-	-
Long-term debt - current portion	-	-	-	-	-
Accrued interest on debt	-	-	-	-	-
Total current liabilities	12,056,666	-	-	-	775
Noncurrent liabilities:					
Accreted interest on bonds	-	-	-	-	-
Long-term debt - noncurrent portion	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-
Total liabilities	12,056,666	-	-	-	775
Deferred Inflows of Resources					
Deferred inflows of resources - pensions	-	-	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Restricted for:					
Scholarships and loans	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	2,034,328	2,388,150	-
Undesignated	14,715,276	-	-	-	-
Total net position	14,715,276	-	2,034,328	2,388,150	-
Total liabilities, deferred inflows of resources and net position	$ 26,771,942	$ -	$ 2,034,328	$ 2,388,150	$ 775

(Continued)

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

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

	Capital Projects	Financial Aid	Dormitory	Totals	Reconciling Adjustments/ Eliminations	Statement of Net Position
Assets						
Current assets:						
Cash and cash equivalents	$ 11,914,552	$ (27,428)	$ 787,256	$ 35,628,216	$ (11,886,349)	$ 23,741,867
Receivables, net	20,960	342,094	4,571	3,619,450	-	3,619,450
Inventory	-	-	-	44,603	-	44,603
Prepaid expenses	-	-	-	507,498	-	507,498
Total current assets	11,935,512	314,666	791,827	39,799,767	(11,886,349)	27,913,418
Noncurrent assets:						
Restricted cash, cash equivalents and investments	-	-	-	4,437,433	11,886,349	16,323,782
Non-depreciable capital assets	-	-	-	-	9,053,447	9,053,447
Depreciable capital assets, net	-	-	-	-	129,485,126	129,485,126
Total noncurrent assets	-	-	-	4,437,433	150,424,922	154,862,355
Total assets	11,935,512	314,666	791,827	44,237,200	138,538,573	182,775,773
Deferred Outflows of Resources						
Deferred loss on refunding	-	-	-	-	2,471,621	2,471,621
Deferred outflows of resources - pensions	-	-	-	-	4,901,388	4,901,388
Total deferred outflows of resources	-	-	-	-	7,373,009	7,373,009
Total assets and deferred outflows of resources	$ 11,935,512	$ 314,666	$ 791,827	$ 44,237,200	$ 145,911,582	$ 190,148,782
Liabilities						
Current liabilities:						
Accounts payable	$ 485,302	$ 280,856	$ 57,938	$ 3,192,090	$ -	$ 3,192,090
Unearned revenue	19,605	16,612	75,861	8,586,845	-	8,586,845
Accrued payroll	-	-	-	1,214,680	-	1,214,680
Compensated absences payable	-	-	-	-	1,426,803	1,426,803
Long-term debt - current portion	-	-	-	-	4,488,627	4,488,627
Accrued interest on debt	-	-	-	-	1,072,571	1,072,571
Total current liabilities	504,907	297,468	133,799	12,993,615	6,988,001	19,981,616
Noncurrent liabilities:						
Accreted interest on bonds	-	-	-	-	10,444,795	10,444,795
Long-term debt - noncurrent portion	-	-	-	-	138,488,471	138,488,471
Total noncurrent liabilities	-	-	-	-	148,933,266	148,933,266
Total liabilities	504,907	297,468	133,799	12,993,615	155,921,267	168,914,882
Deferred Inflows of Resources						
Deferred inflows of resources - pensions	-	-	-	-	16,776,000	16,776,000
Net Position						
Net investment in capital assets	-	-	-	-	49,205,004	49,205,004
Restricted for:						
Scholarships and loans	-	17,198	-	17,198	-	17,198
Capital projects	11,430,605	-	-	11,430,605	-	11,430,605
Debt service	-	-	-	4,422,478	-	4,422,478
Undesignated	-	-	658,028	15,373,304	(75,990,689)	(60,617,385)
Total net position	11,430,605	17,198	658,028	31,243,585	(26,785,685)	4,457,900
Total liabilities, deferred inflows of resources and net position	$ 11,935,512	$ 314,666	$ 791,827	$ 44,237,200	$ 145,911,582	$ 190,148,782

See accompanying note to supplemental information.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION BY FUND
(Unaudited)

Year Ended June 30, 2015

	General	Bond Interest & Redemption	SFID #1 Bond Interest & Redemption	SFID #2 Bond Interest & Redemption	SFID #2 Construction Funds
Operating revenues:					
Tuition and fees	$ 21,432,007	$ -	$ -	$ -	$ -
Less: fee waivers and allowance	(9,813,142)	-	-	-	-
Net tuition and fees	11,618,865	-	-	-	-
Grants and contracts, non-capital:					
Federal	1,178,010	-	-	-	-
State	9,603,783	-	-	-	-
Local	718,759	-	-	-	-
Auxiliary enterprise sales and charges	724,112	-	-	-	-
Total operating revenues	23,843,529	-	-	-	-
Operating expenses:					
Salaries	56,037,469	-	-	-	-
Employee benefits	16,447,876	-	-	-	-
Supplies, materials and other operating expenses and services	18,776,021	-	195,379	-	310,812
Student financial aid and scholarships	475,884	-	-	-	-
Utilities	-	-	-	-	-
Depreciation	-	-	-	-	-
Total operating expenses	91,737,250	-	195,379	-	310,812
Operating (loss) income	(67,893,721)	-	(195,379)	-	(310,812)
Non-operating revenues (expenses):					
State apportionment, non-capital	4,703,429	-	-	-	-
Local property taxes	62,239,751	-	38,936	-	-
State taxes and other revenues	3,066,620	-	1,534	-	-
Pell grants	34,363	-	-	-	-
Investment income - non-capital	298,802	-	14,212	7,918	2,385
Investment income - capital	-	-	-	-	-
Interest expense on capital asset related debt	-	(270,159)	(1,206,955)	(968,066)	-
Other non-operating revenues	494,508	-	-	-	-
Debt reduction	-	(1,352,876)	(9,483,986)	(1,362,985)	-
Interfund transfers out	(3,009,657)	-	-	-	-
Interfund transfers in	318,698	1,623,035	-	-	-
Proceeds from issuance of debt	-	-	9,019,365	-	-
Total non-operating revenues (expenses)	68,146,514	-	(1,616,894)	(2,323,133)	2,385
Income (loss) before capital revenues	252,793	-	(1,812,273)	(2,323,133)	(308,427)
Capital revenues:					
Grants and gifts	-	-	-	-	-
Local property taxes and other revenues	78,282	-	1,651,777	2,812,178	-
Total capital revenues	78,282	-	1,651,777	2,812,178	-
Change in net position	331,075	-	(160,496)	489,045	(308,427)
Net position, July 1, 2014	14,384,201	-	2,194,824	1,899,105	308,427
Cumulative effect of GASB 68 implementation	-	-	-	-	-
Net position, July 1, 2014, as restated	14,384,201	-	2,194,824	1,899,105	308,427
Net position, June 30, 2015	$ 14,715,276	$ -	$ 2,034,328	$ 2,388,150	$ -

(Continued)

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

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

	Capital Projects	Financial Aid	Dormitory	Totals	Reconciling Adjustments/ Eliminations	Statement of Revenues, Expenses and Change in Net Position
Operating revenues:						
Tuition and fees	$ (2,796)	$ -	$ 870,880	$ 22,300,091	$ -	$ 22,300,091
Less: fee waivers and allowance	-	-	-	(9,813,142)	-	(9,813,142)
Net tuition and fees	(2,796)	-	870,880	12,486,949	-	12,486,949
Grants and contracts, non-capital:						
Federal	-	9,439,535	-	10,617,545	-	10,617,545
State	1,366,627	1,276,959	-	12,247,369	-	12,247,369
Local	711,406	303,112	16,905	1,750,182	-	1,750,182
Auxiliary enterprise sales and charges	-	-	-	724,112	-	724,112
Total operating revenues	2,075,237	11,019,606	887,785	37,826,157	-	37,826,157
Operating expenses:						
Salaries	15,138	-	182,074	56,234,681	207,552	56,442,233
Employee benefits	3,570	-	47,045	16,498,491	2,834,148	19,332,639
Supplies, materials and other operating expenses and services	4,137,668	-	340,530	23,760,410	(6,947,765)	16,812,645
Student financial aid and scholarships	-	34,768,955	-	35,244,839	-	35,244,839
Utilities	-	-	-	-	2,251,718	2,251,718
Depreciation	-	-	-	-	5,492,965	5,492,965
Total operating expenses	4,156,376	34,768,955	569,649	131,738,421	3,838,618	135,577,039
Operating (loss) income	(2,081,139)	(23,749,349)	318,136	(93,912,264)	(3,838,618)	(97,750,882)
Non-operating revenues (expenses):						
State apportionment, non-capital	-	-	-	4,703,429	-	4,703,429
Local property taxes	-	-	-	62,278,687	-	62,278,687
State taxes and other revenues	-	-	-	3,068,154	2,024,000	5,092,154
Pell grants	-	23,643,982	-	23,678,345	-	23,678,345
Investment income - non-capital	120,044	(7)	7,533	450,887	(127,577)	323,310
Investment income - capital	-	-	-	-	127,577	127,577
Interest expense on capital asset related debt	-	-	-	(2,445,180)	(1,282,079)	(3,727,259)
Other non-operating revenues	19,000	-	-	513,508	182,561	696,069
Debt reduction	-	-	-	(12,199,847)	12,199,847	-
Interfund transfers out	(318,698)	-	(233,335)	(3,561,690)	3,561,690	-
Interfund transfers in	1,514,590	105,367	-	3,561,690	(3,561,690)	-
Proceeds from issuance of debt	-	-	-	9,019,365	(9,019,365)	-
Total non-operating revenues (expenses)	1,334,936	23,749,342	(225,802)	89,067,348	4,104,964	93,172,312
Income (loss) before capital revenues	(746,203)	(7)	92,334	(4,844,916)	266,346	(4,578,570)
Capital revenues:						
Grants and gifts	-	-	-	-	19,000	19,000
Local property taxes and other revenues	61,031	-	-	4,603,268	-	4,603,268
Total capital revenues	61,031	-	-	4,603,268	19,000	4,622,268
Change in net position	(685,172)	(7)	92,334	(241,648)	285,346	43,698
Net position, July 1, 2014	12,115,777	17,205	-	30,919,539	43,408,691	74,328,230
Cumulative effect of GASB 68 implementation	-	-	-	-	(70,479,722)	(70,479,722)
Net position, July 1, 2014, as restated	12,115,777	17,205	-	30,919,539	(27,071,031)	3,848,508
Net position, June 30, 2015	$ 11,430,605	$ 17,198	$ 92,334	$ 30,677,891	$ (26,785,685)	$ 3,892,206

See accompanying note to supplemental information.

SIERRA JOINT 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 Expend-itures
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster:			
Pell Grant Program	84.063	P063P141180	$ 23,643,982
Administrative Allowance	84.063	P063Q141180	34,363
Federal Direct Student Loans	84.268	P268K151180	9,123,433
College Work Study Program	84.033	P033A140600	265,696
SEOG	84.007	P007A140600	316,102
Subtotal Student Financial Aid Cluster			33,383,576
TRIO	84.042	P042A100546	185,720
Passed through California Community College Chancellor's Office:			
Career Technical Education Program:			
Title I - Part C - Basic Grant VTEA	84.048	14-C01-058	471,181
Career Technical Education Transitions	84.048	14-112-270	41,611
North Far North Regional Consortium Mini Grant	84.048	-	855
Subtotal Career Technical Education Program			513,647
Total U.S. Department of Education			34,082,943
U.S. Department of Agriculture			
Passed through El Dorado and Nevada Counties:			
Forest Reserve	10.665	-	25,156
Flood Control Act	10.923	-	418
Total U.S. Department of Agriculture			25,574
U.S. Department of Veterans Affairs			
Direct Program:			
Veterans Reserve Funds	64.115	-	6,228

(Continued)

SIERRA JOINT 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 Expend-itures
U.S. Department of Health and Human Services			
Direct Program:			
MHS Suicide Prevention Funds	93.243	-	$ 33,637
Passed through California Department of Education:			
Foster Parent Training	93.658	1262100	106,027
Passed through California Community College Chancellor's Office:			
Temporary Assistance for Needy Families	93.558	-	41,481
Total U.S. Department of Health and Human Services			181,145
Total Federal Programs			$ 34,295,890

See accompanying note to
supplemental information.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL AWARDS

For the Year Ended June 30, 2015

	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable	Total	Total Program Expenditures
DSPS	$ 963,322	$ -	$ -	$ 963,322	$ 963,322
TANF	41,480	-	-	41,480	41,480
Basic Skills Ongoing	390,908	-	131,348	259,560	259,560
CalWorks	281,569	-	31,615	249,954	249,954
SSSP	2,196,797	-	112,275	2,084,522	2,084,522
Student Equity	747,162	-	83,567	663,595	663,595
Staff Diversity (EEO)	24,713	-	12,883	11,830	11,830
Part Time Faculty	320,018	-	-	320,018	320,018
Part Time Faculty Office hours	17,229	-	-	17,229	17,229
CARE	100,129	-	-	100,129	100,129
EOPS	580,193	-	-	580,193	580,193
CTE Pathways	147,585	-	-	147,585	147,585
Nursing Enrollment Growth	95,387	-	-	95,387	95,387
CTE Enhancement - 60% (Shasta)	122,662	-	40,600	82,062	82,062
DSN Advanced Mfg	80,000	188,252	-	268,252	268,252
DSN Digital Media (13-158-012)	33,502	180,000	-	213,502	213,502
DSN Digital Media (14-158-012)	80,000	49,311	-	129,311	129,311
State Preschool	352,461	11,107	-	363,568	363,568
State Preschool - Reserve	301	-	301	-	-
Family Child Care Homes	157,003	-	8,766	148,237	148,237
Family Child Care Homes - Reserve	1,033	-	1,033	-	-
Instructional Equipment Library Materials	1,007,568	-	-	1,007,568	1,007,568
BFAP - Administrative Allowances	580,190	-	-	580,190	580,190
Cal Grant B	1,214,292	20,492	-	1,234,784	1,234,784
Cal Grant C	42,175	-	-	42,175	42,175

See accompany note to supplemental information.

SIERRA JOINT 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	30	-	30
2. Credit	1,141	-	1,141
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit	-	-	-
2. Credit	431	-	431
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	10,169	-	10,169
b. Daily Census Contact Hours	216	-	216
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	273	-	273
b. Credit	803	-	803
2. Alternative Attendance Accounting Procedure Courses			
a. Weekly Census Contact Hours	1,483	-	1,483
b. Daily Census Contact Hours	155	-	155
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	14,701	-	14,701
Supplementary Information:			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
a. Noncredit	278	-	278
b. Credit	562	-	562
CCFS 320 Addendum			
CDCP	-	-	-
Centers FTES			
a. Noncredit	19	-	19
b. Credit	1,404	-	1,404

See accompanying note to supplemental information.

SIERRA JOINT 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 note to supplemental information.

SIERRA JOINT 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	$ 15,083,458	$ -	$ 15,083,458	$ 15,083,458	$ -	$ 15,083,458
Other	1300	12,178,373	-	12,178,373	12,615,299	-	12,615,299
Total instructional salaries		27,261,831	-	27,261,831	27,698,757	-	27,698,757
Non-instructional salaries:							
Contract or regular	1200	-	-	-	5,531,083	-	5,531,083
Other	1400	-	-	-	834,260	-	834,260
Total non-instructional salaries		-	-	-	6,365,343	-	6,365,343
Total academic salaries		27,261,831	-	27,261,831	34,064,100	-	34,064,100
Classified Salaries							
Non-instructional salaries:							
Regular status	2100	-	-	-	12,222,538	-	12,222,538
Other	2300	-	-	-	916,618	-	916,618
Total non-instructional salaries		-	-	-	13,139,156	-	13,139,156
Instructional aides:							
Regular status	2200	1,905,881	-	1,905,881	1,905,881	-	1,905,881
Other	2400	123,185	-	123,185	123,185	-	123,185
Total instructional aides		2,029,066	-	2,029,066	2,029,066	-	2,029,066
Total classified salaries		2,029,066	-	2,029,066	15,168,222	-	15,168,222
Employee benefits	3000	7,349,936	-	7,349,936	14,924,120	-	14,924,120
Supplies and materials	4000	-	-	-	1,202,887	-	1,202,887
Other operating expenses	5000	-	-	-	8,795,187	-	8,795,187
Equipment replacement	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		$ 36,640,833	$ -	$ 36,640,833	$ 74,154,516	$ -	$ 74,154,516

(Continued).

SIERRA JOINT 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		
Exclusions	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	$ 1,360,624	$ -	$ 1,360,624	$ 1,360,624	$ -	$ 1,360,624
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	-	-	-
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	1,541,231	-	1,541,231
Objects to exclude:							
Rents and leases	5060	-	-	-	2,029,111	-	2,029,111
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:							
Software	4100	-	-	-	1,243	-	1,243
Books, magazines and periodicals	4200	-	-	-	6,620	-	6,620
Instructional supplies and materials	4300	-	-	-	364,401	-	364,401
Noninstructional supplies and materials	4400	-	-	-	315,874	-	315,874
Total supplies and materials		-	-	-	688,138	-	688,138
Other operating expenses and services	5000	-	-	-	1,280,264	-	1,280,264
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo		-	-	-	-	-	-
Total exclusions		1,360,624	-	1,360,624	6,899,368	-	6,899,368
Total for ECS 84362, 50% Law		$ 35,280,209	$ -	$ 35,280,209	$ 67,255,148	$ -	$ 67,255,148
Percent of CEE (instructional salary cost /Total CEE)		52.46%	-	52.46%	100.00%	-	100.00%
50% of current expense of education		$ -	$ -	$ -	$ 33,627,574	$ -	$ 33,627,574

See accompanying note to supplemental information.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

PROP 30 EPA EXPENDITURE REPORT

For the Year Ended June 30, 2015

EPA Proceeds: $ 3,399,249

Activity Classification	Activity Code (0100-5900)	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	-	$ 3,399,249	$ -	$ -	$ 3,399,249

See accompanying note to supplemental information.

NOTE TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Combining Statement of Net Position by Fund and 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 and 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 College 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 LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT
ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees
Sierra Joint Community College District
Rocklin, California

Report on Compliance with State Laws and Regulations

We have audited the compliance of Sierra Joint 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 Sierra Joint 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 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 Sierra Joint Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion with State Laws and Regulations

In our opinion, Sierra Joint Community College District complied, in all material respects, with the state laws and regulations 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 Sierra Joint 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 23, 2015

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
Sierra Joint Community College District
Rocklin, 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 Sierra Joint Community College District as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise Sierra Joint Community College District's basic financial statements, and have issued our report thereon dated November 23, 2015. The financial statements of Sierra College Foundation 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 Sierra College Foundation.

Internal Control Over Financial Reporting

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

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

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.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control 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 23, 2015

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

Board of Trustees
Sierra Joint Community College District
Rocklin, California

Report on Compliance for Each Major Federal Program

We have audited Sierra Joint 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 Sierra Joint Community College District's major federal programs for the year ended June 30, 2015. Sierra Joint Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 23, 2015

FINDINGS AND RECOMMENDATIONS

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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
84.063, 84.268, 84.033 and 84.007	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

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2015

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
No matters were reported.		