SIERRA JOINT COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
June 30, 2018

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 25,800 students who are enrolled in both day and evening classes, has a full time faculty of approximately 233, and a part time faculty of approximately 929. 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, 2018, were composed of the following members:

BOARD OF TRUSTEES

Members	Office	Term Expires
Ms. Cari Dawson Bartley	President	December 2018
Mr. Bob Romness	Vice President/Clerk	December 2018
Mr. Paul Bancroft	Trustee	December 2018
Ms. Carol Garcia	Trustee	December 2020
Mr .Scott Leslie	Trustee	December 2020
Ms. Nancy B. Palmer	Trustee	December 2018
Mr. Bob Sinclair	Trustee	December 2020

BOARD AUDIT COMMITTEE MEMBERS

Mr. Paul Bancroft   Mr. Bob Romness   Mr. Bob Sinclair

DISTRICT ADMINISTRATION

Mr. William H. Duncan, IV
Superintendent/President

Mr. Erik Skinner
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, 2018

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SIERRA JOINT COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
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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, 2018, and the related notes to the 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.

(Continued)

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, 2018, 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.

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 16 and the Schedule of Changes in Net OPEB Liability, the Schedule of Money-Weighted Rate of Return, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 62 to 66 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 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 LLP

Crowe LLP

Sacramento, California
November 13, 2018

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, 2018. 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 85 associate degree majors and 89 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 that 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.

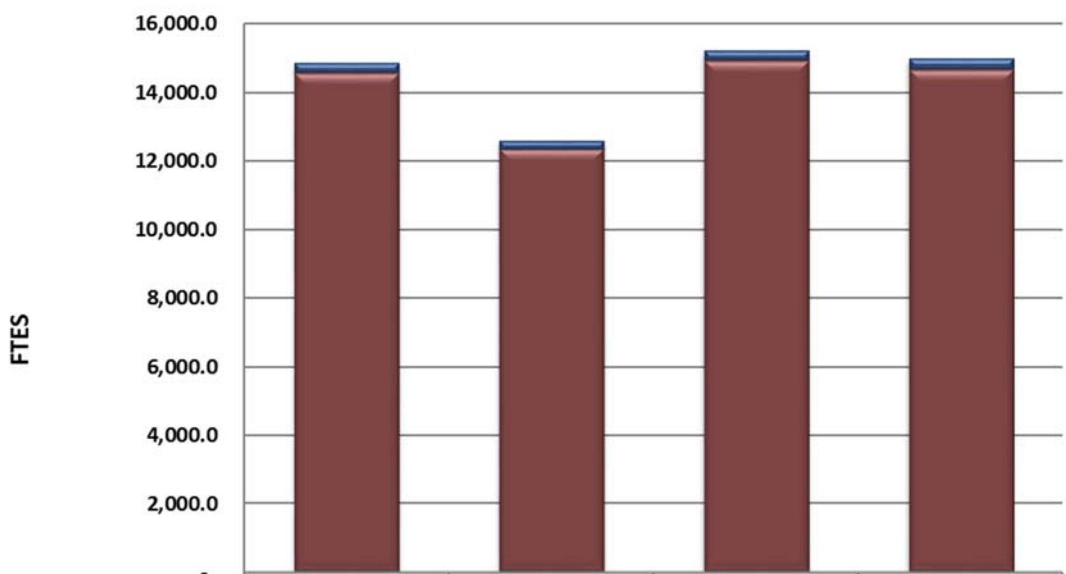
This annual report consists of the following: management's discussion and analysis (this section), three basic financial statements that provide information on the District's activities as a whole (the Statement of Net Position; the Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows), Supplementary Information and Required 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). As a result of the State budget passage in June and subsequent guidance related to the new Student Centered Funding Formula, a decision was made to shift Summer 2018 FTES to 2017-18, thereby generating growth revenue as permitted under the attendance reporting rules. This shift in enrollment should allow the District to capture available growth of $530,000 for 111 FTES.

- Shifting the reporting of summer enrollments allowed Sierra to receive "stability" funding for 2016-17, which ensures the same amount of revenue as received in the prior year due to a hold harmless feature in the state funding formula. The graph below shows the decline in 2016-17 and then the subsequent restoration of FTES in the 2017-18 fiscal year.

Funded Full Time Equivalent Students



	2015-16	2016-17 Stability	2017-18 Restoration	2018-19 Projected
FUNDED NON-CREDIT FTES	296.8	274.8	308.8	311.5
FUNDED CREDIT FTES	14,575.7	12,363.4	14,920.0	14,672.9

Apportionment Funding: The 2017-2018 funding formula revenues for the unrestricted general fund reflect an increase from the 2016-2017 fiscal year. 2016-2017 revenues from the state funding formula totaled approximately $80.9 million and increased to approximately $85.3 million for 2017-2018. This represents a $4.4 million or 5.42% total increase. The increase in apportionment funding was the result growth funding for the enrollment shift described above and of the state providing a base allocation increase of $2.4 million and a 1.56% COLA that yielded $1.1 million.

- Included in 2017-18 are additional revenues of $536,000 related to the prior year's Chancellor's Office Apportionment Recalculation.

- The 2017-18 total General Fund revenues, excluding the recording of State On-Behalf payments of $2.4 million were $123.7 million compared to $110.9 million earned in 2016-17, an increase of $12.8 million or 11.5%. In 2017-18 the District received $397,000 in one-time mandated cost funds.

- Revenues for categorical programs and other grants in the Restricted General Fund increased approximately $8.5 million or 38.04% from $22.2 million in 2016-17 to $30.7 million in 2017-18. The increase was primarily from restricted programs such as Fiscal Agent for the CCC Maker Grant or increases in existing programs such as, Strong Workforce, Workforce Development and allocations for various student success programs and services.

- The District's unrestricted fund balance, prior to commitments, increased by $2.1 million in 2017-18 compared to the prior year. The fund balance increased primarily from apportionment related revenues of $1.5 million, one time revenues of $889,000, attrition and operational savings of $1.3 offset by a one-time employee payout of approximately $1.0 million. The fund balance after commitments leaves a 2017-18 ending fund balance of $11.4 million or 9.3% of general fund expenditures. The Board of Trustees has set a goal to maintain reserves between eight and twelve percent of General Fund expenditures. The fund balance amounts exclude the impact of the CalSTRS state on-behalf pension contributions as displayed in the audited financials.

- CalSTRS state on-behalf Pension contributions were calculated in the amount of $2.4 million for 2017-18 and $1.9 million in 2016-17. Districts are required under GASB 24 to recognize the state's on-behalf contributions. These costs paid by the State of California are reflected in the benefit expenses and a corresponding amount of state revenue is also recorded resulting in no impact to fund balance.

- Health benefits for both employees and retirees increased $634,000 or 7.08% over the prior year. 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 Net OPEB Liability as of June 30, 2018, is $34.6 million when considering $12.0 million of assets held in a GASB 74 qualifying OPEB Trust. Accounting principles provide that the cost of retiree benefits should be accrued over employees' working lifetime. In accordance with this principle, GASB issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees. The year ended June 30, 2017 marks the first year these Accounting Standards are applied to the financial statements.

- The District set aside $3.1 million in funding at June 30, 2016 to keep employee health benefit contributions for the 2016-17 and 2017-18 Plan Years essentially unchanged from 2015-16 Plan Year levels. At June 30, 2018, $325,000 remains. A benefit plan year covers the period October 1 – September 30.

- The District paid down $4.4 million in long-term debt.

- 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 2017-2018, the District expended 51.9% on 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, deferred outflows, liabilities, deferred inflows 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. 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, 2018 and June 30, 2017 is shown below:

	2017-18	2016-2017	Increase (Decrease)	Percent Change
ASSETS				
Current assets				
Cash and cash equivalents	$ 43,616,590	$ 34,104,777	$ 9,511,813	27.9%
Accounts receivable and other assets, net	2,775,499	3,408,594	(633,095)	-18.6%
Total Current Assets	**46,392,089**	**37,513,371**	**8,878,718**	**23.7%**
Noncurrent assets				
Restricted cash and cash equivalents	29,227,561	27,193,495	2,034,066	7.5%
Notes receivable	60,774	60,000	774	100.0%
Capital assets (net of depreciation)	134,031,033	137,523,049	(3,492,016)	-2.5%
Total Noncurrent Assets	**163,319,368**	**164,776,544**	**(1,457,176)**	**-0.9%**
TOTAL ASSETS	**209,711,457**	**202,289,915**	**7,421,542**	**3.7%**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow of resources - loss on refunding	1,935,438	2,121,314	(185,876)	-8.8%
Deferred outflow of resources - OPEB	73,113	72,862	251	100.0%
Deferred outflow of resources - pensions	27,029,595	17,711,369	9,318,226	52.6%
TOTAL ASSETS AND DEFERRED OUTFLOWS	**$ 238,749,603**	**$ 222,195,460**	**$ 16,554,143**	**7.5%**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 9,742,138	$ 5,336,750	$ 4,405,388	82.5%
Unearned revenue	20,461,101	17,972,705	2,488,396	13.8%
Current portion of long-term obligations	4,626,922	6,982,461	(2,355,539)	-33.7%
Total Current Liabilties	**34,830,161**	**30,291,916**	**4,538,245**	**15.0%**
Noncurrent liabilities				
Non-current portion of long-term obligations	194,552,335	185,503,256	9,049,079	4.9%
Other long-term obligations	13,781,738	12,747,625	1,034,113	8.1%
Total Noncurrent Liabilties	**208,334,073**	**198,250,881**	**10,083,192**	**5.1%**
TOTAL LIABILITIES	**243,164,234**	**228,542,797**	**14,621,437**	**6.4%**
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions	6,538,000	3,511,000	3,027,000	86.2%
Deferred inflows of resources - OPEB	81,970		81,970	100.0%
Total Outflow of Resources	**6,619,970**	**3,511,000**	**3,108,970**	**88.5%**
NET POSITION				
Net investment in capital assets	67,647,753	66,929,101	718,652	1.1%
Restricted for:				
Scholarships and loans	853	2,304	(1,451)	-63.0%
Capital projects	22,920,284	21,612,117	1,308,167	6.1%
Debt service	5,998,359	5,360,400	637,959	11.9%
Unrestricted	(107,601,850)	(103,762,259)	(3,839,591)	3.7%
TOTAL NET POSITION	**(11,034,601)**	**(9,858,337)**	**(1,176,264)**	**11.9%**
TOTAL LIABILITIES, DEFERRED INFLOWS	**$ 238,749,603**	**$ 222,195,460**	**$ 16,554,143**	**7.5%**

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. Long-term debt is recorded as a liability and accounted for on a full accrual basis.

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 arranges Dry Period Financing through the Placer County Treasury. This form of borrowing is very efficient and cost effective for the District given the relatively small amounts and short timeframes that an advance of cash is needed to support operations.

- Accounts payable are amounts due as of the fiscal year-end for goods and services received. Total accounts payable and accrued liabilities are $9.7 million at year-end, representing an 83% increase from fiscal year 2016-17.

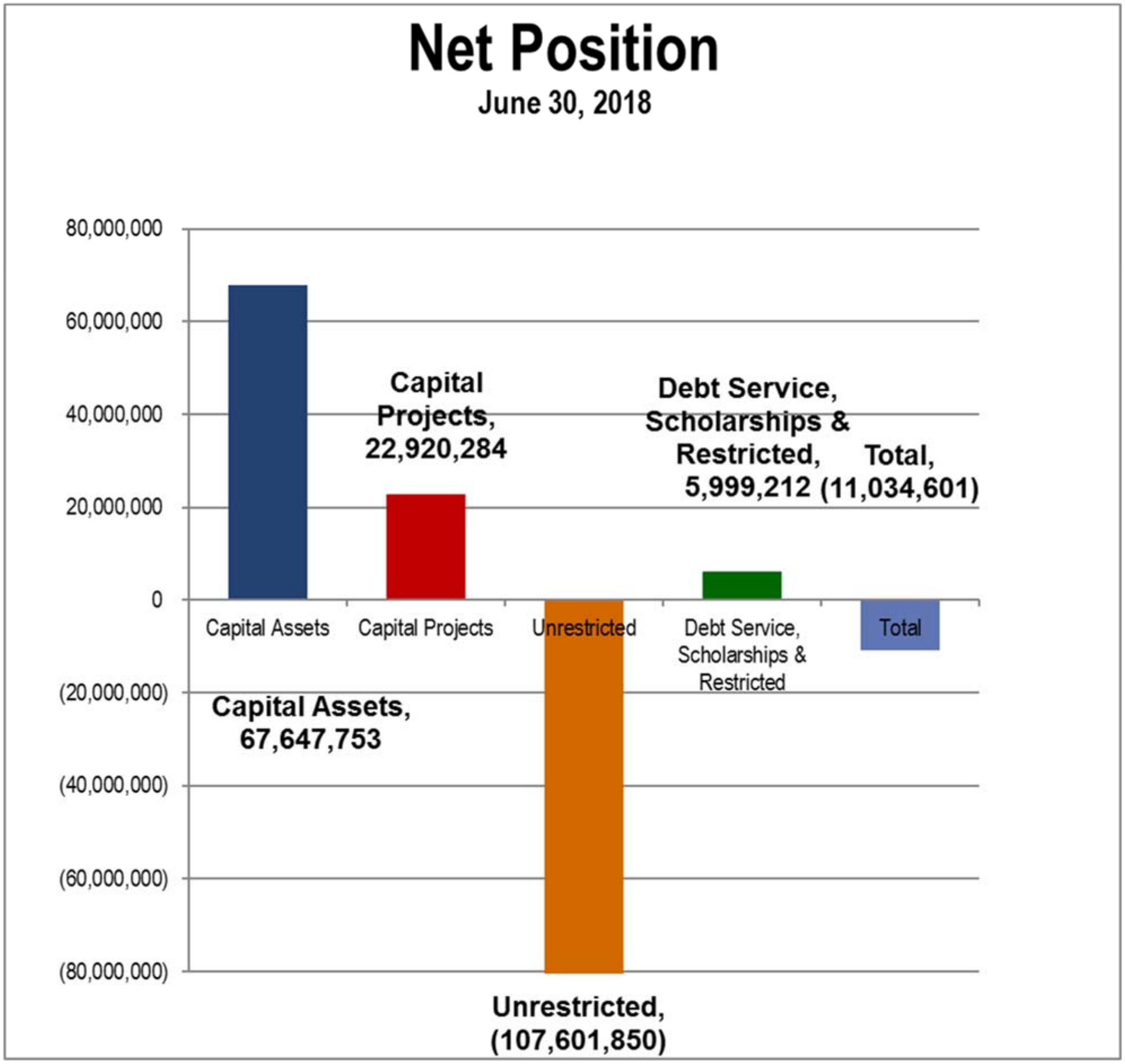
- Capital Assets, net of depreciation, are $134 million, with debt related to these assets of $66.4 million, and a deferred loss on refunding of $1.9 million for a net investment in capital assets of $67.6 million. The majority of debt is in the form of General Obligation Bonds related to School Facility 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, 2018 were $451,000. See Note 5, Capital Assets, in the Notes to Basic Financial Statements for detailed information.

- At year-end, the District had $83 million in General Obligation Bonds and associated unamortized bond premium and accreted interest, Certificates of Participation (COP), and Capitalized Lease Obligations outstanding. The District continued to pay down its debt, retiring $3.9 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 $28.9 million.

- Compensated absences (accrued vacation not used at June 30), reflected as liability, totaled $1.6 million.

- The General Obligation Bonds—School Facilities Improvement District No. 1 and No. 2 — had their "AA-" rating from Standard and Poor's affirmed in 2016 and their "Aa2" rating from Moody's affirmed in 2015. Ratings are based on the District's fiscal stability, and overall creditworthiness.


Net Position
June 30, 2018
80,000,000
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, 67,647,753
Capital Projects, 22,920,284
Unrestricted, (107,601,850)
Debt Service, Scholarships & Restricted, 5,999,212
Total, (11,034,601)

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, 2018 and June 30, 2017 is shown below.

	2017-18	2016-2017	Increase (Decrease)	Percent Change
OPERATING REVENUES				
Net tuition & fees	$ 14,200,686	$ 14,734,807	$ (534,121)	-3.6%
Grants & contracts	38,157,970	31,874,070	6,283,900	19.7%
Auxiliary	680,516	703,281	(22,765)	-3.2%
TOTAL OPERATING REVENUES	**53,039,172**	**47,312,158**	**5,727,014**	**12.1%**
OPERATING EXPENSES				
Salaries	63,785,685	64,343,143	(557,458)	-0.9%
Employee benefits	29,253,587	23,038,630	6,214,957	27.0%
Supplies, materials & other	28,824,247	19,868,981	8,955,266	45.1%
Student financial aid & scholarships	30,100,650	30,822,749	(722,099)	-2.3%
Utilities	2,391,131	2,383,704	7,427	0.3%
Depreciation	6,468,607	6,241,829	226,778	3.6%
TOTAL OPERATING EXPENSES	**160,823,907**	**146,699,036**	**14,124,871**	**9.6%**
NON-OPERATING & CAPITAL ACTIVITY				
State taxes & other revenues	6,534,631	5,564,016	970,615	17.4%
Local property taxes & revenues	82,607,323	78,120,475	4,486,848	5.7%
Pell grants	19,809,618	19,939,200	(129,582)	-0.6%
Investment income	151,452	128,017	23,435	18.3%
Interest expense	(3,148,588)	(3,378,780)	230,192	-6.8%
Other Non-Operating Revenue	654,035	(385,288)	1,039,323	-269.8%
TOTAL NON-OPERATING & CAPITAL ACTIVITY	**106,608,471**	**99,987,640**	**6,620,831**	**6.6%**
CHANGE IN NET POSITION	(1,176,264)	600,762	(1,777,026)	-295.8%
BEGINNING NET POSITION	(9,858,337)	19,981,845	(29,840,182)	-149.3%
Cumulative effect of GASB 75 implementation		(30,440,944)	30,440,944	100.0%
Net position, July 1, as restated	(9,858,337)	(10,459,099)	600,762	**-5.7%**
ENDING NET POSITION	**$ (11,034,601)**	**$ (9,858,337)**	**$ (1,176,264)**	**11.9%**

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 $211 per unit fee that is charged to all non-resident students. Net tuition and fees decreased by $534,000 or 3.6%.

- Combined property tax revenue and state apportionments (total computational revenue) for 2017-18 were $85.3 million and $80.9 million for 2016-17, an increase of $4.4 million or 5.4%. The District used a zero deficit factor as provided by the Chancellor's Office for the 2017-18 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 $5.6 million over 2016-17 or 6.5% and include step, column, longevity and approximately $1 million in a one-time payment to staff. An additional $3.2 million of pension expense is reflected in the audited financial statements related to GASB 68 pension costs and an increase of $2.6 million of GASB 75 OPEB costs. Total operating expenses, increased by $14.1 million or 9.6%. The operating expense increase was primarily due to the increased OPEB and pension costs described above and $8.9 million of increased costs for supplies and other operating expenses and services. The percentage of personnel costs included in operating expenses decreased slightly to 58%.

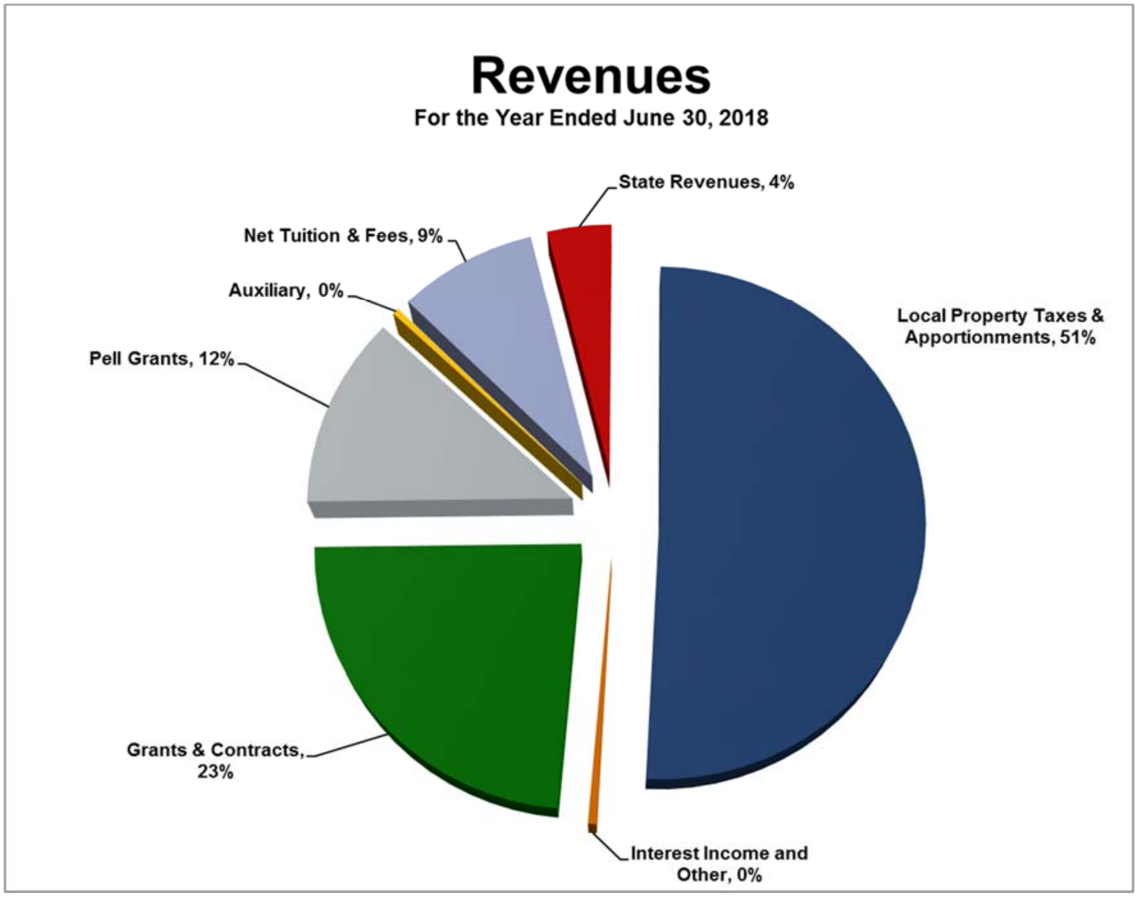
- Due to the expansion of student support programs, grant expenses and serving as fiscal agent for the statewide CCC Maker grant, other operating costs increased significantly during the 2017-2018 fiscal year. The unrestricted general fund increased by only $630,000 while the restricted general fund increased approximately $7.4 million. These were the primary components in the overall increase of $8.9 million or 45.1% for supplies, material, utilities and other operating expenses from the prior year.

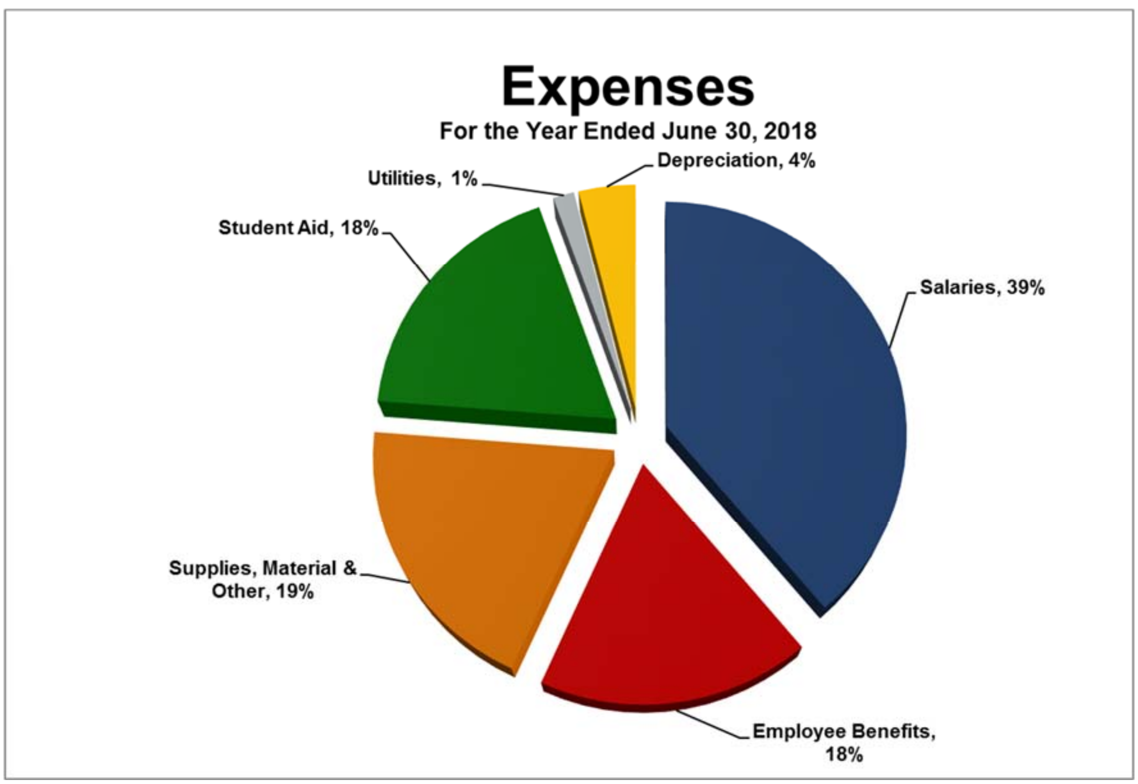
- During the 2017-18 fiscal year $3 million of assets were placed in service and $33,000 net of accumulated depreciation were retired. Depreciation expense increased slightly to $6.5 million from $6.2 million in 2016-17. The District uses the straight line, mid-year convention.

- The District adopted Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2016-17. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

- GASB Statement 75 requires the liability of employers and non-employer contributing entities to employees, for defined benefit OPEB (net OPEB liability), to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

- The District engaged an actuarial service to calculate the Net OPEB Liability as of June 30, 2018, which was $34.6 million, an increase of $2.6 million over the Net OPEB Liability of $32 million as of June 30, 2017. The District has set aside funds to cover retiree health liabilities in a GASB 74 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2018 was $12 million, an increase of $600,000 at June 30, 2017 when the balance was $11.4 million. See Note 11 in the Financial Statements for additional detail.


Revenues
For the Year Ended June 30, 2018
State Revenues, 4%
Net Tuition & Fees, 9%
Auxiliary, 0%
Pell Grants, 12%
Local Property Taxes & Apportionments, 51%
Grants & Contracts, 23%
Interest Income and Other, 0%


Expenses
For the Year Ended June 30, 2018
Depreciation, 4%
Utilities, 1%
Student Aid, 18%
Salaries, 39%
Supplies, Material & Other, 19%
Employee Benefits, 18%

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, 2018 and June 30, 2017 is shown below.

	2017-18	2016-2017	Increase (Decrease)	Percent Change
NET CASH PROVIDED BY (USED IN)				
Operating activities	$ (89,058,863)	$ (83,298,043)	$ (5,760,820)	6.9%
Non-capital financing activities	103,819,042	98,786,043	5,032,999	5.1%
Capital and related financing activites	(3,218,790)	(5,833,909)	2,615,119	-44.8%
Investing activities	4,490	34,263	(29,773)	-86.9%
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**11,545,879**	**9,688,354**	**1,857,525**	**19.2%**
CASH BALANCE, BEGINNING OF YEAR	**61,298,272**	**51,609,918**	**9,688,354**	**18.8%**
CASH BALANCE, END OF YEAR	**$ 72,844,151**	**$ 61,298,272**	**$ 11,545,879**	**18.8%**

- 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 6.9% increase in cash used for operating activities, totaling $5.7 million, is comprised of a, a $5.6 million increase in payments to suppliers, a $722,000 decrease in cash used for student financial aid and loans $892,000 increase in payments to employees, a $557,000 decrease in cash received for tuition and fees and a $557,000 increase in cash received for federal, state and local grants from the 2016-17 fiscal year.

- Cash received from state apportionment, based on the workload measures generated by the District, accounts for just 2%, or $2 million of the 2017-18 cash provided by noncapital financing. Cash received from property taxes account for 72.2% or $74.9 million in 2017-2018. State apportionment and receipts increased by $352,000 or 21%, whereas property tax receipts increased by $3.8 million or 5.4% from 2016-2017 to 2017-2018. The District no longer uses a TRAN (Tax Revenue Anticipation Note), but instead relies on Dry Period Financing, through the Placer County Treasury, to meet cash needs prior to the receipt of property tax revenues.

- Capital and related financing activities include cash provided from local property taxes collected for debt service and interest on capital investments. Cash outflows relate to purchases of capital assets and principal and interest on capital debt. The overall $2.6 million decrease in cash used, or 44.8% from prior year is driven primarily by $2.5 million less spent for capital assets, and an increase of $314,000 in local property taxes for debt service in 2017-18.

- Cash received from investing activities decreased from $34,000 in 2016-2017 to $4,000 in 2017-2018. The decrease is primarily due to the decrease in the amount of $531,000 on the fair market value of cash held at the Placer County Treasury at June 30, 2018 offset by interest earned in the amount of $535,000. Average interest rates for 2017-18 were 1.62% compared to 1.39% for 2016-17, for funds held at the Placer County Treasury.

A LOOK FOWARD

General Revenue Outlook: In 2018-19**,** funding levels from the State continued an upward trend for California's 72 community college districts. Funding improved in both general operations (unrestricted general fund) and for specialized programs (restricted general fund) for the 2018-19 year. Sierra College's share of these new unrestricted and restricted general fund revenues is estimated to be approximately $2.3 and $1.0 million respectively. Additional information related to revenues and expenditures for the 2018-19 fiscal year are detailed below.

2018-19 Budget Surplus: The District is projecting a structural surplus of $338,521 for the current year. When taken in context of a $12.2 million projected ending fund balance (9.2% of total expenses), a $2.7 million operational contingency, and $1.75 million investment to refresh and upgrade campus technology, it is clear that the College is in a strong financial position.

New Funding Formula: The Student Centered Funding Formula (SCFF), enacted as part of the 2018-19 State Budget, moves from the previous, student enrollment-based funding model to one that funds colleges based on student enrollments (70%), student demographics (20%), and student success (10%). In future years, the allocations will adjust to student enrollment (60%), student demographics (20%), and student success (20%). This change, the most extensive overhaul of community college funding in state history, will require all colleges to update and revise revenue projection and budget planning models. Sierra College is well into this adjustment and has updated its planning process to ensure continued fiscal stability and health under the new model.

Three-Years of Hold Harmless Protection: While various simulations of the new funding formula have been produced and circulated by the State's Chancellor's Office, given the complexity of the proposed funding formula, Sierra College still views these estimates as speculative. As a result, the 2018-19 District budget is built on the conservative assumption that the District will be funded under the hold harmless provision contained in SCFF implementing legislation. Under the hold harmless provision, districts are guaranteed the same level of general purpose State funding as received in 2017-18, plus COLA. This hold harmless provision is in place for 2018-19, 2019-20, and 2020-21, after which point districts will be funded based on their performance under the new funding formula. For Sierra College in 2018-19, the hold harmless funding level is $87.6 million, an increase of $2.3 million or 2.71% over the 2017-18 funding level.

Potential Additional Revenue: In July 2018, based on the adopted State budget and guidance related to the SCFF, the District made a strategic decision to report an increase of 352 full-time equivalent students (FTES) for 2017-18. While the District's 2017-18 FTES growth cap was only 111, statewide trends make it likely that Sierra College will capture unspent growth funds left on the table at the state level due to flat and declining enrollments. If the District is funded for reported growth beyond the cap, the District has the potential to earn up to an additional $1.1 million for 2017-18 and, as a result, increase the District's hold harmless funding level by up to $1.1 million, yielding higher revenue levels through the duration of the hold harmless protection (2018-19, 2019-20, and 2020-21). The outcome will be known in February 2019 when the State releases the 2017-18 Recalc report and the 2018-19 First Principal Apportionment report.

Well-Positioned to Benefit from SCFF: For the State's 72 community college districts, the introduction of SCFF presents new challenges in the budget planning process. Sierra College is fortunate since the District's student success and equity initiatives, which aim to increase student completion rates, have been operating longer and at a larger scale than many Districts. As a result of this head start, Sierra College is well-positioned to benefit from SCFF which provides additional funding for the number of student completions.

Community Supported Status: Because the District receives the vast majority of its revenues from local property taxes and student fee revenues, it enjoys a financial "safety net" that most community college districts do not have. Since local property taxes and student fee revenues are generated locally and cannot be taken by the State, these funding sources are not subject to the fluctuations and volatility seen in State funding. In California's K-12 and community college system, this is what is known as "community supported" or "basic aid" status. In our current budget projections, Sierra College would cross the line into community supported status in 2021-22.

Deficit Factor Set at Half-Percent: Sierra College will continue to budget a revenue deficit factor of 0.5% in 2018-19 which equates to $438,000. Historically, Sierra College budgeted a 1% revenue deficit at the beginning of the fiscal year to buffer against revenue shortfalls at the state level that can be passed along to the District. Strong revenue trends at the State level support lowering the deficit from 1% to 0.5% on a temporary basis, as was done in 2016-17 and 2017-18. In future years, staff will recommend annually whether to retain the lower deficit level. The nine-year history of deficits, shown below, supports continuing to budget a half-percent deficit factor for the 2018-19 fiscal year.

Fiscal Year	Final Deficit
2009-10	0%
2010-11	0.30%
2011-12	1.90%
2012-13	0.02%
2013-14	0.45%
2014-15	0%
2015-16	0%
2016-17	0%
2017-18	0%

Major Expenditure Items: The 2018-19 budget includes some large expenditure increases over prior year levels, including:

- Operational Contingency-- $2.7 million
- Campus Technology Refresh -- $1.0 million
  ($250,000 ongoing; $750,000 one-time)
- Equipment – $750,000 (one-time)
- CalPERS Employer Rate Increase - $445,000
- CalSTRS Employer Rate Increase - $565,000
- Increased Operational Costs – $626,000

Passage of Local Bond Measure: In June 2018, local voters approved Measure E, a $350 million facilities bond to fund improvements on the Rocklin Campus. These monies, along with an estimated $150 million from state facilities funding and other local revenues, will support an extensive program of new construction and modernization projects covering the entire campus. Given that most of the Rocklin Campus buildings date from the 1960's and have not undergone extensive modernization, this investment is overdue. The upcoming bond construction program will provide modern, efficient, and attractive facilities to match Sierra College's highly regarded academic programs.

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:

Sierra Joint Community College District
Mr. Erik Skinner
Vice President-Administrative Services
5100 Sierra College Boulevard
Rocklin, CA 95677

ASSETS	
Current assets:	
Cash and cash equivalents	$ 43,616,590
Receivables, net	2,317,246
Inventory	54,397
Prepaid expenses	403,856
Total current assets	46,392,089
Noncurrent assets:	
Restricted cash, cash equivalents and investments	29,227,561
Notes receivable	60,774
Non-depreciable capital assets	9,136,017
Depreciable capital assets, net	124,895,016
Total noncurrent assets	163,319,368
Total assets	209,711,457
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - loss on refunding	1,935,438
Deferred outflows of resources - OPEB	73,113
Deferred outflows of resources - pensions	27,029,595
Total deferred outflows	29,038,146
Total assets and deferred outflows	$ 238,749,603
LIABILITIES	
Current liabilities:	
Accounts payable	$ 5,882,494
Unearned revenue	20,461,101
Accrued payroll	2,419,894
Compensated absences payable	1,584,550
Long-term debt - current portion	5,042,372
Accrued interest on debt	1,439,750
Total current liabilities	36,830,161
Noncurrent liabilities:	
Accreted interest on bonds	13,781,738
Long-term debt - noncurrent portion	192,552,335
Total noncurrent liabilities	206,334,073
Total liabilities	243,164,234
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB	81,970
Deferred inflows of resources - pensions	6,538,000
Total inflows of resources	6,619,970
NET POSITION	
Net investment in capital assets	67,647,753
Restricted for:	
Scholarships and loans	853
Capital projects	22,920,284
Debt services	5,998,359
Unrestricted	(107,601,850)
Total net position	(11,034,601)
Total liabilities, deferred inflows and net position	$ 238,749,603

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, 2018

ASSETS		
Cash and cash equivalents	$	1,033,445
Investments		7,741,280
Receivables		90,151
Total assets	$	8,864,876
LIABILITIES		
Accounts payable and accrued expenses	$	117,440
NET ASSETS		
Unrestricted		2,699,500
Temporarily restricted		2,061,649
Permanently restricted for endowments		3,986,287
Total net assets		8,747,436
Total liabilities and net assets	$	8,864,876

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, 2018

Operating revenues:	
Tuition and fees	$ 22,655,283
Less: fee waivers and allowances	(8,454,597)
Net tuition and fees	14,200,686
Grants and contracts, non-capital:	
Federal	7,673,349
State	28,381,324
Local	2,103,297
Auxiliary enterprise sales and charges	680,516
Total operating revenues	53,039,172
Operating expenses:	
Salaries	63,785,685
Employee benefits	29,253,587
Supplies, materials, and other operating expenses and services	28,824,247
Student financial aid and scholarships	30,100,650
Utilities	2,391,131
Depreciation	6,468,607
Total operating expenses	160,823,907
Loss from operations	(107,784,735)
Non-operating revenues (expenses):	
State apportionment, non-capital	2,025,044
Local property taxes	74,958,725
State taxes and other revenues	6,534,631
Pell grants	19,809,618
Investment income, noncapital	4,489
Investment income, capital	146,963
Interest expense on capital asset-related debt	(3,148,588)
Other non-operating revenues	457,765
Total non-operating revenues (expenses)	100,788,647
Loss before capital revenues	(6,996,088)
Capital revenues:	
Grants and gifts, capital	196,270
Local property taxes and revenues	5,623,554
Total capital revenues	5,819,824
Change in net position	(1,176,264)
Net position, July 1, 2017	(9,858,337)
Net position, June 30, 2018	$ (11,034,601)

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, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions and grants	$ 205,660	$ 595,594	$ 229,374	$ 1,030,628
Investment income	31,988	74,324	-	106,312
Realized gain (loss) on sale of investments	(12,941)	76,865	-	63,924
Unrealized gain of investments	138,249	140,331	-	278,580
Donated from the College District	286,070	-	-	286,070
Special events and other revenues	436,173	127,508	-	563,681
Total revenues, gains and other support before assets released from restrictions and other transfers	1,085,199	1,014,622	229,374	2,329,195
Net assets released from restrictions and other transfers	756,523	(756,523)	-	-
Total revenues, gains and other support	1,841,722	258,099	229,374	2,329,195
District support and Foundation expenses:				
Scholarships	268,250	-	-	268,250
Academic program support	548,343	-	-	548,343
Administration	621,092	-	-	621,092
Fundraising	170,318	-	-	170,318
Total District support and Foundation expenses	1,608,003	-	-	1,608,003
Change in net assets	233,719	258,099	229,374	721,192
Net assets, July 1, 2017	2,465,781	1,803,550	3,756,913	8,026,244
Net assets, June 30, 2018	$ 2,699,500	$ 2,061,649	$ 3,986,287	$ 8,747,436

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Tuition and fees	$ 13,949,484
Federal, state and local grants and contracts	41,532,168
Payments to suppliers	(27,799,604)
Payments to/on behalf of employees	(87,320,777)
Payments to/on behalf of students	(30,100,650)
Auxiliary enterprises sales and charges	680,516
Net cash used in operating activities	(89,058,863)
Cash flows from noncapital financing activities:	
State apportionments and receipts	2,025,044
Pell grants	19,809,618
Local property taxes	74,958,725
State taxes and other revenues	6,534,631
Gifts and grants for other than capital purposes	491,024
Net cash provided by noncapital financing activities	103,819,042
Cash flows from capital and related financing activities:	
Local property taxes and other revenues for capital purposes	5,623,554
Purchase of capital assets	(3,009,850)
Capital grants and gifts received	196,270
Principal paid on capital debt	(3,940,261)
Interest paid on capital debt, net	(2,235,466)
Interest on capital investments	146,963
Net cash used in capital and related financing activities	(3,218,790)
Cash flows provided by investing activities:	
Interest income on investments	4,490
Net change in cash and cash equivalents	11,545,879
Cash and cash equivalents, beginning of year	61,298,272
Cash and cash equivalents, end of year	$ 72,844,151

(Continued)

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	$ (107,784,735)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	6,468,607
Changes in assets and liabilities:	
Receivables, net	633,827
Inventory and prepaid expenses	(1,506)
Deferred outflows of resources - OPEB	(251)
Deferred outflows of resources - pensions	(9,318,226)
Accounts payable	3,417,280
Accrued payroll	930,231
Unearned revenue	2,488,396
Compensated absences	(28,348)
OPEB	2,568,810
Net pension liability	8,821,000
Excess sick leave	(362,918)
Deferred inflows of resources - OPEB	81,970
Deferred inflows of resources - pensions	3,027,000
Net cash used in operating activities	$ (89,058,863)

Supplementary disclosure of non-cash transactions:

Amortization of premiums on debt	$ 456,283
Amortization of deferred loss on refunding	$ 185,876
Accretion of interest	$ 1,735,755

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, 2018

Cash flows from operating activities:	
Donations received from contributions and other revenues	$ 1,829,051
Contributions and other revenue restricted for long term investments	(229,374)
Payments to suppliers for goods and services	(810,884)
Payments to/on behalf of employees	(527,701)
Payments to/on behalf of students	(268,250)
Other receipts and payments	170,840
Net cash provided by operating activities	163,682
Cash flows from investing activities:	
Purchase of investments	(791,017)
Investment management fees	(64,529)
Proceeds from sales of investments	538,470
Net cash used in investing activities	(317,076)
Cash flows provided by financing activities:	
Contributions and other revenue restricted for long term investments	229,374
Net change in cash and cash equivalents	75,980
Cash and cash equivalents - beginning of year	957,465
Cash and cash equivalents - end of year	$ 1,033,445
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	$ 721,192
Realized gain on sales of investments	(63,924)
Investment management fees	64,529
Net change in the fair value of investments	(278,580)
Contributions and other revenue restricted for long term investments	(229,374)
Changes in assets and liabilities:	
Receivables	(51,329)
Accounts payable and accrued expenses	1,168
Net cash provided by operating activities	$ 163,682

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY AND TRUST FUNDS
June 30, 2018

	Agency Fund Associated Students/ Student Center Fund	Trust Fund OPEB Trust
ASSETS		
Cash and cash equivalents	$ 1,087,892	$ 18,122
Investments:		
Mutual Fund - Equities	-	4,904,580
Mutual Fund - Fixed Income	-	6,614,162
Mutual Fund - Real Estate	-	491,764
Receivables	7,751	-
Total assets	$ 1,095,643	$ 12,028,628
LIABILITIES		
Accounts payable	$ 874	$ 18,122
Unearned revenue	102,852	-
Amounts held for others	991,917	-
Total liabilities	$ 1,095,643	18,122
NET POSITION		
Net position restricted for OPEB		$ 12,010,506

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2018

	OPEB Trust
Additions:	
Net investment income:	
Net appreciation in the fair value of plan investments	$ 20,487
Net realized gains and losses on sale of investments	191,681
Interest and dividends	435,690
Total net investment income	647,858
Contributions:	
Employer	31,878
Employer match	31,878
Plan member	3,055,708
Total additions	3,767,322
Deductions:	
Benefits paid - employer	3,055,708
Administrative expenses	94,651
Total deductions	3,150,359
Net increase in fiduciary net position	616,963
Net position restricted for OPEB, July 1, 2017	11,393,543
Net position restricted for OPEB, June 30, 2018	$ 12,010,506

See accompanying notes to the basic financial statements.

NOTE 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 7. 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, 5100 Sierra College Blvd., 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 Changes in Fiduciary Net Position at the fund financial statement level.

The Foundation's financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred in accordance with accounting principles generally accepted in the United States of America. Recognition of contributions is dependent upon whether the contribution is restricted or unrestricted. Net assets are classified on the Statement of Financial Position as unrestricted, temporarily restricted or permanently restricted net assets based on the absence or existence of donor-imposed restrictions. The Foundation’s 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018 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, 2018.

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 acquisition value for the contributed assets. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Postemployment Benefits Other Than Pensions (OPEB): For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Sierra Joint Community College District's Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost. There is not a separately issued report of the plan.

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 shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability and OPEB liability reported in the Statement of Net Position.

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 and OPEB 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. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate:

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	CalSTRS	CalPERS	Total
Deferred outflows of resources	$ 15,363,621	$ 11,665,974	$ 27,029,595
Deferred inflows of resources	$ 5,423,000	$ 1,115,000	$ 6,538,000
Net pension liability	$ 55,412,000	$ 38,545,000	$ 93,957,000
Pension expense	$ 6,846,161	$ 6,792,575	$ 13,638,736

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.

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, 2018, 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.

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 35 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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, 2018, the Foundation did not incur any interest or penalties.

The Foundation would recognize interest and penalties related to unrecognized tax benefits in tax expense. During the year ended June 30, 2018, the Foundation did not recognize any interest or penalties. The Foundation files exempt organization returns in the U.S. Federal and California jurisdictions. The 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.

(Continued)

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2018, consisted of the following:

	District	Foundation	Agency Funds	Trust Fund
Pooled Funds:				
Cash in County Treasury	$ 65,753,895	$ -	$ 1,087,892	$ -
Deposits:				
Cash on hand and in banks	1,010,758	1,033,445	-	18,122
Funds invested by Fiscal Agents	6,079,498	-	-	-
Investments	-	7,741,280	-	12,010,506
Total cash, cash equivalents and investments	72,844,151	8,774,725	1,087,892	12,028,628
Less: restricted cash, cash equivalents and investments	29,227,561	-	-	-
Net cash, cash equivalents and investments	$ 43,616,590	$ 8,774,725	$ 1,087,892	$ 12,028,628

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Placer County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

During the fiscal year ended June 30, 2018, the District earned $918,388 in investment income from its cash in the Placer County Treasury.

Cash and Investments with Fiscal Agents: Cash and investments with Fiscal Agents totaling $6,079,498 represents cash and investments held by third party custodians relating to SFID debt service. These funds are maintained in the interest bearing Placer County Treasurer's Pooled Investment Fund and are carried at fair value. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

Foundation Investments: At June 30, 2018, the Foundation's investments consisted of the following:

Mutual funds	$ 6,969,263
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	680,522
Equity securities	91,495
	$ 7,741,280

(Continued)

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Included in total investments at June 30, 2018 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, 2018, the Foundation investment in pool consisted of 5% cash and short term investments, 26% fixed income securities, and 69% equity securities.

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 5.5% as well as an additional 1% to cover the costs of trust administration. At June 30, 2018, 41% of the Trust's investment value is held in equities, 55% is held in fixed income and 4% in real estate 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, 2018 are as follows:

Mutual Fund - Equities	$ 4,904,580
Mutual Fund - Fixed income	6,614,162
Mutual Fund - Real estate	491,764
Total investments	$ 12,010,506

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, 2018, the carrying amount of the District's cash on hand and in banks for the primary governmental entity was $1,010,758 and the bank balance was $968,571. The bank balance amount insured was $250,000.

(Continued)

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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, 2018, the carrying amount of the Foundation's cash on hand and in banks and cash equivalents was $1,033,445 and the bank balance was $1,045,950. The bank balance amount insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation was $830,120.

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.

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, 2018, the Trust investments consisted of open and closed-end mutual funds, therefore there are no credit ratings to disclose.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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	3.56

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, 2018, 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, 2018, the Trust investment had no holdings that exceeded 5% of the Trust assets.

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENTS - INVESTMENTS

The following presents information about the Trust's and Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2018, 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.

Valuation Approach: The District's mutual fund 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.

There were no changes in the valuation techniques used during the year ended June 30, 2018. There were no transfers of assets between the fair value levels for the year ended June 30, 2018.

The Trust 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 Fund - Equities	$ 4,904,580	$ 4,904,580	$ -	$ -
Mutual Fund - Fixed income	6,614,162	6,614,162	-	-
Mutual Fund - Real estate	491,764	491,764	-	-
Total investment securities	$ 12,010,506	$ 12,010,506	$ -	$ -

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	$ 6,969,263	$ 6,969,263	$ -	$ -
Investment in FCCC/Osher**	680,522	-	-	-
Total investment securities	$ 7,649,785	$ 6,969,263	$ -	$ -

** Investments measured at fair value using net asset value ("NAVs") per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the hierarchy tables for such investments are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENTS - FOUNDATION INVESTMENTS (Continued)

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, 2018. 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.

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, 2018. There were no transfers of assets between the fair value levels for the year ended June 30, 2018.

The Foundation had no non-recurring assets and no liabilities at June 30, 2018, which were required to be disclosed using the fair value hierarchy.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2018 are summarized as follows:

	District	Foundation
Federal	$ 294,729	$ -
State	1,646,518	-
Local and other	738,384	90,151
	2,679,631	90,151
Less allowance for doubtful accounts	(362,385)	-
	$ 2,317,246	$ 90,151

NOTE 5 – CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, 2017	Additions	Deductions	Transfers	Balance June 30, 2018
Non-depreciable:					
Land	$ 8,495,012	$ -	$ -	$ -	$ 8,495,012
Construction in progress	1,886,778	490,801	(22,379)	(1,714,195)	641,005
Depreciable:					
Buildings	129,593,496	1,160,253	-	45,906	130,799,655
Building & site improvements	52,039,029	208,049	-	1,600,340	53,847,418
Machinery and equipment	14,706,852	1,150,747	(44,072)	67,949	15,881,476
Total	206,721,167	3,009,850	(66,451)	-	209,664,566
Less accumulated depreciation:					
Buildings	34,099,217	2,586,172	-	-	36,685,389
Building & site improvements	26,166,446	2,557,280	-	-	28,723,726
Machinery and equipment	8,932,455	1,325,155	(33,192)	-	10,224,418
Total	69,198,118	6,468,607	(33,192)	-	75,633,533
Capital assets, net	$137,523,049	$ (3,458,757)	$ (33,259)	$ -	$134,031,033

NOTE 6 – UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned tuition and other student fees	$ 3,394,431
Unearned local revenue	2,617,019
Unearned Federal and State revenue	14,449,651
Total unearned revenue	$ 20,461,101

NOTE 7 – LONG-TERM LIABILITIES

General Obligation Bonds: 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 $3,142,560 at June 30, 2018.

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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
2019	$ -	$ -	$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024-2028	537,566	902,434	1,440,000
2029-2032	3,998,406	8,711,594	12,710,000
Subtotal	4,535,972	9,614,028	14,150,000
Plus: Unamortized premium	164,001	-	164,001
	$ 4,699,973	$ 9,614,028	$ 14,314,001

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 $11,340,820 at June 30, 2018.

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
2019	$ 1,058,358	$ 799,792	$ 1,858,150
2020	1,050,208	898,375	1,948,583
2021	1,041,625	1,000,141	2,041,766
2022	1,034,859	1,105,717	2,140,576
2023	1,034,283	1,215,825	2,250,108
2024-2028	5,117,675	7,904,067	13,021,742
2029-2032	6,444,149	13,553,285	19,997,434
Subtotal	16,781,157	26,477,202	43,258,359
Plus: Unamortized premium	262,658	-	262,658
	$ 17,043,815	$ 26,477,202	$ 43,521,017

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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.

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 605,000	$ 697,500	$ 1,302,500
2020	700,000	671,400	1,371,400
2021	790,000	641,600	1,431,600
2022	900,000	607,800	1,507,800
2023	1,015,000	569,500	1,584,500
2024-2028	7,125,000	1,983,975	9,108,975
2029-2030	4,085,000	209,375	4,294,375
Subtotal	15,220,000	5,381,150	20,601,150
Plus: Unamortized premium	2,255,182	-	2,255,182
	$ 17,475,182	$ 5,381,150	$ 22,856,332

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.

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 490,000	$ 543,800	$ 1,033,800
2020	560,000	522,800	1,082,800
2021	640,000	498,800	1,138,800
2022	720,000	471,600	1,191,600
2023	810,000	441,000	1,251,000
2024-2028	5,705,000	1,513,600	7,218,600
2029-2030	3,320,000	143,900	3,463,900
Subtotal	12,245,000	4,135,500	16,380,500
Plus: Unamortized premium	1,672,201	-	1,672,201
	$ 13,917,201	$ 4,135,500	$ 18,052,701

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.

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 505,000	$ 331,350	$ 836,350
2020	575,000	309,750	884,750
2021	650,000	285,250	935,250
2022	720,000	257,850	977,850
2023	805,000	227,350	1,032,350
2024-2027	4,225,000	450,375	4,675,375
Subtotal	7,480,000	1,861,925	9,341,925
Plus: Unamortized premium	1,113,414	-	1,113,414
	$ 8,593,414	$ 1,861,925	$ 10,455,339

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,044,000	$ 105,606	$ 1,149,606
2020	1,066,000	82,148	1,148,148
2021	1,094,000	54,385	1,148,385
2022	377,000	37,402	414,402
2023	387,000	27,762	414,762
2024-2025	802,000	23,025	825,025
	$ 4,770,000	$ 330,328	$ 5,100,328

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
2019	$ 164,020	$ 41,476	$ 205,496
2020	167,759	37,737	205,496
2021	171,584	33,912	205,496
2022	175,496	30,000	205,496
2023	179,498	25,998	205,496
2024-2028	960,776	66,704	1,027,480
	$ 1,819,133	$ 235,827	$ 2,054,960

At June 30, 2018, the District had capital assets acquired under capital leases with an original cost of $2,836,666 and $496,417 in accumulated depreciation.

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Debt: A schedule of changes in long-term debt for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bonds	$ 58,752,027	$ -	$ 2,489,898	$ 56,262,129	$ 2,658,358
Accreted interest	13,357,727	1,735,755	610,102	14,483,380	701,642
Unamortized Bond Premium	5,923,739	-	456,283	5,467,456	474,352
Certificates of Participation	6,029,000	-	1,259,000	4,770,000	1,044,000
Dormitory Bonds	31,000	-	31,000	-	-
Capitalized leases obligations	1,979,496	-	160,363	1,819,133	164,020
Compensated absences	1,612,898	-	28,348	1,584,550	1,584,550
Net pension liability	85,136,000	8,821,000	-	93,957,000	-
OPEB Liability	32,048,537	2,568,810	-	34,617,347	-
Excess sick leave	362,918	-	362,918	-	-
	$ 205,233,342	$ 13,125,565	$ 5,397,912	$ 212,960,995	$ 6,626,922

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certificated 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 (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

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

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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 10.25 percent of applicable member earnings for fiscal year 2017-18. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2017-18.

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.

Employers – 14.43 percent of applicable member earnings.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% at 62 members will increase by 1 percent effective July 1, 2018.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 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 CalSTRS 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 CalSTRS 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.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2017-18 through fiscal year 2045-46 are summarized below:

Effective Date	Prior Rate	Increase	Total
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, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed $4,892,621 to the plan for the fiscal year ended June 30, 2018.

State – 9.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(4)	2.50%	4.517%(3)

(1)This rate does not include $72 million reduction with Education Code 22954
(2)In May 2018 meeting, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.
(3)The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 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 would be reduced to 0 percent.
(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary to address any remaining 1990 unfunded actuarial obligation.

(Continued)

NOTE 8 – 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, 2018, 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	$ 55,412,000
State's proportionate share of the net pension liability associated with the District	32,782,000
Total	$ 88,194,000

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the District's proportion was 0.060 percent, which was an decrease of 0.005 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $6,846,161 and revenue of $2,955,367 for support provided by the State. At June 30, 2018, 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	$ 205,000	$ 966,000
Changes of assumptions	10,266,000	-
Net differences between projected and actual earnings on investments	-	1,476,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	2,981,000
Contributions made subsequent to measurement date	4,892,621	-
Total	$ 15,363,621	$ 5,423,000

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

$4,892,621 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	$ (286,683)
2020	$ 1,870,317
2021	$ 1,075,816
2022	$ (369,850)
2023	$ 1,292,900
2024	$ 1,465,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2017 measurement date. 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.

<u>Actuarial Methods and Assumptions</u>: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

	Measurement Period	
Assumption	As of June 30, 2017	As of June 30, 2016
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

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. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-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%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)

* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 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 AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 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.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 81,363,000	$ 55,412,000	$ 34,352,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 9 – 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 non-certified 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-2017.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.

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 district's first join the PERF B, are credited with a market value adjustment in determining contribution rates.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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, 2018 were as follows:

Members – The member contribution rate was 6.5 or 7.5 percent of applicable member earnings for fiscal year 2017-18.

Employers – The employer contribution rate was 15.531 percent of applicable member earnings.

The District contributed $3,260,974 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $38,545,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the District's proportion was 0.161 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $6,792,575. At June 30, 2018, 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	$ 1,381,000	$ -
Changes of assumptions	5,630,000	454,000
Net differences between projected and actual earnings on investments	1,334,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	60,000	661,000
Contributions made subsequent to measurement date	3,260,974	-
Total	$ 11,665,974	$ 1,115,000

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

$3,260,974 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	$ 1,848,917
2020	$ 3,667,917
2021	$ 2,503,417
2022	$ (730,251)

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 the June 30, 2017 measurement date. 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 Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
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, 2016 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.

During the 2016-17 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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 Years 1-10 (1)	Expected Real Rate of Return Years 11+(2)
Global Equity	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

* 10-year geometric average
(1) An expected inflation rate of 2.50% used for this period
(2) An expected inflation rate of 3.00% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 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.

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 rounded 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 adjusted to account for assumed administrative expenses.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 56,712,000	$ 38,545,000	$ 23,474,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description: The District provides lifetime post-employment healthcare benefits (OPEB) under the Sierra Joint Community College District Futuris Substantive Plan for certain groups of employees who retire from the District. The benefits provide retired employees and eligible dependents with health insurance coverage. When the retiree is eligible for Medicare, the District provides insurance coverage supplemental to Medicare. Eligible requirements and benefits may vary according to hire date. The District provides the OPEB benefits through a single employer defined benefit OPEB plan that is administered by Benefit Trust Company. OPEB provisions are established and amended per contractual agreement with employee groups. The plan does not issue separate financial statements. The following is a description of the current retiree benefit plan:

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.

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.

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

During the year ended June 30, 2008 the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to make decisions on behalf of the District with respect to the *Futuris Public Entity Investment Trust Program*. Benefit Trust Company was appointed as the custodian and trustee to administer the *Futuris Public Entity Investment Trust*

The Board of Authority is comprised of the following six positions: Vice President, Administrative Services, Director, Human Resources, Vice President of Student Services, 1 Federation of United School Employees Member, 1 Sierra College Faculty Association Member, 1 Sierra College Management Association Member and 1 retiree.

Employees covered by benefit term: The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	304
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	37
	341

Contributions: The contribution requirements of plan members and the District are established and may be amended by the Board of Authority and by contractual agreement with employee groups. The District's plan members contribute 1% of base pay to the plan with a matching 1% from the employer. For the year ended June 30, 2018, employer contributions consist of $31,878 paid from the General Fund. Additionally, the trustee may amend or modify the benefits if the contributions to the trust and reserves of the trust are insufficient to maintain the benefits of participants and dependents.

OPEB Plan Investments: The plan discount rate of 5.5% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Rate of Return*
All U.S. Domestic Stock	45%	7.5%
Long-term Corporate Bonds	55%	5.3%

* Geometric average

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Money-weighted rate of return on OPEB plan investments	5.50%

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The money-weighted rate of return expresses investment performance, net of OPEB plan investment expenses, adjusted for the changing amounts actually invested.

Actuarial Assumptions: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Census data	The census was provided by the District as of June 30, 2018
Actuarial cost method	Entry age normal
Amortization methods	Flat dollar amount allocation with 18 year closed amortization
Inflation rate	2.75%
Investment rate of return	5.50%
Discount rate	5.50%; assuming contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.
Spouse relevance	To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.
Spouse ages	To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.
Turnover	For certificated employees the 2009 CalSTRS termination rates were used. For classified employees the 2009 CalPERS termination rates for school employees were used.

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Service requirement	For certificated employees 100% at 15 years of service. For classified employees 100% at 15 years of service. For management 100% at 12 years of service.
Retirement rates	For certificated employees the 2009 CalSTRS retirement rates were used. For classified employees the 2009 CalPERS retirement rates for school employees were used.

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2017	$ 43,442,080	$ 11,393,543	$ 32,048,537
Changes for the year:			
Service cost	176,146	-	176,146
Interest	2,730,149	-	2,730,149
Plan member contributions	-	31,878	(31,878)
Employer contributions	-	3,087,586	(3,087,586)
Expected interest income	-	435,690	(435,690)
Investment gains	-	212,168	(212,168)
Administrative expense	-	(94,651)	94,651
Benefit payments	(3,055,708)	(3,055,708)	-
Change in assumptions	3,787,175	-	3,787,175
Experience Gains/Losses	(451,989)	-	(451,989)
Net change	3,185,773	616,963	2,568,810
Balance, June 30, 2018	$ 46,627,853	$ 12,010,506	$ 34,617,347

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2018: 25.76%

Sensitivity of the Net Pension Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 5.5 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (4.5 percent) and 1 percent higher (6.5):

	Discount Rate 1% Lower (4.5%)	Valuation Discount Rate (5.5%)	Discount Rate 1% Higher (6.5%)
Net OPEB liability	$ 39,506,462	$ 34,617,347	$ 30,772,618

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability	$ 30,684,679	$ 34,617,347	$ 39,526,976

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, the District recognized OPEB expense of $2,650,529. At June 30, 2018, the District reported deferred outflows or resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings of OPEB plan investments	$ 73,113	$ 81,970

Amounts reported as deferred outflows of resources related to the net difference between projected and actual earnings of OPEB plan investments will be amortized over five years and recognized in OPEB expense as follows:

2019	$ (9,045)
2020	(9,045)
2021	(9,043)
2022	18,276
	$ (8,857)

Differences between expected and actual experience and changes in assumptions are amortized over the average remaining service life of plan members, which is one year as of the June 30, 2018 measurement date. At June 30, 2018, the District recognized an increase to the net OPEB liability in the amount of $3,787,175 related to changes in assumptions and a decrease to the net OPEB liability in the amount of $451,989 related to differences between expected and actual experience.

NOTE 11 – 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.

(Continued)

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

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, 2018, are as follows:

Year Ending June 30,	
2019	$ 778,308
2020	809,356
2021	729,103
2022	348,450
2023	3,283
	$ 2,668,500

At June 30, 2018, the District's operating lease expenses totaled $494,793.

Construction Commitments: As of June 30, 2018, the District had approximately $516,198 in outstanding commitments on construction contracts.

NOTE 12 – 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 representatives from member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. The District pays a premium commensurate with the level of coverage requested.

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

(Continued)

NOTE 12 – JOINT POWERS AGREEMENTS (Continued)

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

	ASCIP June 30 2017	SISC III September 30, 2017
Total assets	$ 432,804,369	$ 540,842,328
Deferred outflows of resources	$ 1,683,588	$ -
Total liabilities	$ 239,582,232	$ 173,862,442
Deferred inflows of resources	$ 604,583	$ -
Net position	$ 194,115,612	$ 366,979,886
Total revenues	$ 271,484,105	$ 2,089,274,509
Total expenses	$ 262,183,364	$ 1,984,882,354
Change in net position	$ 9,300,741	$ 104,392,155

	SELF June 30, 2017
Total assets	$ 126,227,000
Deferred outflows of resources	$ 353,000
Total liabilities and deferred inflows of resources	$ 104,103,000
Deferred inflows of resources	$ 48,000
Net position	$ 22,429,000
Total revenues	$ 14,352,000
Total expenses	$ 13,458,000
Change in net position	$ 894,000

(Continued)

NOTE 13 – 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, 2018.

Functional Classifications	Salaries	Employee Benefits	Supplies Materials and Other Operating Expenses and Services	Student Aid	Utilities	Depreciation	Total
Instruction	$ 33,986,284	$ 11,541,631	$ 4,122,352	$ -	$ -	$ -	$ 49,650,267
Academic Support	4,892,065	1,696,359	1,019,110	-	-	-	7,607,534
Student Services	11,164,005	3,781,664	2,024,921	-	-	-	16,970,590
Operations and Maintenance of Plant	2,474,638	946,542	1,416,983	-	2,391,131	-	7,229,294
Institution Support	7,898,133	10,192,309	5,852,596	-	-	-	23,943,038
Community Services & Economic Development	960,902	353,569	9,983,752	-	-	-	11,298,223
Ancillary Services & Auxiliary Operations	1,755,089	524,833	3,170,483	-	-	-	5,450,405
Physical Property and Related Acquisitions	654,569	216,680	1,047,368	-	-	6,468,607	8,387,224
Long-Term Debt and Other Financing	-	-	185,876	-	-	-	185,876
Student Aid	-	-	806	30,100,650	-	-	30,101,456
	$ 63,785,685	$ 29,253,587	$ 28,824,247	$ 30,100,650	$ 2,391,131	$ 6,468,607	$ 160,823,907

(Continued)

NOTE 14 – DONATED FROM COLLEGE DISTRICT

The Foundation's Statement of Activities included an amount Donated from College District totaling $286,070 for the year ended June 30, 2018. 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.

NOTE 15 – ENDOWMENT NET ASSETS - FOUNDATION

Changes in endowment net assets for the fiscal year ended June 30, 2018, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,208,130	$ 479,012	$ 3,756,913	$ 5,444,055
Change in fair value of investment and Investment income	57,605	224,373	-	281,978
Contributions	-	41,160	229,374	270,534
Other transfers	-	2,500	-	2,500
Appropriation of endowment assets for expenditure	(3,000)	(155,818)	-	(158,818)
Endowment net assets, end of year	$ 1,262,735	$ 591,227	$ 3,986,287	$ 5,840,249

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2018, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 591,227	$ 3,986,287	$ 4,577,514
Board-designated endowment funds	1,262,735	-	-	1,262,735
Total	$ 1,262,735	$ 591,227	$ 3,986,287	$ 5,840,249

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 zero individual endowment fund with such deficiency as of June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
For the Year Ended June 30, 2018

Last 10 Fiscal Years

	2017	2018
Total OPEB liability		
Service Cost	$ 171,433	$ 176,146
Interest	2,734,468	2,730,149
Benefit payments	(2,893,674)	(3,055,708)
Change in assumptions	-	3,787,175
Experience Gains/Losses	-	(451,989)
Net change in total OPEB liability	12,227	3,185,773
Total OPEB liability, beginning of year	43,429,853	43,442,080
Total OPEB liability, end of year (a)	$ 43,442,080	$ 46,627,853
Plan fiduciary net position		
Plan member contributions	34,991	31,878
Employer contributions	2,985,545	3,087,586
Expected interest income	352,275	435,690
Investment gains	702,882	212,168
Administrative expense	(88,860)	(94,651)
Benefits payment	(2,950,555)	(3,055,708)
Change in plan fiduciary net position	1,036,278	616,963
Fiduciary trust net position, beginning of year	10,357,265	11,393,543
Fiduciary trust net position, end of year (b)	$ 11,393,543	$ 12,010,506
Net OPEB liability, ending (a) - (b)	$ 32,048,537	$ 34,617,347
Covered-employee payroll	$ 3,865,671	$ 3,187,814
Plan fiduciary net position as a percentage of the total OPEB liability	26%	26%
Net OPEB liability as a percentage of covered-employee payroll	829%	1,086%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS
For the Year Ended June 30, 2018

Last 10 Fiscal Years

	2017	2018
Money-weighted rate of return on OPEB plan investments	6.50%	5.50%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

State Teacher's Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension's liability	0.066%	0.067%	0.065%	0.060%
District's proportionate share of the net pension liability	$ 39,292,000	$ 44,841,000	$ 52,561,000	$ 55,412,000
State's proportionate share of the net pension liability associated with the District	23,726,000	23,716,000	29,925,000	32,782,000
Total net pension liability	$ 63,018,000	$ 68,557,000	$ 82,486,000	$ 88,194,000
District's covered payroll	$ 29,948,000	$ 30,914,000	$ 32,387,000	$ 33,520,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	165.31%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

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

All years prior to 2015 are not available.

(Continued)

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.171%	0.165%	0.165%	0.161%
District's proportionate share of the net pension liability	$ 19,391,000	$ 24,389,000	$ 32,575,000	$ 38,545,000
District's covered payroll	$ 17,930,000	$ 18,318,000	$ 19,788,000	$ 20,590,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.15%	133.14%	164.62%	187.20%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%

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

All years prior to 2015 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 2,745,182	$ 3,475,108	$ 4,216,794	$ 4,892,621
Contributions in relation to the contractually required contribution	(2,745,182)	(3,475,108)	(4,216,794)	(4,892,621)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 30,914,000	$ 32,387,000	$ 33,520,000	$ 33,906,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%

All years prior to 2015 are not available.

(Continued)

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 2,156,206	$ 2,344,237	$ 2,859,575	$ 3,260,974
Contributions in relation to the contractually required contribution	(2,156,206)	(2,344,237)	(2,859,575)	(3,260,974)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 18,318,000	$ 19,788,000	$ 20,590,000	$ 20,997,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULE

A - Schedule of Changes in Net Other Postemployment Benefits (OPEB) liability

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB 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.

B - Schedule of Money-Weighted Rate of Return of OPEB Plan Investments

The Schedule of Money-Weighted Rate of Return of OPEB Plan Investments presents the weighted average rate of return for the District's OPEB Plan investments.

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

The discount rate used to calculate the District's OPEB liability was 6.50 and 5.50 percent in the June 30, 2017 and 2018 actuarial reports, respectively.

The discount rate for Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65 and 7.15 percent in the June 30, 2013, 2014, 2015 and 2016 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

	Measurement Period		
Assumption	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET POSITION BY FUND
(Unaudited)
June 30, 2018

	General	Bond Interest & Redemption	SFID #1 Bond Interest & Redemption	SFID #2 Bond Interest & Redemption
ASSETS				
Current assets:				
Cash and cash equivalents	$ 42,775,318	$ -	$ -	$ -
Receivables, net	2,246,627	-	4,655	4,459
Inventory	54,397	-	-	-
Prepaid expenses	403,856	-	-	-
Total current assets	45,480,198	-	4,655	4,459
Noncurrent assets:				
Restricted cash, cash equivalents and investments	-	-	3,098,800	2,890,445
Notes Receivable, Net	60,774	-	-	-
Non-depreciable capital assets	-	-	-	-
Depreciable capital assets, net	-	-	-	-
Total noncurrent assets	60,774	-	3,098,800	2,890,445
Total assets	45,540,972	-	3,103,455	2,894,904
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - loss on refunding	-	-	-	-
Deferred outflows of resources - OPEB	-	-	-	-
Deferred outflows of resources - pensions	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 45,540,972	$ -	$ 3,103,455	$ 2,894,904
LIABILITIES				
Current liabilities:				
Accounts payable	$ 5,614,854	$ -	$ -	$ -
Unearned revenue	20,255,047	-	-	-
Accrued payroll	2,419,894	-	-	-
Compensated absences payable	-	-	-	-
Long-term debt - current portion	-	-	-	-
Accrued interest on debt	-	-	-	-
Total current liabilities	28,289,795	-	-	-
Noncurrent liabilities:				
Accreted interest on bonds	-	-	-	-
Long-term debt - noncurrent portion	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	28,289,795	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - OPEB	-	-	-	-
Deferred inflows of resources - pensions	-	-	-	-
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted for:				
Scholarships and loans	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	3,103,455	2,894,904
Unrestricted	17,251,177	-	-	-
Total net position	17,251,177	-	3,103,455	2,894,904
Total liabilities, deferred inflows of resources and net position	$ 45,540,972	$ -	$ 3,103,455	$ 2,894,904

(Continued)

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET POSITION BY FUND
(Unaudited)
June 30, 2018

	Capital Projects	Financial Aid	Dormitory	Totals	Reconciling Adjustments/ Eliminations	Statement of Net Position
ASSETS						
Current assets:						
Cash and cash equivalents	$ 23,117,119	$ 121,197	$ 841,272	$ 66,854,906	$ (23,238,316)	$ 43,616,590
Receivables, net	36,643	20,145	4,717	2,317,246	-	2,317,246
Inventory	-	-	-	54,397	-	54,397
Prepaid expenses	-	-	-	403,856	-	403,856
Total current assets	23,153,762	141,342	845,989	69,630,405	(23,238,316)	46,392,089
Noncurrent assets:						
Restricted cash, cash equivalents and investments	-	-	-	5,989,245	23,238,316	29,227,561
Notes Receivable, Net	-	-	-	60,774	-	60,774
Non-depreciable capital assets	-	-	-	-	9,136,017	9,136,017
Depreciable capital assets, net	-	-	-	-	124,895,016	124,895,016
Total noncurrent assets	-	-	-	6,050,019	157,269,349	163,319,368
Total assets	23,153,762	141,342	845,989	75,680,424	134,031,033	209,711,457
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - loss on refunding	-	-	-	-	1,935,438	1,935,438
Deferred outflows of resources - OPEB	-	-	-	-	73,113	73,113
Deferred outflows of resources - pensions	-	-	-	-	27,029,595	27,029,595
Total deferred outflows of resources	-	-	-	-	29,038,146	29,038,146
Total assets and deferred outflows of resources	$ 23,153,762	$ 141,342	$ 845,989	$ 75,680,424	$ 163,069,179	$ 238,749,603
LIABILITIES						
Current liabilities:						
Accounts payable	$ 202,656	$ 1,380	$ 63,604	$ 5,882,494	$ -	$ 5,882,494
Unearned revenue	30,822	139,109	36,123	20,461,101	-	20,461,101
Accrued payroll	-	-	-	2,419,894	-	2,419,894
Compensated absences payable	-	-	-	-	1,584,550	1,584,550
Long-term debt - current portion	-	-	-	-	5,042,372	5,042,372
Accrued interest on debt	-	-	-	-	1,439,750	1,439,750
Total current liabilities	233,478	140,489	99,727	28,763,489	8,066,672	36,830,161
Noncurrent liabilities:						
Accreted interest on bonds	-	-	-	-	13,781,738	13,781,738
Long-term debt - noncurrent portion	-	-	-	-	192,552,335	192,552,335
Total noncurrent liabilities	-	-	-	-	206,334,073	206,334,073
Total liabilities	233,478	140,489	99,727	28,763,489	214,400,745	243,164,234
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - OPEB	-	-	-	-	81,970	81,970
Deferred inflows of resources - pensions	-	-	-	-	6,538,000	6,538,000
Total deferred inflows of resources	-	-	-	-	6,619,970	6,619,970
NET POSITION						
Net investment in capital assets	-	-	-	-	67,647,753	67,647,753
Restricted for:						
Scholarships and loans	-	853	-	853	-	853
Capital projects	22,920,284	-	-	22,920,284	-	22,920,284
Debt service	-	-	-	5,998,359	-	5,998,359
Unrestricted	-	-	746,262	17,997,439	(125,599,289)	(107,601,850)
Total net position	22,920,284	853	746,262	46,916,935	(57,951,536)	(11,034,601)
Total liabilities, deferred inflows of resources and net position	$ 23,153,762	$ 141,342	$ 845,989	$ 75,680,424	$ 162,987,209	$ 238,749,603

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, 2018

	General	Bond Interest & Redemption	SFID #1 Bond Interest & Redemption	SFID #2 Bond Interest & Redemption
Operating revenues:				
Tuition and fees	$ 21,745,401	$ -	$ -	$ -
Less: fee waivers and allowance	(8,454,597)	-	-	-
Net tuition and fees	13,290,804	-	-	-
Grants and contracts, non-capital:				
Federal	1,606,564	-	-	-
State	25,868,995	-	-	-
Local	1,089,639	-	-	-
Auxiliary enterprise sales and charges	680,516	-	-	-
Total operating revenues	42,536,518	-	-	-
Operating expenses:				
Salaries	63,613,100	-	-	-
Employee benefits	23,781,632	-	-	-
Supplies, materials and other operating expenses and services	30,742,312	-	-	-
Student financial aid and scholarships	2,165,841	-	-	-
Utilities	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	120,302,885	-	-	-
Operating (loss) income	(77,766,367)	-	-	-
Non-operating revenues (expenses):				
State apportionment, non-capital	2,025,044	-	-	-
Local property taxes	74,919,588	-	39,137	-
State taxes and other revenues	5,940,802	-	1,829	-
Pell grants	-	-	-	-
Investment income - non-capital	6,940	-	1,192	(2,192)
Investment income - capital	-	-	-	-
Interest expense on capital asset related debt	-	(178,089)	(1,071,050)	(1,172,202)
Other non-operating revenues	491,024	-	-	-
Debt reduction	-	(1,450,364)	(1,000,000)	(1,489,898)
Interfund transfers out	(3,734,491)	-	-	-
Interfund transfers in	96,825	1,628,453	-	-
Total non-operating revenues (expenses)	79,745,732	-	(2,028,892)	(2,664,292)
Income (loss) before capital revenues	1,979,365	-	(2,028,892)	(2,664,292)
Capital revenues:				
Grants and gifts	-	-	-	-
Local property taxes and other revenues	120,536	-	2,543,016	2,788,127
Total capital revenues	120,536	-	2,543,016	2,788,127
Change in net position	2,099,901	-	514,124	123,835
Net position, July 1, 2017	15,151,276	-	2,589,331	2,771,069
Net position, June 30, 2018	$ 17,251,177	$ -	$ 3,103,455	$ 2,894,904

(Continued)

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION BY FUND
(Unaudited)
Year Ended June 30, 2018

	Capital Projects	Financial Aid	Dormitory	Totals	Reconciling Adjustments/ Eliminations	Statement of Revenues, Expenses and Change in Net Position
Operating revenues:						
Tuition and fees	$ (5,386)	$ -	$ 915,268	$ 22,655,283	$ -	$ 22,655,283
Less: fee waivers and allowance	-	-	-	(8,454,597)	-	(8,454,597)
Net tuition and fees	(5,386)	-	915,268	14,200,686	-	14,200,686
Grants and contracts, non-capital:						
Federal	-	6,066,785	-	7,673,349	-	7,673,349
State	872,477	1,639,852	-	28,381,324	-	28,381,324
Local	715,714	294,161	3,783	2,103,297	-	2,103,297
Auxiliary enterprise sales and charges	-	-	-	680,516	-	680,516
Total operating revenues	1,582,805	8,000,798	919,051	53,039,172	-	53,039,172
Operating expenses:						
Salaries	-	-	200,932	63,814,032	(28,347)	63,785,685
Employee benefits	-	-	62,570	23,844,202	5,409,385	29,253,587
Supplies, materials and other operating expenses and services	2,912,556	-	384,484	34,039,352	(5,215,105)	28,824,247
Student financial aid and scholarships	-	27,934,809	-	30,100,650	-	30,100,650
Utilities	-	-	-	-	2,391,131	2,391,131
Depreciation	-	-	-	-	6,468,607	6,468,607
Total operating expenses	2,912,556	27,934,809	647,986	151,798,236	9,025,671	160,823,907
Operating (loss) income	(1,329,751)	(19,934,011)	271,065	(98,759,064)	(9,025,671)	(107,784,735)
Non-operating revenues (expenses):						
State apportionment, non-capital	-	-	-	2,025,044	-	2,025,044
Local property taxes	-	-	-	74,958,725	-	74,958,725
State taxes and other revenues	-	-	-	5,942,631	592,000	6,534,631
Pell grants	-	19,809,618	-	19,809,618	-	19,809,618
Investment income - non-capital	139,671	(1,451)	7,292	151,452	(146,963)	4,489
Investment income - capital	-	-	-	-	146,963	146,963
Interest expense on capital asset related debt	-	-	-	(2,421,341)	(727,247)	(3,148,588)
Other non-operating revenues	-	-	-	491,024	(33,259)	457,765
Debt reduction	-	-	-	(3,940,262)	3,940,262	-
Interfund transfers out	(97,938)	-	(246,395)	(4,078,824)	4,078,824	-
Interfund transfers in	2,228,040	124,393	1,113	4,078,824	(4,078,824)	-
Total non-operating revenues (expenses)	2,269,773	19,932,560	(237,990)	97,016,891	3,771,756	100,788,647
Income (loss) before capital revenues	940,022	(1,451)	33,075	(1,742,173)	(5,253,915)	(6,996,088)
Capital revenues:						
Grants and gifts	196,270	-	-	196,270	-	196,270
Local property taxes and other revenues	171,875	-	-	5,623,554	-	5,623,554
Total capital revenues	368,145	-	-	5,819,824	-	5,819,824
Change in net position	1,308,167	(1,451)	33,075	4,077,651	(5,253,915)	(1,176,264)
Net position, July 1, 2017	21,612,117	2,304	713,187	42,839,284	(52,697,621)	(9,858,337)
Net position, June 30, 2018	$ 22,920,284	$ 853	$ 746,262	$ 46,916,935	$ (57,951,536)	$ (11,034,601)

See accompanying note to supplemental information.

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	P063P171180	$ 19,809,618
Administrative Allowance	84.063	P063Q171180	58,515
Federal Direct Student Loans	84.268	P268K181180	5,700,678
College Work Study Program	84.033	P033A170600	292,846
SEOG	84.007	P007A170600	367,875
Subtotal Student Financial Aid Cluster			26,229,532
TRIO Cluster	84.042	P042A100546	257,700
Passed through California State University, Sacramento:			
CA Mathemattics Readiness Challenge Initiative	84.367B	-	50,000
Passed through California Community College Chancellor's Office:			
Career Technical Education Program:			
Title I - Part C - Basic Grant VTEA	84.048	17-C01-058	550,464
Career Technical Education Transitions	84.048	17-112-058	41,497
Passed through Butte College:			
Perkins Marketing	84.048	-	523
Passed through Los Rios Community College District:			
SC Consultant (Perkins)	84.048	17-C01-028	20,845
Subtotal Career Technical Education Program			613,329
Total U.S. Department of Education			27,150,561
U.S. Department of Agriculture			
Passed through El Dorado and Nevada Counties:			
Forest Reserve - Forest Service Schools and Roads Cluster	10.665	-	20,448
U.S. Department of Veterans Affairs			
Direct Program:			
Veterans Reserve Funds	64.115	-	4,361

(Continued)

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	-	$ 20,369
Passed through California Department of Education:			
Foster Parent Training	93.658	1262100	110,091
Child Development Training Consortium - CCDF Cluster	93.575		23,385
Family Child Care Homes	94.596	-	50,874
Passed through Yosemite Community College District:			
Child Development Training Consortium - CCDF Cluster	93.575	-	11,250
Passed through California Community College Chancellor's Office:			
Temporary Assistance for Needy Families - TANF Cluster	93.558	-	35,253
Total U.S. Department of Health and Human Services			251,222
U.S. Department of Homeland Security - Federal Emergency Management Agency			
Passed through California Governor's Office of Emergency Services::			
Northern California CC Apprenticeship Initiative	17.268	061-91022	56,375
Total Federal Programs			$ 27,482,967

See accompanying note to supplemental information.

	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable	Total	Total Program Expenditures
DSPS	$ 985,909	$ -	$ -	$ 985,909	$ 985,909
TANF	26,793	8,462	-	35,255	35,255
Basic Skills Ongoing	520,851	-	283,036	237,815	237,815
CalWorks	338,926	-	86,258	252,668	252,668
SSSP	3,840,652	-	561,941	3,278,711	3,278,711
Student Equity	1,536,375	-	262,014	1,274,361	1,274,361
Adult Education Block Grant	59,736	-	31,783	27,953	27,953
Basic Skills Pilot Program	1,792,296	-	32,850	1,759,446	1,759,446
CARE	185,307	-	-	185,307	185,307
EOPS	893,335	-	-	893,335	893,335
Nursing Enrollment Growth	70,488	9,412	-	79,900	79,900
CA College Promise Innovation	739,230	-	343,003	396,227	396,227
CA Conservation Corp	14,455	25,658	-	40,113	40,113
CA Early Childhood Mentor	1,454	-	1,031	423	423
CA Textbook Affordability Act	23,411	-	5,554	17,857	17,857
CCC Maker - SCCD Award	1,807	-	-	1,807	1,807
CCC Maker 14-203-001	7,206,885	-	68,133	7,138,752	7,138,752
CCC Maker 15-203-001	6,379,792	-	6,379,792	-	-
CCCCO Agreement C15-0076	304,144	-	-	304,144	304,144
Self Employment in Gig Economy	5,000	276	-	5,276	5,276
Competitive Regional Strong Workforce	67,449	7,266	-	74,715	74,715
DSN ICT/Digital Media 16-158-012 - Augment	64,060	-	-	64,060	64,060
IEPI Conservation Corp	63,660	62,728	-	126,388	126,388
IEPI Leadership Development	26,530	-	10,299	16,231	16,231
Innovation in Higher Education	2,000,000	-	1,702,734	297,266	297,266

(Continued)

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2018

	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable	Total	Total Program Expenditures
Instructional Equipment Library Materials	$ 470,774	$ -	$ -	$ 470,774	$ 470,774
Maintenance Allowance	10,246	-	-	10,246	10,246
Puente Project	3,101	-	244	2,857	2,857
Regional Strong Workforce	247,536	25,605	-	273,141	273,141
Strong Workforce Data Unlock	49,911	-	37,951	11,960	11,960
Strong Workforce Program	757,271	-	34,970	722,301	722,301
Full Time Student Success	1,126,650	-	413,950	712,700	712,700
CAFYES	777,920	-	-	777,920	777,920
FKCE-CSEC	-	10,500	-	10,500	10,500
State Preschool	458,218	76,474	-	534,692	534,692
State Preschool - Reserve	5,999	-	5,999	-	-
Family Child Care Homes	108,444	15,885	-	124,329	124,329
Family Child Care Homes - Reserve	1,071	-	1,071	-	-
BFAP - Administrative Allowances	595,881	-	-	595,881	595,881
SJCCD CCC Maker Implementation Grant	127,228	204,947	490	331,685	331,685
Equal Employment Opportunity	112,387	-	59,894	52,493	52,493
Campus Safety & Sexual Assault	24,962	-	20,133	4,829	4,829
DSN Adv Mfg	80,000	45,044	-	125,044	125,044
DSN ICT Digital Media (17-158-COAS)	80,000	60,431	-	140,431	140,431
SC Consultat DSN ICT SWI	-	40,000	-	40,000	40,000
DSN Adv Mfg	80,761	-	-	80,761	80,761
Strong Workforce Local 17-Dec 19	1,656,942	-	1,156,870	500,072	500,072
Strong Workforce Regional 17-Dec 19	280,000	568	-	280,568	280,568
Strong Workforce Competitive 17-Dec 19	252,868	39,839	-	292,707	292,707
Completion Grant	814,767	-	771,267	43,500	43,500
Guided Pathway	417,245	-	415,281	1,964	1,964
Hunger Free Campus	32,257	-	32,257	-	-
Veteran Resource Center	79,058	-	66,725	12,333	12,333
AB540 Dreamer Funding	88,719	-	7,399	81,320	81,320
Critical Care Specialized Nursing	62,500	-	54,689	7,811	7,811
Cal Grant B	1,697,203	-	88,945	1,608,258	1,608,258
Cal Grant C	31,597	-	-	31,597	31,597

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, 2018

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	21	-	21
2. Credit	1,299	-	1,299
B. Summer Intersession (Summer 2018 - Prior to July 1, 2017)			
1. Noncredit	-	-	-
2. Credit	1,269	-	1,269
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	9,235	-	9,235
b. Daily Census Contact Hours	278	-	278
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	288	-	288
b. Credit	670	-	670
2. Alternative Attendance Accounting Procedure Courses			
a. Weekly Census Contact Hours	1,948	-	1,948
b. Daily Census Contact Hours	218	-	218
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	15,226	-	15,226
Supplementary Information:			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
a. Noncredit	286	-	286
b. Credit	360	-	360
CCFS 320 Addendum			
CDCP	-	-	-
Centers FTES			
a. Noncredit	36	-	36
b. Credit	996	-	996

See accompanying note to supplemental information.

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

Total fund balances - business-type activity funds		$ 46,916,935
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets.		134,031,033
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.		1,935,438
In government funds, deferred outflows and inflows of resources relating to OPEB and pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
Deferred outflows of resources relating to OPEB	$ 73,113	
Deferred outflows of resources relating to pensions	27,029,595	
Deferred inflows of resources relating to OPEB	(81,970)	
Deferred inflows of resources relating to pensions	(6,538,000)	
		20,482,738
Unmatured interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		(1,439,750)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2018 consisted of:		
General Obligation Bonds	$ (56,262,129)	
Accreted interest	(14,483,380)	
Bond premiums	(5,467,456)	
Certificates of participation	(4,770,000)	
Capitalized lease obligations	(1,819,133)	
Compensated absences	(1,584,550)	
Net pension liability	(93,957,000)	
OPEB liability	(34,617,347)	
		(212,960,995)
Total net position - business-type activities		$ (11,034,601)

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, 2018

		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	$ 15,248,401	$ -	$ 15,248,401	$ 15,248,401	$ -	$ 15,248,401
Other	1300	13,904,192	-	13,904,192	14,403,925	-	14,403,925
Total instructional salaries		29,152,593	-	29,152,593	29,652,326	-	29,652,326
Non-instructional salaries:							
Contract or regular	1200	-	-	-	6,584,833	-	6,584,833
Other	1400	-	-	-	1,279,411	-	1,279,411
Total non-instructional salaries		-	-	-	7,864,244	-	7,864,244
Total academic salaries		29,152,593	-	29,152,593	37,516,570	-	37,516,570
Classified Salaries							
Non-instructional salaries:							
Regular status	2100	-	-	-	12,645,404	-	12,645,404
Other	2300	-	-	-	1,608,701	-	1,608,701
Total non-instructional salaries		-	-	-	14,254,105	-	14,254,105
Instructional aides:							
Regular status	2200	1,809,676	-	1,809,676	1,809,676	-	1,809,676
Other	2400	199,584	-	199,584	199,584	-	199,584
Total instructional aides		2,009,260	-	2,009,260	2,009,260	-	2,009,260
Total classified salaries		2,009,260	-	2,009,260	16,263,365	-	16,263,365
Employee benefits	3000	10,978,070	-	10,978,070	20,739,379	-	20,739,379
Supplies and materials	4000	-	-	-	1,047,108	-	1,047,108
Other operating expenses	5000	130,500	-	130,500	9,424,171	-	9,424,171
Equipment replacement	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		$ 42,270,423	$ -	$ 42,270,423	$ 84,990,593	$ -	$ 84,990,593

(Continued).

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2018

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	$ 1,401,724	$ -	$ 1,401,724	$ 1,401,724	$ -	$ 1,401,724
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	-	-	-
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	1,681,022	-	1,681,022
Objects to exclude:							
Rents and leases	5060	-	-	-	776,495	-	776,495
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:							
Software	4100	-	-	-	1,532	-	1,532
Books, magazines and periodicals	4200	-	-	-	5,516	-	5,516
Instructional supplies and materials	4300	-	-	-	107,828	-	107,828
Noninstructional supplies and materials	4400	-	-	-	265,604	-	-
Total supplies and materials		-	-	-	380,480	-	114,876
Other operating expenses and services	5000	-	-	-	2,011,127	-	2,011,127
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo		-	-	-	-	-	-
Total exclusions		1,401,724	-	1,401,724	6,250,848	-	5,985,244
Total for ECS 84362, 50% Law		$ 40,868,699	$ -	$ 40,868,699	$ 78,739,745	$ -	$ 79,005,349
Percent of CEE (instructional salary cost /Total CEE)		51.90%	-	51.90%	100%	-	100.00%
50% of current expense of education		$ -	$ -	$ -	$ 39,369,873	$ -	$ 39,502,675

See accompanying note to supplemental information.

EPA Proceeds: $ 1,489,178

Activity Classification	Activity Code (0100-5900)	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capita Outlay (6000)	Total
Instructional Activities	-	$ 1,489,178	$ -	$ -	$ 1,489,178

See accompanying note to supplemental information.

NOTE 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 Schedule of Expenditure of Federal Awards includes the federal award activity of Sierra Joint Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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 Governmental funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

G - 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.

H - Prop 55 EPA Expenditure Report

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

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 Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2018:

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
Dual Enrollment (CCAP and Non-CCAP)
Student Equity
Student Success and Support Program (SSSP) Funds
Scheduled Maintenance Program
Gann Limit Calculation
Open Enrollment
Proposition 39 Clean Energy
Intersession Extension Program
Apprenticeship Related and Supplemental Instruction (RSI) Funds
Disabled Student Programs and Services (DSPS)
To Be Arranged Hours (TBA)
Proposition 1D and 51 State Bond Funded Projects
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 Sierra Joint Community College District’s compliance with state laws and regulations as listed above 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 the *California State Chancellor's Office's California Community College Contracted District Audit Manual* (Audit Manual). Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Sierra Joint Community College District’s compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Sierra Joint Community College Districts 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.

(Continued)

Opinion with State Laws and Regulations

In our opinion, Sierra Joint Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations for the year ended June 30, 2018.

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 LLP

Crowe LLP

Sacramento, California
November 13, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise Sierra Joint Community College District’s basic financial statements, and have issued our report thereon dated November 13, 2018. 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.

(Continued)

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 LLP

Crowe LLP

Sacramento, California
November 13, 2018

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 Compliance Supplement* that could have a direct and material effect on Sierra Joint Community College District's major federal program for the year ended June 30, 2018. Sierra Joint Community College District's major federal program is 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 Federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 its major federal program for the year ended June 30, 2018.

(Continued)

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 Uniform Guidance, 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
November 13, 2018

FINDINGS AND RECOMMENDATIONS

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 2 CFR 200.516(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:	$ 824,489	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

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